

Budget Monitoring Sheets for August 2016

Contents

- 1 Commentaries
- 2 Overall Summary
- 3 Overall Summary by Service
- 4 Cumulative Salary Monitoring
- 5 Direct Services Trading accounts
- 6 Investment Income
- 7 Staffing Statistics
- 8 Reserves
- 9 Capital
- 10 Income Graphs

BUDGET MONITORING - Strategic Commentary - As at 31st August 2016

Overall Financial Position

1. The year-end position is currently forecast to be an adverse variance of £137,000. This forecast includes any significant accruals.

Key Issues for the year to date

2. Property Investment Strategy Income – this represents income derived from the acquisitions of commercial property in Sevenoaks and Swanley. The income from acquisitions to date will be less than originally budgeted for 2016/17 due to refurbishment works and a rent free period awarded at the start of a new ten year lease. This will result in additional income over the 10-year budget period. Investigations into further acquisitions are continuing in line with the strategy.
3. Pay costs – the actual expenditure to date on staff costs, (including agency cover and costs of advertising for professional posts, but excluding those who are externally funded) is £18,000 greater than budget. There are variances in individual areas and the larger variances are explained in the Chief Officer commentaries.

Year End Forecast

4. The year-end position is forecast to be an unfavourable variance of £137,000. Within that variance are several items where additional revenue expenditure will be incurred in this financial year as a consequence of longer term capital projects that will generate income in later years.
5. Asset Maintenance work at our Leisure sites, including work at White Oak that was required to continue safe operation, is now forecast to cost £30,000 over budget.
6. Car Park income is currently below budget and forecast to be £50,000 worse than budget for 16/17. Bradbourne Car Park closed in August and this has resulted in loss of income; however on street parking has delivered increased income.

7. Business Rates have been paid for two properties in Swanley that we are holding for future development and this has given rise to an unfavourable variance of £47,000.
8. Land Charges income is now forecast to be £40,000 worse than budget.
9. The budgeted surplus for the Direct Services Trading account is forecast to be £20,000 better than budget. The budgeted surplus has increased from £82,000 to £92,000 as part of budget adjustments for the Management Review (SCIA 20). Expenditure for the year is forecast to exceed budget by £39,000, however income is forecast to be £59,000 better than original budget.

Future Issues and Risk areas

10. Chief Officers have considered the future issues and risk areas for their services and the impacts these may have on the Council's finances as follows:
 - There is potential that asset maintenance on leisure centres, particularly White Oak, will exceed current budgets due to ageing assets;
 - Universal credit started in the district in 2015 but has had a minimal impact to date;
 - Planning fee income remains uncertain and is being closely monitored;
 - There remains the risk that planning decisions will be challenged, either at appeal or through the Courts;
 - Future Planning appeals may incur costs arising from specialist input.
11. This Council is entitled to retain 50% of extra income arising from increases in the business rate tax base, however this figure is subject to great volatility as it is affected by the results of outstanding appeals and this area will be closely monitored.
12. Planned savings for 2016/17 total £412,000, including savings from the senior management re-structure, from partnership working, and from additional income generation, and these will be risk areas for the current and for future years.
13. The impact on financial markets and externally funded projects following the results of the Referendum in June 2016 will be monitored and addressed as part of the Council's risk management process.

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Communities and Business – August 2016 Commentary

Service	Variance to date £'000	Forecast Annual Variance £000	Explanation of variance and action planned (including changes from previous month)
Economic Development	(12)		Awaiting transfer of annual charge for West Kent Partnership and Leader
Choosing Health WK PCT	(12)		External funding received in advance. Will be zero at year end.
West Kent Partnership Business Support	12		External funding received in advance. Will be zero at year end.
Salaries Externally funded	(22)		Externally funded projects – funding received in advance
Capital - 3 rd Floor, Suffolk House-Extension & Refurbishment	157		This is in line with the agreed spend on this project and will be funded at the year end from the £10m approved for Property Investment Strategy..

