

BUDGET MONITORING - Strategic Commentary - As at 31 August 2013

Overall Financial Position

1. Five months into the year the results to date show an overall favourable variance of £398,000.
2. The year-end position is forecast to be £64,000 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. All other main income sources, with the exception of car parking, are achieving or exceeding budget targets at the end of August.
5. **Pay costs** – the actual expenditure to date on SDC funded salaried staff is £100,000 below budget. An underspending of £137,000 relates to Direct Services and will be offset by agency staff costs held within the trading account.
6. **Other** – Direct Services' results show a positive variance of £74,000 compared to budget.
7. Costs amounting to £30,000 were incurred in facilitating the sale of 66 London Road.

Year End Forecast

8. The year-end position is forecast to be £64,000 better than budget.
9. Extra investment income is a significant favourable variance, however interest rates are expected to remain low into the future. Income from council tax court costs is expected to be above budget for the year.
10. Following the sale of 66 London Road, there will be a saving on rent and rates at that site. Expenditure is forecast to be £76,000 below budget.

11. The contracts for markets at Sevenoaks and Swanley were re-tendered in 12/13 following the voluntary liquidation of the previous operators. Income from these new contracts is forecast to be £62,000 worse than budget.
12. Car Parking income, mainly pay and display, is now expected to be £50,000 worse than budget.
13. Direct Services are forecasting a favourable variance of £58,000 for the year.
14. The review of the senior management structure did not take effect until 1 September and as a result the full salary saving will not be met in 2013/14 although this shortfall is expected to be met from other corporate savings.

Risk areas

15. 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 at a higher level than before the recession. Agency staff are being used to address the workload and to fill any vacancies due to uncertainties relating to Universal Credit;
 - Council Tax collection rates, though currently in line with the previous year, could be affected by increased unemployment and squeezed household incomes; and
16. Planned savings through the generation of income, particularly from new partnership working, remain risk areas for the current and for future years.

Contacts:

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Communities and Business – August 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)
Youth	12	3	Expenditure on maintenance of Youth Zone lower than profiled.
Choosing Health WK PCT (Ext Funded)	19		External funding received in advance. Will be zero at year end.
Partnership – Home Office (Ext Funded)	15		External funding received in advance. Will be zero at year end.
Salaries – Ext Funded	-10		Additional staff costs for externally funded projects for which additional external funding is received.
Capital – Big Community Fund	-22		This revenue budget is fully funded from the earmarked reserve at the year end.
Capital – Parish Projects	15		There are no current capital schemes in parish projects. These projects are funded from an earmarked reserve.

Future Issues/Risk Areas

Lesley Bowles
Chief Officer - Communities and Business
September 2013

Corporate Support – August 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)
Estates Management – Buildings	-28	-30	£30k costs associated with facilitating the sale of 66 London Road.
Support – Central Offices – Facilities	13		Current underspend in FM salaries. Salaries currently being redistributed across FM and Property to reflect new structure.
Support – Contact Centre	14		Current underspend on salaries costs due to carrying a vacant post.
Support – General Admin	15	-17	£12k underachievement on internal print matching equal forecast underspend from Legal and Governance.
Support – Property Function	-12		Current overspend in Property salaries. Salaries currently being redistributed across FM and Property to reflect new structure.
Salaries	36		Current underspend due to vacant posts in HR, Customer Services and IT. Forecast to be adjusted once current recruitment processes are complete.

Future Issues/Risk Areas

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**Chief Officer – Corporate Support
September 2013**

Environmental & Operational Services – August 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	6	-25	Essential car park maintenance to be arranged. Currently out to quotation. To be offset, partially, by £8,000 underspend on other asset maintenance budgets.
Asset Maintenance Direct Services	10		Maintenance spending on depots to be planned for the remainder of the financial year.
Building Control	20		Income £11,000 above profile. Outstanding officer secondment invoices from 20/12/13 covered by accrual. Outstanding invoices to submit to T&MBC for shared Management arrangements. This shared management arrangement ends in September 2013 (£20,000 shortfall in income). Savings made on structural checking fees.
Car Parks	-34	-50	Income down £25,700 on profile. Second successive month income has been below profile after first three months on profile. Predominantly pay and display income.
EH Animal Control	-9	-12	Over-expenditure on kennel fees are vet treatments for stray dogs - 108 stray dogs collected year to date, of which 20 were 'status' dogs.
EH Environmental Protection	21	10	Savings on air quality monitoring costs.
Licensing Regime	-17	-20	The challenging income budget is currently forecast to be underachieving but is offset by savings on various expenditure items.
Markets	-27	-62	Income budget for Swanley market £62,000 greater than tender price accepted.
Parks & Recreation Grounds	-16		Overspend on Parks and Recreation Grounds areas offset by underspends on Estate Management – Grounds and Parks Rural.
Refuse Collection	20		One off grant received from Salvation Army for textile recycling. Being used to cover recycling assistant post for 1 extra day/week.
Salaries – Operational Services	137	137	Savings on Direct Services & salaries due to vacancies partly offset by use of agency staff to maintain services. Reflected in Direct Services trading accounts.

