

BUDGET MONITORING - Strategic Commentary - As at 31 August 2011

Overall Financial Position

1. Five months into the year the results to date show an overall favourable variance of £183,000, a reduction when compared with the previous month.
2. The year-end position is forecast to be £54,000 worse than budget; an improvement on the previous month, and represents less than 0.5% of the Council's net budget.

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, and a favourable forecast is shown to reflect this improved position.
4. Looking at the other main income sources, the position remains difficult. Although Car Park income shows a small favourable variance to date, it has had three months of below budget income. Building Control, Land Charges and On-street Parking continue to show adverse variances.
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** - these are £180,000 favourable for the year to date. Almost all services are showing a small underspend, with a number of favourable variances forecast for year-end.
7. **Other** –Direct Services' results show an adverse variance of £60,000, due to increased fuel and waste disposal costs.

Year End Forecast

8. Five months into the year, the year-end position is forecast to be £54,000 worse than budget, a significant improvement when compared with the previous month. Adverse variances have been forecast to reflect the fact that some savings from partnership working are not expected to be achieved for the full year and for variable income sources such as Building Control and On-street parking. Favourable variances has been forecast for investment income and against some salary budgets.

9. Heads of Service are looking to remove the remaining small adverse forecast. If the same value of savings is not achievable within a Head of Service area, Management Team and Heads of Service will make other savings across the Council to ensure that the year-end position is within budget.

Risk areas

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

- property related income such as Development Control, Building Control, Land Charges and Capital Receipts remain vulnerable;
- 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 partnership working, remain risk areas for the current and for future years.

Contacts:

Pav Ramewal	Director of Corporate Resources	ext 7298
Tricia Marshall	Head of Finance and HR	ext 7205
Adrian Rowbotham	Finance Manager	ext 7153

Community Development – August 2011 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)
Partnership – Child (Ext Funded)	22		Partnership funding received in advance.
Partnership – Home Off (Ext Funded)	36		Partnership funding received in advance (including £12K from Choosing Health – see note below).
Choosing Health WK PCT (Ext Funded)	-25		Some Choosing Health projects have been delivered ahead of schedule (£12K). Some income has been credited to Partnership Home Office rather than Choosing Health because it is being delivered through the Community Safety Partnership (drugs and alcohol work) - £12K.
Capital – Local Strategic Partnership	-10		This relates to externally funded capital projects bid for during the year. The cost to the Council is nil at year end and the funds have already been received by the Council.
Capital – Parish Projects	21		Potential for £10K spend this financial year.

Future Issues/Risk Areas

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**Head of Community Development
September 2011**

Development Services – August 2011 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	39		The variance is in part due to a variation from the profiled budget in the payment of grants to external bodies for which we expect to receive payment requests this year. There is also a variation in the salaries budget due to delay in filling a vacant post.
Planning – Dev. Control	23		There are currently several staff working reduced hours. Vacancy not filled at start of year and salary profiling to be updated. Planning Fee Income also increased significantly during the month.
Cumulative Salaries	49		There are currently several staff working reduced hours. Vacancy not filled at start of year and salary profiling to be updated. Variance is also due to the trial arrangement for the Planning Services Manager post.

Future Issues/Risk Areas

Planning fee income trends are relatively volatile.
Anticipate extra costs from public inquiries at Badgers Mount, Combe Bank Cemetery, Four Winds - Westerham and a Judicial Review (Serpentine Road, Sevenoaks).

**Head of Development Services
September 2011**

Environmental & Operational Services – August 2011 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	-46	-41	Income £37,000 below budget profile for Statutory Work. Forecast total income for year £430,000 against an income budget of £480,000. Estimated £30,000 savings on structural checking budget. Budget includes income of £34,000 for sharing Building Control Manager with Tonbridge and Malling Borough Council on a 50:50 basis. This arrangement will commence in October 2011 (£21,000 shortfall).
Clean Air	17		£20,000 for use of Consultants profiled to have been spent, but will be spent later in the year.
On Street Parking	-24	-50	Income £22,974 below profile due mainly to day tickets and penalty charge notices.
Licensing Regime	-16	-30	Budget contains £30,000 (profile £12,500) for bringing two new partners into the Licensing Partnership – new Partners not yet identified.
Parks & Recreation Grounds	-18	-20	Budget contains additional £20,000 income from Hollybush Bowls Club for rent to reflect actual cost of maintaining bowls green (or the transfer of the green with full maintenance liability). Negotiations underway and likely to be transferred but not until April 2012. Other additional costs offset by savings on Estate Management grounds budget.
Parks – Rural	12	10	Small savings over a wide range of budget headings.
Public Health	-37	-80	Budget contains £100,000 saving for implementation of shared working arrangement with Dartford Borough Council (£8,333/month). Full implementation will not be achieved this financial year. Some savings achieved on this budget by not filling vacant posts pending shared working agreement. Only three months income received from Dartford Borough Council for sharing Environmental Health Manager (£7,800 outstanding).
Refuse Collection	29	20	Income above profile for recycling credits received in respect of fourth quarter in 2010/11 that were not booked back into old year (actual income received higher than estimated income to be booked back).
Support – Direct Services	15		Mainly savings on training expenses. Driver and Health and Safety training to be delivered.
Taxis	15		Income higher than profile due to driver licence income to be spread over three financial years.
Cumulative Salaries – Operational Services	30		Savings on Direct Services Salaries reflected in trading accounts, offset by expenditure on agency staff to maintain services.

