

BUDGET MONITORING - Strategic Commentary - As at 29 February 2012

Overall Financial Position

1. Eleven months into the year the results to date show an overall favourable variance of £342,000, a similar position to the previous month.
2. The year-end position is forecast to be £50,000 better than budget; a slightly worse position than the previous month.

Key Issues for the year to date

3. **Income** – investment income is performing above target and is forecast to be better than budgeted at the year-end. This is due to higher than estimated balances and slightly higher rates being achieved during the year so far, and a favourable forecast is shown to reflect this improved position. However, looking forward the current rates being achieved are lower, with a consequent impact on returns.
4. Looking at the other main income sources, the position remains difficult. On-Street Parking, Building Control, Land Charges and Development Control income all continue to show adverse variances for the year to date.
5. Community Development external funding is ahead of profile, contributing to the favourable variance at present, but this will not have any impact on the year-end results.
6. **Pay costs** – the favourable trend has continued and the underspend for the year to date is now £364,000. Almost all services are showing a small underspend; in some cases these are offset by agency staff costs (particularly Direct Services), but there are a number of favourable variances forecast for year-end.
7. **Other** – Direct Services' results show an adverse variance of £71,000 compared to budget which is an improvement compared to the previous month. The reasons for the adverse variation are increased fuel and waste disposal costs as well as a shortfall in income.

Year End Forecast

8. The year-end position is forecast to be £50,000 better than budget, this is slightly worse than the previous month. Adverse variances have been forecast to reflect the adverse position for Direct Services to date, and the fact that some savings from partnership working will be achieved later than originally planned. Adverse forecasts are also shown for variable income sources such as Building Control and On-street parking. Favourable variances have been forecast for investment income and against some salary budgets.

9. There has been an increase in the higher number of homeless people in bed and breakfast but other savings are being made in Housing to largely offset this overspend.

Risk areas

10. The current economic situation continues to have a real and potential impact on the Council's finances:

- Council has recently agreed to reduce the minimum long term credit rating from AA- to A which will increase the number of institutions where funds can be placed;
- property related income such as Development Control, Building Control, Land Charges and Capital Receipts remain vulnerable and parking income is also struggling;
- the Benefits workload is continuing at a higher level than before the recession, which is having an impact on processing times (though an action plan is in place to improve performance);
- Council Tax collection rates, though currently in line with the previous year, could be affected by increased unemployment and squeezed household incomes; and
- diesel prices continue at a high level and the financial impact seen in the last financial year is continuing.

11. Staff turnover remains relatively low. This has a positive impact on service delivery but puts at risk the achievement of the vacant post saving in future years. Conversely, in some specialist areas, experienced staff are proving difficult to recruit and so temporary staff are being used to cover vacancies. Where appropriate, apprenticeships are being considered to increase the pool of trained staff.

12. Planned savings through the generation of income, particularly from new partnership working, remain risk areas for the current and for future years. However, on a positive note, the Building Control Manager partnership with Tonbridge and Malling Borough Council is now in place and the Environmental Health partnership with Dartford Borough Council has recently commenced.

Contacts:

Pav Ramewal	Director of Corporate Resources	Ext 7298
Adrian Rowbotham	Group Manager – Financial Services	Ext 7153
Helen Martin	Finance Manager	Ext 7483

Community Development – February 2012 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)
Community Development Service Provisions	15	15	This is additional income to the Council re the sale of Community Safety and health services to other Districts.
Community Safety	11	3	Project spending slightly behind profile. Corporate savings requested have been identified.
Tourism	10		Final few Invoices for tourism services awaited – will be on target at year end.
Partnership – Child (Ext Funded)	15		This is external funding received in advance and will be zero at the year end.
Partnership – Home Off (Ext Funded)	48		This is external funding received in advance and will be zero at the year end.
Choosing Health WK PCT	-15		This is external funding received and project spend is slightly ahead of profile.
Cumulative Salaries – Ext Funded	-27	-26	Income offsets this additional expenditure on externally funded salaries.
Capital – Local Strategic Partnership	-16		This relates to externally funded capital projects bid for during the year. The cost to the Council is nil. The funds have already been received by the Council and are being held in a fund until the year end.
Capital – Parish Projects	64	0	These projects are now going to commence in the next financial year.

