

BUDGET MONITORING - Strategic Commentary - As at 28 February 2013

Overall Financial Position

1. Eleven months into the year the results to date show an overall favourable variance of £216,000.
2. The year-end position is forecast to be £136,000 better than budget.

Key Issues for the year to date

3. **Income** – investment income is performing above target and is forecast to be better than budgeted at the year-end. This is due to higher than estimated balances and slightly higher rates being achieved during the year so far, and a favourable forecast is shown to reflect this position.
4. Looking at the other main income sources, the position still remains difficult. Building Control, Land Charges, Car Parking and Planning fees currently show adverse variances for the year to date although planning fees income has improved in the last three months.
5. **Pay costs** – the actual expenditure is less than budget due to some vacancies during the year and staffing restructures following the departure of senior managers..
6. **Other** – Direct Services' results currently show a favourable variance of £14,000 compared to budget.

Year End Forecast

7. The year-end position is forecast to be £136,000 better than budget which is better than the forecast at the end of January.
8. Extra investment income is the largest favourable variance. Additional income is also expected from office rentals and council tax court costs. A further favourable variance is forecast for audit fees.
9. Income from Building Control, Land Charges, Car Parking and Planning fees are all forecast to be less than the budget for the year.
10. The operators of the Swanley and Sevenoaks markets went into voluntary liquidation in August; leaving two months unpaid rent which is included in the year-end forecast. The market operation has now being re-tendered and new operators start in April 2013.

Risk areas

11. The current economic situation continues to have a real and potential impact on the Council's finances:

- the investment strategy is constantly under review in light of the changing long term credit ratings which affects the number of organisations the Council can invest in;
- property related income such as Development Control (particularly pre-application fees and S106 monitoring), Building Control, Land Charges and Capital Receipts remain vulnerable;
- the Benefits workload is continuing at a higher level than before the recession, which is having an impact on processing times (though the action plan is continuing to improve performance);
- Council Tax collection rates, though currently in line with the previous year, could be affected by increased unemployment and squeezed household incomes; and
- Planned savings through the generation of income, particularly from new partnership working, remain risk areas for the current and for future years.

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Community Development – February 2013 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	11	3	Forecast has been changed to reflect a projected saving of £3k due to external funding contribution to strategic assessment work.
STAG Community Arts Centre	25		This is due to late invoicing by The Stag.
Choosing Health WK PCT	-13		This is external funding and will be zero at year end.
Partnership – Home Office (Ext Funded)	23		This is external funding and will be zero at year end.
Youth	7	11	Reduced costs on youth activities, savings made on safeguarding due to arrangement's with KCC and Activity van less expensive to run this year.
Salaries – Ext Funded	-24	-9	This relates to additional staffing costs for externally funded projects and is balanced by additional external income for these projects.
Capital – Big Community Fund	-46		This is transferred from the earmarked reserve and will therefore be zero at year end.
Capital – Parish Projects	0	61	This is expected to be £10k at year end and no further capital projects are expected this financial year.

Future Issues/Risk Areas

Lesley Bowles
Head of Community Development
March 2013

Development Services – February 2013 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 Control	-52	-60	The position on planning application fee income has continued to improve with several major applications submitted in January and February. There continues to be a shortfall in pre-application fees and S106 Monitoring and there has also been a need for some extra expenditure on legal advice. Initiatives are being pursued to further promote the pre-application enquiry service to potential customers including putting an article in the In Shape magazine, advertising the service to planning agents and also amending the website to make the pre-application advice service more prominent.
Planning Policy	65	101	The variation remains due to savings on staff costs and delays in receipt of invoices for grants to outside bodies. A further saving is made by not making a contribution to the LDF fund this year. There are no LDF examinations this year and LDF consultancy expenditure can be funded from contributions in previous years.
Salaries	51	54	Savings continue to be primarily due to the restructuring of management for the service and the DC manager post being vacant until late August. Part of the saving is maternity leave in Planning Policy offset by agency cover.
Capital – Affordable Housing	-27		Expenditure has been approved for the refurbishment of Sevenoaks Almshouses which is funded from contributions previously received under legal agreements on planning permissions.

Future Issues/Risk Areas

There is still the prospect of a further major application in Edenbridge before the end of the year and some expenditure on a High Court Challenge in Penshurst though the main expenditure is likely to be next year.