Future Issues/Risk Areas

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Lesley Bowles
Chief Officer Communities and Business

September 2016

Corporate Services – August 2016 Commentary

Service	Variance to date £'000	Forecast Annual Variance £000	Explanation of variance and action planned (including changes from previous month)
Democratic Services	(17)		Underspend on salaries due to maternity leave
Elections	31		Current position shows as an overspend as not all expenditure for elections has been reclaimed yet
Register of Electors	(11)	10	Current underspend due to received Grant of £20k from Cabinet Office in one payment however expenditure across year expected to be in excess of allocated budget due to increased workload.
Support – IT	25		Current overspend due to timing of received invoices
Salaries	(20)		Current underspend due to vacant posts and maternity leave

Future Issues/Risk Areas

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Chief Officer – Corporate Support
September 2016

Environmental and Operational Services – August 2016 Commentary

Service	Variance to date £'000	Forecast Annual Variance £000	Explanation of variance and action planned (including changes from previous month)
Asset Maintenance Argyle Rd	(25)		Works currently underway to both lifts to ensure safe continuous operation.
Asset Maintenance Direct Services	(11)		Depot maintenance items to be completed later in the year, including those connected with the workshop roof to support the capital budget
Asset Maintenance Leisure	78	30	Urgent works undertaken at White Oak Leisure Centre to ensure safe continuous operation. Also works undertaken at Lullingstone Golf Club. Some expenditure to be drawn down from 2015/16 carry forward and from approved supplementary estimate.
Car Parks	60	50	Income £22,000 below profile, mainly in respect of Bradbourne Car Park temporary closure. Site closed for use in August. Season ticket holders currently not renewing or surrendering until new car park opens (April 2017). No pay and display receipts whilst car park is closed, but reflected on on-street receipts. 1 st quarter rent paid for new area of Blighs car park.
Car Parking – On Street	(28)		Income currently £75,000 above profile mainly on pay and display and PCN Income. Partly offset by expenditure on new pay and display machines and new enforcement management system (invest to save scheme). Any surplus achieved above budgeted surplus is paid into on-street ring fenced reserve, which can be used to support parking and traffic related expenditure. Currently earmarked for car park improvements and provision of temporary car park at Morewood Close, Sevenoaks.
Estates Mgt Buildings	19	47	Business rates paid for in relation to property in Swanley, no longer with a tenant (tenant previously covered the business rates). Rates will continue to be due on these premises until demolished or re-occupied. Partly offset by rental income being ahead of profile.
Estates Mgt Grounds	15	15	Essential tree work not included in routine grass cutting maintenance costs.

Service	Variance to date £'000	Forecast Annual Variance £000	Explanation of variance and action planned (including changes from previous month)
Kent Resource Partnership	(199)		All expenditure covered by external Partnership income.
Land Charges	41	40	Income currently £29,000 below profile. Offset, partially, by salary savings.
Markets	(26)		Invoice for use of private land for Swanley Market not received yet. Rent not paid yet to car parks account for use of Buckhurst 1 car park for Wednesday Market.
Parks & Recs	(24)		Bill not received from Swanley Town Council for maintenance of Swanley sites. Contract ended July 2016. Work now undertaken by Direct Services.
Parks Rural	17		Further coppicing work undertaken in respect of infestation of Oriental Chestnut Gall Wasp. To be offset by income from sale of timber.
Refuse	(66)	20	Quarter 1 recycling grant claimed from KCC, not received yet (£40,000). Income from sale of recyclate, particularly glass, below profile.
Support - Central Offices	(26)		Rental income for Argyle Road, not profiled. Electricity expenditure below profile.
Support General Admin	(21)		Savings on salaries, post room equipment, post office contract and scanning equipment.
Taxis	(10)		Income slightly above profile. Savings on various areas of expenditure.
Salaries Operational	15		Savings on salaries for Direct Services due to vacancies, partly offset by use of agency staff. Reflected in Direct Services Trading account.
Capital - Vehicles	208		Vehicle replacement programme ahead of profile. Will be contained within total approved budget of £514,000.
Capital - WKHA Adaps for Disab Financing Costs Advances	93		This is only one line of a budget for DFG's. Total budget is £534,000. Profile is £222,411. Spend to date is £216,132. Positive variation of £6,279.