Future Issues/Risk Areas

--

**Head of Community Development
March 2012**

Development Services – February 2012 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)
Local Development Framework	13	23	There is a variation in the salaries budget due to delay in filling a vacant post. This includes £8k towards corporate 11/12 savings. Printing costs correction – recoded to LDF expenditure.
Planning – Appeals	-5	-8	The variance is due to public inquiries (see note 2 below). There are a number of appeals completed and an estimate has been made based on current information. There is an increase in the number of public inquiries compared with recent years.
Planning – Dev. Control	-48	-42	Staff savings have been made though several staff working reduced hours and from the Planning Service Manager Trial. However, income has been below expectations in particular S106 monitoring income (by £42,000) and planning application fee income (by £38,000). We are aiming to introduce the Community Infrastructure Levy which should increase monitoring income in the medium and long term and the revised Pre-Application Charges (Cabinet 12 th April 2012).
Cumulative Salaries	42	49	Several staff worked reduced hours. Vacancy not filled at start of year. Variance is also due to the trial arrangement for the Planning Services Manager post and limited use of temporary staff.

Future Issues/Risk Areas

1. Planning fee income trends are relatively volatile.
2. Extra costs from - public inquiries at Badgers Mount; Combe Bank, Sundridge; Rowhill Road, Hextable; and a Judicial Review (Serpentine Road, Sevenoaks).
3. National announcement of increased Planning Application Fees following Government consultation has been delayed

Jim Kehoe
Head of Development Services
March 2012

Environmental & Operational Services – February 2012 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)
AMF Public Toilets	10		Works ordered to replace the floor of the gents toilets at Sevenoaks bus station.
Building Control	-80	-91	Income £88,000 below budget for statutory work. Forecast total income for year £370,000 against an income budget of £480,000. Estimated £32,000 savings on structural checking. Budget includes £34,000 for sharing Building Control Manager with Tonbridge and Malling Borough Council on a 50:50 basis. This arrangement commenced on 3 rd October 2011, (£21,000 shortfall).
Car Parks	4	10	Income £14,000 above budget profile. NNDR charge for full year £13,000 above budget. Expenditure on winter maintenance (gritting) in January and February 2012.
CCTV	-35	-39	Budget contains £48,000 unidentified income, including police contribution, which will not be received. Savings on transmission costs.
Clean Air	22	21	Income budget will not be received from LAPC registration, based purely on number of premises. Forecast savings on consultants, as detailed assessment will not be undertaken until 2012/13.
On-Street Parking	-37	-36	Income only £5,000 below budget profile, but expenditure incurred in implementing the Knockholt pay and display scheme. Will not be fully offset by income by March 2012.
Estates Management – Grounds	10	10	Savings on maintenance costs, partly offsets overspend on maintenance on parks and recreation areas.
Licensing - Health	-6	-7	Vet inspections and recharge.
Licensing Partnership Hub (Trading)	39		Savings on hub costs for full year estimated at £32,000, of which SDC's 'share' approximately £10,000. <i>(This saving is reflected within the budget heading "Licensing Regime" on the statement – Finance).</i>
Licensing Regime	-36	-39	Income from fees slightly above budget. Budget contains £47,000 unidentified income from new partners and other unidentified income. Savings achieved in Licensing hub costs which are reflected in the forecast outturn figure.
Parks & Rec. Grounds	-31	-33	Budget contains additional income of £20,000 from Hollybush Bowls Club for rent to reflect actual cost of maintaining green, (or the transfer of the green with full maintenance liability). Negotiations underway, and transfer agreed, in principle, but not to take effect until April 2012. Maintenance costs above budget on Bradbourne Lakes, closed churchyards, Sevenoaks Environmental Park and Swanley sites.

Service	Variance to date £'000 (Minus is bad news)	Forecast Annual Variance £000	Explanation of variance and action planned (including changes from previous month)
Parks – Rural	29	30	Small savings on a number of budget headings.
Public Health	-74	-75	Budget contains £100,000 savings for implementation of shared working with Dartford Borough Council, (£8,333/month). Implementation will not be until April 2012. Some savings achieved on this budget by not filling vacant posts pending agreement.
Refuse Collection	4	50	Additional expenditure incurred to maintain weekly collecting over Christmas, (New Year period, worked three Bank Holidays). Third quarter recycling credits claim not yet received.
Street Naming	8	8	Income above budget and savings on installation costs.
Street Cleansing	7	8	Savings on transport charges and services.
Support – Direct Services	23	10	Savings on internal printing and mobile phones. Savings currently on training, but courses ordered on driving CPD and Health and Safety.
Taxis	22	20	Income currently £29,000 above budget profile mainly on drivers licences. Some small overspends forecast elsewhere.
Air Quality (Ext Funded)	21		Externally funded project unspent monies will be rolled forward to next year. <i>[Finance]</i>
Cumulative Salaries – Operational Services	132		Any savings on Direct Services salaries reflected in trading account position, offset by expenditure on agency staff to maintain services.
Cumulative Salaries – Environmental Health	36	30	Savings on salaries reflected in Environmental Health service budgets.
Cumulative Salaries – Licensing	11	-3	Savings on salaries reflected in Licensing budgets.
Cumulative Salaries – Parking & Amenity Services	32	31	One Civil Enforcement Officer post not filled and now deleted from the establishment. Reflected in service budgets for car parks and on-street parking.

