

BUDGET MONITORING - Strategic Commentary - As at 29th February 2016

Overall Financial Position

1. Eleven months into the year the results to date show an overall favourable variance of £185,000.
2. The year-end position is now forecast to be £144,000 better than budget; just under 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 acquisitions of commercial property in Sevenoaks and Swanley. As at the end of February we had received £383,000 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 February.
7. Pay costs - the actual expenditure to date on staff costs, (including agency staff but excluding those who are externally funded) is £40,000 less than 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 £20,000 ahead of schedule.

Year End Forecast

The year-end position is forecast to be £144,000 better 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

There were unforeseen pressures on the 15-16 budget which gave rise to some significant unforeseen costs:

- Farningham Woods £40,000; the Forestry Commission has agreed to cover expenditure above £40,000.
- Individual Electoral Registration Canvass £56,000 - there is a growth item in 2016-17 relating to the ongoing costs.
- Tandridge District Council / asset maintenance staff support £13,000.
- Asset Maintenance work at Hever Road site £27,000.

Other forecasts for 2015-16

10. External print income is most significant reason for Support - General Administrative costs having a favourable forecast of £51,000.
11. 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. Fee income is also forecast to be below budget by £38,000.
12. The adverse variance for car parks expenditure includes £30,000 relating to the rent for the leased area of Blighs car park.
13. Income from sale of recycled glass is forecast to be £60,000 below budget following adverse market fluctuations in the price of cullet.
14. Within Finance, support work to non-finance partnerships is mainly contained within existing resources and this gives rise to a favourable forecast of £57,000.
15. Development Management income is forecast to be £44,000 better than budget due to a small number of high fee applications.
16. An ongoing vacancy in Planning Enforcement will result in a forecast favourable variance of £30,000.
17. 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 £132,000 is forecast. Expenditure for the year is forecast to be below £95,000 budget whilst income is forecast to be £37,000 better than original budget.
18. 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 an estimated assessment of £150,000 additional income has now been included.

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 for Hever Road are currently under review;
- There is potential that asset maintenance on leisure centres will exceed current budgets due to ageing assets;
- Benefit Fraud moved to the DCLG in February 2016. A corporate fraud function is now in place;
- 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 are scheduled and these could result in costly public inquiries.
- There was an expectation that CIL and planning obligation software would be operational this year, however issues around legislative changes suggest that there may be a need to carry this budget forward.

20. Planned savings for 2015/16 totalled £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.

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Communities and Business - February 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)
Community Safety	15		Awaiting invoices for equipment. This will be on target at the year end.
Economic Development Property	16		This underspend is on staffing because of vacancies in the team. This will be offset by the required contribution to the corporate vacancy post and the cost of additional feasibility studies that have been undertaken.
Leisure Contract	20		A request for carry forward will be made at the year end. This sum was earmarked for the Leisure Strategy but this expenditure has had to be delayed pending the outcome of the Leisure Study jointly procured with the Planning Policy team
Youth	10		Invoices awaited but will be on target at year end.
Choosing Health WK PCT (Ext Funded)	-17		This is externally funded and will be on target at year end.
Dunton Green Project (Ext Funded)	-21		This is externally funded and will be on target at year end.
West Kent Partnership Business Support (Ext Funded)	33		This is external funding received in advance. Will be on target at year end.
Salaries	77		This relates primarily to the Economic Development & Property staff vacancy underspends referred to above. Both posts have been advertised but received insufficient applicants to enable us to proceed.
Capital - Big Community Fund	-24		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.

Lesley Bowles, Chief Officer Communities and Business
March 2016

Corporate Support - February 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	-21	-27	Current forecast due to increased asset maintenance costs. This area is currently under review.
Asset Maintenance Other Corporate Properties	20		Expenditure behind profile at end Feb. Expect outturn to be at budget.
Corporate Projects	-7	-10	Salaries cost for Corporate projects offset by underspend on Customer Services Salaries
Support - Central Offices	13	11	Savings in gas and electricity expenditure due to LED lighting and a review of plant usage.
Support - Contact Centre	37	47	Underspend on salaries budget due to currently vacant posts.
Support - General Admin	73	51	£51k overachievement on Print Income plus current year underspend on MFDs to be requested carried forward for replacements not able to be actioned in 2015/16
Support - Human Resources	-16		Year end expenditure expected in line with budget
Salaries	78	75	Underspend on salaries budget due to currently vacant posts in Customer Services and HR.

