

BUDGET MONITORING - Strategic Commentary - As at 30 June 2015

Overall Financial Position

1. Three months into the year the results to date show an overall favourable variance of £66,000.
2. The year-end position is forecast to be £119,000 worse than budget; just under 0.8% 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 June we had received £161,000 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.
6. **Income** from On-Street parking, Land Charges and Planning are ahead of budget at the end of June. Other major income sources are currently below profiled budgets.
7. **Pay costs** – the actual expenditure to date on salaried staff (excluding those who are externally funded) is, in total, within £5,000 of budget. There are variances in individual areas and the larger variances are explained in the Chief Officer commentaries.
8. **Other** – Direct Services' results show a positive variance of £38,000 compared to budget.

Year End Forecast

9. The year-end position is forecast to be £119,000 worse than budget.
10. Forecast net income of £383,000 from commercial letting of the recent Property Investment Strategy acquisitions will be transferred to the Budget Stabilisation Reserve.

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. The budgeted surplus for the Direct Services Trading account has increased by £20,000 following a reallocation of savings required by SCIA21 (Back Office Savings).
13. Investment income from treasury activity is a small unfavourable variance.

Future Issues and Risk areas

14. Chief Officers have considered the future issues and risk areas for their services and the impacts these may have on the Council's finances are as follows:
 - Some posts are proving difficult to fill and there are some vacancies;
 - Asset Maintenance costs may increase, costs have already exceeded the original budget at the Hever Road site;
 - Expenditure is being incurred at Farningham Woods to try to contain the Oriental Chestnut Gall Wasp;
 - 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;
 - There remains the risk that planning decisions will be challenged, either at appeal or through the Courts.
15. 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.
16. 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 – June 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	15		Requests for contributions to West Kent Partnership have now been received and are being processed.
West Kent Partnership	-24		Invoices for contributions from partners have now been dispatched and should be paid shortly.
Salaries	29		New Economic Development Property team not yet fully staffed. No applicants for Property Surveyor position post so to be re-advertised. New Economic Development Officer and Project/Programme Co-ordinator have been appointed and start in August.
Capital – Investment Properties	192		Costs associated with acquisition of Suffolk House and Swanley PFS, to be funded from the Property Investment Fund at year end.

Future Issues/Risk Areas

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**Chief Officer Communities and Business
July 2015**

Corporate Support – June 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	-21	-23	Current forecast due to increased asset maintenance costs. This area is currently under review.
Asset Maintenance IT	46		Spend as per IT Asset Maintenance plan.
Estates Management – Buildings	-7	-10	£13k unrecoverable income forecast due to termination of Asset Maintenance agreement by Tandridge District Council.
Support – Contact Centre	14		Underspend due to current vacant posts.
Support – General Admin	19		The current underspend relates to first quarters income from the print studio being greater than the initial budget profile, which should even out throughout the year.
Salaries	35		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.

**Chief Officer Corporate Support
July 2015**

Environmental & Operational Services – June 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	-23	-36	Fee Income £9,000 below target. Budget contains £36,000 from previous shared management arrangement, which will not be realised as full shared working with T&MBC commenced in October 2014.
Car Parks	-13		First half years NDR Bill higher than profile. First quarter rent for new area of Blighs car park paid. However, overall income £5,000 above profile with pay and display income only slightly below profile.
Car Parking – On-street	12		Income £28,000 above profile mostly on day tickets. Transportation, IT Software and other contractor costs over profile.
EH Environmental Protection	16	10	Savings on air quality monitoring costs and income received for polluting premises registration ahead of profile.
Refuse Collection	-14		Income for recycling lower than profile.
Salaries – Environmental Health	11		Vacancy in Environmental protection team not filled yet. Being partly covered by use of external contractor.
Direct Services – Refuse	31		Income £7,000 above profile, mainly on paid bulky items. Savings on salaries and transport.
Direct Services – Trade	-11		Account £19,000 in profit but £11,000 below profiled surplus. Income slightly below profile but disposal charges over profile due to Allington Waste to energy disposal plant not being able to accept trade waste for several weeks therefore the need to use the more expensive disposal charge at Dunbrik Transfer Station.
Direct Services – Overall Trading Accounts	38		Income £7,000 below profile but expenditure £45,000 below profile. Current surplus is £104,000 against a profiled surplus of £66,000.

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
July 2015**

Financial Services – June 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)
Corporate Management	10		The current underspend relates to first quarters invoice for the Council's Audit Fees, which was payable in July which is later than initially profiled.
Corporate Savings	-16		The savings created from the Council's vacant posts are less than the budget profile. This will expect to decrease as the year goes on as the turnover of staff continues.
Dartford Partnership Hub (SDC Costs)	-79		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.
Misc. Finance	-24	-9	Costs associated with development projects are included here.
Support – Finance	17	18	Work on non finance partnerships is currently being contained within original resources.
Salaries	-27	-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
 July 2015**

Housing – June 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	-15		This is staffing costs relating to temporary staff who have now left and bottom line is correct.
Housing Option – Trailblazer	-10		External funding which does not affect Council budgets.
Salaries	-12		This is a staffing issue and a temp from an agency has left this week. Bottom line is correct.
Capital - Improvement Grants	32		It is difficult to predict when works will be completed but bottom line is correct.
Capital – WKHA Adaps for Disabled	52		It is difficult to predict when works will be completed but bottom line is correct.
Capital - SDC / RHPCG	-14		External funding.

Future Issues/Risk Areas

The highly successful HERO scheme (Officers) has always been funded by income and external funding. The number of surgeries has reduced because KCC is not able to fund the children centres (although their Ofsted report encouraged the use of HERO as excellent practice). We are having discussions with KCC about the way forward. There are also negotiations underway to provide two surgeries for DBC, which will bring in more income if it happens, and a surgery for their children's centre. If this does not happen we need to look at a small growth item to support this scheme which is highly successful and is known by Government departments. To update.

**Chief Housing Officer
July 2015**

Legal & Governance – June 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	<p>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.</p> <p>The grant received from Government does not cover such eventualities.</p>
Salaries	-37		<p>Additional resources to cover the increased workload as a result of the Individual Electoral Registration and the triple election process. The need for additional resources is depleting.</p>

Future Issues/Risk Areas

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**Chief Officer Legal & Governance
July 2015**

Planning Services – June 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 – Development Management	74		This is principally the result of a small number of high fee applications, including for the proposal at Fort Halstead.
Salaries	12		This underspend is a result of maternity leave and recruitment to vacant posts.
Capital – Affordable Housing	-91		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.

Future Issues/Risk Areas

There remains the risk that planning decisions will be challenged, either at appeal or through the Courts.

**Chief Planning Officer
July 2015**