

BUDGET MONITORING - Strategic Commentary - As at 30 September 2014

Overall Financial Position

1. Six months into the year the results to date show an overall favourable variance of £873,000.
2. The year-end position is forecast to be £333,000 better than budget; this is 2.2% of the net budget for the year.
3. Both the results to date and forecasts include any significant accruals.
4. Officers have set a target favourable variance of between £400,000 and £500,000 in 2014/15 to enable:
 - funds to be put aside for development projects and asset maintenance;
 - funding of a Housing Needs Survey; and
 - in light of budget pressures expected in 2015/16, any further favourable variance to be applied to the Budget Stabilisation Reserve.

Key issues for the year to date

5. **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.
6. **Income** from Planning, Building Control, Land Charges and On Street Parking are showing a combined favourable variance of £216,000 at the end of September. Income from legal work in connection with s.106 agreements is £13,000 ahead of profile. Income from car parking is currently £30,000 behind profile and the loss of income from Pembroke Road and Old Bligh's car parks is now showing. A grant of £97,000 has been received for the Transformation Challenge and will be used for efficiency work in Building Control.
7. **Budgets for managed premises** are currently showing favourable variances totalling £24,000 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 £33,000.
8. **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 £85,000.

9. **Pay costs** – The actual expenditure to date on salaried staff (excluding those who are externally funded) is £260,000 below budget, but £61,000 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 Communities and Business, 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.
10. **Other Variances** include some savings on CCTV (transmission costs) £27,000; deferred expenditure on administrative supplies £31,000; 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 £112,000.
11. **Direct Services** – Direct Services' results show a positive variance of £78,000 compared to budget.

Year End Forecast

12. The year-end position is forecast to be £333,000 better than budget.
13. The re-negotiation of the partnership agreement with Dartford BC will continue in 2014/15.
14. Direct Services expect to achieve a surplus that is £101,000 better than budget.
15. Income from car parking is forecast to be £60,000 below budget at the year end.
16. Budgets for Discretionary Rate Relief (£106,000) are no longer required and this is offered as a SCIA saving for 2015/16 (SCIA 9).
17. Investment income is forecast to have a small unfavourable variance.

Future Issues and Risk areas

18. 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;
- It has proved difficult to recruit to some vacant posts especially in Planning and Communities and Business;
- 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.

19. 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 – September 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	39		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 has been advertised. Any unspent funds at year end will be the subject of a request to roll over to the next financial year.
Leisure Contract	11	73	The variance to date covers the latent demand study for Sevenoaks, currently taking place, and the leisure strategy being commissioned. The £73k budget for Discretionary Rate Relief is not required.
Capital – Big Community Fund	-13		All expenditure on this code will be drawn down from the earmarked reserve at the year end.
Capital – Parish Projects	30	61	No projects have been identified to date and are unlikely to come forward before the year end.

Future Issues/Risk Areas

The Economic Development budget may overspend due to set up costs for the new Economic Development & Property team. This is being monitored.

Lesley Bowles, Chief Officer Communities and Business
October 2014

Corporate Support – September 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	24		Over-achieved on income due to back-dated charges.
Support – Central Offices	51		Current budget reflects income related to backdated charges
Support – Central Offices – Facilities	20		Current underspend on salaries due to vacant posts not yet been filled. Awaiting invoices expected in September but not yet received
Support – General Admin	-12		Underachievement on internal printing offset by print underspend in Elections and Democratic Services.
Support – Human Resources	24		Secretarial review in process, savings on salary may be used for extra secretarial support. Underspend on training lower than expected due to courses not yet booked.
Salaries	72		Underspend due to current vacancies in Contact Centre, IT and HR and FM possibly to be offset by alternative resourcing options.