**Head of Development Services
March 2013**

Environmental & Operational Services – February 2013 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	-41	15	All expenditure to be charged to on-street parking surplus fund.
Asset Maintenance Direct Services	10	3	Further maintenance works required at Dunbrik and Hollybush depots. Small saving forecast.
Building Control	-63	-80	Income for statutory work is £110,575 below profile. Budget income for year is £485,043. Total income in 2011/12 was £365,000 which is a realistic estimate of the likely income in 2012/13 (£326,500 after 11 months). A shortfall of income of approx £120,000 is forecast. Savings will be made on structural checking fees and other areas.
Car Parks	-109	-110	Income currently £95,934 below profile. £68,000 on Pay and Display income alone.
CCTV	-20	-30	Budget contains unidentified Income of £45,000 which will not be realised. Savings elsewhere to partly offset this.
EH Animal Control	-15	-17	Over expenditure on kennelling costs due to increase in stray dogs picked up and not being claimed. Over expenditure on vet fees.
EH Environmental Protection	31	27	Savings will be incurred on air quality consultancy costs. Works deferred until 2013/14.
Environmental Health Partnership	-33		This is year two of the one-off implementation costs which will be met from the stabilisation reserve.
Licensing Partnership Hub (Trading)	15		Trading hub in surplus. However, additional staff employed for remainder of financial year to meet existing workloads. Investment to be made into on-line forms for the partnership. These arrangements agreed with partner authorities. Any surplus at year end is shared proportionally between the three partner authorities.
Licensing Regime	-11	-10	Budget contains £18,000 of unidentified income which will not be realised. Other savings made to partly offset this.
On-street Parking	-24	-20	Income £13,000 above profile, mostly from Pay and Display. Expenditure £35,000 above profile, mainly due to costs involved with implementing new schemes.

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 & Recreation Grounds	-27		Over expenditure on Bradbourne Lakes, Hollybush and Swanley sites offset by savings on Estate Management – Grounds and Parks Rural (Countryside),
Parks – Rural	18		Over expenditure on Bradbourne Lakes, Hollybush and Swanley sites offset by savings on Estate Management – Grounds and Parks Rural (Countryside).
Public Conveniences	-11	-10	Budget contains £11,000 unidentified income.
Refuse Collection	-27	-30	£10,000 unbudgeted expenditure on consultants to examine manual handling techniques following HSE visit at the depot. HSE now revisited and there are now no on-going concerns re our manual handling practices. Income £4,700 down on recycling credits. No income will be received for disposal of clinical waste as this is now undertaken by KCC.
Street Cleansing	18	10	Savings on transport costs.
Salaries – Operational Services	240	221	Savings on Direct Services Salaries offset by expenditure on agency staff to maintain services where vacancies exist. All reflected in Direct Services Trading Accounts.
Salaries – Building Control	21		Savings due to vacancy for Building Control Surveyor. Work being covered by agency surveyor.
Salaries – Environmental Health	11		Savings due to vacancy – now filled.
Salaries – Licensing	45	45	Licensing Partnership Manager post now confirmed. Post of Assistant Licensing Partnership Manager will not be filled. Savings on salaries (Licensing and Taxis) will be offset by shortfall in income (£45,000) from not attracting new partners to the existing Licensing Partnership.
Capital – Vehicle Purchases	603		Vehicle replacement programme will be delivered as per the approved programme. Any underspend will be carried forward into the vehicle replacement fund.
Direct Services – Refuse	67	67	Savings on salaries due to vacancies (£91,000) helped offset expenditure on agency staff to cover vacancies and sickness (£74,000). Savings on fixed transport costs due to new vehicles coming onto depreciation later than planned. Income £7,000 over profile. Account £5,000 in surplus against a profiled deficit of £62,000.
Direct Services – Street Cleansing	-20	-23	Salaries over profile by £34,000 due to budget adjustments and savings made on General Fund costs. Transport repairs £6,000 over profile. Account £55,000 in deficit against a profiled deficit of £35,000.

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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 – Trade	29	26	Although trade waste income £37,000 below target, expenditure controlled £65,000 below profile. Account £53,000 in surplus against a profiled surplus of £24,000
Direct Services – Green Waste	-14	-16	Income £7,000 below target on sale of bins/permits and sacks. Expenditure £6,000 over profile due to expenditure on agency staff covering staff on suspension pending disciplinary action and resultant vacancies. Recent purchase of sacks has put expenditure over profile, but stock will take provision into 2013/14.
Direct Services – Cesspools	-28	-40	Income £27,000 below target. Account £20,000 in surplus against a profiled surplus of £48,000.
Direct Services – Pest Control	-31	-30	Total income £34,000 below profile and £41,000 below profile on wasp nest treatments alone. Only 169 wasp nest treatments in 2012 compared to 818 in 2011. Income on rodent control and contract work £7,000 above profile.
Direct Services – Overall Trading Position	14		Overall trading accounts £92,000 in surplus against a profiled surplus of £78,000. Forecasting a year end surplus to budget (£64,000).

Future Issues/Risk Areas

Head of Environmental & Operational Services
March 2013

Finance & Human Resources – February 2013 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)
Dartford Partnership Hub (SDC Costs)	-159		Additional resources to help reduce the Benefits backlog. Both partners have agreed to provide additional funding.
Dartford Partnership Implementation & Project Costs	-16		Agreed implementation costs to be split between partners and SDC element funded from reserves.
Local Tax	16	53	Additional Council Tax court costs income.
Members	15	15	Effect of Members only able to claim one Special Responsibility Allowance.
Misc. Finance	5	15	Reduced allowances for discretionary rate relief.
Support – Exchequer & Procurement	4	11	Savings resulting from the restructure following the departure of the Head of Finance and HR.
Support – Finance Function	40	44	Savings resulting from the restructure following the departure of the Head of Finance and HR.
Support – General Admin	28	27	Savings made on central training.
Treasury Management	-21	-25	Additional costs of debit/credit card transactions.
Salaries	-160	74	Savings resulting from the restructure following the departure of the Head of Finance and HR. Also, agency staff are being used to fill Benefits posts as it is proving difficult to recruit suitable permanent staff.

