

## **BUDGET MONITORING - Strategic Commentary - As at 31<sup>st</sup> January 2016**

### **Overall Financial Position**

1. Ten months into the year the results to date show an overall favourable variance of £241,000.
2. The year-end position is forecast to be £20,000 worse than budget; just over 0.1% 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 acquisitions of commercial property in Sevenoaks and Swanley. As at the end of January we had received £292,000 in rental income 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 is ahead of budget at the end of January.
7. Pay costs – the actual expenditure to date on staff costs, (including agency staff but excluding those who are externally funded) is, in total, exactly on 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 £13,000 ahead of schedule.

### **Year End Forecast**

The year-end position is forecast to be £20,000 worse than budget.

### Property Investment Strategy

9. Forecast net income of £383,000 from commercial letting of the 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 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. The Forestry Commission has agreed to cover expenditure above £40,000.
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 £13,000.
13. Asset Maintenance work at Hever Road site is forecast to exceed budget by £27,000.

### Other forecasts for 2015-16

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 for car parks expenditure includes £30,000 relating to the rent for the leased area of Bligh's car park.
16. Income from sale of recycled glass is forecast to be £60,000 below budget following adverse market fluctuations in the price of cullet.
17. Within Finance, support work to non-finance partnerships is mainly contained within existing resources and this gives rise to a favourable forecast of £51,000.
18. Development Management income is forecast to be £86,000 better than budget due to a small number of high fee applications.
19. An ongoing vacancy in Planning Enforcement will result in a forecast favourable variance of £30,000.
20. 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 £77,000 is forecast. Expenditure for the year is forecast to be below £90,000 budget whilst income is forecast to be £7,000 better than original budget

21. This Council is entitled to retain 50% of extra income arising from increases in the business rate tax base, however this figure is subject to great volatility as it is affected by the results of outstanding appeals and therefore a prudent assessment of £75,000 additional income has been included at this stage.

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

22. 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 for Hever Road are currently under review;
- Benefit Fraud will move to the DCLG in February 2016. A corporate fraud function is in place 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;
- Some significant appeals on sites in Swanley and Edenbridge are scheduled and these could result in costly public inquiries.

23. 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.

### **Contacts:**

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## Communities and Business – January 2016 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)
Leisure Contract	39		Sencio invoice not received till Feb16.
Youth	10		This is currently underspent. However, some charges are still awaited.
Choosing Health WK PCT (Ext Funded)	-23		This is for externally funded work. There has been an in-year cut by Government and officers are currently re-arranging the programme to fit the new budget. The budget will be on target at year end.
Dunton Green Project (Ext Funded)	-18		This is funded from a S106 agreement. The budget will be zero at year end.
West Kent Partnership Business Support (Ext Funded)	34		This is external funding received by this Council on behalf of the West Kent Partnership. The budget will be zero at year end.
Salaries	69		This relates primarily to the Economic Development and Property Team which has been carrying two vacancies. One post was filled last month. The Head of Service post was advertised in January and the underspend will be needed to purchase appropriate expertise in the absence of a post holder. We are monitoring this closely.
Capital – Big Community Fund	-19		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 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. Because of the significant amount of new property investment work undertaken during the year, there is likely to be an overspend on procurement and studies costs. However this is likely to be balanced by income and an underspend on staff.

**Chief Officer Communities and Business  
February 2016**

## Corporate Support – January 2016 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	-49	-27	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	7	-10	£13k unrecoverable income forecast due to termination of Asset Maintenance agreement by Tandridge District Council.
Support – Central Offices	43	11	Savings in gas and electricity expenditure due to LED lighting and a review of plant usage.
Support – Contact Centre	39	44	Underspend on salaries budget.
Support – General Admin	94	28	Overachievement of print income.
Support – Human Resources	-15		Overspend due to Central training costs – to be offset by underspend on departmental training costs.
Salaries	72	44	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.