Future Issues/Risk Areas

**Chief Officer Corporate Support
October 2014**

Environmental & Operational Services – September 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	22		Savings made on structural checking fees. Budget to be adjusted to reflect shared working with T&MBC from 1 October 2014.
Building Control Partnership	97		Transformation grant received from DCLG in respect to IT Integration for shared working with T&MBC on Building Control.
Car Parks	-34	-60	Income currently £30,000 below budget profile in total, and £42,000 below profile on day ticket income. Loss of income from closure of Pembroke Road car park, but has increased on-street parking income with motorists finding alternative on-street spaces.
CCTV	1	-15	Savings on transmission costs against profile. However, budget contains challenging income targets which will offset any savings made during the year.
EH Animal Control	-3	-8	Overspend on kennelling fees for stray dogs not collected by owners.
EH Commercial	12		Savings on hub costs due to reduced working hours for one EHO. Catch-up volume food inspections to be undertaken by agency staff. £5,000 grant received from KCC for business well being award.
EH Environmental Protection	17	20	Savings on air quality consultancy costs.
Land Charges	34	30	Income £39,000 above budget profile. Additional part time resources to be engaged to improve performance levels to target.
Licensing Regime	-5	-22	Budget contains challenging income targets which will only be partly offset by savings elsewhere.
On-Street Parking	30	60	Income currently £65,000 above profile principally on day tickets where due to loss of Pembroke Road car park long stay on-street parking is being found as an alternative.
Parks and Recreation Areas	-2	-20	Expenditure required on Bradbourne Lakes.
Public Conveniences	-5	-12	As a result of the closure & transfer of public conveniences there is a gap in the income budget.
Refuse Collection	15	15	£19,600 grant received from Salvation Army to cover one additional day working for recycling assistant which will be offset by salary costs. Income from glass recyclate 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)
Salaries – Building Control	10		Vacancies in team covered by agency surveyors. Joint working with T&MBC commenced 1 October 2014.
Salaries – Operational Services	61	61	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	-17		CEO vacancy now filled. Net effect shown in on-street parking account.
Capital – Vehicle Purchases	183		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.
Direct Services – Refuse	26	26	Fuel costs £10,000 below budget profile. Savings on salary costs due to vacancies only partly offset by agency staff costs. Income above target on paid bulky items.
Direct Services – Street Cleaning	35	59	Savings on salaries due to vacancies. Savings on fuel and other vehicle costs.
Direct Services – Trade	-33	-35	Over expenditure of £34,000 in total, mainly on disposal charges (£130/tonne). Now delivery direct to Allington Waste To Energy and less than £100/tonne.
Direct Services – Workshop	34	40	Income £34,000 above profile mainly on vehicle repairs. Savings on salaries due to Supervisor vacancy, now filled internally, with agency staff to cover any unmet supply.
Direct Services – Green Waste	30	36	Income £52,000 above profile through sale of permits and sacks. Expenditure slightly above profile on supplies (purchasing bins and sacks), agency staff costs and vehicle repairs.
Direct Services – Depot	-5	-20	Income £10,000 below profile from work from two man construction team.
Direct Services – Trading Accounts	78	101	Income £60,000 above profile. Expenditure £18,000 below profile. Current surplus £205,000.

Future Issues/Risk Areas

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Chief Officer Environmental & Operational Services
October 2014

Financial Services – September 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	6	47	The re-negotiation of the partnership agreement with Dartford BC will continue in 2014/15.
Corporate Management	42	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	51	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)	-112	-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	140	217	External funding received that will fund SDC's share of the Benefits increased workload above.
External Communications	12		The positive variance in the Communications budget is attributable to savings made on the salaries budget and a delay in receipt of an invoice for the design and print of the Council's magazine, In Shape.
Local Tax	115	72	The re-negotiation of the partnership agreement with Dartford BC will continue in 2014/15.
Members	14	29	Some Members do not claim their full allowance and the rules state that Members cannot claim more than one Special Responsibility Allowance.
Misc. Finance	-199	-143	Budget for Discretionary Rate Relief not required. Costs associated with development projects are included here.
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 – Audit Function	-10	-2	Contribution to vacancy pot due to two vacant posts. Temporary staff have been appointed to part fill these posts.
Support – Finance Function	28	15	Work on non finance partnerships is currently being contained within original resources.
Salaries	-14	-264	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.

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 – LGA Municipal Bonds Agency	-20	-20	Contribution to set up costs of the Agency agreed after the budget was set.

Future Issues/Risk Areas

Benefit Fraud will move to the DCLG in February 2016. A grant bid has been written to fund a corporate fraud team with Dartford BC to increase fraud work on Council Tax.
It remains uncertain when Universal Credit will impact on this Council.

Chief Finance Officer
October 2014

Housing – September 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	13	6	Invoices only just received from CAB will now be paid in October hence the underspend.
Private Sector Housing	12	3	Staff vacancies in the team are now being filled.
Salaries	13	12	There have been staff vacancies across the teams during this year, both internal and externally funded.
Salaries – Ext Funded	10	10	External funding and does not affect Council budgets.
Capital – Improvement Grants	125	70	It is difficult to predict when works will be completed.
Capital – WKHA Adaps for Disabled	87		WKHA are sure they will spend their budget but, as above, it is difficult to predict when works will be completed.
Capital – SDC / RHPCG	-14		External funding and does not affect Council budgets.

Future Issues/Risk Areas

We still anticipate an underspend at the end of the year on the DFG budget (now in-house) as explained in last month's commentary. However, we are now actively promoting the scheme with staff in place and this may reduce the predicted underspend.

Chief Housing Officer
October 2014

Legal & Governance – September 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	7	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	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. 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

Chief Officer Legal & Governance
October 2014

Planning Services – September 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	-18	-56	Rather than funding policy work from the LDF reserve we will make use of the in-year overachievement in fee income.
Planning – Appeals	21	10	This variance is a result of underspending on consultants and legal costs. However this is offset by costs awarded against the Council at a recent appeal at New Beacon School offset by an expenditure on a forthcoming public inquiry
Planning – Development Management	147	165	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	9	12	This is a result of a vacant post.
Planning Policy	19	-44	Rather than funding policy work from the LDF reserve we will make use of the in year overachievement in fee income.
Salaries	74	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	-158		This will be financed at the end of the year from S106 planning obligations receipts.
Capital – S106 Capital	-537		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.
It is anticipated that the ADMP examination will cost less than initially forecast.
Fee income on applications and pre-apps continues to overachieve. Application numbers & income will be kept under close review.
The underspend on salaries is in part due to unsuccessful recruitment attempts.

Chief Planning Officer
October 2014