

BUDGET MONITORING - Strategic Commentary - As at 31 January 2013

Overall Financial Position

1. Ten months into the year the results to date show an overall favourable variance of £212,000.
2. The year-end position is forecast to be £58,000 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 two 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 negative variance of £4,000 compared to budget.

Year End Forecast

7. The year-end position is forecast to be £58,000 better than budget which is better than the forecast at the end of December.
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 is now being re-tendered.

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.

Contacts:

Pav Ramewal	Director of Corporate Resources	ext 7298
Adrian Rowbotham	Group Manager – Financial Services	ext 7153
Helen Martin	Finance Manager	ext 7483

Community Development – January 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)
Leisure Contract	14	-8	Management fee paid February 2013.
STAG Community Arts Centre	25		Invoice outstanding.
Partnership – Home Office	30		External funding received in advance.
Salaries – Ext Funded	-22	-9	Additional externally funded salaries, which are offset by additional external income.
Capital – Big Community Fund	-36		Big Community Fund grant payments are made throughout the year and funds are transferred from earmarked reserves at the year end. The budget will be zero at the year end.
Capital – Parish Projects	0	71	West Kingsdown parish project is just about to start and it is unlikely that we will receive a claim until the new financial year.

Future Issues/Risk Areas

Lesley Bowles
Head of Community Development
February 2013

Development Services – January 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	-82	-60	The position on planning application fee income has improved significantly with several major applications submitted in December and January. 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.
Planning Policy	65	101	The variation is 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	50	54	Savings are 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 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
February 2013**

Environmental & Operational Services – January 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		Essential maintenance undertaken in various car parks and asset maintenance budget now fully spent. Balance of costs to be charged to earmarked on-street parking surplus fund.
Asset Maintenance Direct Services	10		Further maintenance works required at Dunbrik and Hollybush depots.
Building Control	-75	-94	Income for statutory work is £99,687 below profile. Budget income for year is £485,043, which is a realistic estimate of likely income in 2012/13 (£298,545 after 10 months). A shortfall of income of approx. £120,000 is forecast. Savings will be made on structural checking fees.
Car Parks	-91	-100	Income currently £101,483 below profile. £73,000 down on pay and display income alone.
CCTV	-37	-40	Budget contains unidentified income of £45,000 which will not be realised. Savings elsewhere to partly off-set this.
EH Animal Control	-8	-12	Over-expenditure on kennelling costs due to increase in stray dogs picked up and not being claimed. Also vet fees.
EH Environmental Protection	31	23	Savings will be incurred on air quality consultancy costs and surveys. Works to be 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 temporary staff employed for remainder of financial year to meet existing workloads. Investment will be made into on-line forms for the partnership. These arrangements agreed with partnership authorities. Any "surplus" at year end is shared proportionally between the three partnership authorities.
On-Street Parking	-15		Income £12,000 above profile, mostly from pay and display. Expenditure incurred on signing and lining for schemes recently implemented.
Parks & Recreation Grounds	-27		Over-expenditure on Bradbourne Lakes, Hollybush and Swanley sites, offset by savings on Estate Management - Grounds and Parks Rural (Countryside).

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	12		See above comment.
Refuse Collection	-35	-30	£10,000 unbudgeted expenditure on consultant to examine manual handling techniques following HSE visit at depot. HSE have now revisited and there are no on-going concerns re our manual handling practices. Income £11,400 down on recycling credits. No income will be received for disposal of clinical waste as this is now undertaken by KCC.
Street Cleansing	16	7	Savings on transport costs, but new litter bins to be purchased. Forecast a small underspend by year end.
Salaries – Operational Services	221	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 – Licensing	42	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	533		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	61	57	Savings on salaries due to vacancies (£81,000) helped by expenditure on agency to cover vacancies and sickness (£65,000). Savings on fixed transport costs due to new vehicles coming onto depreciation later than planned. Income £4,500 above profile. Account £5,000 in surplus against a profiled deficit of £56,000.
Direct Services – Street Cleaning	-17	-4	Salaries over profile by £29,600 due to budget adjustments and savings made on general fund costs. Transport repairs £5,500 above profile. Account £49,000 in deficit against a profiled deficit of £32,000.
Direct Services – Trade	24	31	Although trade waste income £37,000 below target, expenditure controlled to £61,000 below profile. Account £52,000 in surplus against a profiled surplus of £28,000.
Direct Services – Green Waste	-16	-37	Income £9,000 below target on sale of bins / permits and sacks. Expenditure £7,000 above profile due to expenditure on agency staff covering staff on suspension pending disciplinary hearings and covering vacancies. Recent purchase of sacks has put expenditure over profile, but stock will take provision into 2013/14. Account £53,000 in surplus against profiled surplus of £69,000
Direct Services – Cesspools	-27	-32	Income £23,000 below profile. Account £17,000 in surplus against a profiled surplus of £44,000.
Direct Services – Pest Control	-31	-31	Total income £34,000 below profile and £41,000 below profile just on wasp nest treatments. Only 169 wasp nest treatments in 2012 compared to 818 in 2011. Income on rodent control work contract work £7,000 above profile. Account £24,000 in deficit against a profiled surplus of £8,000.

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 – Overall Trading Position	-4	-14	Overall, trading accounts £78,000 in surplus against a profiled surplus of £82,000. Forecasting a year end surplus of £50,000.

