

BUDGET MONITORING - Strategic Commentary - As at 31 August 2015

Overall Financial Position

1. Five months into the year the results to date show an overall unfavourable variance of £43,000.
2. The year-end position is forecast to be £162,000 worse than budget; just over 1.0% of the net budget for the year.
3. Both the results to date and forecasts include any significant accruals.

Key Issues for the year to date

4. Property Investment Strategy Income – this is a new income source and represents income derived from the recent acquisitions of commercial property. As at the end of August we had received £180,000 and this will be transferred to the Budget Stabilisation Reserve.
5. Revenues and Benefits Partnership - within Finance, additional resources have been used to help address the Benefits workload and to be proactive in contacting Council Tax Support customers. The funding of this additional cost will be shared with Dartford BC with the SDC element funded from the agreed carry forward and contributions from KCC, Fire and Police.
6. Income from Car Parks, On-Street Parking, Land Charges and Development Management are ahead of budget at the end of August.
7. Pay costs – the actual expenditure to date on staff costs, (including agency staff but excluding those who are externally funded) is, in total, within £33,000 of budget. There are variances in individual areas and the larger variances are explained in the Chief Officer commentaries.
8. Corporate Savings – there is a budget of £100,000 from vacancy savings and these savings are currently £17,000 ahead of schedule.

Year End Forecast

The year-end position is forecast to be £162,000 worse than budget.

Property Investment Strategy

9. Forecast net income of £383,000 from commercial letting of the recent Property Investment Strategy acquisitions is excluded from the forecast as it will be transferred to the Budget Stabilisation Reserve.

Unforeseen pressures on 2015-16 Budget

10. Costs have been incurred at Farningham Woods for coppicing woodland to try to contain the infestation of Oriental Chestnut Gall Wasp under instruction from DEFRA/Forestry Commission. There is a forecast of £40,000 for this work. It is expected that there will be some income from timber sales to offset this.
11. Work on the Individual Electoral Registration Canvass is forecast to exceed budget by £56,000; the cost of the additional work is forecast to be greater than the amount of central government funding that we have received.
12. Tandridge District Council has terminated the agreement whereby Sevenoaks staff managed asset maintenance work and this has resulted in lost income of £10,000.

Other forecasts for 2015-16

13. Asset Maintenance work at Hever Road site is forecast to exceed budget by £23,000.
14. Budgeted income of £36,000 from a Building Control shared management arrangement with Tonbridge and Malling Council will not be received this year as full shared working commenced in October 2014.
15. The adverse variance of £30,000 for car parks relates to the rent for the leased area of Bligh's car park.
16. Income from sale of recycled glass is forecast to be £40,000 below budget following adverse market fluctuations in the price of cullet.
17. Within Finance, support work to non-finance partnerships is being contained within existing resources and this gives rise to a favourable forecast of £31,000.
18. The budgeted surplus for the Direct Services Trading account increased by £20,000 following a reallocation of savings required by SCIA21 (Back Office Savings).

Future Issues and Risk areas

19. 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:

- Asset Maintenance costs, including those for leisure centres, may increase, costs have exceeded the original budget at the Hever Road site;
- Universal Credit will impact on this council from October 2015;
- Benefit Fraud will move to the DCLG in February 2016. It is the intention to have a corporate fraud function after that date;
- Funding arrangements for the Housing HERO project are being reviewed and this may result in additional income;
- There remains the risk that planning decisions will be challenged, either at appeal or through the Courts.

20. Planned savings for 2015/16 total £533,000, including efficiency savings, particularly from partnership working, and from additional income generation and these will be risk areas for the current and for future years.

21. Grant funding to local government has been reducing and this is a non-protected area and must be considered vulnerable in the future. Further information about government plans for future funding is expected to be announced in the Comprehensive Spending Review in November.