Service	Variance to date £'000	Forecast Annual Variance £000	Explanation of variance and action planned (including changes from previous month)
Capital - Improvement Grants HIA (DFG) - Capital	25		This is only one line of a budget for DFG's. Total budget is £534,000. Profile is £222,411. Spend to date is £216,132 – Positive variation of £6,279.
Capital - Bradbourne Car Park	(537)	30	The budget will be substantially spent this financial year as build programme ends in April 2017. Build budget still to be £5.3m. Additional costs have been identified for items such as Contaminated Soil remediation.
Capital - Buckhurst 2	(1,664)	(1,000)	Revised scheme currently under consideration. Fee only expenditure estimated in 2016/17
Capital - Sennocke	(615)		Hotel scheme approved and budget allocated of £9.3m. Planning application to be considered 20.10.16. Build cannot commence until April 2017 at the earliest. Fee only expenditure in 2016/17.
Direct Services – Overall Trading Accounts	(56)	(20)	Income £37,000 above profile. Expenditure £21,000 below profile. Current surplus is £167,000 against a profiled surplus of £110,000.

Future Issues/Risk Areas

Expenditure on Leisure Asset Maintenance – Particularly White Oak Leisure Centre

**Chief Officer Environmental & Operational Services
September 2016**

Finance - August 2016 Commentary

Service	Variance to date £'000	Forecast Annual Variance £000	Explanation of variance and action planned (including changes from previous month)
Corporate Management	50	(20)	Adjustments related to the senior management restructure have resulted in a favourable variance on salaries budgets.
Corporate Savings	(45)	0	Adjustments to budgets relating to vacant posts are programmed to be updated within the September budget monitoring which is expected to significantly reduce the adverse variance reported this month.
Misc. Finance	47	(19)	Includes payment to MMI under Scheme of Arrangement; will be covered by Provision. External assistance obtained for annual accounts to be offset by underspend on external auditors as agreed by Cabinet.
Salaries	(47)		Some Benefits posts filled by agency staff until August.

Future Issues/Risk Areas

Universal Credit started in the district in October 2015 but has had minimal impact to date.

Chief Finance Officer
September 2016

Planning – August 2016 Commentary

Service	Variance to date £'000	Forecast Annual Variance £000	Explanation of variance and action planned (including changes from previous month)
Conservation	12		This is a result of additional resource to support the Development Management and Local Plan work.
LDF Expenditure	95		To be drawn down from the Local Plan reserve.
Planning – CIL Administration	21		This is the 5% of monies received that can be used for administrative purposes and will be used in part to enhance our monitoring procedures.
Planning – Development Management	(76)		The year to date position reflects a relatively small number of high fee applications and an underspend on salaries due to staff turnover and resultant vacancy.
Planning Policy	(36)		This reflects the fact that grants are yet to be paid, and profiling of transfer to reserves.
Salaries	(17)		This is a result of vacancies from multiple changes in posts.
Capital – Affordable Housing	155		This will be financed at the end of the year from S106 planning obligations receipts. Payments include; West Kent HA (Ash Close, Under Occupation SLA)
Capital - CIL Parish Councils	15		This is monies transferred to Town and Parish Councils under the CIL arrangements and is wholly funded by CIL receipts.

Future Issues/Risk Areas

There remains the risk that planning decisions will be challenged, either at appeal or through the Courts.
Application fee income remains uncertain and will be monitored closely.
Staff turnover is currently high, and recruiting to vacant posts is increasingly difficult.

Chief Planning Officer September 2016