

## BUDGET MONITORING - Strategic Commentary - As at 28 February 2014

### Overall Financial Position

1. Eleven months into the year the results to date show an overall favourable variance of £579,000. Reasons for this current favourable variance are explained in the individual commentaries from Chief Officers
2. The year-end position is now forecast to be £199,000 better than budget.

### Key Issues for the year to date

3. Investment income is performing above target and is forecast to be marginally better than budgeted at the year-end. This is due to higher than estimated balances and slightly higher rates being achieved during the first half of the year.
4. Income from On Street Parking, Land Charges and Development Management, has achieved or exceeded budget targets at the end of February.
5. Pay costs – the actual expenditure to date on SDC funded salaried staff is £250,000 below budget. An underspending of £293,000 relates to Direct Services and will be offset by agency staff costs held within the trading account. Additional resources are being used to address the Benefits workload and costs will be met by additional funding from both partners.

### 6. Other

- 5 Direct Services' results show a positive variance of £191,000 compared to February budget.
- 6 Costs amounting to £30,000 were incurred in facilitating the sale of 66 London Road.

### Year End Forecast

7. The year-end position is now forecast to be £199,000 better than budget.
8. Investment income is still a small favourable variance, however interest rates are expected to remain low into the future.
9. 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, however £50,000 of this saving will be used to fund initial investigations into potential property development.
11. An unfavourable variance of £87,000 is expected on the budget for management of properties. This covers the costs associated with the sale of 66 London Road, and where the Council has to meet the business rates on properties currently vacant pending disposal, and the associated reduced rental income.
12. Some additional software costs will be paid in 2013/14 in connection with the replacement telephone system, and there are additional data storage requirements.
13. A saving of £30,000 is expected against the annual budget for audit fees.
14. 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.
15. Car Parking income, mainly pay and display, is expected to be £75,000 worse than budget.
16. Direct Services are forecasting a favourable variance of £170,000 for the year. A favourable forecast of £107,000 is forecast on income, particularly from the vehicle workshop.
17. Planning Services are now predicting that Planning fee income will be £106,500 better than budget.
18. Additional income from legal work on s106 agreements is giving rise to a £24k favourable variance
19. 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 of £48k will be met from other Corporate savings. The full saving will be delivered in future years. Following the restructure, there is favourable variance of £8k on the budget for administrative expenses.

#### Future Risk areas

20. 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 in which the Council can invest;

- property related income such as Development Control (particularly pre-application fees and S106 monitoring), Building Control, Land Charges 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

21.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 – February 2014 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	13	5	Some work is slightly behind schedule but this will be on target at year end. Some charges have been incorrectly coded to another cost centre and this will be rectified before the year end.
External Partnership – Community Sports Activation Fund (Ext Funded)	16		This is external funding received in advance, ring fenced for the Sports Activation project and will be zero at year end.
Troubled Families Project	19		This is external funding received in advance, ring-fenced for the Troubled Families Project and will be zero at year end.
Salaries – Ext Funded	-28	-30	Additional externally funded salaries. Offset by additional external income.
Capital – Big Community Fund	-37		This is fully funded from the earmarked reserve at the year end.
Capital – Parish Projects	46	61	There are no current capital schemes in Parish projects, balance to be carried forward.

Future Issues/Risk Areas

**Lesley Bowles**  
**Chief Officer Communities and Business**  
**March 2014**

## Corporate Support – February 2014 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 – Human Resources	8	10	Underspend on internal printing and over recovery of income.
Asset Maintenance IT	16		Expenditure as per Asset Maintenance plan – remaining budget at year end rolled forward to support 10 year IT Asset Maintenance plan.
Estates Management – Buildings	-54	-87	Costs associated with facilitating the sale of 66 London Road. Remaining variance due to the Council having to meet the business rates of properties now vacant pending disposal and the associated reduced rental income.
Support – Central Offices	28		Current variance due to works currently underway waiting to be invoiced.
Support – Central Offices – Facilities	14	-7	Underspend on salaries due to vacant posts throughout year offset by the required procurement of a new FM Van
Support – Contact Centre	32		Underspend on salaries offset by expenditure on new equipment.
Support – General Admin	27	-2	Small overspend due to new equipment required in public meeting rooms.
Support – Human Resources	11	10	Two vacant HR Advisor posts, have now been filled resulting in a small underspend.
Support – IT	18	-79	Underspend on telephones and salaries due to vacant posts earlier in the year offset by new Software licensing costs for replacement telephone system and additional data storage requirements.
Salaries	47	57	Underspend on salaries due to staff turnover across various areas.

