

BUDGET MONITORING - Strategic Commentary - As at 31 October 2014

Overall Financial Position

1. Seven months into the year the results to date show an overall favourable variance of £884,000.
2. The year-end position is forecast to be £431,000 better than budget; this is 3.0% of the net budget for the year.
3. Both the results to date and forecasts include any significant accruals.
4. Officers have set a target favourable variance of between £400,000 and £500,000 in 2014/15 to enable:
 - funds to be put aside for development projects and asset maintenance;
 - funding of a Housing Stock Survey; and
 - in light of budget pressures expected in 2015/16, any further favourable variance to be applied to the Budget Stabilisation Reserve.

Key Issues for the year to date

5. **Income** – investment income is performing just below target and is forecast to be slightly worse than budgeted at the year-end. This reflects the effect of continuing low interest rates. A small unfavourable forecast is shown to reflect this position.
6. **Income** from Planning, Land Charges and On Street Parking are showing a combined favourable variance of £245,000 at the end of October; Income from Legal work in connection with s.106 agreements is £14,000 ahead of profile. Income from car parking is currently £54,000 behind profile and the loss of income from Pembroke Road and Old Bligh's car parks is now showing. A grant of £97,000 has been received for the Transformation Challenge and will be used for efficiency work in Building Control.
7. **Budgets for Managed Premises** are currently showing favourable variances totalling £23,000 partly due to receipt of some backdated service charges. Some expenditure on Asset Maintenance work is behind profile, whilst quotes are being obtained, giving a variance of £64,000.
8. **Pay costs** – the actual expenditure to date on salaried staff (excluding those who are externally funded) is £254,000 below budget, but £77,000 of that relates to Direct Services and may be offset by agency staff costs held within the trading account. There are currently favourable variances arising from vacant posts in Communities and Business, Corporate Support, Direct Services and Planning. A small

favourable variance would be expected at this time because the budget for 2014/15 includes provision for a 1% pay award but, although the pay offer has now been accepted, payment will not be made until December.

9. **Other Variances** include some savings on CCTV (transmission costs) £27,000; deferred expenditure on administrative supplies £40,000; re-negotiated arrangements with Dartford regarding the partnership agreement together with budgets for non-finance partnerships, where work is currently being contained within existing budgets, accounts for current variances of £142,000.
10. **Direct Services** – Direct Services' results show a positive variance of £87,000 compared to budget.

Year End Forecast

11. The year-end position is forecast to be £431,000 better than budget.
12. The re-negotiation of the partnership agreement with Dartford BC will continue in 2015/16 (SCIA 11).
13. External Audit fees will be £30,000 below budget in 2014/15 and this is offered as a saving for 2015/16 (SCIA 10).
14. Direct Services expect to achieve a surplus that is £101,000 better than budget.
15. Income from off street car parking is forecast to be £60,000 below budget at the year end.
16. Budgets for Discretionary Rate Relief (£106,000) are no longer required and this is offered as a SCIA saving for 2015/16. (SCIA 9).
17. Investment income is forecast to have a small unfavourable variance.

Future Issues and Risk areas

18. 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:
- The investment strategy is constantly under review and reports are made regularly to FRAC;

- It is likely that fee income has been positively affected by the adoption of the Community Infrastructure Levy (CIL) schedule, and application numbers might recede once the charge is in place. Application numbers & income will be kept under close review now the new charging schedule has started;
- There remains the risk that planning decisions will be challenged, either at appeal or through the Courts, and future plan making costs following the Allocations and Development Management Plan (ADMP) examination.
- It has proved difficult to recruit to some vacant posts especially in Planning and Communities and Business.
- The Benefits workload is at a higher level than before the recession and additional resources are being used to address this.
- Tax collection rates, though currently in line with the previous year are vulnerable and we are being proactive in contacting Council Tax Support customers;
- Benefit Fraud will move to the DCLG in February 2016. A grant bid has been written to fund a corporate fraud team with Dartford BC to increase fraud work on Council Tax;
- Potential for in-year overspend on property asset maintenance costs dependant on survey works currently being scheduled for a number of assets; and
- Following the introduction of retained business rates, the responsibility for payment of backdated appeals rests with this Council. The impact of any successful appeals is being closely monitored.

19. Planned savings for 2014/15 total £479,000, including the generation of income, particularly from new partnership working, and this remains a risk area for the current and for future years.