Future Issues/Risk Areas

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**Group Manager – Financial Services
March 2013**

Housing & Communications – February 2013 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)
Energy Efficiency	-5	-15	The overspend will be met from private sector housing underspend. This relates to 50% of the post not being accounted for in the budgets and where possible is met from external funding.
Home Improvement Agency	20	20	The HIA is to be brought in-house from 1 st April 2013 and any savings (previous core funding to the HIA) will pay for the Register savings and support an admin officer post to assist the officers to manage the extra work.
Homeless	-10	-8	This is due to profiling on B&B but year end forecast should be on target.
Housing	-15	-15	This is due to increased Register costs which will be offset from other savings.
Private Sector Housing	19	19	Savings on staff costs will offset the overspend on energy efficiency.
Salaries – Ext Funded	61	55	This is external funding and will not affect Council budgets.
Capital – Improvement Grants	345	250	It is difficult to predict when works will be completed. Forecast is correct.
Capital – WKHA Adaps for Disabled	-36		It is difficult to predict when works will be completed. Forecast is correct.
Capital – SDC – HMO Grants	-24		This is external funding and will not affect Council budgets.
Capital – RHPCG – Discretionary Grants	-13		This is external funding and will not affect Council budgets.

Future Issues/Risk Areas

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**Head of Housing & Communications
March 2013**

IT & Facilities Management – February 2013 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 – IT	138		£189k forecast to be unspent at end of year. This is in line with the 10 year asset maintenance plan and will be transferred into the rolling fund at end of year.
Support – Contact Centre	12	14	Forecast due to salary underspend arising from staff turnover during the year.
Support – IT	-1	-24	11k to be requested as a carry forward for online forms for licensing as project unlikely to be complete this financial year. Remaining forecast due to one off underspend on maintenance for microfilm and scanning equipment.
Support – Central Offices – Facilities	6	17	Forecast due to an underspend on corporate stationery and a number of other small but cumulative underspends across the cost centre.
Support – General Admin	4	19	Reduced costs on corporate telephony.

Future Issues/Risk Areas

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Head of IT & Facilities Management
March 2013

Legal & Democratic Services – February 2013 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 Argyle Road	30		Work is already committed and on site for completion and invoicing by the end of the year.
Asset Maintenance Leisure	14		Work is already committed and on site for completion and invoicing by the end of the year.
Asset Maintenance Other Corporate Properties	12		Work is already committed and on site for completion and invoicing by the end of the year.
Asset Maintenance Sewage Treatment Plants	10	11	No expenditure was required for 2012/13 therefore this is a saving.
Asset Maintenance Support & Salaries	-11		This relates to IT expenditure scheduled for March but actually spent in February.
Committee Admin	10	10	Savings on staffing budget.
Corporate Management	29	58	The Council has seen a reduction in its proposed audit fee for 2012/13 as a result of the Governments decision to abolish the Audit Commission and contract out local government audit services. This reduction occurred after budgets for the year were approved. The proposed 40% reduction in fees means that it is now forecast that audit fees are accrued at £5k per month plus additional fees for the audit of grant claims.
Corporate Savings	40	43	The Council has achieved its £100k target in 2012/13 for vacant posts and is forecast to exceed it by £9k at year end. In addition all market premiums have been allocated for the current year and providing there are no further applications made there will be an underspend of £34k.
Elections	28		Central government has advanced £152,000. Once all invoices and payments have been processed, the surplus will be refunded to central government.

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 – Buildings	-54	-52	The variance is due to the Council having to meet the business rates of properties now vacant pending disposal and the associated reduced rental income.
Land Charges	-32	-35	The impact of the current economic climate continues to have an effect on the income.
Markets	11	-87	The loss incurred by the liquidation of the market operator (£72,000) needs to be written off.
Register of Electors	14	15	The cost of the canvassers is less than originally estimated.
Support – Central Offices	73	45	This budget is affected by the income generated by letting accommodation to third parties and to the reduced costs of energy as previously reported.
Support – Legal Function	-11	-10	The outturn on counsel's fees is worse than expected partly from the use of Counsel to cover staff absence and partly from the need to use Counsel in High Court litigation. For the next financial year departments are expected to fund their own requirements in relation to their use of Counsel. S106 income is somewhat higher than expected but this income is inherently unpredictable due to market conditions.
Salaries	-16	17	The previous Legal Services Manager had to undertake overtime to maintain the service and the contribution to the Corporate Vacancy Savings has resulted in the adverse variance.
Capital – Sevenoaks Town Centre	38		Awaiting consultants fee invoices.
Capital – Police Co-location	24	18	Contract completed, final account £182,000, rent invoiced at £18,200p.a. First quarters invoice submitted.

Future Issues/Risk Areas

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**Head of Legal & Democratic Services
March 2013**