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
March 2016

Environmental & Operational Services - February 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	16	10	Savings on furniture, mobile phones and training. Also covers Licensing Team.
Asset Maintenance Car Parks	-18	-18	New overflow at Darenth car park, Westerham completed.
Asset Maintenance CCTV	10	2	Further maintenance works ordered.
Asset Maintenance Direct Services	11	4	Further maintenance works ordered.
Asset Maintenance Playgrounds	12	11	Budget only required if any emergency works required. No works planned.
Asset Maintenance Public Toilets	13	9	Budget only required if any emergency works required. No works planned.
Building Control	-87	-66	Fee income £38,000 below budget. Budget contains £36,000 income from previous shared management arrangement with T&MBC which will not be realised as full shared working commenced October 2014.
Car Parks	-54	-50	NNDR bill £14,000 over budget. Rent for new Blighs Car Park paid. Overall gross income £8,000 over budget.
Car Parking - On-Street	93		Income £149,000 above target, partly offset by increased salary costs (Parking Engineer now full time and loss of income from shared working with T&MBC). New pay and display machines ordered. Maintenance work to be undertaken at Darenth Car park. Any surplus above budgeted surplus held in ring fenced reserve.
CCTV	-14	-18	Budget contains challenging income targets which will not be achieved.
EH Animal Control	-12	-17	Income from kennel fees, not recovered from owners collecting stray dogs likely to be £14,000 below budget. Income for licensing animal establishments forecast to be £3,000 below budget.
EH Commercial	11	10	£10,000 grant received for work place health initiative. Contractors employed to try and catch up with outstanding volume food inspections.

Service	Variance to date £'000 (Minus is bad news)	Forecast Annual Variance £000	Explanation of variance and action planned (including changes from previous month)
Estates Management - Grounds	-26	-30	Essential tree maintenance work on ex-housing estate land.
Kent Resource Partnership	68		Income received for project work from Partners. If unspent, carried forward. External income.
Land Charges	16		Although income £21,000 above budget profile, income profile overstated for March. Forecast back to budget.
Markets	-22	-22	Outstanding debt for previous contract written off. £73,000 allocated in budget, actual debt was £80,000. Over expenditure on rent for Swanley market and cleaning operation after Swanley market.
Parks and Recreation Grounds	3	-15	Maintenance works at Bradbourne Lakes.
Parks - Rural	-41	-50	Unbudgeted expenditure incurred at Farningham Woods for felling and coppicing to try and contain infestation of Oriental Chestnut Gall Wasp under direction from the Forestry Commission. The FC has agreed to cover expenditure above £40,000. Some income should be recovered by sale of felled timber. Further works being undertaken but costs covered by timber value, but may not be received until 2016/17.
Public Conveniences	-11	-10	Unidentified income budget following transfer of conveniences to Parishes.
Refuse Collection	-51	-60	Income from sale of glass and paper for recycling, £50,000 below profile, due to fall in price paid for material. 3 rd quarter recycling credits received. Recycling credit £8000 below profile.
Street Cleansing	12		New litter bins ordered.
Street Naming	16	15	Income £11,000 above profile, expenditure £5,000 below profile.
Support - Direct Services	22	10	Expenditure under profile on training which has now been delivered on manual handling and driver CPD. Savings on mobile phones and internal printing cost (being paid for by KRP).
Taxis	20	10	Income £19,000 above profile. £9,000 Barrister's fees to be paid

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 - Environmental Health	11		Savings on salaries due to vacancy. Work being covered by use of external contractors until vacancy filled.
Salaries - Licensing	10		Vacancy of Senior Licensing Officer and Admin Team Leader now filled. Starts 22.3.16.
Salaries - Operational Services	38		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	-10		Additional salary costs met by increased on-street parking income. Reflected in on-street account.
Capital - Bradbourne Multi-Storey Car Park	-155		No budget shown on monitoring sheet. Total budget of £5.3M approved.
Capital - Vehicle Purchases	144		Full replacement programme will be complete within approved budget. Any underspend carried forward into vehicle replacement fund.
Capital - Dunbrik Vehicle Workshop	-108		MOT bay improvements completed. Workshop roof to be completed in 2016/17. No tenders received. To be retendered. Balance of budget to be carried forward into 2016/17.
Direct Services - Refuse	95	73	Income £32,000 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	43	43	Expenditure under profile on salaries and transport costs, including fuel.
Direct Services - Trade	15	18	Income £33,000 above profile. Expenditure only £17,000 above profile, mainly on disposal charges.
Direct Services - Workshop	-19	-25	Income £43,000 below profile principally on transport repairs. Expenditure £24,000 below profile mainly on salaries.
Direct Services - Green Waste	-14	-12	Income £9,000 above profile. Expenditure £24,000 above profile due to agency staff costs and vehicle repairs.
Direct Services - Grounds	12	12	Expenditure £12,000 below profile, mainly on staffing costs due to new staffing arrangements.

