

## **BUDGET MONITORING - Strategic Commentary - As at 31 October 2015**

### **Overall Financial Position**

- Seven months into the year the results to date show an overall favourable variance of £48,000.
- The year-end position is forecast to be £153,000 worse than budget; just over 1.0% of the net budget for the year.
- Both the results to date and forecasts include any significant accruals.

### **Key Issues for the year to date**

- 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 October we had received £292,000 and this will be transferred to the Budget Stabilisation Reserve.
- 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.
- Income from Car Parks, On-Street parking, Land Charges and Development Management is ahead of budget at the end of October.
- Pay costs – the actual expenditure to date on staff costs, (including agency staff but excluding those who are externally funded) is, in total, within £13,000 of budget. There are variances in individual areas and the larger variances are explained in the Chief Officer commentaries.
- 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 £153,000 worse than budget.

### **Property Investment Strategy**

- 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

- Costs have been incurred at Farningham Woods for emergency felling of coppices and standard trees 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 but that may not be realised in this financial year.
- 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.
- Tandridge District Council has terminated the agreement whereby Sevenoaks staff managed asset maintenance work and this has resulted in lost income of £10,000.
- Asset Maintenance works at Hever Road site is forecast to exceed budget by £23,000.

#### Other forecasts for 2015-16

- 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.
- The adverse variance of £30,000 for car parks expenditure relates to the rent for the leased area of Bligh's car park.
- Income from sale of recycled glass is forecast to be £60,000 below budget following adverse market fluctuations in the price of cullet.
- Within Finance, support work to non-finance partnerships is mainly contained within existing resources and this gives rise to a favourable forecast of £34,000.
- Development Management income is forecast to be £68,000 better than budget due to a small number of high fee applications.
- The budgeted surplus for the Direct Services Trading account increased by £20,000 following a reallocation of savings required by SCIA21 (Back Office Savings). In addition to that, a further favourable variance of £26,000 is forecast.
- An ongoing vacancy in Planning Enforcement will result in a forecast favourable variance of £29,000.

## **Future Issues and Risk areas**

- 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;
  - Benefit Fraud will move to the DCLG in February 2016. It is the intention to have a corporate fraud function after that date;
  - There remains the risk that planning decisions will be challenged, either at appeal or through the Courts;
  - Planning fee income remains uncertain and is being closely monitored.
- 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.
- We are currently working with a new software package which will enable us to make a more rigorous assessment of the outstanding business rate appeals. It should be noted that income from retained business rates may increase as this Council is entitled to retain 50% of extra income arising from increases in the business rate tax base, however this figure will be affected by results of outstanding appeals.
- 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 on 25th November.

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## Communities and Business – October 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	27		We will be recruiting the remainder of the Property and ED team (project manager plus two graduate trainees) to complete the agreed restructure and will reassess the salaries budget once that is complete. The overspend on the services budget is due to property acquisition and disposal costs and is within the total sum agreed by Members. Approved sums for property acquisition and disposals are not added to the revenue budget - hence the overspend is currently showing on this line, more than offset by an underspend on staffing costs.
Leisure Contract	13		The leisure strategy is being commissioned. Preparatory work is currently being done.
Choosing Health WK PCT (Ext Funded)	-19		This is for externally funded work. The budget will be on target at year end but currently spending is ahead of profile.
Community Sports Activation Fund (Ext Funded)	11		This is external funding received in advance. The budget will be zero at year end.
Partnership – Home Office (Ext Funded)	-15		This is externally funded work. Funding will be received following the November claim. This budget will be zero at the year end.
West Kent Partnership Business Support (Ext Funded)	41		This is external funding received in advance on behalf of the West Kent Partnership. The budget will be zero at year end.
Salaries	56		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. This will continue to be closely monitored and a change to the end of year forecast (underspend) may be necessary.
Capital – Big Community Fund	-12		These projects are funded from a revenue budget throughout the year and drawn down from an earmarked reserve at the year end. Although the Big Community Fund is no longer making grant approvals expenditure on some of the approved projects is yet to be drawn down by the successful applicants.

