

BUDGET MONITORING - Strategic Commentary - As at 30 November 2014

Overall Financial Position

1. Eight months into the year the results to date show an overall favourable variance of £835,000.
2. The year-end position is forecast to be £460,000 better than budget; this is 3.2% 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 £248,000 at the end of November; income from Legal work in connection with s.106 agreements is £14,000 ahead of profile. Income from car parking is currently £39,000 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 is being used for efficiency work in Building Control.
7. Some expenditure on Asset Maintenance work is behind profile, whilst quotes are being obtained, giving a variance of £15,000.
8. **Pay costs** – the actual expenditure to date on salaried staff (excluding those who are externally funded) is £252,000 below budget, but £87,000 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, the first payment under the award arrangements will not be made until December.

9. **Other Variances** include some savings on CCTV (transmission costs) £27,000; deferred expenditure on administrative supplies £30,000; 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 £148,000.

10. **Direct Services** – Direct Services’ results show a positive variance of £111,000 compared to budget.

Year End Forecast

11. The year-end position is forecast to be £460,000 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 £80,000 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;
- set up costs for the new Economic Development budget may exceed the budget; the situation is being closely monitored;
- potential for in-year overspend on property asset maintenance costs dependant on survey works currently being scheduled for a number of assets;
- the Benefits workload is at a higher level than before the recession and additional resources are being used to address this; it is uncertain when Universal Credit will impact on this council;

- 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. Unfortunately, a grant bid requesting funding for a corporate fraud team with Dartford BC to increase fraud work on Council Tax, was unsuccessful due to a high number of bids;
- 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. Fee income in Planning is ahead of profile; application numbers & income will be kept under close review now the new CIL 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.

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 – November 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	52		The post has now been included in the new Economic Development and Property team budget and the Officer is now in place. Any unspent funds at year end will be the subject of a request to roll over to the next financial year.
Community Safety	11		We are awaiting an invoice for a project. The budget will be back on target next month.
Leisure Contract	15	73	This is funding to cover the latent demand study for Sevenoaks, currently taking place, and the leisure strategy which is being commissioned
Tourism	10		This favourable position is due to two projects that have been slightly delayed but should be on target at the year end.
Salaries – Ext Funded	8	12	External funding does not affect Council budgets.
Capital – Big Community Fund	-17		All expenditure on this code will be drawn down from the earmarked reserve at the year end.
Capital – Parish Projects	41	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
December 2014

Corporate Support – November 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 Argyle Road	5	-29	Forecast overspend based on increased requirement for asset maintenance works in 2014/15. Offset by underspend from Support – Central Offices.
Asset Maintenance IT	-52		Spend matches asset maintenance plan with current year over/under spend supported by agreed rolling reserve.
Asset Maintenance Leisure	-12	-40	Forecast overspend due to likely increased requirement for maintenance 2014/15 on ageing assets.
Housing Premises	-13	-7	Small forecast underachievement in income reflects predicted variance in income in budget vs actual potential.
Support – Central Offices	59	47	Current year reflects additional backdated charges recovered and reduced energy costs offset by one-off asset maintenance requirements.
Support – Contact Centre	16	20	Forecast EOY position reflects underspend on salaries due to vacant posts offset in part by initial costs of self-service kiosk.
Support – General Admin	-19	-30	EOY forecast reflects underspend on salaries due to in-year vacancies offset by underspend on internal print income from other areas and predicted overspend on corporate postage charges.
Support – Human Resources	18	30	Underspend due to vacancies and maternity leave during the year.
Support – IT	-41	-46	Overspend due to increased costs for software maintenance, some one-off. Those ongoing are subject to request for growth for 2015/16.
Salaries	98	92	Current and forecast underspend on salaries due to staff turnover throughout the year in all areas.

Future Issues/Risk Areas

Any unspent funds at year end for Corporate Projects will be the subject of a request to roll over to the next financial year. 2014/15 Asset Maintenance costs may increase. This is to be quantified further subject to condition surveys underway.

