

## **BUDGET MONITORING - Strategic Commentary - As at 30 September 2015**

### **Overall Financial Position**

1. Six months into the year the results to date show an overall favourable variance of £12,000.
2. The year-end position is forecast to be £159,000 worse than budget; just over 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 recent acquisitions of commercial property. As at the end of September we had received £270,000 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 and contributions from KCC, Fire and Police.
6. Income from On Street parking, Land Charges and Development Management is ahead of budget at the end of September.
7. Pay costs – the actual expenditure to date on staff costs, (including agency staff but excluding those who are externally funded) is, in total, within £12,000 of 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 £159,000 worse than budget.

### Property Investment Strategy

9. 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

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. It is expected that there will be some income from timber sales to offset this.
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 £10,000.

### Other forecasts for 2015-16

13. Asset Maintenance work at Hever Road site is forecast to exceed budget by £23,000.
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 of £30,000 for car parks relates to the rent for the leased area of Bligh's car park.
16. Income from sale of recycled glass is forecast to be £40,000 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 £28,000.
18. Development Management income is forecast to be £45,000 better than budget due to a small number of high fee applications.
19. The budgeted surplus for the Direct Services Trading account increased by £20,000 following a reallocation of savings required by SCIA21 (Back Office Savings).
20. An ongoing vacancy in Planning Enforcement will result in a forecast favourable variance of £29,000.

## Future Issues and Risk areas

21. 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;
- 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;
- There remains the risk that planning decisions will be challenged, either at appeal or through the Courts.

22. 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.

23. We have just commenced 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.

24. 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:

Pav Ramewal	Chief Executive	Ext 7298
Adrian Rowbotham	Chief Finance Officer	Ext 7153
Helen Martin	Head of Finance	Ext 7483

## Communities and Business – 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)
Economic Development Property	22		We will be recruiting the remainder of the Property and Economic Development 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	11		The leisure strategy is currently being commissioned.
Choosing Health WK PCT	-13		This is external funding received in advance. The budget will be zero at the year end.
Community Sports Activation Fund	14		This is external funding received in advance. The budget will be zero at the year end.
West Kent Partnership Business Support	42		This is external funding received in advance for business support across West Kent. The budget will be zero at the year end.
Salaries	51		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	-10		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  
October 2015**

### Corporate Support – 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)
Asset Maintenance Hever Road	-43	-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.
Asset Maintenance IT	14		Spend as per IT Asset Maintenance plan.
Estates Management – Buildings	-13	-10	£13k unrecoverable income forecast due to termination of Asset Maintenance agreement by Tandridge District Council.
Support – General Admin	46		Current position reflects an overachievement in print income currently being monitored, plus MFD invoices not yet received or shown in these figures and MFD expenditure allocated to fleet replacement costs.
Salaries	54		Variance to date relates to vacancies/maternity leave which are in the process of being filled.

#### Future Issues/Risk Areas

<p>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.</p>
---

**Chief Officer Corporate Support  
 October 2015**

## Environmental & Operational 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)
Asset Maintenance Car Parks	9	-15	Additional servicing works to be carried out.
Building Control	-50	-56	Fee income £24,000 below target. Budget contains £36,000 income from previous shared management arrangement with T&MBC which will not be realised as full shared working commenced in October 2014.
Car Parks	-20	-30	First half year's NNDR bills higher than profile. First quarter rent for new Bligh's car park paid. Overall, income just slightly below budget target.
Car Parking – On-street	46		Income £85,000 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 for construction of overflow car park at Darent, Westerham.
EH Commercial	12		£10,000 grant received for 'Better Business for All' Campaign. To be used for employment of contractors for volume food inspections.
EH Environmental Protection	-1	10	Expenditure incurred on air quality monitoring costs and lower than profiled income on polluting premises registration.
Estates Management – Grounds	-23	-25	Essential tree maintenance work on ex-housing estate land.
Kent Resource Partnership	15		Income received for project work ahead of expenditure.
Land Charges	12	10	Income £16,000 above budget target.
Parks & Recreation Grounds	0	-15	Anticipated maintenance works at Bradbourne Lakes.
Parks – Rural	-54	-40	Unbudgeted expenditure incurred at Farningham woods for coppicing woodland 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.