Contacts:

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Communities and Business – August 2015 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)
Economic Development Property	14		New Economic Development team is not yet fully staffed. This underspend has been partly offset by acquisition costs relating to our property investments.
Choosing Health WK PCT	-16		This is externally funded. Spend is in advance of profile. However, income currently exceeds expenditure. KCC have made an in-year reduction following a reduction in their government grant. This will require a small adjustment to the spending on projects going forward but is manageable and the budget will be on target at the year end.
Community Sports Activation Fund	17		This underspend is external funding received in advance and will be on target at the year end.
West Kent Partnership Business Support	43		Annual contributions have been received from partners in advance of expenditure.
Salaries	50		This relates primarily to the Economic Development & Property Team. Two posts have recently been filled and the final post is currently going out to advert.
Capital – Investment Properties	192		Balance of property investment strategy budget for the acquisition of Suffolk House and Swanley Petrol Filling Station.

Future Issues/Risk Areas

Income from the Property Investment Strategy is shown on the summary page of the monitoring pack.

Lesley Bowles, Chief Officer Communities and Business
September 2015

Corporate Support – August 2015 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 Hever Road	-42	-23	Current forecast due to increased asset maintenance costs. This area is currently under review. Current additional overspend due to be recovered from insurance claim.
Estates Management – Buildings	-11	-10	£13k unrecoverable income forecast due to termination of asset maintenance agreement by Tandridge District Council.
Housing Premises	-10	-7	Additional costs incurred as a result of maintenance works required on sewerage treatment works.
Support – General Admin	46		Current position reflects an overachievement in print income currently being monitored, plus £10k MFD invoices not yet received and not shown in these figures and MFD expenditure allocated to equipment replacement costs.
Support – IT	95		Microsoft Licensing and CRM costs expected in August but received in September.
Salaries	43		Variance to date relates to vacancies and maternity leave which are in the process of being filled.

Future Issues/Risk Areas

Costs for the maintenance of Hever Road in relation to allocated budget are currently under review.
Potential for asset maintenance costs on leisure centres to exceed current budget due to ageing assets

**Chief Officer Corporate Support
September 2015**

Environmental & Operational Services – August 2015 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)
Building Control	-33	-56	Fee income £12,000 below target. Budget contains £36,000 income from previous shared management arrangement with T&MBC which will not be realised as full shared working commenced in October 2014.
Car Parks	-18	-30	First half years NNDR bills higher than profile. First quarter rent for new area of Blighs car park paid. Overall, car park charges income to budget target.
Car Parking – On-street	25		Income £62,000 above profile, partly offset by increased salary costs (Parking Engineer now full time) and loss of income from sharing previous parking engineer with T&MBC. Contribution to be made for construction of overflow car park at Darent Car Park in Westerham.
EH Commercial	10		Grant received for 'Better Business for all'. Income from food hygiene course. Savings on hub costs to be offset by use of contractors for volume food inspections.
EH Environmental Protection	10	10	Savings on air quality monitoring costs and income received for polluting premises registration ahead of profile.
Estates Management – Grounds	-12	-15	Essential tree work on ex-housing estate land.
Land Charges	10	10	Income £15,000 above profile.
Parks – Rural	-54	-40	Unbudgeted expenditure incurred at Farningham Wood for coppicing woodland to try to contain infestation of oriental chestnut gall wasp under direction from DEFRA/Forestry Commission. Some income should be recovered by sale of felled timber. Further coppicing to be undertaken but costs covered by timber value.
Refuse Collection	-23	-40	Income from sale of recycled glass £18,000 below profile due to sharp fall in price paid for Cullet. Price subject to market fluctuation.
Street Naming	9	10	£5k increase in income and £5K reduction on installation costs [DLO recharges].
Support – Direct Services	10		Expenditure under profile on training, which will be delivered later in the year on Manual Handling and driver CPC training.
Salaries – Parking & Amenity Services	-24		Posts of Parking Manager and Parking Engineer now filled. Parking Engineer now full time. Additional cost being met by income being £62,000 above profile.
Capital – Vehicle Purchases	62		Full replacement programme will be completed within approved budget.