**Chief Officer Corporate Support  
February 2016**

## Environmental & Operational Services – January 2016 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	14	8	Savings on furniture, mobile phones and training. Also covers Licensing team.
Asset Maintenance Car Parks	16	-15	Surfacing, lighting and signage improvement to be undertaken.
Asset Maintenance Playgrounds	11	11	Budget only required if any emergency work required. No maintenance work planned.
Asset Maintenance Public Toilets	12	9	Budget only required if any emergency work required. No maintenance work planned.
Building Control	-66	-56	Fee budget £33,000 below profile. Budget contains £36,000 income for previous shared management arrangements with T&MBC which will not be realised as full joint working commenced in October 2014.
Car Parks	-34	-40	First half year NNDR bills £14,000 higher than budget. 2 <sup>nd</sup> quarter rent for new Blighs car park paid. Overall income £24,000 above profile.
Car Parking – On-street	36		Income £133,000 above budget target, partly offset by increased salary costs (Parking Engineer now full time and loss of income from previous shared working with T&MBC). New pay and display machines ordered. Any surplus above budgeted surplus held in ring fenced reserve.
CCTV	-15	-15	Budget contains challenging income targets which will not be achieved.
EH Commercial	15	10	£10,000 grant received for workplace health initiative. Contractors being employed to try to catch up on outstanding volume food premises inspections.
Estates Management – Grounds	-26	-25	Essential tree maintenance work on ex-housing estate land.
Kent Resource Partnership	52		Income received for project work from partners ahead of expenditure.
Land Charges	12		Income received to pay for Court settlement costs. Fee income now profiled to budget.
Markets	-18	-17	Outstanding debt for previous contractor written off. £73,000 allocated for in budget, actual debt was £80,000. Over expenditure on rent for Swanley market and cleaning operations after Swanley market.

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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 and Recreation Grounds	10	-15	Anticipated maintenance works at Bradbourne Lakes.
Parks – Rural	-30	-40	Unbudgeted expenditure incurred at Farningham Wood for felling and coppicing to try to contain infestation of Oriental Chestnut Gall Wasp under direction from Forestry Commission. They have agreed to cover expenditure above £40,000. Some income should be recovered by sale of felled timber. Further works to be undertaken but costs covered by timber value.
Taxi	16		Fee income £16,000 above profile. Legal fees for recent court case to be paid and to be recovered as costs awarded.
Public Conveniences	-10	-8	Unidentified income budget.
Refuse Collection	-62	-60	Income from sale of glass and paper for recycling £43,000 below profile due to fall in price paid for material.
Street Cleansing	11	5	New litter bins to be ordered.
Street Naming	15	15	Income above profile, expenditure below profile.
Support – Direct Services	21	10	Expenditure under profile on training which will be delivered early 2016 on Manual Handling and Driver CPD. Savings on mobile phones and internal printing costs (being paid for by KRP).
Salaries – Operational Services	38		Savings on salaries due to vacancies partly offset by expenditure in agency staff to maintain services. Reflected in Direct Services Trading Accounts.
Salaries – Parking & Amenity Services	-12		Additional salary costs met by increased on-street parking income. Reflected in on-street account.
Capital – Bradbourne Multi-Storey Car Park	-60		In pre-planning application stage. Budget to be allocated following Council meeting.
Capital – Vehicle Purchases	100		Full replacement programme will be completed within approved budget.
Capital – Dunbrik Vehicle Workshop	-105		MOT bay improvements completed. Workshop roof to be completed in 2016/17. No tender received for this work. To be re-tendered.

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	104	77	Income £26,000 above profile, mainly on paid bulky items. Expenditure under profile on salaries (only partly offset by agency staff costs) and transport costs, including fuel.
Direct Services – Street Cleaning	40	39	Expenditure under profile on salaries and transport costs, including fuel.
Direct Services – Trade	12	12	Income £30,000 above profile. Expenditure only £18,000 above profile, principally on disposal charges.
Direct Services – Workshop	-22	-36	Income £50,000 below profile, principally on repairs. Expenditure £28,000 below profile, mainly on salaries.
Direct Services – Green Waste	-15	-13	Income £12,000 above profile. Expenditure £27,000 above profile due to agency staff costs and vehicle repairs.
Direct Services – Grounds	11	9	Savings on expenditure due to new staffing arrangements. Savings on equipment repairs.
Direct Services – Trading Account – overall	155	97	Income £24,000 above profile. Expenditure £131,000 below profile. Surplus £258,000 against a predicted surplus of £155,000.

