

## BUDGET MONITORING - Strategic Commentary - As at 31 December 2014

### Overall Financial Position

1. Nine months into the year the results to date show an overall favourable variance of £725,000.
2. The year-end position is forecast to be £376,000 better than budget; this is 2.7% 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 £255,000 at the end of December; Income from Legal work in connection with s.106 agreements is £13,000 ahead of profile. Income from car parking is currently £28,000 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. **Asset Maintenance** - some expenditure on buildings is behind profile, whilst quotes are being obtained, giving a variance of £37,000.
8. **Pay costs** – the actual expenditure to date on salaried staff (excluding those who are externally funded) is £254,000 below budget, but £80,000 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 Corporate Support, Direct Services, Housing 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 the award arrangements did not begin until December.

9. **Other variances** include some savings on CCTV (transmission costs) £27,000; deferred expenditure on administrative supplies £12,000; 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 £150,000.
10. **Direct Services** – Direct Services’ results show a positive variance of £115,000 compared to budget.

### **Year End Forecast**

11. The year-end position is forecast to be £376,000 better than budget.
12. Expenditure on asset maintenance (premises) is expected to be £100,000 over budget in 2014/15 due to some urgent works.
13. Expenditure on software maintenance will exceed budget and this is reflected in growth item in 2015/16 (SCIA 4).
14. Income from car parking is forecast to be £60,000 worse than budget at the year end.
15. The re-negotiation of the partnership agreement with Dartford BC will continue in 2015/16 (SCIA 11).
16. External audit fees will be £30,000 below budget in 2014/15 and this is offered as a saving for 2015/16 (SCIA 10).
17. Direct Services expect to achieve a surplus that is £101,000 better than budget.
18. Budgets for Discretionary Rate Relief (£106,000) are no longer required and this is offered as a SCIA saving for 2015/16. (SCIA 9).
19. Corporate Savings arising from savings in vacant posts and market supplements are forecast to be £143,000.
20. Over achievement of planning income arising mainly from a small number of high fee applications and increase in applications before the introduction of CIL is forecast to be £142,000 better than budget.

### **Future Issues and Risk areas**

21. 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 condition survey works which are currently underway;
- benefits workload continues at a higher level 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;
- 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 & Business.

22.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 – December 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	57		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	13		The order for this graffiti equipment has been placed by Dunbrik and we are awaiting the invoice.
Leisure Contract	9	73	The underspend of £9k is due to cover the latent demand study for Sevenoaks Leisure Centre, currently taking place. The forecast variance relates to Discretionary Rate Relief, which because of changes to the system, are no longer required
Tourism	10		This favourable position is due to two projects that have been delayed but should be on target at the year end.
Repair & Renew Flood Support Scheme (ext Funded)	-25		Flood grants must be paid by the Council and reclaimed retrospectively from Defra. Claims are made as early as possible.
Salaries – Ext Funded	7	12	Externally funded salaries do not affect Council budgets. This is currently showing an underspend.
Capital – Big Community Fund	-19		Members' projects. All expenditure on this code will be drawn down from the earmarked reserve at the year end.
Capital – Parish Projects	46	61	No projects have been identified 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**  
**January 2015**

### Corporate Support – December 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	6	-29	Forecast overspend based on increased requirement for asset maintenance works in 2014/15. Offset by underspend from Support – Central Offices.
Asset Maintenance IT	-78		Spend matches asset maintenance plan, with current year over spend supported by agreed rolling reserve.
Asset Maintenance Leisure	-9	-40	Forecast overspend due to increased requirement for maintenance in 2014/15 on ageing leisure assets.
Asset Maintenance Sewage Treatment Plants	4	-40	Urgent expenditure required on Sewage Treatment Plants to replace the tanks in order to maintain this asset.
Support – Central Offices	71	42	Current year reflects additional backdated income charges recovered and reduced energy costs. These are partly offset by one-off asset maintenance requirements.
Support – Contact Centre	21	18	Forecast EOY position reflects underspend on salaries due to vacant posts offset in part by initial costs of self-service kiosk.
Support – General Admin	-26	-43	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	22	29	Underspend due to vacancies and maternity leave during the year.
Support – IT	-68	-57	Overspend due to increased costs for software maintenance, some one-off. Those ongoing have received growth in 2015/16
Salaries	92	91	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     January 2015**

