

## BUDGET MONITORING - Strategic Commentary - As at 31 May 2015

### Overall Financial Position

1. Two months into the year the results to date show an overall favourable variance of £105,000.
2. The year-end position is forecast to be £358,000 better than budget; just under 2.5% 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. **Property Investment Strategy Income** – this is a new income source and represents income derived from the recent acquisitions of commercial property.
5. **Income** from On Street parking and Planning are ahead of budget at the end of May but Planning income for April included the fee for Fort Halstead. Other major income sources are currently below profiled budgets.
6. **Pay costs** – the actual expenditure to date on salaried staff (excluding those who are externally funded) is £24,000 below budget, but £10,000 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.
7. **Other** – Direct Services' results show a positive variance of £43,000 compared to budget.

### Year End Forecast

8. The year-end position is forecast to be £358,000 better than budget.
9. The most significant item contributing to this favourable year end variance is income from commercial rents from the recent Property Investment Strategy acquisitions.
10. Investment income from treasury activity is a small unfavourable variance.

## Future Issues and Risk areas

11. 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:

- Some posts are proving difficult to fill and there are some vacancies;
- Asset Maintenance costs may increase;
- Universal Credit will impact on this council from October 2015;
- Benefit Fraud will move to the DCLG in February 2016. It is the intention to have a corporate fraud function after that date;
- The vulnerability criteria for accepting homeless people in need has been widened by Government and this may well increase the number of homeless people and have a negative impact on the budget;
- There remains the risk that planning decisions will be challenged, either at appeal or through the Courts.

12. Planned savings for 2015/16 total £533,000, including efficiency savings, particularly from partnership working, and from additional income generation and these will be risk areas for the current and for future years.

13. Grant funding to local government has been reducing and this is a non-protected area and must be considered vulnerable in the future. Further information about government plans for future funding is expected to be announced in the Spending Review this autumn.

### Contacts:

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## Communities and Business – May 2015 Commentary

Service	Variance to date £'000 (Minus is bad news)	Forecast Annual Variance £000	Explanation of variance and action planned
Salaries	18		New Economic Development Property team not yet fully staffed. No applicants for Property Surveyor position post, to be re-advertised. New Economic Development Officer has been appointed with start date to be agreed. Project Co-ordinator interviews under way.
Capital – Investment Properties	290		Acquisitions of Suffolk House and Swanley Petrol Filling Station - to be funded from the Property Investment Fund at year end.

Future Issues/Risk Areas

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**Chief Officer Communities and Business  
June 2015**

## Corporate Support – May 2015 Commentary

Service	Variance to date £'000 (Minus is bad news)	Forecast Annual Variance £000	Explanation of variance and action planned
Asset Maintenance Hever Road	-16		Current overspend due to increased asset maintenance costs. This area is currently under review.
Asset Maintenance IT	25		Spend as per IT Asset Maintenance plan.
Estates Management – Buildings	-2	-13	Under achievement on income due to cessation of contract with Tandridge DC for asset management of their buildings.
Support – Contact Centre	10		Current variance due to staff turnover and posts which are vacant at present.
Support – General Admin	26		Print income greater than profile for April/May. To be reviewed as year progresses.
Salaries	25		Current variance due to staff turnover and posts which are vacant at present.

Future Issues/Risk Areas

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**Chief Officer Corporate Support  
June 2015**

## Environmental & Operational Services – May 2015 Commentary

Service	Variance to date £'000 (Minus is bad news)	Forecast Annual Variance £000	Explanation of variance and action planned
Building Control	24	-36	Fee income £16,000 below profile, mainly on site inspection income, some as a result of late invoicing. Budget contains £36,000 income from previous shared management arrangement, which will not be realised as full shared working with T&MBC commenced in October 2014.
Car Parks	-13		Income £8000 below target overall and £13,000 below on pay & display. Business rates on Bligh's Meadow £4000 above profile.
Car Parking – On-street	13		Income £10,000 above budget profile.
Salaries – Operational Services	10		Underspend on salaries in Direct Services due to vacancies, partly offset by expenditure on agency staff to maintain refuse collection services.
Capital – Vehicle Purchases	-46		Budget to be re-profiled to anticipate delivery of vehicles later in the year.
Direct Services – Refuse	24		Income on paid bulky items above profile. Savings on salaries, agency costs, fuel and transport costs.
Direct Services Trading Accounts – Overall	24		Surplus at end of May is £46,000, £43,000 over profile. Income £14,000 above profile and expenditure £28,000 below profile.