Service	Variance to date £'000 (Minus is bad news)	Forecast Annual Variance £000	Explanation of variance and action planned (including changes from previous month)
Refuse Collection	-25	-40	Income from sale of glass for recycling £20,000 below profile, due to sharp fall in price paid for cullet. Price subject to market fluctuation.
Street Naming	10	10	Income above profile, expenditure below profile.
Support – Direct Services	12		Expenditure under profile on training, which will be delivered later in the year on manual handling and driver CPC training.
Salaries – Operational Services	18		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	-22		Posts of Parking Manager and Parking Engineer now filled. Parking Engineer now full time. Additional costs being met by on-street account positive income situation.
Capital – Vehicle Purchases	63		Full replacement programme will be completed within approved budget.
Direct Services – Refuse	69	13	Income £11,000 above profile mainly on paid bulky items. Expenditure £57,000 below profile. Savings on salaries only partly offset by agency staff, fuel and transport costs.
Direct Services – Street Cleaning	15	7	Expenditure £14,000 below profile. Savings on salaries and fuel costs.
Direct Services – Trade	-4	-11	Income above profile but offset by disposal charges and necessary use of agency staff.
Direct Services – Green Waste	-50	-9	Income forecast to be on target by year end but below profile due to changes in annual renewal of permits, so all renewals do not fall in same month. Expenditure higher than profile on agency and transport related costs.
Direct Services – Trading Account Overall	35	-5	Income £58,000 below profile (mainly green waste permits) but expenditure £93,000 below profile. Current surplus is £181,000 against a profiled surplus of £146,000.

#### 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  
October 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	12	10	Small underspends on several items including printing and training.
Dartford Partnership Hub (SDC Costs)	-181		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	28	25	Variance relates to an increase in court costs recoveries.
Misc. Finance	-25	-9	Costs associated with development projects are included here.
Support – Finance Function	37	28	Work on non finance partnerships is mainly covered within original resources.
Salaries	-116	-275	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  
 October 2015**



## Housing – 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)
Housing Energy Retraining Options (HERO)	-19		This deficit will be met in part by a successful £5,000 bid and other external funding including some DCLG homeless funding. This service is not funded by Council budgets.
Salaries	-10		This overspend is mainly due to an agency member of staff covering a long term sickness and will end around middle of November. This variance should be managed over the year due to the profiling of existing budgets.
Salaries – Ext Funded	-2	-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 form DEFRA funding at the end of the year.
Capital - Improvement Grants	12		It is difficult to predict when works will be completed but bottom line is correct.
Capital – WKHA Adaps for Disabled	89		It is difficult to predict when works will be completed but bottom line is correct.
Capital - SDC / RHPCG	-29		Landlord Accreditation & Discretionary Grants are funded from recycled external funding.

Future Issues/Risk Areas

--

**Chief Housing Officer**  
**October 2015**

## Legal & Governance – 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)
Register of Electors	-5	-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. 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  
October 2015**

## Planning 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)
Fort Halstead	16	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	18	-16	The underspend is due to the fact that appeals to date this year have not required specialist input, however this is likely to change in the coming months as notice has been received of significant appeals in Edenbridge, Sevenoaks and Swanley.
Planning – Development Management	101	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 comments Salaries). Notably, fee income was below budget estimate for the month.
Planning – Enforcement	17	29	This is a result of a vacant administrative post.
Salaries	50	88	This underspend is a result of maternity leave, unsuccessful attempts to recruit and recruiting at lower grades.
Capital – Affordable Housing	-92		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 – 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 was below budget in September and continues to be closely monitored.

**Chief Planning Officer**  
**October 2015**