Future Issues/Risk Areas

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**Chief Officer Corporate Support  
March 2014**

## Environmental & Operational Services – February 2014 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	12	8	Forecast savings on furniture and training expenses.
Asset Maintenance Car Parks	-20	-65	Essential car park maintenance undertaken in October, partly offset by £18,500 forecast underspend on other asset maintenance budgets. New hand held for CEO and new pay and display machines for car parks ordered
Asset Maintenance Countryside	10	8	Refer to above.
Asset Maintenance Direct Services	11		Works underway at the moment to fully utilise budget.
Building Control	-5	-10	Building Control fee income £24,000 below profile. Forecast £20,000 shortfall in overall income due to ending shared management arrangement with TMBC in September 2013. Laptops ordered in readiness for shared working with T&MBC to allow remote access. 50% of costs to be recharged back to T&MBC in 2014/15.
Car Parks	-66	-75	Income £58,000 below profile, mainly on pay and display, due to actual shortfall in 2012/13 budget.
CCTV	-16	-15	The challenging income budget will not be met, partially offset by savings on salaries and transmission costs.
EH Animal Control	-25	-25	Over expenditure on kennel fees and vet treatments for unclaimed stray dogs.
EH Environmental Protection	39	25	Savings on air quality monitoring costs and from recharge from the 'hub'.
Estates Management – Grounds	15		Refer to commentary on Parks and Recreation Areas.
Land Charges	19	18	Income above 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)
Licensing Partnership Hub (Trading)	30		Licensing trading 'hub' currently £29,700 in 'surplus'. If not spent on initiatives such as online forms. End of year 'surplus' is shared between the three Licensing Partner Authorities.
Licensing Regime	-14	-19	Licensing fee income £20,600 above profile which has helped to offset challenging income lines which will not be met.
Markets	-64	-68	Income budget for Swanley Market is £62,000 greater than tender price accepted. Some over expenditure on cleaning and monitoring costs. Savings on salaries.
On-street Parking	-12	-10	Despite income being £13,000 above profile, mainly on pay and display income, over expenditure on a variety of costs relating to maintenance, transport and cash collection.
Parks & Recreation Grounds	-35	-21	Overspend on Parks and Recreation areas partly offset by underspend on Estate Management grounds and Parks Rural. New grounds maintenance equipment required for start of 2014 grass cutting season.
Parks – Rural	32		Refer to commentary on Parks and Recreation Areas.
Public Conveniences	-12	-12	As a result of transfer of public conveniences there is a gap in the income budget.
Refuse Collection	14	10	Income from sale of recyclate (mainly glass) over profile.
Support – Direct Services	18	12	Savings on printing, mobile phone and training costs.
Taxis	12	10	Income for fees above profile.
Salaries – Building Control	11		Two Surveyor posts and one admin post vacant, offset by short term contract arrangements.
Salaries – Licensing	26		Savings on salaries in the Licensing 'hub' reflected in the Licensing 'hub' account.
Salaries – Operational Services	293	296	Savings on Direct Services salaries due to vacancies partly offset by use of agency staff to maintain services. Reflected in Direct Services trading accounts.
Salaries – Parking & Amenity Services	10		CEO vacancy held over since May. Post now deleted from the establishment.

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	20		Vehicle replacement programme will be delivered within approved budget. Any slippage carried forward into the vehicle replacement fund. All vehicles now ordered.
Direct Services – Refuse	82	82	Underspend on salaries only partly offset by additional costs of agency staff, fuel and vehicle repairs.
Direct Services – Street Cleaning	11	10	Income above profile, expenditure to budget.
Direct Services – Trade	18	17	Income above profile, savings on fuel and disposal charges.
Direct Services – Workshop	47	44	Income £63,000 above profile on vehicle repairs. Expenditure £15,000 above profile on vehicle parts.
Direct Services – Green Waste	35	30	Income £30,000 above profile due to annual bin permit sales.
Direct Services – Premises Cleaning	11	12	Savings on agency and transport costs.
Direct Services – Pest Control	-18	-19	Income £21,000 below profile mainly on wasp nest treatments, however £31,000 income generated on wasp nest treatments this year.
Direct Services - Trading Accounts Overall	191	170	Income £92,000 over profile. Expenditure £99,000 below profile.