Future Issues/Risk Areas

**Chief Officer Environmental & Operational Services  
June 2015**

## Financial Services – May 2015 Commentary

Service	Variance to date £'000 (Minus is bad news)	Forecast Annual Variance £000	Explanation of variance and action planned
Administrative Expenses – Finance	-11		Annual subscription to CIPFA Finance Advisory Network and VAT advice.
Corporate Savings	-17		The savings created from the Council's vacant posts are less than the budget profile. This will expect to decrease as the year goes on as the turnover of staff continues.
Dartford Partnership Hub (SDC Costs)	-53		Additional resources to help address the Benefits workload and to be proactive in contacting Council Tax Support customers. The funding of this additional cost will be shared with Dartford BC with the SDC element funded from the agreed carry forward.
Members	23		During May, existing Members were only paid up to election day. Payment for the remainder of May will be made in June.
Misc. Finance	-25		Costs associated with development projects are included here.
Support – Finance Function	13	12	Work on non finance partnerships is currently being contained within original resources.
Salaries	-4	-273	Agency staff are being used to help address the Benefits workload and to be proactive in contacting Council Tax Support customers. The funding of this additional cost will be shared with Dartford BC with the SDC element funded from the agreed carry forward.

### Future Issues/Risk Areas

Benefit Fraud will move to the DCLG in February 2016. It is the intention to have a corporate fraud function after this date. Universal Credit will impact this Council from October 2015.

**Chief Finance Officer  
June 2015**

## Housing – May 2015 Commentary

Service	Variance to date £'000 (Minus is bad news)	Forecast Annual Variance £000	Explanation of variance and action planned
Housing	-11		Two temporary staff were employed to deal with a special project and work backlog. One has left and one will leave end of June 2015.
Salaries	-12		Two temporary staff were employed to deal with a special project and work backlog. One has left and one will leave end of June 2015.
Capital - Improvement Grants	16		It is difficult to predict when works are to be completed but bottom line should be correct.
Capital – WKHA Adaps for Disabled	32		It is difficult to predict when works are to be completed but bottom line should be correct.
Capital - SDC / RHPCG	-11		This is external funding and will not affect Council budgets.

### Future Issues/Risk Areas

The vulnerability criteria for accepting homeless people in need has been widened by Government and this may well increase the number of homeless people and have a negative impact on the budget. To update when more is known.

**Chief Housing Officer  
June 2015**

## Legal & Governance – May 2015 Commentary

Service	Variance to date £'000 (Minus is bad news)	Forecast Annual Variance £000	Explanation of variance and action planned
Salaries	-13		Additional resources to cover the increased workload as a result of the Individual Electoral Registration (IER) and the triple election process. The need for additional resources is depleting.

### Future Issues/Risk Areas

Additional resources are required to meet the pressures of IER. It has also been necessary to cover the vacant Legal Services Manager with a temporary agency member of staff.

**Chief Officer Legal & Governance  
June 2015**



## Planning Services – May 2015 Commentary

Service	Variance to date £'000 (Minus is bad news)	Forecast Annual Variance £000	Explanation of variance and action planned
Planning – Development Management	46		This is principally the result of the application fee for the Fort Halstead proposals.
Capital – Affordable Housing	-33		This will be financed at the end of the year from S106 planning obligations receipts. Payments include:- Contribution to Rural Housing Enabler, Housing Discretionary, Sevenoaks Almshouses and Edenbridge Housing Needs Survey.

### Future Issues/Risk Areas

There remains the risk that planning decisions will be challenged, either at appeal or through the Courts.

**Chief Planning Officer  
June 2015**