

Budget Monitoring for July 2018

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 Income Graphs

BUDGET MONITORING - Strategic Commentary - As at 31st July 2018

Overall Financial Position

1. The year-end position is currently forecast to be an unfavourable variance of £20,000; this represents just over 0.01% of our net service expenditure budget totalling £14,687,000.

Year to Date - Areas of Note

2. Pay costs – the expenditure to date on staff costs is £258,000 below budget. There are currently vacancies within the majority of service areas; the largest salary underspends are being reported within Planning Services and Environmental & Operational Services. The impact of the larger salary variances are included within the Chief Officer commentaries.
3. Income – the Council receives a number of different income streams to help balance the budget; section 8 of the monitoring pack provides details in relation to the main streams. At the end of July, income is ahead of profile in Car Parks, On-street Parking and Building Control. The level of on-street parking income has seen a slight increase, as large scale works are carried out in the car parks. Land Charges and Planning Fee income is currently lower than anticipated; Chief Officers are aware of risks and have provided further details in their commentaries.
4. Investment Returns – the return to date on the investments held by the Council has resulted in a favourable position being reported, with interest received to date totalling £70,000 compared to a budget of £46,000. For noting, the Bank of England base rate was increased by 0.25% to 0.75% on 2nd August 2018; this may further impact on investment returns going forward.
5. New Homes Bonus – the Council is due to receive £1,320,000 New Homes Bonus during 2018/19; as per the 10 year financial plan, this income will not be applied to fund the provision of services, instead it will be transferred to the Budget Stabilisation Reserve to be utilised as future needs arise.
6. Retained Business Rates – the Council is part of the 18/19 Kent 100% Business Rates Retention pilot. An income expectation of £2,700,000 forms part of the 18/19 budget; any receipts over and above this amount will be transferred to the Budget Stabilisation Reserve. Regular monitoring takes place, with any outturn amendments feeding into the outturn forecasts.

Year End Forecast

7. The year-end forecast position is an unfavourable variance of £20,000.

Net Service Expenditure - Favourable variances

8. The Council is providing Parking Enforcement to Tandridge District Council, as part of a contractual agreement; additional income totalling £35,000 has been forecast in relation to this arrangement.
9. Various underspends across Environmental & Operational Services support functions has resulted in a favourable variance of £52,000 being forecast; this is as a result of salary savings and savings on postage, phones, equipment and other minor expenditure areas.

Net Service Expenditure - Unfavourable variances

10. Business Rates have been paid for properties in Swanley that are being held for future development and this has given rise to an unfavourable variance of £35,000.
11. Anticipated lower levels of income from sale of glass and paper has contributed to an adverse variance forecast within the Refuse Collection service, totalling £72,000.
12. Savings/income from moving to internal enforcement agents for local tax recovery has not fully been realised, as arrangements have not been in place for the full year; this has contributed to an adverse variance of £27,000 being forecast within the Local Tax service.

Other Variances

13. Retained Business Rates – following the qtr 1 business rates pilot monitoring position, the Council are anticipating additional business rates receipts totalling £250,000. A corresponding transfer to the Budget Stabilisation Reserve has been forecast, to enable funds to be utilised in future years.
14. Interest Receipts – current levels of investment returns has resulted in £24,000 additional income being forecast.

Future Issues and Risk areas

15. 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 the possibility of spend on property feasibility studies which may be capitalised if the project is feasible and taken forward. This is monitored carefully during the year.
 - Land Charges income remains challenging versus the budgeted amount, currently under review.
 - Expenditure to be incurred in replacing a utility block at Hever Road Travellers Site following a fire; to be recovered from insurance (as confirmed by Loss Adjuster).
 - The full service of Universal Credit, seeing the transfer of new claims to Universal Credit, will commence from November 2018. Migration for existing claims will be phased after this date; however, pensioner cases will be retained. Regular liaison meetings are taking place between DBC/SDC managers and DWP partnership managers.
 - There remains the risk that planning decisions and enforcement action will be challenged, either at appeal or through the Courts, and we have received an indication of significant appeal costs in Swanley. Final costs therefore remain uncertain.
 - Planning application fee income is uncertain and will be monitored closely.
 - Staff turnover, in Planning, remains high and recruiting to vacant posts continues to be difficult.
16. The impact on financial markets, externally funded projects and rates of inflation following the results of the EU Referendum in June 2016 is being monitored and addressed as part of the Council's risk management process.

Contacts:

Adrian Rowbotham	Chief Finance Officer	ext 7153
Alan Mitchell	Head of Finance	ext 7483

Communities and Business – July 2018 Commentary

Service	Variance to Date £000	Forecast Annual Variance £000	Explanation of variance and action planned
Community Safety	13		Spend ahead of profile relating to beginning of year expenditure and costs including Lizzie Yarnold victory bus tour. Spend will be back on target by September 2018.
Economic Development Property	22		This is due to contractor costs involved in feasibility work in the lead up to capital schemes. This will be allocated to projects where possible or charged to companies where appropriate.
Housing Energy Retraining Options (HERO)	20		All HERO Officers currently being charged to this code but some of the income is in the Flexible Homelessness Support Fund and will be drawn down.
One You – Your Home Project	(21)		External funding received in advance. Will be zero at year end.
PCT Initiatives	(21)		This is external funding received in advance. Will be zero at year end.

Future Issues/Risk Areas

There is the possibility of spend on property feasibility studies which may be capitalised if the project is feasible and taken forward. This is monitored carefully during the year.