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 – Playground Improvements	10	15	Work complete on Edenbridge Playground. Contribution of £40,000 received from external funding.
Capital – Vehicle Purchases	474		Delays in new vehicle deliveries. Vehicle replacement programme will be achieved. Any in year underspends are carried forward into the Vehicle Replacement Fund.
Direct Services Trading Account	-68	0	Much better situation than at end of January 2012. Income received from winter maintenance operations. Profit at end of February 2012 is £3,572 against a profiled surplus of £75,000. Diesel costs £36,492 above budget. Expenditure on disposal costs (Trade Waste and Cesspools) £29,839 over budget.

Future Issues/Risk Areas

--

Richard Wilson
Head of Environmental & Operational Services
March 2012

Finance & Human Resources – February 2012 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)
AMF Argyle Road	18		Timing difference only, no impact expected on year end.
AMF Leisure	15		Timing difference only, no impact expected on year end.
AMF Support & Salaries	15		Outstanding payments for IT – under review.
Dartford Partnership Hub (SDC Costs)	-63		All costs for Revenues, Benefits, Audit and Fraud partnership with Dartford BC now shown together. Expenditure across both authorities on these services being combined and balance due from DBC calculated. Audit and Fraud - on budget. Income due from DBC to be charged in year-end reconciliation between the two authorities (£48k). Revenues – over budget by £12k but costs include printing and postage for DBC, which will be matched to DBC budget at year-end. Benefits - on budget, but agency costs running approximately 1 month behind, so expect a small overspend for end of year.
Estates Management – Buildings	-18	-25	As previous month, forecast reflects reduced rent and additional costs.
Markets	92	92	Forecast reflects additional income achieved.
Members	23	24	Slightly below budget on Members' allowances. Forecast reflects this but makes allowance for additional spend on IT allowance this year.
Misc Finance	-18	-18	Increased rates for 66 London Road.
Revenues & Benefits Partnership	-237		These are the implementation costs for the project that are to be shared 50:50 with DBC and funded from reserves.
Admin Expenses – Chief Executive	11	9	Small underspends across a number of headings that are expected to continue to the year-end. Forecast reflects this accordingly.
Support – Central Offices	16	18	Some energy bills received, so expenditure now more in line with forecast.

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 – Contact Centre	29	15	Underspending on staff costs but two apprentices recruited.
Support – Finance Function	40	20	Forecast reflects current underspend on pay costs. Forecast variance does not reflect full underspend due to possible need to buy in extra resources to deliver on key projects required to deliver programmed savings for 2012-13; may need to request to carry forward £15k if planned work slips into 2012/13.
Support – General Admin	11		Currently underspending on central training budget. May need to request to carry forward £15k if training planned before the year end slips into 2012/13, therefore no forecast underspend at present.
Support – Personnel	-35	-34	Reflects the use of agency staff to cover the HR Manager vacant post, which was essential to maintain an adequate HR service.
Support – Property Function	31	34	Reflects underspend on pay costs in current year (part of saving already planned for future years).
Cumulative Salaries	74	86	Underspends across a number of headings, reflected in comments above.
Capital – Sevenoaks Town Centre	151	160	Only £7k spent this year. This is an ongoing project and the budget will continue into future years as required.
Capital – Horton Kirby Village Hall	-175		To be funded from S106 monies which have already been received, no net cost to SDC.
Capital – Argyle Rd Moat Office Accommodation	-32		Rental income to be received against this cost forecast under Central Offices.

Future Issues/Risk Areas

Investment income - all usual counterparties have ratings below AA-; the remaining options for placing the Council's investments are few and the interest rate likely to be achieved for 2011/12 reduced. As from April 2012 the minimum rating requirement has been reduced to A, so previously precluded counterparties can be re-introduced.

Benefits Admin – still experiencing a very high level of activity, with an impact on performance and potentially costs.