Chief Officer Corporate Support December 2014

Environmental & Operational Services – November 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		Replacement pay and display machines have been ordered.
Asset Maintenance Direct Services	-9	-10	Works required to staff mess room, shower area and MOT waiting room.
Asset Maintenance Public Toilets	9	10	No works identified at this stage.
Building Control	-12		Savings on salaries and structural checking fees. Shared working with T&MBC commenced on 1 October. Budgets to be transferred into Building Control Partnership 'hub' cost centre.
Building Control Partnership Implementation & Project Costs	88		Transformation grant received from DCLG for IT integration of Building Control shared working with T&MBC. To be committed before end March 2015.
Car Parks	-65	-79	Income currently £40,000 below profile, mainly on day ticket income. Loss of income from closure of Pembroke Road car park now partially offset by new car park in front of M&S building (Blighs). On-street pay and display income has increased with motorists finding alternative on-street spaces.
On-Street Parking	42		Income currently £90,000 above profile, principally on day tickets where due to loss of long stay parking (Pembroke Road car park), on-street long stay parking is being found as an alternative. Further replacement pay and display machines ordered.
CCTV	-9	-15	Savings on transmission costs against profile. Budget contains challenging income targets which will offset any savings made during the year.
EH Animal Control	-10	-12	Over expenditure on kennel fees and reduced income due to owners not recovering dogs collected as strays.
EH Commercial	13		Savings on hub costs due to reduced working hours for one EHO. £5,000 grant received from KCC for Business Well Being award. Catch-up volume food safety inspections to be undertaken by contractors.

Service	Variance to date £'000 (Minus is bad news)	Forecast Annual Variance £000	Explanation of variance and action planned (including changes from previous month)
EH Environmental Protection	21	20	Savings on air quality consultancy costs.
Estates Management – Grounds	-10	-10	Essential tree maintenance work required.
Land Charges	37	40	Income £47,000 above profile. Additional part time assistant employed to bring performance levels back to target.
Licensing Partnership Hub (Trading)	10		Licensing trading 'hub' currently £10,065 in 'surplus'. If not spent on further initiatives the end of year 'surplus' is shared between the three Licensing Partner Authorities.
Licensing Regime	-7	-22	Budget contains challenging income target which will only be partly offset by savings elsewhere.
Parks & Recreation Grounds	-1	-20	Expenditure required on Bradbourne Lakes.
Public Conveniences	-7	-12	Budget contains unidentified income following closure and transfer of public conveniences.
Refuse Collection	74	16	£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 and 2015/16. 2 nd quarter recycling credits received from KCC. Not profiled to be received until December.
Street Cleansing	12	1	New litter bins to be purchased.
Street Naming	8	10	Income above profile, expenditure on replacement signs below profile.
Support – Direct Services	13		Training to be delivered on manual handling and driver CPD.
Trade Waste – VAT	26	28	Past years VAT refund received for Trade Waste.
Salaries – Building Control	14		Vacancies in team covered by agency surveyors. Joint working with T&MBC commenced 1 October. All posts now filled with permanent staff.