Contacts:

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Communities and Business – October 2014 Commentary

Service	Variance to date £'000 (Minus is bad news)	Forecast Annual Variance £000	Explanation of variance and action planned (including changes from previous month)
Broadband	45		It has not been possible to recruit to this post. The post has now been included in the new Economic Development and Property team budget and has been advertised. Any unspent funds at year end will be the subject of a request to roll over to the next financial year.
Community Safety	10		We are currently slightly behind schedule on one project. Spending should be back on profile next month.
Leisure Contract	33	73	This is funding to cover the latent demand study for Sevenoaks, currently taking place, and the leisure strategy which is being commissioned. In addition, Sencio have not yet submitted their quarterly invoice. This will be on target at year end.
Capital – Big Community Fund	-13		All expenditure on this code will be drawn down from the earmarked reserve at the year end.
Capital – Parish Projects	36	61	No projects have been identified to date and are unlikely to come forward by the year end.

Future Issues/Risk Areas

The Economic Development budget may overspend due to set up costs for the new Economic Development & Property Team. This is being monitored.
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Lesley Bowles, Chief Officer Communities and Business
November 2014

Corporate Support – October 2014 Commentary

Service	Variance to date £'000 (Minus is bad news)	Forecast Annual Variance £000	Explanation of variance and action planned (including changes from previous month)
Asset Maintenance IT	-58		Spend in line with long term asset maintenance plan and within overall budget/reserve.
Estates Management – Buildings	23		Current budget reflects income related to backdated charges to be offset by current asset maintenance requirements.
Support – Central Offices	42		Current budget reflects income related to backdated charges to be offset by current asset maintenance requirements.
Support – Central Offices – Facilities	19		£7k underspend on salaries coupled with cumulative minor underspends across a number of areas.
Support – Contact Centre	12		Underspend on salaries due to vacant posts to be offset by one off costs associated to new equipment.
Support – General Admin	-25	-29	£29k underachievement forecast on internal print offset by forecasted print underspend in Elections and Democratic Services.
Support – Human Resources	27		Secretarial review in process, savings on salary may be used for extra secretarial support. Underspend on training lower than expected due to courses not yet booked.
Salaries	88		Underspend due to current vacancies in Contact Centre, IT and HR and FM possibly to be offset by alternative resourcing options.

Future Issues/Risk Areas

Potential for in year overspend on property asset maintenance costs dependant on survey works currently being scheduled for a number of assets.

**Chief Officer Corporate Support
November 2014**

Environmental & Operational Services – October 2014 Commentary

Service	Variance to date £'000 (Minus is bad news)	Forecast Annual Variance £000	Explanation of variance and action planned (including changes from previous month)
Asset Maintenance Car Parks	11		New pay and display machines to be ordered.
Building Control Partnership	97		Transformation grant received from DCLG for IT integration of Building Control shared working with T&MBC. To be committed prior to end of March 2015.
Car Parks	-59	-80	Income currently £51,000 below profile, mainly on day ticket income. Loss of income from closure of Pembroke Road car park has increased on-street income with motorists finding alternative on-street spaces.
CCTV	-3	-15	Savings on transmission costs against profile. Budget contains challenging income target which will offset any savings made during the year.
EH Commercial	12	10	Savings on hub costs due to reduced working hours for one EHO. Catch-up volume inspections to be undertaken by agency staff. £5,000 grant received from KCC for Business Well Being Award.
EH Environmental Protection	20	20	Savings on air quality consultancy costs.
Estates Management – Grounds	-9	-10	Essential tree maintenance work required.
Land Charges	39	40	Income £45,000 above profile. Additional part time resource to be engaged to bring performance levels to target.
Licensing Regime	-4	-22	Budget contains challenging income targets which will only be partly offset by savings elsewhere.
On-Street Parking	41	60	Income currently £78,000 above profile, principally on day tickets where due to loss of Pembroke Road car park, long stay, on-street parking is being found as an alternative.
Parks and Recreation Grounds	-5	-20	Expenditure required on Bradbourne Lakes.
Public Conveniences	-6	-12	Budget contains unidentified income from closure and transfer of public conveniences.