## 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**  
**November 2015**

## Corporate Support – October 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	-46	-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	6	-10	£13k unrecoverable income forecast due to termination of Asset Maintenance agreement by Tandridge District Council
Support – General Admin	50		Current position reflects an overachievement in print income currently being monitored, plus MFD invoices not yet received and not shown in these figures and MFD expenditure allocated to fleet replacement costs
Salaries	57		Variance to date relates to vacancies/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  
November 2015**

## Environmental & Operational Services – October 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 – Health	11	5	Savings on furniture, mobile phones and training.
Asset Maintenance Car Parks	11	-15	Surfacing works to be undertaken, plus improvement to lighting, fencing and signage.
Building Control	-48	-56	Fee income £18,000 below budget target. Budget contains £36,000 income from previous shared management arrangement with T&MBC which will not be realised as full joint shared working commenced in October 2014.
Car Parks	-30	-30	First half years NNDR's bills higher than profile. 2 <sup>nd</sup> quarter rent for new Bligh's car park paid. Overall, income £17,000 above budget target.
Car Parking – On-street	77		Income £112,000 above budget target, 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 to construction of overflow car park at Darent, Westerham. New pay and display machines ordered. Any surplus above budgeted surplus held in a ring-fenced reserve.
CCTV	-6	-10	<i>Budget contains challenging income targets which will only be partly offset by savings made during the year. [Finance]</i>
EH Commercial	14		£10,000 grant received. To be used to promote Business Well Being awards.
EH Environmental Protection	1		Income from polluting premises registration less than budget due to number of premises requiring registration.
Estates Management – Grounds	-23	-25	Essential tree maintenance work on ex-housing estate land.
Kent Resource Partnership	30		Income received for project work ahead of expenditure.
Land Charges	14	10	Income £19,000 above profile.
Parks and Recreation Grounds	1	-15	Anticipated maintenance works at Bradbourne Lakes.

Service	Variance to date £'000 (Minus is bad news)	Forecast Annual Variance £000	Explanation of variance and action planned (including changes from previous month)
Parks – Rural	-57	-40	Unbudgeted expenditure incurred at Farningham Wood for Felling and coppicing to try and 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	-38	-60	Income from sale of glass and paper for recycling £30,000 below budget profile due to fall in price paid for material. 2 <sup>nd</sup> quarter recycling credits profiled but not received yet.
Street Naming	11	10	Income above profile, expenditure below profile.
Support – Direct Services	15		Expenditure under profile on training, which will be delivered later in the year on Manual Handling and Driver CPC.
Salaries – Operational Services	20		Savings on salaries due to vacancies partly offset by expenditure on agency staff to maintain services. Reflected in Direct Services Trading Accounts.
Salaries – Parking & Amenity Services	-19		All posts now filled. Parking Engineer now full time. Additional costs met by increased on-street parking income.
Capital – Vehicle Purchases	81		Full replacement programme will be completed within approved budget.
Direct Services – Refuse	84	43	Income £17,000 above profile, mainly on paid bulky items. Expenditure under profile on salaries (only partly offset by agency costs); and transport costs, including fuel.
Direct Services – Street Cleaning	19	27	Expenditure under profile on salaries, transport repairs and fuel.
Direct Services – Workshop	-7	-16	Income £33,000 below profile on vehicle repairs. Savings on salaries, due to vacancy, partly offset by agency costs.
Direct Services – Green Waste	-61	-28	Income forecast to be on target by year end but below profile due to changes in annual renewal of permits, so all the renewals do not fall in the same month. Expenditure higher than profile on agency staff costs, fuel and transport repairs.
Direct Services - Trading Accounts – Overall	36	26	Income £80,000 below profile (green waste and Workshop). Expenditure £116,000 below profile. Surplus £190,000 against a profiled surplus of £154,000.