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 – Refuse	49	13	Income £8,000 above profile. Expenditure £41,000 below profile. Savings on salaries, only partly offset by use of agency staff; fuel and transport costs.
Direct Services – Street Cleaning	15	7	Expenditure £15,000 below profile. Savings on fuel and other transport costs.
Direct Services – Trade	5	-11	Income £15,000 below profile. Expenditure £10,000 above profile principally due to high disposal charges whilst Allington was not receiving trade waste. Agency staff being used to cover sickness.
Direct Services – Green Waste	-61	-9	Income forecast to be on target for year end but below profile due to changes in annual renewal of permits, so all renewals do not fall in some months. Expenditure higher than profile on transport related costs.
Direct Services – Trading accounts overall	19	-5	Income £52,000 below profile (mainly green waste permits) but expenditure £71,000 below profile. Current surplus is £146,000 against a profiled surplus of £127,000.

Future Issues/Risk Areas

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

Financial Services – August 2015 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	6	10	Efficiencies due to merger of several admin accounts.
Corporate Management	-11		The variance relates to a £10k contribution to the Kent Channel Migration Project.
Dartford Partnership Hub (SDC Costs)	-153		Additional resources to help address the Benefits workload and to be proactive in contacting Council Tax Support customers. The funding of this additional cost will be shared with Dartford BC with the SDC element funded from the agreed carry forward.
Local Tax	12	25	This variance relates to an increase in court costs recoveries.
Misc. Finance	-30	-9	Costs associated with development projects are included here.
Support – Finance Function	30	31	Work on non finance partnerships is currently being contained within original resources.
Salaries	-98	-274	Agency staff are being used to help address the Benefits workload and to be proactive in contacting Council Tax Support customers.

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. Universal Credit will impact this Council from October 2015.

**Chief Finance Officer
September 2015**

Housing – August 2015 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 Energy Retraining Options (HERO)	-16		This is external funding and does not affect Council budgets.
Salaries – Ext Funded	-2	-16	Part time officer for West Kent Leader project currently being paid from Housing budgets. When the contract is finalised with DEFRA, which is underway now, we can then claim back the salary costs.
Capital - Improvement Grants	30		It is difficult to predict the completion of disabled facilities grant works however the end of your position will be balanced.
Capital – WKHA Adaps for Disabled	87		It is difficult to predict when works will be completed but bottom line is correct.
Capital - SDC / RHPCG	-20		Landlord Accreditation & Discretionary Grants are funded from recycled external funding.

Future Issues/Risk Areas

To update, the highly successful HERO scheme has now been asked to provide two days work for Dartford BC and possibly (to be confirmed) another day for a Housing Association and we are also awaiting the result of whether a day is to be provided for Dartford Social Services Children centre. This will mean more income to support the scheme.

**Chief Housing Officer
September 2015**

Legal & Governance – August 2015 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)
Register of Electors	-2	-56	2015 sees the first ever Individual Electoral Registration Canvass. 100% of residential properties are to be targeted with a Household Enquiry Form. If there is a change within the household they must also complete an Invitation to Register Form. Additionally legislation requires a reminder form and a personal canvass for both types of forms if not returned. The grant received from Government does not cover such eventualities.
Salaries	-50		Additional resources to cover the increased workload as a result of the Individual Electoral Registration and the triple election process. We are applying for some Government funding and if we are successful this could help with some of the additional expenditure in relation to Individual Electoral Registration. In the Legal Department we have had to appoint a locum for an interim period.

Future Issues/Risk Areas

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**Chief Officer Legal & Governance
September 2015**

Planning Services – August 2015 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)
Planning – Appeals	15		The underspend is due to the fact that appeals to date this year have not required specialist input, however this is likely to change in the coming months as notice has been received of significant appeals in Edenbridge and Sevenoaks.
Planning – Development Management	104	38	This continues to be the result of a small number of high fee applications, including for the proposal at Fort Halstead.
Planning – Enforcement	14	15	This is a result of a vacant administrative post.
Salaries	27	15	This underspend is a result of maternity leave and failed attempts to recruit.
Capital – Affordable Housing	-92		This will be financed at the end of the year from S106 planning obligations receipts. Payments include Contribution to Rural Housing Enabler, Housing Discretionary, Sevenoaks Almshouses, Edenbridge Housing Needs Survey.
Capital – S106 Capital	-59		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.

Chief Planning Officer
September 2015