Service	Variance to date £'000 (Minus is bad news)	Forecast Annual Variance £000	Explanation of variance and action planned (including changes from previous month)
Capital – Vehicle Purchases	80		Vehicle replacement programme will be delivered within approved budgets. Any underspend is carried forward in the vehicle replacement fund.
Direct Services – Refuse	39	100	Underspend on salaries due to vacancies offset partially by additional costs of agency staff and vehicle repair costs.
Direct Services – Street Cleaning	12	23	Savings on salaries due to chargehand post vacancy and savings on fixed transport costs partly offset by fuel costs.
Direct Services – Workshop	14		Income £20,000 above profile on vehicle repairs.
Direct Services – Green Waste	18	-20	Income £26,000 above profile mainly due to annual bin permits. 494 new permit issues this year to date, now 7412 permits issued in total. Further expenditure will now be required to stock up on new bins for future issues.
Direct Services – Pest Control	-9	-15	Income £11,000 below profile on wasp nest treatments, however £23,000 income generated on wasp nest treatments in last two months (July and August). Account currently in small 'Surplus'.
Direct Services – Grounds	-11	-14	Income fixed. Over expenditure on salaries, agency costs and transport costs.
Direct Services – Depot	16		Income £15,000 above profile due to workload of the two man construction team and out-of-hours work.
Direct Services – Trading Accounts (overall)	74	58	Income £47,000 above profile. Expenditure £27,000 below profile, 1% pay award to be paid in October, backdated to April (Approx. £20,000).

Future Issues/Risk Areas

Diesel costs starting to rise over last few weeks from £1.13/Litre to £1.15/Litre.

Chief Officer - Environmental & Operational Services September 2013

Financial Services– August 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)
Benefits Admin	19		£16k Government New Burdens funding received for Welfare Reform.
Corporate Management	-11	48	The variance to date of £16k reflects a current underspend on salary recharges as a result of the senior management restructure. These charges will be reviewed once the new structure has taken full effect in September 2013. The forecast annual variance of £48k will offset the adverse variance of the same value within Corporate Savings.
Corporate Savings	-13	-48	The variance to date is the result of a shortfall in the contribution to the vacancy pot. With a reduced workforce and low turnover in the first part of the year achieving the £100k budgeted saving from vacant posts is uncertain. The annual variance is as a result of the new senior management structure not taking effect until 1 September and as a result the full year saving (£242k) will not be met in full this year. Savings in the corporate management budget will off-set the short fall this year and the full saving will be delivered in future years.
Dartford Partnership Hub (SDC Costs)	-109		Additional resources to help address the Benefits increased workload. Both partners have agreed to provide additional funding.
Dartford Partnership Implementation & Project Costs	34		Council Tax Support funding due from Police.
Local Tax	-19	20	Additional Council Tax court costs income.
Members	27		Awaiting new Members' Allowances scheme.
Misc. Finance	50	76	Savings on rent and rates for 66 London Road following the sale of the site.
Performance Improvement	14		The Council has received new burdens income from the Government in relation to the community rights elements of the Localism Act. The monies are not ring-fenced and will be used to support service expenditure through the remainder of the year.
Support – Finance Function	38		Work on non Finance partnerships is currently being contained within original resources.
Treasury Management	1	-11	Additional costs of debit/credit card transactions.

Service	Variance to date £'000 (Minus is bad news)	Forecast Annual Variance £000	Explanation of variance and action planned (including changes from previous month)
Salaries	-84		Agency staff are being used to help address the Benefits increased workload and to fill vacant posts due to the uncertain future caused by Universal Credit.

Future Issues/Risk Areas

**Chief Finance Officer
September 2013**

Housing – August 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)
Private Sector Housing	13		Part of the Housing Standard and Energy Conservation Officer was externally funded and created a saving, this will change with the new structure going forward.
Salaries – Ext Funded	23		This is external funding for some salaries. There is an underspend due to a couple of vacancies which will be filled when the new structure is completed.
Capital – Improvement Grants (West Kent & SDC)	127		It is difficult to predict when works will be completed but the bottom line is correct.
Capital – SDC / RHPCG	-32		It is difficult to predict when works will be completed.

Future Issues/Risk Areas

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**Chief Officer - Housing
September 2013**

Legal & Governance – August 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)
Admin Expenses – Legal & Governance	13	12	Due to the reduction in Committee reports we anticipate an underspend on Internal Printing.
Register of Electors	35		£22.5k relates to print costs for the annual canvass which has been delayed in 2013 by Government; costs are likely to be incurred in September. £6.5k is the Government grant for the introduction of individual electoral registration; costs will be drawn down over the coming months.

Future Issues/Risk Areas

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Chief Officer - Legal & Governance
September 2013

Planning Services – August 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 – Appeals	15		We are awaiting invoices on the recent Broom Hill inquiry that will total c.£17k which will bring expenditure back in line with budget.
Planning – Development Management	73	55	This is the result of an overachievement of planning fee income following the receipt of a solar wind farm application with a fee of £58,000 and an underspend on salaries. The forecast position will be revised to show a £55k underspend, to be continually reviewed.
Salaries	22		The current underspend is due to a variety of factors including filling vacant posts, staff sickness, and an element of part time working.
Capital – Affordable Housing	-218		Met from monies secured by S106 planning obligations. This will be financed at the end of the year.

Future Issues/Risk Areas

Legal challenges to application at Forge Field.

Chief Planning Officer
September 2013