Service	Variance to date £'000 (Minus is bad news)	Forecast Annual Variance £000	Explanation of variance and action planned (including changes from previous month)
Refuse Collection	28	15	£19,600 grant received from Salvation Army to cover one additional day working for recycling assistant which will be offset by salary costs. £31,200 grant received from Kent Resource Partnership for recycling promotion. To be spent in 2014/15 <u>and</u> 2015/16. Income above profile for glass recycle.
Street Cleansing	10		New litter bins to be purchased.
Street Naming	7	10	Income £3000 above profile, expenditure on replacement signs £4000 below profile.
Support – Direct Services	11		Training to be delivered on manual handling and driver CPD.
Trade Waste (VAT)	32	28	Past years VAT refund received for trade waste.
Salaries – Building Control	12		Vacancies in team covered by agency surveyors. Joint working with T&MBC commenced 1 October 2014.
Salaries – Operational Services	77	61	Vacancies in Direct Services staff partly offset by agency costs to maintain services. Net effect shown in Direct Services Trading accounts.
Salaries – Parking & Amenity Services	-20		CEO Vacancy now filled. Net effect shown in on-street parking account.
Capital – Vehicle Purchases	148		Vehicle replacement programme now receiving delivery of new vehicles. Programme will be delivered within agreed budget. Any underspend is carried forward into the vehicle replacement fund.
Direct Services – Refuse	26	26	Fuel costs £13,000 below budget. Savings on salary costs due to vacancies only partly offset by agency staff costs. Income above target on paid bulky items.
Direct Services – Street Cleaning	35	59	Savings on salaries due to vacancies now filled. Savings on fuel.
Direct Services – Trade	-37	-35	Over expenditure of £30,000 on disposal charges (£130/tonne). Now delivery direct to Allington Waste to Energy and less than £100/tonne. Over expenditure on transport repairs.
Direct Services – Workshop	28	40	Income £51,000 above profile, all on vehicle repairs. Savings on salary costs due to Supervisor vacancy, now filled, internally. Agency staff being used to cover as required.
Direct Services – Green Waste	32	36	Income £62,000 above profile through sale of bin permits and sacks. Expenditure above profile on purchasing of bins and sacks, agency staff and vehicle repairs.

Service	Variance to date £'000 (Minus is bad news)	Forecast Annual Variance £000	Explanation of variance and action planned (including changes from previous month)
Direct Services – Depot	-1	-20	Income below profile from work from two man construction team. Repair and maintenance slightly above budget.
Direct Services – Trading Accounts Overall	87	101	Income £91,000 above profile. Expenditure £4,000 above profile. Current surplus £205,000.

Future Issues/Risk Areas

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**Chief Officer Environmental & Operational Services
November 2014**

Financial Services – October 2014 Commentary

Service	Variance to date £'000 (Minus is bad news)	Forecast Annual Variance £000	Explanation of variance and action planned (including changes from previous month)
Admin Expenses – Chief Executive	11		Printing budget currently underspent against profile.
Benefits Admin	24	47	The re-negotiation of the partnership agreement with Dartford BC will continue in 2014/15.
Corporate Management	70	162	The Council has been able to make a financial contribution to the targeted under spend for this year by committing to reducing spend on consultants and other services and through the quality of its work in producing the Statement of Accounts ensured no additional external audit charges are levied and the fees for the year are as programmed by the Audit Commission.
Corporate Savings	66	47	The savings created from the Council's vacant posts are in excess of the budget profile and expected spend on market supplements is beneath budget for the year.
Dartford Partnership Hub (SDC Costs)	-107	-217	Additional resources to help address the Benefits increased workload and to be proactive in contacting Council Tax Support customers. The funding of this additional cost will be shared with Dartford BC.
Dartford Partnership Implementation & Project Costs	144	217	External funding received that will fund SDC's share of the Benefits increased workload above.
External Communications	13		The positive variance in the Communications budget is attributable to savings made on the salaries budget and a delay in receipt of an invoice for the design and print of the Council's magazine, In Shape.
Local Tax	63	72	The re-negotiation of the partnership agreement with Dartford BC will continue in 2014/15.
Members	17	29	Some Members do not claim their full allowance and the rules state that Members cannot claim more than one Special Responsibility Allowance.
Misc. Finance	-252	-243	Budget for Discretionary Rate Relief not required. Costs associated with development projects are included here.
Performance Improvement	16	16	The variance is as a result of New Burdens Grant to assist the Council in managing applications under the Community Rights legislation. The work required to administer the scheme has been absorbed in to the work of the Transformation & Strategy service at no additional cost.
Support – Finance Function	32	38	Work on non finance partnerships is currently being contained within original resources.
Salaries	-19	-264	Work on non finance partnerships is currently being contained within original resources.