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 - Depot	11	10	Expenditure £10,000 below profile, mainly on salary costs.
Direct Services - Trading Account - Overall	162	132	Income £34,000 above profile. Expenditure £127,000 below profile. Surplus £245,000 against a profiled surplus of £83,000.

Future Issues/Risk Areas

Chief Officer Environmental & Operational Services
February 2016

Financial Services - February 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	23	20	Small underspends on several items including printing and training.
Admin Expenses - Financial Services	-12	-5	Finance system upgrade which will be funded by the carry forward reserve.
Benefits Admin	16	-1	Additional Government funding from the 'Fraud and Error Reduction Incentive Scheme'
Corporate Management	-27		Invoices remain due for services received, for example in relation to the Council's Investors in People assessment
Corporate Savings	-14		The adverse variance is in relation to savings from vacant posts which is expected to exceed profile at year end.
Dartford Partnership Hub (SDC Costs)	-305		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	1	25	Variance relates to an increase in court costs recoveries.
Members	15	10	Small underspends on various items including training and travel.
Misc. Finance	-35	-31	Costs associated with development projects are included here.
Support - Audit Function	-12		Change in allocations between Audit, Benefits and Local Tax. No overall impact.
Support - Finance Function	70	57	Work on non finance partnerships is currently being contained within original resources.
Treasury Management	-10	-12	Increased card charges as customers continue to move from cash.
Salaries	-190	-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 minimal impact to date.

Chief Finance Officer March 2016

Housing - February 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)
Housing Energy Retraining Options (HERO)	-11		External funding which include top up from Homeless grant.
Private Sector Housing	-10	-16	2 Agency staff left end of February due to re structure.
Salaries	-28	-16	As above and both underspends will be met from underspends of other Housing budgets.
Salaries - Ext Funded	-5	-16	West Kent Leader staff costs to be invoiced and recovered from DEFRA.
Capital - Improvement Grants	55		Works underway but not completed yet Year end figure should be correct.
Capital - WKHA Adaps for Disabled	23		Works underway but not completed yet Year end figure should be correct.
Capital - SDC / RHPCG	-49		This includes Landlord accreditation and 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
March 2016

Legal & Governance - February 2016 Commentary

Service	Variance to date £'000 (Minus is bad news)	Forecast Annual Variance £00015	Explanation of variance and action planned (including changes from previous month)
Elections	-95		Current variance arises due to timing difference in recharging for election costs.
Register of Electors	-12	-56	2015 saw the first ever Individual Electoral Registration Canvass. Under these arrangements 100% of residential properties are 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	22		There are currently vacancies in the Legal section which we are yet to recruit to.
Salaries	-63	0	<p>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.</p> <p>The additional Canvassing staff costs have been reflected in the adverse variance for Register of Electors.</p> <p>We have been successful in obtaining £11k Government funding which help with some of the additional expenditure in relation to Individual Electoral Registration.</p> <p>In the Legal Department we have had to appoint a locum for an interim period.</p>

Future Issues/Risk Areas

Chief Officer Legal & Governance
March 2016

Planning Services - February 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)
Planning - Appeals	27	-20	There are significant appeals pending. The forecast represents a prudent approach as further expenditure will go through this financial year.
Planning - CIL Administration	-2	10	This is the 5% of monies received that can be used for administrative purposes and will be used in part to enhance our monitoring procedures.
Planning - Development Management	153	86	The year to date position reflects a relatively small number of high fee applications, and an underspend on salaries. There are no further significant fee receipts expected before year end.
Planning - Enforcement	28	30	This is the result of a vacant administrative post.
Planning Policy	34	-9	Rather than funding policy work from the LDF reserve we will make use of the in year overachievement in fee income.
Salaries	115	137	The underspend is due to an element of part time working, posts being vacant as we have gone 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 and is wholly funded by CIL receipts.
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 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 March 2016