

BUDGET MONITORING - Strategic Commentary - As at 31 July 2014

Overall Financial Position

1. Four months into the year the results to date show an overall favourable variance of £587,000.
2. The year-end position is forecast to be £169,000 better than budget; this is 1.2% 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. A small unfavourable forecast is shown to reflect this position.
5. **Income** from Planning, Building Control, Land Charges and On Street Parking are showing a combined favourable variance of £156,000 at the end of July; Income from Legal work in connection with s.106 work is £19,000 ahead of profile. Income from car parking is currently behind profile and the loss of income from Pembroke and Old Bligh's car parks is now showing.
6. **Budgets for Premises** are currently showing favourable variances totalling £86,000 partly due to receipt of some backdated service charges.
7. **Pay costs** – the actual expenditure to date on salaried staff (excluding those who are externally funded) is £132,000 below budget, but £34,000 of that relates to Direct Services and may be offset by agency staff costs held within the trading account. There are currently favourable variances arising from vacant posts in Corporate Support, Direct Services and Planning. 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 yet, there is no national agreement on the amount.
8. **Other Variances** include some savings on CCTV (transmission costs) and Environmental Health Protection (air quality consultancy costs). Early receipt of grants (for example Business Well Being Award in Environmental Health Protection) and New Burdens Grant within Performance Improvement.
9. **Direct Services** – Direct Services' results show a positive variance of £73,000 compared to budget.

Year End Forecast

10. The year-end position is forecast to be £169,000 better than budget.

11. The re-negotiation of the partnership agreement with Dartford BC will continue in 2014/15.

12. Income from car parking is forecast to be below budget at the year end.

13. Investment income is forecast to have a small unfavourable variance.

Risk areas

14. Chief Officers have considered the future issues and risk areas for their services and the impacts these may have on the Council's finances as follows:

- the investment strategy is constantly under review and reports are made regularly to FRAC;
- It is likely that fee income has been positively affected by the adoption of the Community Infrastructure Levy (CIL) schedule, and application numbers might recede once the charge is in place. Application numbers & income will be kept under close review now the new charging schedule has started;
- There remains the risk that planning decisions will be challenged, either at appeal or through the Courts, and future plan making costs following the Allocations and Development Management Plan (ADMP) examination.
- 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

15. 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.

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Communities and Business – July 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	25		This cost centre incorporates the funding for the Regeneration and Property post which has not yet been appointed. The budget will be spent by the end of the year.
Capital – Parish Projects	20		No projects currently identified.

Future Issues/Risk Areas

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Lesley Bowles, Chief Officer Communities and Business
August 2014

Corporate Support – July 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)
Estates Management – Buildings	33		Current overachievement due to backdated payments now received.
Support – Central Offices	53		Overachievement due to backdated service charges now received.
Salaries	43		Underspend due to currently vacant posts across a number of service areas.

Future Issues/Risk Areas

Potential for in-year overspend on property asset maintenance costs dependant on survey works currently being scheduled for a number of assets.

Chief Officer Corporate Support
August 2014

Environmental & Operational Services – August 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)
Building Control	15		Income above profile and savings on salaries due to vacancies and structural checking fees. Budget to be adjusted to reflect shared working with T&MBC from 1 October 2014.
Car Parks	-23	-40	Income currently £18,000 down in total and £25,000 down on day ticket income profile. Loss of income from Old Bligh's and Pembroke Road car parks now showing.
CCTV	9	-15	Savings on transmission costs against profile. However, budget contains challenging income targets which will offset any savings made during the year.
EH Commercial	14		£5,000 grant received from KCC for Business Well Being Award, savings on hub cost Recharges.
EH Environmental Protection	22	12	Savings on air quality consultancy costs.
Land Charges	28	25	Income £32,000 above profile. Additional resources may need to be found, on a temporary basis, to maintain performance levels.
Licensing Regime	-12	-22	Income on licensing fees currently slightly below profile, but this will be collected but overall budget contains challenging income targets which will only be partly offset by savings elsewhere.
On-Street Parking	37	25	Income currently £46,000 above profile, principally on day tickets.
Salaries – Operational Services	34	34	Vacancies in Direct Services staff partly offset by Agency staff costs to maintain services. Net effect shown in Direct Services Trading Accounts.
Salaries – Parking & Amenity Services	-11		CEO vacancy, now filled. Net effect shown in on-street parking account.
Capital – Vehicle Purchases	166		Vehicle replacement 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	29	31	Savings on salaries due to vacancies waiting to be filled.
Direct Services – Trade	-17	-6	Over expenditure on disposal charges (£130/tonne). Disposal cost/tonne currently under negotiation.

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 – Workshop	23	30	Savings on salaries due to Supervisor vacancy. Income above profile on vehicle repairs.
Direct Services – Green Waste	28	5	Income £21,000 above profile on bin permits and sale of sacks.
Direct Services – Overall Trading Accounts	73	56	Income £29,000 above profile, expenditure £43,000 below profile.

Future Issues/Risk Areas

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

Financial Services – July 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	2	47	The re-negotiation of the partnership agreement with Dartford BC will continue in 2014/15.
Corporate Savings	20		The savings created from the Council's vacant posts are in excess of the budget profile.
Dartford Partnership Hub (SDC Costs)	-102	-156	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	110	156	External funding received that will fund SDC's share of the Benefits increased workload above.
Local Tax	7	72	The re-negotiation of the partnership agreement with Dartford BC will continue in 2014/15.
Members	10	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	-38	-10	Less funds expected from balance sheet adjustments, but expect underspends elsewhere in this area to compensate.
Performance Improvement	16		The variance is as a result of 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.
Support – Finance Function	18	19	Additional costs of debit/credit card transactions.
Salaries	-15	-207	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

The start of the Single Fraud Investigation Service in February 2016 and the change to Universal Credit will affect the way that Fraud and Benefits are delivered in the future.

Chief Finance Officer August 2014

Housing – July 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	11		Awaiting an outstanding invoice for CAB which has been chased up.
Private Sector Housing	15		External post vacant and interviews taking place next week.
Salaries – Ext Funded	11		This is external funding and does not affect Council budgets.
Capital – Improvement Grants (West Kent & SDC)	124		It is difficult to predict when works will be completed. Bottom line correct.

Future Issues/Risk Areas

Chief Housing Officer
August 2014

Legal & Governance – July 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)
Support – Legal Function	23		Income generated from s.106 agreements and miscellaneous sources exceeds expectations for the first quarter. However, the new CIL arrangements came into place 4th August 2014 which is likely to result in a reduction in income.

Future Issues/Risk Areas

Chief Officer Legal & Governance
August 2014

Planning Services – July 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	85		It remains the case that the overachievement on fee income is the result of a small number of high fee applications and an increase in application numbers prior to the adoption of the CIL charging schedule in August.
Salaries	42		The underspend is due to an element of part time working and posts being vacant as we go through the recruitment process.
Capital – Affordable Housing	-30		This will be financed at the end of the year from S106 planning obligations receipts.
Capital – S106 Capital	-306		This will be financed at the end of the year from S106 planning obligations receipts.

Future Issues/Risk Areas

There remains the risk that planning decisions will be challenged, either at appeal or through the Courts, and future plan making costs following the ADMP examination.

It is also likely that fee income is positively affected by the forthcoming CIL charge, and application numbers might recede once the charge is in place.

Application numbers & income will be kept under close review once the new charging schedule starts.

Chief Planning Officer
August 2014