## Environmental & Operational Services – December 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 – Health	10	5	Various savings to date on furniture, telephones, personal alarms and training.
Asset Maintenance CCTV	10		Budget to be fully utilised on upgrading CCTV equipment and feasibility study for shared control room.
Asset Maintenance Direct Services	-11	-10	Installation of lift now completed. Improvements to be made to mess room, toilets and MOT waiting room.
Asset Maintenance Playgrounds	10	9	Small budget retained for playground equipment repair or replacement.
Asset Maintenance Public Toilets	11	10	Small budget retained for maintenance/improvement items.
Building Control	-18	-20	Fee income £15,000 below profile, mainly site inspection fees. Budget contains income relating to shared working arrangements which commenced later than originally planned.
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 of March 2015.
Car Parks	-49	-60	Income currently £43,000 below profile, mainly on day ticket income. Loss of income from closure of Pembroke Road car park now offset by new car park in front of M&S building (Bligh's). On-street pay and display income has increased with motorists finding alternative on-street spaces.
On-Street Parking	44		Income £96,000 above profile, principally on day tickets where due to loss of long stay car parking (Pembroke Road) on-street long stay parking is being found as an alternative. New pay and display machines ordered and extension to Darenth car park in Westerham to be built.
CCTV	-17	-25	Savings on transmission costs against profile. Budget contains challenging income targets which will offset any savings made during the year.

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 Animal Control	-6	-12	Over expenditure on kennel fees and reduced income due to owners not recovering dogs collected as strays.
EH Commercial	21		Savings on hub costs due to reduced working hours for one EHO. £5000 grant received from KCC for Business Well Being Award. Catch-up volume inspections to be undertaken by contractors.
EH Environmental Protection	24	20	Savings on air quality consultancy costs.
Estates Management – Grounds	-17	-20	Essential tree maintenance work required.
Land Charges	31	35	Income £42,000 above profile. Additional part time assistant employed to bring performance levels back to target.
Licensing Partnership Hub (Trading)	11		Licensing hub account currently £11,000 in 'surplus'. Any surplus at end of year invested in efficiency measures or shared between Partner Authorities.
Licensing Regime	-7	-15	Budget contains challenging income targets which will only be partly offset by savings elsewhere.
Parks & Recreation Grounds	1	-20	Expenditure required at Bradbourne Lakes.
Parks – Rural	20	10	Annual grant received for Timberden Farm (£17,700). Tree survey underway which will likely result in maintenance costs.
Public Conveniences	-9	-12	Budget contains unidentified income following closure and transfer of conveniences.
Refuse Collection	26	20	£19,600 grant received from Salvation Army to cover one additional day/week work for recycling assistant which will be offset by salary costs. £31,200 grant received from KRP for recycling promotion. To be spent in 2014/15 and 2015/16. Income from glass recycling higher than profile.
Street Cleansing	14	1	New litter bins to be purchased.
Street Naming	8	10	Income above profile, expenditure on replacement signs below profile.
Support – Direct Services	17	5	Savings on internal printing and mobile phones. Training to be delivered on manual handling and driver CPD.

Service	Variance to date £'000 (Minus is bad news)	Forecast Annual Variance £000	Explanation of variance and action planned (including changes from previous month)
Trade Waste (VAT)	26	28	Past years VAT refund received for Trade Waste Collection.
Salaries – Building Control	16	-5	Previous vacancies in team covered by agency surveyors. Joint working with T&MBC commenced 1 <sup>st</sup> October 2014. All posts now filled with permanent staff.
Salaries – Environmental Health	10		Reduced working hours by one EHO. Offset by employing contractors to undertake food inspections.
Salaries – Operational Services	80	89	Vacancies in Direct Services partly offset by agency staff costs to maintain services. Net effect shown in Direct Services trading accounts.
Salaries – Parking & Amenity Services	-29		CEO vacancy now filled. Net effect shown in on-street parking account.
Capital – Vehicle Purchases	230		Vehicle replacement programme now receiving final delivery of vehicle replacement programme. Any underspend is carried forward into the vehicle replacement fund.
Direct Services – Refuse	31	26	Fuel costs £20,000 below target. Savings on fixed transport costs. Paid bulky collection income above profile.
Direct Services – Street Cleaning	30	59	Savings on salaries due to vacancies which have now been filled. Savings in fuel costs.
Direct Services – Trade	-18	-35	Over expenditure of £31,000 on disposal charges (£130/tonne). Now delivering direct to Allington, Waste to Energy Plant, at less than £100/tonne.
Direct Services – Workshop	46	40	Income £59,000 above profile, all on vehicle repairs. Savings on salary costs due to supervisor vacancy, now filled internally. Agency staff being used for cover as required.
Direct Services – Green Waste	23	36	Income £60,000 below 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	-3	-20	Income below profile from two man construction team. Repair and maintenance costs above profile.
Direct Services – Overall trading position	115	101	Income £102,000 above profile. Expenditure £12,000 below profile. Fuel costs £39,000 below profile. Current surplus £213,000.