Service	Variance to date £'000 (Minus is bad news)	Forecast Annual Variance £000	Explanation of variance and action planned (including changes from previous month)
Capital – LGA Municipal Bonds Agency	-20	-20	Contribution to set up costs of the Agency agreed after the budget was set.

Future Issues/Risk Areas

Benefit Fraud will move to the DCLG in February 2016. A grant bid has been written to fund a corporate fraud team with Dartford BC to increase fraud work on Council Tax.
It remains uncertain when Universal Credit will impact on this Council.

Chief Finance Officer
November 2014

Housing – October 2014 Commentary

Service	Variance to date £'000 (Minus is bad news)	Forecast Annual Variance £000	Explanation of variance and action planned (including changes from previous month)
Housing	10	6	New team leader (housing advice) doesn't start until mid December (difficult to recruit) and the trainee (housing standards) is yet to be selected (difficult to recruit). This has created underspends but a temp is in place (see below).
Housing Option – Trailblazer	-11		External funding doesn't affect SDC budgets.
Private Sector Housing	13	3	Underspend on staff but a temp is place at present and after the team leader is in place he will remain maybe up to March 2015 dependant on how long it takes to bring down the backlog of cases.
Salaries	18	12	As above.
Salaries – Ext Funded	10	10	As forecast and does not affect SDC budgets.
Capital – Improvement Grants	92	70	It is difficult to predict when works will be completed but forecast is correct.
Capital – WKHA Adaps for Disabled	104		WKHA assures SDC that bottom line is correct however we are closely monitoring the situation.
Capital – SDC / RHPCG	-17		External funding does not affect SDC budgets.

Future Issues/Risk Areas

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Chief Housing Officer
November 2014

Legal & Governance – October 2014 Commentary

Service	Variance to date £'000 (Minus is bad news)	Forecast Annual Variance £000	Explanation of variance and action planned (including changes from previous month)
Admin Expenses – Legal & Governance	9	13	Due to the continued reduction in Committee reports and the reduction in paper copies distribution we anticipate an underspend on internal printing.
Committee Admin	10		The salaries underspend results from the temporary changes in staffing levels required to cover maternity leave. This saving will be used to fund additional recourses required in Register of Electors.
Support – Legal Function	31		Income generated from s.106 agreements and miscellaneous sources exceeds expectations for the first quarter. However, the new CIL arrangements came into place 4th August 2014 which is likely to result in a reduction in income. This is being monitored. There is currently a part time vacancy the savings of which will be held to cover any additional staffing costs within the Election team.
Salaries	-10		This is being covered by Government grant for Individual Electoral Registration.

Future Issues/Risk Areas

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Chief Officer Legal & Governance
November 2014

Planning Services – October 2014 Commentary

Service	Variance to date £'000 (Minus is bad news)	Forecast Annual Variance £000	Explanation of variance and action planned (including changes from previous month)
LDF Expenditure	-18	-56	Rather than funding policy work from the LDF reserve we will make use of the in-year overachievement in fee income.
Planning – Appeals	21	10	This variance is a result of underspending on consultants and legal costs. However this is partially offset by costs awarded against the Council at a recent appeal at New Beacon School, and expenditure on a forthcoming public inquiry.
Planning – Development Management	168	165	It remains the case that the overachievement on fee income is the result of a relatively small number of high fee applications and an increase in application numbers prior to the adoption of the CIL charging schedule in August. Applications remain c12% up on the same period last year.
Planning – Enforcement	15	12	This is a result of a vacant administrative post.
Planning Policy	21	-44	Rather than funding policy work from the LDF reserve we will make use of the in year overachievement in fee income.
Salaries	87	90	This underspend is due to an element of part time working and posts being vacant as we go through the recruitment process. This may need to be revisited if recruitment attempts prove unsuccessful.
Capital – Affordable Housing	-229		This will be financed at the end of the year from S106 planning obligations receipts. Payments include Moat Homes Limited and Sevenoaks Almshouses.
Capital – S106 Capital	-606		This will be financed at the end of the year from S106 planning obligations receipts. Current spend includes the agreement arising from the West Kent Cold Store development.

Future Issues/Risk Areas

There remains the risk that planning decisions will be challenged, either at appeal or through the Courts.
It is anticipated that the ADMP examination will cost less than initially forecast.
Fee income on applications and pre-apps continues to overachieve. Application numbers & income will be kept under close review.
The underspend on salaries is in part due to unsuccessful recruitment attempts.

Chief Planning Officer
November 2014