Future Issues/Risk Areas

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**Chief Officer Environmental & Operational Services  
March 2014**



## Financial Services – February 2014 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)
Action and Development	-0	-20	Additional expenses incurred in meeting flooding emergency
Admin Expenses – Financial Services	19	12	Printing and staff training budgets are currently underspent.
Benefits Admin	18		£16,000 New Burdens Grant received from Government for Welfare Reform.
Corporate Management	-18	-1	Underspend on audit fees and consultants will be used to offset the overspend on salaries.
Corporate Savings	10	32	Corporate vacancy saving pot is predicted to overachieve by year end. This coupled with a small saving on the market premiums has resulted in a variance.
Dartford Partnership Hub (SDC Costs)	-208	-145	Additional resources to help address the Benefits increased workload. Both partners have agreed to provide additional funding. Total forecast is £290,000 of which half will be funded by Dartford BC.
Dartford Partnership Implementation & Project Costs	110	145	External funding received that will fund SDC's share of the Benefits increased workload above.
Local Tax	-74	58	Income behind profile but year end forecasting extra Council Tax court costs.
Members	26	20	Favourable variance because some Members do not claim basic allowance and others do not claim the increases.
Misc. Finance	3	29	Savings on rent and rates for 66 London Road following sale of the site. £50,000 of this saving has been moved to Property to fund initial investigations into potential property developments.
Performance Improvement	14	14	The Council received a small New Burdens Grant for the administration of Community Rights legislation. This funding has been used prudently through the year and enabled a favourable variance of £14k to be forecast.
Support – Finance Function	79	47	Work on non finance partnerships is currently being contained within original resources.
Support – General Admin	11	9	Expenses and Advertising general are currently underspent, forecast has been amended to reflect this.

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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)
Treasury Management	-3	-11	Additional costs of debit/credit card transactions.
Salaries	-161	-145	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

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**Chief Finance Officer  
March 2014**

## Housing – February 2014 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	-1	-20	There are agency costs and overtime to cover vacant posts which have been advertised. This cost will be met by savings in the private sector housing budgets.
Private Sector Housing	31	33	Part of the Housing Standards and Energy Conservation Officer is now externally funded which has created a short term saving. The Energy Conservation officer is now 50% of a post within Housing Policy team.
Salaries	-11	-15	This has been created by using an Agency staff member to cover vacancies.
Salaries – Ext Funded	31	37	This is externally funded and will not affect Council budgets.
Capital – Improvement Grants (West Kent & SDC)	224		It is difficult to predict when works will be completed but year end should be more on target.
Capital – SDC / RHPCG	-36		This is external funding which will not affect Council budgets.

### Future Issues/Risk Areas

There is to be underspend on the DFDG budget relating to the HIA and in-house service elements not WKHA, as above. This is due to external agency performance and a new in house approach which is bedding down. There will be a significant saving next year. There is an Ombudsman case which may create issues.

**Chief Housing Officer  
March 2014**

## Legal & Governance – February 2014 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	18	17	Due to the reduction in Committee reports we anticipate an underspend on internal printing.
Register of Electors	27	24	The annual canvass is near completion and we estimate to be £24k better than budget at year end. We have received Government grants totalling £12k for the introduction of individual electoral registration, which will be offset by costs as they are incurred.
Support – Legal Function	22	22	Income generated from s.106 agreements and miscellaneous sources exceeds expectations this year.

Future Issues/Risk Areas

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**Chief Officer Legal & Governance**  
**March 2014**

## Planning Services – February 2014 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 Management	139	135	It remains the case that the overachievement on fee income is down to a relatively small number of high fee applications, including fees of c£58k, c£25k, c£22k, c£20k and c£18k for sites at West Kingsdown, Birchwood School, Hartley, Mackerels Plain and The Farmers in Sevenoaks. There is also an underspend on pay due to staff working reduced hours, vacancy, and maternity leave.
Planning Policy	-9	-21	The overspend is a result of agency costs to cover staff absence during a critical period preparing for the ADMP examination.
Salaries	19	13	The underspend is due to a variety of factors including filling vacant posts, staff sickness, maternity leave and an element of part time working.
Capital – Affordable Housing	-481		Met from monies secured by S106 planning obligations. This will be financed at the end of the year.

### Future Issues/Risk Areas

The Judicial Review at Forge Field, planning appeals, the ADMP examination and instability of planning fee income.
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**Chief Planning Officer**  
**March 2014**