Service	Variance to date £'000 (Minus is bad news)	Forecast Annual Variance £000	Explanation of variance and action planned (including changes from previous month)
Salaries – Operational Services	87	89	Vacancy in Direct Services staff partly offset by agency staff costs to maintain services. Net effect shown in Direct Services Trading Accounts.
Salaries – Parking & Amenity Services	-23		CEO Vacancy now filled. Net effect shown in on-street parking account.
Capital – Vehicle Purchases	189		Vehicle replacement programme now receiving delivery of new vehicles. Programme will be delivered with is agreed budget. Any underspend is carried forward into the vehicle replacement fund.
Direct Services – Refuse	34	26	Fuel costs £18,000 below budget. Savings on salaries due to vacancies only partly offset by agency costs. Income above profile on paid bulky items.
Direct Services – Street Cleaning	33	59	Savings on salaries due to vacancies, now filled. Savings on fuel costs.
Direct Services – Trade	-27	-35	Over expenditure of £30,000 on disposal charges (£130/tonne). Now delivering direct to Allington, Waste to energy plant, and less than £100/tonne.
Direct Services – Workshop	33	40	Income £53,000 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	28	36	Income £60,000 above profile, through sale of bin permits and sacks. Expenditure above profile on purchasing of bins and sacks, agency staff and vehicle repairs.
Direct Services – Depot	2	-20	Income below profile from work from two man construction team. Repair and maintenance costs above profile.
Direct Services – Overall Trading Position	111	101	Income £91,000 above profile. Expenditure £20,000 below profile. Current surplus £216,000.

Future Issues/Risk Areas

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

Financial Services – November 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)
Benefits Admin	33	47	Increased income following the re-negotiation of the partnership agreement with Dartford BC.
Corporate Management	122	151	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	102	143	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)	-164	-185	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	157	188	External funding received that will fund SDC's share of the Benefits increased workload above.
Local Tax	94	89	Increased income following the re-negotiation of the partnership agreement with Dartford BC.
Members	21	30	Some Members do not claim their full allowance and the rules state that Members cannot claim more than one Special Responsibility Allowance.
Misc. Finance	-274	-249	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 – Audit Function	-15	-2	Two vacancies contributing to the vacancy pot. The impact of this is shown here as they are Sevenoaks specific, but the salary budgets are included in the partnership hub.
Support – Finance Function	36	57	Work on non finance partnerships is currently being contained within original resources.
Salaries	-43	-162	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 but it has recently been announced that this was unsuccessful due to the high number of bids. It remains uncertain when Universal Credit will impact on this Council.

Chief Finance Officer
December 2014

Housing – November 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)
Gypsy Sites	-13	0	We were expecting a substantial refund from Southern Water but in reality this was only £4,500 as they did wrong calculations. This was going to cover ongoing maintenance and repairs to the site but the shortfall will now be met from underspends elsewhere.
Housing	12	6	This is due to two staff vacancies, one of which has just been filled.
Housing Option – Trailblazer	-15		External funding and does not affect SDC budgets.
Private Sector Housing	14	3	There is still one vacancy in this area and is part externally and internally funded.
Salaries	21	12	There were two vacancies. Now one is filled but still looking to recruit to the other one.
Salaries – Ext Funded	11	10	External funding does not affect Council budgets.
Capital – Improvement Grants	126	70	Promotion and advertising is in place including article in In Shape magazine which is creating interest. Forecast may need to be revised accordingly next month.
Capital – WKHA Adaps for Disabled	81		It is difficult to predict when works will be completed but WKHA say they are on target for year end.
Capital – SDC / RHPCG	-16		External funding does not affect Council budgets.

Future Issues/Risk Areas

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**Chief Housing Officer
December 2014**

Legal & Governance – November 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	6	13	Due to the continued reduction in Committee reports and the reduction in paper copy 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 resources required in Register of Electors.
Support – Legal Function	32		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	-20		This is being covered by Government grant for Individual Electoral Registration.

Future Issues/Risk Areas

**Chief Officer Legal & Governance
December 2014**

Planning Services – November 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	-20	-43	Rather than funding policy work from the LDF reserve we will make use of the in-year overachievement in fee income.
Planning – Appeals	25	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, and expenditure on a recently completed public inquiry for an enforcement appeal on a site at Singles Cross.
Planning – Development Management	151	148	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	16	15	This is a result of a vacant administrative post.
Planning Policy	22	-43	Rather than funding policy work from the LDF reserve we will make use of the in-year overachievement in fee income.
Salaries	95	90	The 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	-249		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	-633		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
December 2014**