Future Issues/Risk Areas

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Head of Environmental & Operational Services
February 2013

Finance & Human Resources – January 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)	-125		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	48	53	Additional Council Tax court costs income.
Members	12	15	Effect of Members only able to claim one Special Responsibility Allowance.
Misc. Finance	2	15	Reduced allowances for discretionary rate relief.
Support – Exchequer & Procurement	3	11	Savings resulting from the restructure following the departure of the Head of Finance and HR.
Support – Finance Function	36	44	Savings resulting from the restructure following the departure of the Head of Finance and HR.
Support – General Admin	30	27	Savings made on central training.
Treasury Management	-21	-25	Additional costs of debit/credit card transactions.
Salaries	-143	70	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
February 2013**

Housing & Communications – January 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	Savings have been identified within Housing to maintain the energy efficiency function. The savings are mainly from Private Sector Housing through a shared Team role.
Home Improvement Agency	20	20	Negotiations still continue with KCC (Supporting People) and the HIA. If core funding is reduced or not paid then the service (previously provided by the HIA) will be undertaken in-house with some capacity issues which can be resolved within budget. The HIA performance has also led to low levels of DFG expenditure. Any savings in revenue costs will pay towards register savings of £30,000.
Homelessness Funding	22		This is external funding and does not affect Council budgets.
Housing	-17	-15	The remainder of the housing register savings will be met in part from the HIA savings (if core funding is reduced or not paid). See HIA comments above.
Housing Option – Trailblazer	-18		External funding and does not affect Council budgets.
Private Sector Housing	16	19	The vacant post has been advertised and interviews will take place soon and the post filled by end of March 2013 subject to notice periods. Any savings will fund a temp in Social Housing up to end of February 2013 (whilst we train the new Housing trainee).
Salaries – Ext Funded	57	55	External funding and does not affect Council budgets.
Capital – Improvement Grants Capital – SDC – HMO Grants Capital – RHPCG – Discretionary Grants	270	250	There is now a projected underspend of £250,000 at year end which is due to performance issues from the HIA (lead organisation is KCC Supporting People), problems with the occupational therapists (KCC) and unexpected extra funding received from the DCLG of £76,000. Therefore, a saving of £100,000 capital per annum has been made for future years. At the moment core funding has not been paid to the HIA whilst matters are being looked into and it is very likely that some or all of the HIA work will be brought in-house. We would like to manage the service in-house for at least a year to give an indication of the true need and cost before further annual savings are considered. The DFG provision is a statutory one.
Capital – WKHA Adaps for Disabled	17		It is difficult to predict when works will be completed but WKHA assure the Council that their ring fenced budget is on track for year end.

Future Issues/Risk Areas

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Head of Housing & Communications February 2013

IT & Facilities Management – January 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)
Administrative Expenses – IT	-0	0	£8k underspend on training offset by collective over spends across telephones and staff advertising.
Asset Maintenance IT	121		Expenditure as per 10 year asset maintenance plan. Underspend on this budget at the end of the year rolls into the asset maintenance reserve pot for future years as per the plan.
Support – Contact Centre	10	10	£10k forecast underspend due to staff turnover throughout the year.
Support – IT	-17	10	£10k forecast underspend in Licensing Partnership Hub costs associated to implementation of online forms. This is likely to run into next year and a carry forward will be requested.

Future Issues/Risk Areas

**Head of IT & Facilities Management
February 2013**

Legal & Democratic Services – January 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		There is £18,000 of work already committed but not yet invoices with more work to be commissioned before the end of the financial year.
Asset Maintenance Other Corporate Properties	19		There is £9,100 of work already committed but not yet invoices with more work to be commissioned before the end of the financial year.
Asset Maintenance Sewage Treatment Plants	9	11	No maintenance works have been identified for the current financial year. (Finance)
Corporate Management	19	50	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	37	43	The Council has achieved its £100k target in 2012/13 for vacant posts and is forecast to exceed it by £10k 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	40		Central Government has advanced £152k. Once all invoices and payments have been processed, the surplus will be refunded to Central Government.
Estates Management – Buildings	-50	-52	The variance is due to the Council having to meet the business rates of properties now vacant pending disposal and reduced rent income.
Land Charges	-30	-35	The impact of the current economic climate continues to have an effect on the income.
Markets	36	-87	The loss incurred by the liquidation of the market operator £72,000 needs to be written off.
Register of Electors	12	10	The cost of the canvassers is less than originally estimated.

Service	Variance to date £'000 (Minus is bad news)	Forecast Annual Variance £000	Explanation of variance and action planned (including changes from previous month)
Support – Central Offices	70	45	The effect of the extra income earned as a result of letting accommodation to third parties continues to affect this budget. Additional underspend has been identified due to review of energy costs. The variance to date is currently showing a favourable variance of £70k. However, this is due to a delay in the invoicing of the utility bills and it is expected that the revised forecast is still valid.
Support – Legal Function	-17	-27	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	-17	-19	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	43		It is anticipated that professional fees for valuation, negotiation and legal work in this matter will be invoiced by the end of the financial year bring the total expenditure to £150,000
Capital – Police Co-location	24	18	The final account in the sum of £182,000 has now been agreed.

Future Issues/Risk Areas

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