

BUDGET MONITORING - Strategic Commentary - As at 31 May 2014

Overall Financial Position

1. Two months into the year the results to date show an overall favourable variance of £521,000.
2. The year-end position is forecast to be £68,000 better than budget; just under 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. **Income** – investment income is performing just below target and is forecast to be slightly worse than budgeted at the year-end. This reflects the effect of continuing low interest rates. An unfavourable forecast is shown to reflect this position.
5. All other main income sources are achieving budget targets at the end of May with the exception of car parking which is slightly below target. Planning, Land Charges and On Street Parking are showing a favourable variance of £80,000 at the end of May; in addition government funding totalling £93,000, for the European Election and for Electoral Registration, was received ahead of planned profile.
6. **Payments for Services** – late receipt of invoices for management of the Housing Register, providing housing advice, and for the leisure contract has given rise to a variance from profile of £125,000 at the end of May. Payment to staff for the European election was made in June, and this accounts for a variance of £60,000 at the end of May.
7. **Pay costs** – the actual expenditure to date on salaried staff (excluding those who are externally funded) is £47,000 below budget, but £12,000 of that relates to Direct Services and may be offset by agency staff costs held within the trading account. Some posts were vacant during April and May. A small favourable variance would be expected at this time because the budget for 2014/15 includes provision for a 1% pay award but, as of yet, there is no national agreement on the amount.
8. **Other** – Direct Services' results show a positive variance of £40,000 compared to budget.

Year End Forecast

9. The year-end position is forecast to be £68,000 better than budget.
10. The re-negotiation of the partnership agreement with Dartford BC will continue in 2014/15.
11. Investment income is a small unfavourable variance.

Risk areas

12. 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 and additional resources are being used to address this
 - Tax collection rates, though currently in line with the previous year are vulnerable and we are being proactive in contacting Council Tax Support customers; and
13. Planned savings for 2014/15 total £479,000, including the generation of income, particularly from new partnership working, and this remains a risk area for the current and for future years.

Contacts:

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Communities and Business – May 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)
Broadband	13		This cost centre incorporates the Regeneration and Business Development Manager funding. It has not yet been possible to appoint to this post.
Leisure Contract	24		Sencio invoice received after the end of the quarter
West Kent Partnership	-28		Invoices raised during June so that the budget profile will be correct at the end of June monitoring.
Capital – Parish Projects	10		No projects yet identified.

Future Issues/Risk Areas

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Lesley Bowles, Chief Officer Communities and Business
June 2014

Corporate Support – May 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)
Asset Maintenance Leisure	13		Expenditure to be re-profiled as per 2014/15 schedule of works
Estates Management – Buildings	-35		Profiling to be revisited as per income/expenditure
Salaries	22		Vacant post in Customer Services, Pay award awaiting, vacant post in IT, vacant post in FM, reduction in overtime costs at this point in the year

Future Issues/Risk Areas

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**Chief Officer Corporate Support
June 2014**

Environmental & Operational Services – May 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)
CCTV	21		Transmission costs profile overstated against expenditure. Budget contains income that will not be realised which will be partly offset by savings on transmission costs.
Land Charges	20		Income £20,700 over profile.
Markets	10		Income from Swanley Market contract over profile. No expenditure to date on ground rental for either Sevenoaks or Swanley.
On-Street Parking	18		Income £24,600 over profile mainly on day tickets.
Refuse Collection	48		£50,800 grant received from Kent Resource Partnership for communications campaign over 2014/15 and 2015/16 and from Salvation Army to cover one additional day working for Recycling Assistant, which will be offset by salary costs.
Salaries – Operational Services	12		Some vacancies on Direct Services staff partly offset by costs on agency staff to maintain services. Net shown in Direct Services trading accounts.
Capital – Vehicle Purchases	85		Vehicle purchase programme for 2014/15 in specification, tendering and ordering stage. Programme will be delivered within agreed budget. Any underspend is carried forward into the Vehicle Replacement fund.
Direct Services – Street Cleaning	20		Savings on salaries due to two vacancies plus smaller savings on supplies and services, fuel and vehicle repair costs.
Direct Services – Workshop	12		Savings on vehicle parts as repair income slightly down.
Direct Services – Overall	40		Income £11,000 below profile, but expenditure £51,700 below profile. Surplus after two months is £71,166 (£40,512 above profile).

Future Issues/Risk Areas

Increase in trade waste disposal prices.
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**Chief Officer Environmental & Operational Services
June 2014**

Financial Services – May 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)
Benefits Admin	1	40	The re-negotiation of the partnership agreement with Dartford BC will continue in 2014/15.
Dartford Partnership Hub (SDC Costs)	-67	-71	Additional resources to help address the Benefits increased workload and to be proactive in contacting Council Tax Support customers. This funding of this additional cost will be shared with Dartford BC.
Dartford Partnership Implementation & Project Costs	87	71	External funding received that will fund SDC's share of the Benefits increased workload above.
Local Tax	-2	25	The re-negotiation of the partnership agreement with Dartford BC will continue in 2014/15.
Members	7	20	Some Members do not claim their full allowance and the rules state that Members cannot claim more than one Special Responsibility Allowance.
Misc. Finance	-11	-10	Less funds expected from balance sheet adjustments, but expect underspends elsewhere in this area to compensate.
Performance Improvement	16		The Government has provided New Burdens Grant to assist the Council in managing applications under the Community Rights legislation. The funding will be used prudently through the year as applications under the scheme are received.
Treasury Management	-18	-7	Additional costs of debit/credit card transactions.
Salaries	-13	-75	Agency staff are being used to help address the Benefits increased workload and to be proactive in contacting Council Tax Support customers. The budgeted 1% pay increase has not yet taken place.

Future Issues/Risk Areas

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Chief Finance Officer
June 2014

Housing – May 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	99		Two invoices outstanding one for the management of the register (WKHA) and one for Sevenoaks and Swanley CAB. These are being chased. Bottom line is correct.
Capital – Improvement Grants (West Kent & SDC)	15		It is difficult to predict when works will be completed, however the current forecast is correct.

Future Issues/Risk Areas

Chief Housing Officer
June 2014

Legal & Governance – May 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)
Elections	109		The Government has provided the funds for the conduct of the European Parliamentary election; costs will be drawn down over the next few months as payments for election services are made.
Register of Electors	58		The Government has provided funds for the introduction of individual electoral registration (IER); costs are being drawn down as equipment and services are paid for.

Future Issues/Risk Areas

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Chief Officer Legal & Governance
June 2014

Planning Services – May 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	38		The underspend is a result of unexpected fee income resulting from two large fee applications, and salary savings from vacant posts which we are currently in the process of recruiting to.
Salaries	17		As above, this is a result of vacant posts that are currently being recruited to.
Capital – S106 Capital	-103		Met from monies secured by S106 planning obligations. This will be financed at the end of the year.

Future Issues/Risk Areas

Still awaiting the outcome of the JR at Forge Field. We have been notified of a further potential JR at Marsh Green, and there are ongoing risks associated with planning appeals.

Chief Planning Officer
June 2014