

BUDGET MONITORING - Strategic Commentary - As at 30 November 2015

Overall Financial Position

1. Eight months into the year the results to date show an overall favourable variance of £179,000.
2. The year-end position is forecast to be £76,000 worse than budget; just over 0.5% 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 November we had received £292,000 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 Car Parks, On Street parking, Land Charges and Development Management is ahead of budget at the end of November
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 £24,000 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 £14,000 ahead of schedule.

Year End Forecast

The year-end position is forecast to be £76,000 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. 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 of £30,000 for car parks expenditure relates 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 £40,000.
18. Development Management income is forecast to be £82,000 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 £26,000 is forecast.
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 leisure centres may exceed current budgets due to ageing assets; asset maintenance costs for Hever Road are currently under review;
- Benefit Fraud will move to the DCLG in February 2016. A corporate fraud function will be 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 are scheduled and these could result in costs.

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.

24. Grant funding to local government has been reducing and this is a non-protected area and must be considered vulnerable in the future.

Contacts:

Adrian Rowbotham	Chief Finance Officer	ext 7153
Helen Martin	Head of Finance	ext 7483

Communities and Business – November 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	31		Underspend relates to staff costs as there have been vacant posts in the team. This is offset by approved spending for property acquisition and disposal costs. Whilst these sums were approved, they were not allocated any additional budget. The budget should be on target at the year end.
Leisure Contract	15		The leisure strategy is being commissioned. Preparatory work has been done and will be commissioned after a Members' workshop in January.
Choosing Health WK PCT (Ext Funded)	-17		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.
Community Sports Activation Fund (Ext Funded)	11		This is external funding received in advance. The budget will be zero at year end.
Dunton Green Project (Ext Funded)	-12		This is funded from a S106 agreement. The budget will be zero at year end.
Trouble Families Project (Ext Funded)	17		This is external funding received in advance. The budget will be zero at year end.
West Kent Partnership Business Support (Ext Funded)	40		This is external funding received by this Council on behalf of the West Kent Partnership. The budget will be zero at year end.
Salaries	61		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 will be 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	-15		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
December 2015

Corporate Support – November 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	-47	-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	6	-10	£13k unrecoverable income forecast due to termination of Asset Maintenance agreement by Tandridge District Council
Support – Central Offices	13	11	Savings in Gas and Electricity Expenditure due to LED lighting and a review of plant usage
Support – General Admin	48		Current position reflects an overachievement in print income currently being monitored, plus MFD invoices not yet received and not shown in these figures and MFD expenditure allocated to fleet replacement costs
Salaries	67		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>
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**Chief Officer Corporate Support
December 2015**

Environmental & Operational Services – November 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 – Health	13	5	Savings on furniture, mobile phones and training. Also covers Licensing.
Asset Maintenance Car Parks	12	-15	Surfacing, lighting and signage improvement to be undertaken.
Building Control	-72	-56	Fee income £39,000 below profile, but invoicing in November delayed due to IT system upgrades. Budget contains £36,000 income from previous shared manager arrangement with T&MBC which will not be realised as full joint working commenced in October 2014.
Car Parks	-18	-30	First half years NNDR bills higher than profile. 2 nd quarter rent for new Bligh's car park paid. Overall, income £19,000 above budget target.
Car Parking – On-street	78		Income £112,000 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). Contribution to be made to Darenth overflow car park in Westerham. New pay and display machines ordered. Any surplus above budgeted surplus held in ring-fenced reserve.
CCTV	-0	-10	Budget contains challenging income target which will not be achieved.
EH Commercial	15		£10,000 grant received for workplace health initiative. This grant and savings on salary costs to be used to employ contractors for volume food inspections.
Estates Management – Grounds	-23	-25	Essential tree maintenance work on ex-housing estate land.
Kent Resource Partnership	44		Income received for project work from Partners ahead of expenditure.
Land Charges	83	20	Income £22,000 above profile.
Markets	-10	-10	Over expenditure on rent for Swanley Market and sweeping operations after Swanley Market.
Parks and Recreation Grounds	6	-15	Anticipated maintenance work at Bradbourne Lakes.