Future Issues/Risk Areas

**Chief Officer Environmental & Operational Services**  
**January 2015**

## Financial Services – December 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	12	Efficiencies due to the merger of several admin accounts.
Admin Expenses – Financial Services	9	15	Reduced spending on printing and publications.
Benefits Admin	-14	34	Increased income following the re-negotiation of the partnership agreement with Dartford BC.
Corporate Management	119	170	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	130	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)	-172	-188	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	164	188	External funding received that will fund SDC's share of the Benefits increased workload above.
Local Tax	109	90	Increased income following the re-negotiation of the partnership agreement with Dartford BC.
Members	25	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	-314	-272	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	-27	-23	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.

Service	Variance to date £'000 (Minus is bad news)	Forecast Annual Variance £000	Explanation of variance and action planned (including changes from previous month)
Support – Finance Function	40	31	Work on non finance partnerships is currently being contained within original resources.
Treasury Management	-14	-4	Increased bank charges.
Salaries	-53	-107	Agency staff are being used to help address the Benefits increased workload and to be proactive in contacting Council Tax Support customers.
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. It is the intention to have a corporate fraud function after this date. It remains uncertain when Universal Credit will impact on this Council.

**Chief Finance Officer**  
**January 2015**

## Housing – December 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	7	This is due to two staff vacancies, one of which is now filled, and we have a temp from 9/1/15 covering some of the work from the other one.
Housing Option – Trailblazer	-19		Awaiting income from agencies but the scheme is externally funded and does not affect Council budgets.
Private Sector Housing	14	3	Remaining vacancy in Housing Standards team being covered by a temp for 3 months. At year end the profile will be on line.
Salaries	18	12	(See Housing and Private Sector Housing comments).
Salaries – Ext Funded	11	10	External funding and will not affect Council budgets.
Capital – Improvement Grants	135	70	Promotion of the service through In Shape and the press has increased interest and going forward will generate more expenditure. The forecast will be reviewed next month.
Capital – WKHA Adaps for Disabled	65		WKHA have approved their budgeted allocation and have also completed works exceeding their budget by approx. £100,000 which could be met from SDC's underspend as mentioned in Improvement Grants but this will be reviewed next month.
Capital – SDC / RHPCG	-18		External funding and will not affect Council budgets.

Future Issues/Risk Areas

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**Chief Housing Officer**  
**January 2015**

## Legal & Governance – December 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	8	13	Due to the continued reduction in Committee reports and the reduction in paper copies distribution we anticipate an underspend on internal printing.
Support – Legal Function	34	32	Income generated from s.106 agreements and miscellaneous sources exceeded 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. The favourable variance is holding and we predict we will be £32k better than budget at year end. 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	-27		This is being covered by Government grant for Individual Electoral Registration.

Future Issues/Risk Areas

**Chief Officer Legal & Governance**  
**January 2015**

## Planning Services – December 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	-21	-41	Rather than funding policy work from the LDF reserve we will make use of the in-year overachievement in fee income.
Planning – Appeals	15	9	This variance is a result of underspending on consultants and legal costs. However this is partially offset by costs awarded against the Council, and expenditure on the public inquiry for Singles Cross.
Planning – Development Management	157	142	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.
Planning – Enforcement	17	15	This is a result of a vacant administrative post.
Planning Policy	20	-57	Rather than funding policy work from the LDF reserve we will make use of the in year overachievement in fee income.
Salaries	83	90	The underspend is due to an element of part time working, posts being vacant as we go through the recruitment process and vacancy arising from maternity leave.
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.  
 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**  
**January 2015**