

BUDGET MONITORING - Strategic Commentary - As at 31 August 2014

Overall Financial Position

1. Five months into the year the results to date show an overall favourable variance of £723,000.
2. The year-end position is forecast to be £199,000 better than budget; this is 1.4% 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 £187,000 at the end of August; income from legal work in connection with s.106 agreements is £14,500 ahead of profile. Income from car parking is currently £28,000 behind profile and the loss of income from Pembroke Road and Old Bligh's car parks is now showing. Early receipt of grants, for example Business Well Being Award in Environmental Health Protection £5,000 and New Burdens Grant within Performance Improvement £16,000. Income from court costs is £21,000 ahead of profile.
6. **Budgets for Premises** are currently showing favourable variances totalling £36,000 partly due to receipt of some backdated service charges. Some expenditure on Asset Maintenance work is behind profile, whilst quotes are being obtained, giving a variance of £40,000.
7. **Contracted and External services** - There has been less requirement to spend on contracted and external services in the year to date, and these budgets are currently showing a favourable variance of £80,000.
8. **Pay costs** – the actual expenditure to date on salaried staff (excluding those who are externally funded) is £196,000 below budget, but £48,000 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.

9. **Other Variances** include some savings on CCTV (transmission costs) £30,000; deferred expenditure on administrative supplies £37,000; re-negotiated arrangements with Dartford regarding the partnership agreement together with budgets for non-finance partnerships, where work is currently being contained within existing budgets accounts for current variances of £85,000.
10. **Direct Services** – Direct Services’ results show a positive variance of £70,000 compared to budget.

Year End Forecast

11. The year-end position is forecast to be £199,000 better than budget.
12. The re-negotiation of the partnership agreement with Dartford BC will continue in 2014/15.
13. Direct Services expect to achieve a surplus that is £33,000 better than budget.
14. Income from car parking is forecast to be £40,000 below budget at the year end.
15. Investment income is forecast to have a small unfavourable variance.

Future Issues and Risk areas

16. 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;

- Potential for in-year overspend on property asset maintenance costs dependant on survey works currently being scheduled for a number of assets;
- Following the introduction of retained business rates, the responsibility for payment of back dated appeals rests with this Council. The impact of any successful appeals is being closely monitored.

17. 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 – 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)
Broadband	32		It has not been possible to recruit to this post. The post has now been included in the new Economic Development and Property team budget and will be advertised this month. Any unspent funds at year end will be the subject of a request to roll over to the next financial year.
Community Safety	10		Some project costs have been delayed but should be on target again in October.
Capital – Parish Projects	25		No applications have been received for this financial year to date.

Future Issues/Risk Areas

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Lesley Bowles, Chief Officer Communities and Business
September 2014

Corporate Support – 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)
Estates Management – Buildings	33		Current overachievement due to backdated payments now received will be offset by underachievement on rental income from property no longer owned.
Support – Central Offices	52		Current overachievement due to backdated payments now received and delays to some asset maintenance works while quotes are sought.
Support – Central Offices – Facilities	14		Awaiting outstanding invoices expected last month.
Salaries	55		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
September 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	17		Savings made on structural checking fees. Budget to be adjusted to reflect shared working with T&MBC from 1 October 2014.
Car Parks	-36	-40	Income currently £27,600 below budget profile in total, and £42,000 below day ticket income profile. Loss of income from closure of Pembroke Road long stay car park, but has increased on-street parking income with motorists finding alternative on-street spaces.
CCTV	5	-15	Savings on transmission costs against profile. However, budget contains challenging income targets which will offset any savings made during the year.
EH Commercial	13		£5,000 grant received from KCC for Business well being award. Savings on hub recharges.
EH Environmental Protection	24	12	Savings on air quality consultancy costs.
Land Charges	33	30	Income £36,000 above income budget profile. Additional resources may need to be found, on a temporary basis, to improve performance levels to target.
Licensing Regime	-12	-22	Budget contains challenging income targets which will only be partly offset by savings elsewhere.
On-street Parking	29	45	Income currently £53,000 above income budget profile, principally on day tickets where due to the loss of the Pembroke Road car park, long stay on-street parking is being used as an alternative.
Refuse Collection	23	3	Income from glass recycling is currently above profile and expenditure on black sacks is currently below profile.
Support – Direct Services	10		Savings on internal printing (linked to Communications campaign); mobile phones and training. Driver and manual handling training to be delivered later in the year.
Salaries – Operational Services	48	48	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	-16		CEO vacancy now filled. Net effect shown in on-street parking account.
Capital – Vehicle Purchases	149		Vehicle replacement programme now starting to receive delivery of new vehicles. Programme will be delivered within agreed budget. Any underspend is carried forward into the vehicle replacement fund.

