

BUDGET MONITORING - Strategic Commentary - As at 31 July 2015

Overall Financial Position

- Four months into the year the results to date show an overall unfavourable variance of £6,000.
- The year-end position is forecast to be £202,000 worse than budget; just under 1.4% 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 July we had received £177,000 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 On Street parking, Land Charges and Development Management are ahead of budget at the end of July. Other major income sources are currently below profiled budgets.
- **Pay costs** – the actual expenditure to date on salaried staff (excluding those who are externally funded) is, in total, within £26,000 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 £15,000 behind schedule.

Year End Forecast

- The year-end position is forecast to be £202,000 worse than budget.
- 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 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.
- 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 have 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

- 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.
- Income from sale of recycled glass is forecast to be £15,000 below budget following adverse market fluctuations in the price of cullet.
- Asset Maintenance work at Hever Road site is forecast to exceed budget by £23,000.
- 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).
- Investment income from treasury activity is a small unfavourable variance.

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:
 - 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;
 - 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.

- 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.
- 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.

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