## Future Issues/Risk Areas

Unbudgeted - Expenditure being incurred at Farningham Woods to try to contain the Oriental Chestnut Gall Wasp. Working with the Forestry Commission. Emergency felling of coppices and standard trees, plus destruction of foliage required to attempt to contain these invasive pests.

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

## Financial Services – September 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	14	15	Small underspends on several items including printing and training.
Dartford Partnership Hub (SDC Costs)	-236		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	29	25	Variance relates to an increase in court costs recoveries.
Misc. Finance	-27	-16	Costs associated with development projects are included here.
Support – Finance Function	42	34	Work on non finance partnerships is currently being contained within original resources.
Salaries	-144	-205	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 started in the district in October 2015 but has had no impact to date.

**Chief Finance Officer**  
**October 2015**

## Housing – October 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	11		This deficit will be met in part by a successful bid. Extra surgeries are now being provided for Dartford BC for which income is received and any deficit is covered by external homelessness funding.
Salaries	-17		The overspend is due to an agency member of staff covering long term sickness and although the officer is now on a phased return the temp will stay until Xmas to clear any backlog. The variance will reduce over the remainder of the year due to the current budget profile.
Salaries – Ext Funded	-3	-16	Primarily due to a part time officer working on the West Kent Leader project who is now paid via the housing budget. This expenditure will be recovered from DEFRA funding at the end of the year.
Capital – Improvement Grants	18		It is difficult to predict when works will be completed, however we fully expect to spend the budget by the end of the financial year.
Capital – WKHA Adaps for Disabled	99		It is difficult to predict when works will be completed but WKHA assures the Council that all of the allocated budget will all be spent year end. We have £35k for payment once checked with a further £28k due imminently and fully anticipate spending the budget by the end of the financial year.
Capital - SDC / RHPCG	-31		This includes Landlord Accreditation & Discretionary Grants and will not affect Council budgets as they are funded from recycled external money.

Future Issues/Risk Areas

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**Chief Housing Officer**  
**November 2015**

## Legal & Governance – October 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	-58		Additional resources to cover the increased workload as a result of the Individual Electoral Registration and the triple election process. Superannuation payments made to Electoral Registration staff for their duties during the election will be recovered from Government, Parishes or drawn down from reserves. We have been successful in obtaining £11k Government funding which 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

**Chief Officer Legal & Governance**  
**November 2015**

### Planning Services – October 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 – Planning Services	-10	-1	The variance is due to the training budget profiling and is in respect of a Planning Masters and a undergraduate course. This overspend will be met from the training budget once it is revisited by HR
Fort Halstead	14	16	This comes from a planning performance agreement that allowed us to recover the cost of managing the application and will fund the tasks transferred to others as a result of it.
Planning – Appeals	22	-16	The current underspend is due to the fact that appeals to date this year have not required specialist input, however this will change in the coming months with significant appeals in Edenbridge, Sevenoaks and Swanley.
Planning – Development Management	111	70	This continues to be the result of a small number of high fee applications, including for the proposal at Fort Halstead plus a proportion of this favourable position is pay (see Salaries comments).
Planning – Enforcement	20	29	This is a result of a vacant administrative post.
Planning Policy	12		This is a salary underspend as a result of maternity leave
Salaries	61	88	This underspend is a result of maternity leave, unsuccessful attempts to recruit and recruiting at lower grades.
Capital – Affordable Housing	-95		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, and Edenbridge Housing Needs Survey.
Capital - CIL Parish Councils	-32		This is the 25% of CIL transferred to Town and Parish Councils. Monies have so far been transferred to Sevenoaks Town Council and Otford and Chevening Parish Councils. A further transfer will be made to West Kingsdown PC next month.
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.  
Application fee income remains uncertain and will be monitored closely.  
We have received significant appeals on sites in Swanley and Edenbridge, which could result in costly public Inquiries.

**Chief Planning Officer**  
**November 2015**