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 – Refuse	13	6	Fuel costs £8,000 below budget profile. Income on paid bulky items above budget profile.
Direct Services – Street Cleaning	31	39	Savings on salaries due to vacancies. Savings on fuel costs.
Direct Services – Trade	-17	-26	Over expenditure on disposal charges (£130/tonne). Trying to source cheaper disposal options.
Direct Services – Workshop	23	25	Income £27,000 above budget profile mainly on vehicle repairs. Savings on salaries due to Supervisor vacancy. Now filled internally, leaving another internal vacancy.
Direct Services – Green Waste	27	1	Income £34,000 above budget profile through sale of permits and sacks. Expenditure slightly above profile on agency staff and vehicle repairs.
Direct Services – Cesspools	0	-12	Income slightly below profile. Forecast to only break even by year end.
Direct Services – Trading Accounts	70	33	Income £39,000 above budget profile, expenditure £30,000 below profile.

Future Issues/Risk Areas

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

Financial 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)
Benefits Admin	3	47	The re-negotiation of the partnership agreement with Dartford BC will continue in 2014/15.
Corporate Management	17	22	There has been no requirement to spend on consultants or services budgets for the year to date and charges for audit fees are below profile.
Corporate Savings	32	27	The savings created from the Council's vacant posts are in excess of the budget profile and expected spend on market premiums is beneath budget for the year.
Dartford Partnership Hub (SDC Costs)	-108	-217	Additional resources to help address the Benefits increased workload and to be proactive in contacting Council Tax Support customers. The funding of this additional cost will be shared with Dartford BC.
Dartford Partnership Implementation & Project Costs	118	217	External funding received that will fund SDC's share of the Benefits increased workload above.
Local Tax	59	72	The re-negotiation of the partnership agreement with Dartford BC will continue in 2014/15.
Members	12	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	-86	-67	Feasibility studies for property investment projects.
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	23	25	Work on non finance partnerships is currently being contained within original resources.
Salaries	-3	-265	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 September 2014

Housing – 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)
Housing	12	6	Chasing up the CAB's for late invoices.
Housing Option – Trailblazer	-13		Income from contracts will offset this amount as no cost to SDC budgets.
Private Sector Housing	15	3	This is an externally funded post and will not affect Council budgets.
Salaries	10	12	Two posts still not filled (difficulty recruiting) and one post reduced to trainee with less costs attached.
Salaries – Ext Funded	11	10	DFG Support Officer post only filled since August 14 th . This is externally funded and will not affect Council budgets.
Capital – Improvement Grants	111	70	It is difficult to predict when works will be completed. However, please see Future Issues /Risk Areas below.
Capital – WKHA Adaps for Disabled	96		It is difficult to predict when works will be completed but bottom line for WKHA is on track.

Future Issues/Risk Areas

The current grant from the DCLG is £410k and SDC's contribution has reduced over the years to £107k per annum. We anticipate an underspend this financial year as some applications have not proceeded (change of circumstances etc). Also KCC occupational therapy bureau has changed its processes which have affected us. There have also been two vacant posts in the Housing Standards team. The in-house DFG team will be very effective but it has been working with two vacancies for a while now (one now filled and the other reduced to trainee) as it has been difficult to recruit to. The new enhanced DFG admin post will now be actively promoting the service, however due to the difficulty in filling the post we will be predicting a saving of between £70k-£100k for this financial year. The review of the in-house DFG process will therefore be extended by 6 months to June 2015, before a report is written with options as to how the service is provided going forward.

**Chief Housing Officer
September 2014**

Legal & Governance – 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)
Admin Expenses – Legal & Governance	9	13	Due to the continued reduction in Committee reports and the reduction in paper copies distribution we anticipate an underspend on internal printing.
Support – Legal Function	24		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. There is currently a part time vacancy the savings of which will be held to cover any additional staffing costs within the Election team.

Future Issues/Risk Areas

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**Chief Officer Legal & Governance
September 2014**

Planning 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)
LDF - Expenditure	-2	-86	Rather than funding policy work from the LDF reserve we will make use of the in year overachievement in fee income.
Planning – Appeals	17	-3	The favourable position is due to an underspend on legal and consultants fees. This position is however likely to change due to recent (as yet not invoiced) and forthcoming appeals.
Planning – Development Management	115	118	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. Applications are c15% up on the same period last year.
Planning - Enforcement	5	13	This is a result of a vacant post.
Planning Policy	12	-44	Rather than funding policy work from the LDF reserve we will make use of the in year overachievement in fee income.
Salaries	56	90	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	-33		This will be financed at the end of the year from S106 planning obligations receipts.
Capital – S106 Capital	-454		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 incoming CIL charge, and application numbers might now recede. Application numbers & income will be kept under close review.

**Chief Planning Officer
September 2014**