**Head of Finance & Human Resources
March 2012**

Housing & Communications – February 2012 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)
Consultation & Surveys	15	17	There will be savings in 12/13 but for the current year this will offset an overspend on other budgets in Housing and Communications (due to recession and staffing issues).
External Communications	6	14	There will be savings in 12/13 but for the current year this will offset an overspend on other budgets in Housing and Communications.
Homeless	-89	-76	The recession in the last few months has now impacted on the Housing service in line with Kent and nationally. This has resulted in an increased use of B&B. There have also been staffing issues in the Social Housing team, now being resolved. WKHA has been decanting tenants to develop new schemes but this has impacted on the number of properties available for homeless. However, there are short and long term solutions in place and the use of B&B is reducing accordingly. The overspend of the B&B budget is around £70,000 year end, but external funding, delaying projects, and savings in other budgets have reduced the overall position on Housing & Communications to £16,000 forecast overspend.
Housing	-16	-1	This is mainly due to employing agency staff during a time of vacancies in Social Housing. The cost will be fully met from existing budgets.
Housing Initiatives	10	12	The underspend is due to delaying projects to help offset the B&B overspend .
Private Sector Housing	26	25	These are savings created by amalgamating posts such as a Housing Standard/Energy Efficiency post. This will create savings in 12/13 and this year has helped to offset B&B overspend.
Support – General Admin	11	6	There is an underspend in the Communications budget which will create a saving in 12/13 but this year has helped towards the B&B overspend.
Cumulative Salaries	-31	-25	As in Private Sector Housing above.
Cumulative Salaries – Ext Funded	16	11	Externally funded and not from Council budgets.
Capital – Improvement Grants	366		It is difficult to predict when works will be completed but the year end forecast is correct.

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 – WKHA Adaps for Disabled	-176		It is difficult to predict when works will be completed but the year end forecast is correct.
Capital – RHPCG 10-11 SDC	-42		External funding and nil cost to SDC
Capital – Hever Road Gypsy Site	-124		External funding and nil cost to SDC
Capital – Hever Road Gypsy Site – Bomb Disposal	-19		There will be no external funding but it is hoped that cost will be met from existing external funding and existing budgets.

Future Issues/Risk Areas

--

Head of Housing & Communications
March 2012

IT & Facilities Management – February 2012 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)
AMF IT	101		Year-end position expected to be as forecast as per 10 year plan. Surplus funds in current financial year are to be rolled forward as agreed by Council in December 2010. Ten year plan accounts for this money to be spent but in future years.
Support – Central Offices – Facilities	34	12	£2k underspend on salaries due to staff turnover and new staff on lower spinal column points that those that have left. £10k underspend made up savings from corporate stationery and other small savings across multiple budgets.
Support – General Admin	13	-17	Under achievement on internal print income. £10k underspend forecast from Legal Services print income, £5k underspend forecast from Direct Services print income.
Support – IT	91		Current underspend due to items that should be asset maintenance being coded incorrectly.
Cumulative Salaries	13	13	£2k underspend on salaries due to staff turnover and new staff on lower spinal column points that those that have left. £10k underspend made up savings from corporate stationery and other small savings across multiple budgets. The forecast underspend figure of £13k is due to rounding on the above figures.

Future Issues/Risk Areas

--

Head of IT & Facilities Management
March 2012

Legal & Democratic Services – February 2012 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)
Corporate Management	8	69	The positive variance is due to a current underspend against profile on Audit Fees with some invoices not yet received. It is forecast that Audit Fees will be lower than first anticipated and this is reflected in a revised forecast for that budget line.
Corporate Savings	31	-32	Vacant Posts savings target for 2011/12 will be exceeded at year end by an estimated £9.5k, which will reduce the year end variance to £32k. The adverse variance across the Corporate Savings budget has occurred due to a proportion of the savings due to be realised in the next financial year.
Equalities Legislation	4	4	A small, positive variance of £4k will occur in the Equalities legislation budget. It is proposed that the budget is forecast at year end to be £12,548 as a result of partial year savings where the Equalities Officer was shared with an additional authority.
Register of Electors	13	13	Reductions in canvass costs primarily plus various administrative items.
Support – Legal Function	-39	-39	Unlikely to receive full amount against income budget for S106 work of £30k. Now expecting similar income levels to 2010/11 of £5k. Market conditions not conducive to raising income from S106 agreements. Unlikely to achieve income budgets – see note on salaries below.
Cumulative Salaries	61	53	Underspend on salaries, offsetting non receipt of income from sharing staff with Tonbridge and Malling (Legal) and Maidstone (Democratic Services). Recruitment delays in filling some posts has helped to offset difficulty in achieving income budget within Democratic services. Payments to canvassers which were made via payroll to ensure correct accounting for tax and NI (budget exists for this in Electoral Registration (canvass fees).
Capital – Modern Govt Document Management System	14		Working in conjunction with Dartford to achieve economies of scale. Expect to go live shortly.

Future Issues/Risk Areas

Income from land charges searches (budget of £185k) remains a very high risk area. National legal action now underway in relation to Personal Search companies recouping monies expended under previous legislation.

Head of Legal & Democratic Services March 2012