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 – Rural	-57	-40	Unbudgeted expenditure incurred at Farningham Woods for felling and coppicing to try to control infestation of Oriental Chestnut Gall Wasp under direction from DEFRA/Forestry Commission. The FC has 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.
Refuse Collection	-89	-60	Income from sale of glass and paper for recycling £35,000 below profile due to fall in price paid for material. £49,000 claimed for 2 nd quarter recycling credits, but not yet received.
Street Naming	12	10	Income above profile, expenditure below profile.
Support – Direct Services	17		Expenditure under profile on training which will be delivered in the New Year on Manual Handling and Driver CPC.
Salaries – Operational Services	27		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	-17		All posts now filled. Parking Engineer full time. Additional costs met by increased on-street parking income.
Capital – Vehicle Purchases	31		Full replacement programme will be completed within approved budget.
Capital – Dunbrik Vehicle Workshop	-16		MOT bay improvements completed. Workshop roof to be done in New Year. Tender for this due later this month. Budget not yet profiled.
Direct Services – Refuse	107	43	Income £21,000 above profile, mainly on paid bulky items. Expenditure under profile on salaries (only partly offset and agency staff costs) and transport costs including fuel.
Direct Services – Street Cleaning	25	27	Expenditure under profile on salaries and transport costs, including fuel.
Direct Services – Workshop	-12	-16	Income £51,000 below profile mainly on repairs. Savings on salaries due to vacancy partly offset by agency staff costs.
Direct Services – Green Waste	-46	-23	Income £16,000 below profile, due to changes in annual renewal of permits, so all the renewals do not fall in same month. Income forecast to be on target by year end. Expenditure higher than profile on agency staff and transport costs.
Direct Services – Depot	-36		Income £35,000 below profile for two man construction team. Expenditure to profile.

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 – Trading Accounts - overall	57	26	Income £65,000 below profile (green waste and workshop). Expenditure £122,000 below profile. Fuel costs £28,000 below profile. Surplus £197,000 against a profiled surplus of £141,000.

Future Issues/Risk Areas

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**Chief Officer Environmental & Operational Services
December 2015**

Financial Services – November 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	17	15	Small underspends on several items including printing and training.
Dartford Partnership Hub (SDC Costs)	-247		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.
Members	10	5	Small underspends on various items including training and travel
Misc. Finance	-39	-31	Costs associated with development projects are included here.
Support – Finance Function	48	40	Work on non finance partnerships is currently being contained within original resources.
Salaries	-147	-207	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. A Counter Fraud Team will be in place after this date. Universal Credit started in the district in October 2015 but has had no impact to date.

**Chief Finance Officer
December 2015**

Housing – November 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)
Private Sector	-5	-16	The overspend is due to an agency member of staff covering long term sickness and although the officer is now on a phased return the temp will stay until Christmas to clear any backlog.
Salaries	-18	-16	Primarily due to an agency member of staff covering long term sickness and although the officer is now on a phased return the temp will stay until Christmas to clear any backlog. The variance will reduce over the remainder of the year due to the current budget profile.
Salaries – Ext Funded	-4	-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 from DEFRA funding at the end of the year.
Capital – Improvement Grants	31		It is difficult to predict when works will be completed, however we fully expect to spend the budget by the end of the financial year.
Capital – WKHA Adaps for Disabled	59		It is difficult to predict when works will be completed but WKHA assures the Council that all of the allocated budget will all be spent by the end of year. We have £35k for payment once checked, with a further £28k due imminently and fully anticipate spending the budget by the end of the financial year.
Capital - SDC / RHPCG	-33		This includes Landlord Accreditation & 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
December 2015

Legal & Governance – November 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	8	-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>Overall costs are still to be finalised.</p> <p>The grant received from Government does not cover such eventualities.</p>
Legal Function	11		There are currently vacancies in the Legal Section which we are yet to recruit to.
Salaries	-50		<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>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

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**Chief Officer Legal & Governance
December 2015**

Planning Services – November 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	14	4	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. Final invoices are yet to be received.
Planning – Appeals	20	-15	The current underspend is due to the fact that appeals to date this year have not required specialist input. This will however change in the coming months with significant appeals (Hearings and Public Inquiries) on sites in Edenbridge, Sevenoaks and Swanley.
Planning - CIL Administration	-2	10	This arises from the 5% of CIL monies received that can be spent on administering the process.
Planning – Development Management	113	82	This continues to be the result of a relatively small number of high fee applications, including for the proposal at Fort Halstead, plus a proportion of this favourable position is pay (see Salaries comments).
Planning – Enforcement	20	30	This is a result of a vacant administrative post.
Planning Policy	22	-9	This is a salary underspend as a result of maternity leave
Salaries	83	137	This underspend is a result of maternity leave, unsuccessful attempts to recruit and recruiting at lower grades.
Capital – Affordable Housing	-95		This will be financed at the end of the year from S106 planning obligations receipts. Payments include a Contribution to Rural Housing Enabler, Housing Discretionary, Sevenoaks Almshouses and the Edenbridge Housing Needs Survey.
Capital - CIL Parish Councils	-39		This is the 25% of CIL transferred to Town and Parish Councils. Monies have so far been transferred to Sevenoaks Town Council and Otford, Chevening and West Kingsdown Parish Councils.
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 some significant appeals scheduled which could result in considerable costs.

Chief Planning Officer December 2015