Lesley Bowles
Chief Officer Communities and Business
August 2018

Corporate Services – July 2018 Commentary

Service	Variance to Date £000	Forecast Annual Variance £000	Explanation of variance and action planned
Asset Maintenance IT	(36)		Spend as per 10-year asset maintenance plan – surplus to IT Asset Maintenance reserve at year end as agreed
Elections	14		The Electoral Claims Unit had yet to pay the remainder of the costs for the Parliamentary General Election in July 2017. The accounts have been settled in August and the final payment has now been received.
Register of Electors	(27)		Current underspend due to vacant posts with two new staff recently appointed.
Land Charges	13		Currently underachieving on income. This area is subject to review and a report will be coming to members at a future committee.
Administrative Expenses – Human Resources	31		Current overspend due to external legal costs.
Support – Human Resources	22		Current overspend due to external legal costs.

Future Issues/Risk Areas

Land Charges – Income remains challenging versus the budgeted amount, currently under review.

Jim Carrington-West
Chief Officer – Corporate Services
August 2018

Environmental and Operational Services – July 2018 Commentary

Service	Variance to Date £000	Forecast Annual Variance £000	Explanation of variance and action planned
Asset Maintenance Argyle Road	(30)		Expenditure currently below profile. It is anticipated that full budget will be needed in this year.
Asset Maintenance Leisure	13		Works carried out to all leisure facilities but particularly White Oak and Sevenoaks Leisure Centre.
Car Parks	40		Although income £15,000 above profile, rent for new Bligh's car park paid up to September and rates paid for temporary site of Morewood Close for temporary parking whilst Buckhurst 2 being developed.
Car Parking – On Street	(46)		Income £71,000 above profile. Expenditure to support parking schemes.
Estates Management Buildings	20	35	NNDR paid for meeting point building in Swanley. Rates will continue to be due on this empty building until it is demolished. Rental income received ahead of profile.
Housing Premises	13		Invoices to be raised re sewage treatment charges.
Licensing Regime	(12)		Fee income ahead of profile.
Markets	(13)		Rent not paid yet for Swanley Market site.
Parking Enforcement – Tandridge DC	(13)	(35)	Income received from contract for enforcement activity on Tandridge DC's car parks.

Service	Variance to Date £000	Forecast Annual Variance £000	Explanation of variance and action planned
Refuse Collection	41	72	Income less than profile on recycled material, particularly glass. Transition grant from KCC for Sainsbury's recycling banks credits now ended. Q1 - Recycling credits profiled but not yet received.
Support - Central Offices	(31)	(10)	Expenditure below profile on Maintenance to Argyle Road building and utility costs. Rental income received ahead of profile.
Support - General Admin	(23)	(32)	Savings on salaries due to vacancy and on postage, and scanning equipment.
Support - Direct Services	(9)	(10)	Savings on internal printing, mobile phones and training (to be delivered later in the year).
Direct Services - Trading Accounts	(76)		Income £68,000 above profile. Expenditure £8,000 below profile. Surplus £191,000 against a profiled surplus of £115,000.

Future Issues/Risk Areas

Expenditure to be incurred in replacing a utility block at Hever Road Travellers Site following a fire. To be recovered from Insurance (confirmed by Loss Adjuster).

Richard Wilson
Chief Officer Environmental & Operational Services
August 2018

Finance – July 2018 Commentary

Service	Variance to Date £000	Forecast Annual Variance £000	Explanation of variance and action planned
Corporate Management	40		Costs for project support ahead of budget profile, however within expected overall cost parameters.
Corporate – Other	24		From the savings the Council is able to derive from vacant posts, it is anticipated that the corporate savings target will be met by the year end.
Dartford Partnership Hub (SDC costs)	(88)		DWP grants received during the year; unspent grants will be carried forward to utilise in future years. Salary underspends due to a number of vacant posts within the Partnership.
Equalities Legislation	(19)	(19)	The Council no longer belongs to the West Kent Equalities arrangement, as services are provided in-house.
Local Tax	(6)	27	New enforcement arrangements have not been in place for the full year, impacting on income expectations.

Future Issues/Risk Areas

The full service of Universal Credit, seeing the transfer of new claims to Universal Credit, will commence from November 2018. Migration for existing claims will be phased after this date; however, pensioner cases will be retained. Regular liaison meetings are taking place between DBC/SDC managers and DWP partnership managers.

Adrian Rowbotham
Chief Finance Officer
August 2018

Planning – July 2018 Commentary

Service	Variance to Date £000	Forecast Annual Variance £000	Explanation of variance and action planned
Administrative Expenses – Planning Services	15		Recruitment costs. Pending the possible re-allocation in line with advertised post.
Planning – Development Management	(22)		This is an underspend on salaries, partly offset by an underachievement on planning fee income.
Planning Enforcement	(14)		This is an underspend on Salaries as a result of the vacant team leader post
Planning Policy	(50)		This relates to an underspend on Salaries due to the vacancies, including the Strategic Planning Manager post. The new post holder starts in September.

Future Issues/Risk Areas

There remains the risk that planning decisions and enforcement action will be challenged, either at appeal or through the Courts, and we have received an indication of significant appeal costs in Swanley. Final costs therefore remain uncertain.
 Application fee income is uncertain and will be monitored closely.
 Staff turnover remains high and recruiting to vacant posts continues to be difficult.

Richard Morris
Chief Planning Officer
August 2018

Investment Property – July 2018 Commentary

Service	Variance to Date £000	Forecast Annual Variance £000	Explanation of variance and action planned
Investment Properties	30		Due to rent free period on Ground floor Suffolk House not in line with profiled budget. This will be partly offset by reduced rates.

Future Issues/Risk Areas

--

Lesley Bowles
Chief Officer Communities and Business
August 2018