Future Issues/Risk Areas

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**Chief Officer Environmental & Operational Services**  
**February 2016**



## Financial Services – January 2016 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	21	15	Small underspends on several items including printing and training.
Admin Expenses – Financial Services	-13	-5	Finance system upgrade which will be funded by the carry forward reserve.
Benefits Admin	17	-161	Additional Government funding from the 'Fraud and Error Reduction Incentive Scheme'
Corporate Management	-31		The variance relates to a £10k contribution to the Kent Channel Migration Project.
Corporate Savings	-17		The negative variance relates to the Council's vacancy savings. The Council has a budget to achieve £100,000 from vacant posts and this is currently behind profile.
Dartford Partnership Hub (SDC Costs)	-311		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	15	149	Variance relates to an increase in court costs recoveries.
Members	13	7	Small underspends on various items including training and travel
Misc. Finance	-56	-31	Costs associated with development projects are included here.
Support – Audit Function	-12	-33	Change in allocations between Audit, Benefits and Local Tax. No overall impact.
Support – Finance Function	61	51	Work on non finance partnerships is currently being contained within original resources.
Treasury Management	-3	-12	Increased card charges as customers continue to move from cash.
Salaries	-194	-246	Additional resources are being used to help address the Benefits workload and to be proactive in contacting Council Tax Support customers. See Dartford Partnership Hub above.

### Future Issues/Risk Areas

Benefit Fraud has moved to the DCLG in February 2016.

Universal Credit started in the district in October 2015 but has had no impact to date.

**Chief Finance Officer February 2016**

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## Housing – January 2016 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)
Private Sector Housing	-8	-16	Agency member of staff to leave end of February 2016. This may be filled by an existing officer from another team after Housing restructure.
Salaries	-27	-16	As above, both underspends will be met from underspends on other Housing budgets.
Salaries – Ext Funded	-4	-16	West Kent Leader programme staff met from Housing budgets but an invoice has been sent to DEFRA for these costs.
Capital – Improvement Grants	44		Works underway but not completed but end of year figure should be correct.
Capital – WKHA Adaps for Disabled	28		Works underway but not completed but end of year figure should be correct.
Capital - SDC / RHPCG	-49		This includes Landlord Accreditation & Discretionary Grants and will not affect Council budgets as they are funded from recycled external money.

### 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. Profiling on staffing allocations to be reviewed.

**Chief Housing Officer**  
**February 2016**

## Legal & Governance – January 2016 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	-14	-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. Overall costs are still to be finalised. The grant received from Government does not cover such eventualities.
Support – Legal Function	15		There are currently vacancies in the Legal section which we are yet to recruit to.
Salaries	-65		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. The additional Canvassing staff costs have been reflected in the adverse variance for Register of Electors. 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**  
**February 2016**

## Planning Services – January 2016 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)
Fort Halstead	11	1	There are invoices outstanding for professional advice, such as Counsel Opinion.
Planning – Appeals	25	-20	There are significant appeals pending. The forecast represents a prudent approach as expenditure may well go through this financial year.
Planning – CIL Administration	-2	10	This is the 5% of monies received that can be used for administrative purposes.
Planning – Development Management	149	86	The year to date position reflects a relatively small number of high fee applications, and underspend on salaries. There are no further significant fee receipts expected before year end.
Planning – Enforcement	26	30	This is the result of a vacant administrative post.
Planning Policy	32	-9	Rather than funding policy work from the LDF reserve we will make use of the in year overachievement in fee income.
Salaries	112	137	The underspend is due to an element of part time working, posts being vacant as we go through the recruitment process, unsuccessful recruitment attempts and a vacancy arising from maternity leave.
Capital – Affordable Housing	-103		This will be financed at the end of the year from S106 planning obligations receipts. Payments include; Moat Homes Limited; Sevenoaks Almshouses
Capital - CIL Parish Councils	-39		This is monies transferred to Town and Parish Councils under the CIL arrangements.
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.  
It was anticipated that CIL and planning obligation software would be operational this financial year. Latest information suggests that due to legislative changes this might slip resulting in a possible need to carry forward sufficient funds from in-year underspend.

**Chief Planning Officer February 2016**