Service	Variance to date £'000 (Minus is bad news)	Forecast Annual Variance £000	Explanation of variance and action planned (including changes from previous month)
Cumulative Salaries – Environmental Health	13	20	Savings on Salaries reflected in Environmental Health budgets.
Cumulative Salaries – Parking & Amenity Services	14		Savings due to deleted Civil Enforcement Officer post. Reflected in car parks and on-street parking services budgets.
Capital – Playground Improvements	13		Work on playground in Edenbridge waiting for confirmation of external funding to match Council budget for this project.
Capital – Vehicle Purchases	308		Delays on new vehicle deliveries. Vehicle replacement programme will be delivered within overall budget. Any in year underspend to be carried forward into the vehicle replacement fund.
CCTV	-9	-30	Budget contains £48,000 unidentified income. Savings made on expenditure but will not fully cover this unidentified income.
Street Naming	6	10	Additional income estimated for charging regime.
Direct Services Trading Accounts	-60	-23	Surplus at end of August £43,000 against a profiled surplus of £103,000. Diesel costs £13,000 over budget. Latest diesel cost at £1.10 per litre. Higher than budgeted cost for disposal of trade waste and cesspools.

Future Issues/Risk Areas

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Richard Wilson
Head of Environmental & Operational Services
September 2011

Finance & Human Resources – August 2011 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	21		Timing difference only, no impact expected on year end.
AMF Leisure	-16		Timing difference only, no impact expected on year end.
Dartford Partnership Hub (SDC Costs)	-78		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.
Estates Management – Buildings	-16		Timing difference only, no impact expected on year end.
Markets	35	85	Additional income obtained, reflected in forecast.
Misc. Finance	19		Slight timing difference on pension payments, no impact expected on year end.
Revenues & Benefits Partnership	-158		These are the implementation costs for the project that are to be shared 50:50 with DBC and funded from reserves.
Support – Central Offices	27	18	Underspending on energy costs by £18k, though one electricity bill of £5k outstanding. Also underspend on repair and maintenance costs, but work planned for later in the year will utilise this budget. Forecast amended to reflect likely underspend on electricity costs (£10k) plus income from Moat Housing for use of the building from 1st December 2011 (£8k).
Support – Contact Centre	27		Currently operating below establishment with lower graded staff, also transfer required from this code, which will reduce the underspend. Investigating the use of apprentices to maintain service delivery levels so forecast unchanged at present.
Support – Finance Function	19	10	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.
Support – Property Function	15	12	Reflects underspend on pay costs in current year (part of saving already planned for future years).
Cumulative Salaries	43	22	Underspends across a number of headings, reflected in comments above.
Capital – Sevenoaks Town Centre	53		Timing of expenditure under this head is difficult to forecast; no expenditure for the year to date.

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Future Issues/Risk Areas

Investment income ahead of budget and re-forecast appropriately.
Workload increases and inability to recruit benefits assessors is having a negative impact on turnaround times. Temporary staff have been brought in to improve performance but these are more expensive than permanent staff. Expenditure on Benefits may not be contained within the existing budgets but this is being kept under review.

Head of Finance & Human Resources
September 2011

Housing & Communications – August 2011 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)
Energy Efficiency	17		There was a vacant post for a Climate Change officer from 1st April but from 08/08/11 the reduced 50% post is now part of a Housing Standards Officer post making a further saving. This is a pilot for 6 months after which it will be evaluated.
Cumulative Salaries – Housing (Ext Funded)	11	27	This reflects the Climate Change officer post as above.
Capital – Improvement Grants	134		It is difficult to predict when works will be completed but it is expected to be within budget for the year.
Capital – WKHA Adaps for Disabled	-38		It is difficult to predict when works will be completed but it is expected to be within budget for the year.
Capital – RHPCG 10-11 SDC	-15		External funding has been received to fund this scheme resulting in nil cost to the Council.
Capital – Hever Road - Gypsy Site	-172		Externally funded at nil cost to the Council.
Capital – Hever Road Gypsy Site – Bomb Disposal	-10		A bid has been submitted to the DCLG for funding but if this is not successful the cost will be met, where possible, from the external funding for the site.

Future Issues/Risk Areas

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**Head of Housing & Communications
September 2011**

IT & Facilities Management – August 2011 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	-31		Microsoft Licensing invoiced ahead of profile.
Support – General Admin	29		Variance made up of small underspends across multiple codes. End of year expenditure expected as per forecast.
Support – IT	46	0	Forecast of +£60k on 79900 XAXJ to reflect agreed transfer from reserves for IDOX support cancels out previous forecast overspend on 56900 XAXJ 4940 (GIS Maintenance). Current underspend due to invoice for Disaster Recovery contract not yet received and money recouped from DBC for KPSN charges not profiled.

Future Issues/Risk Areas

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**Head of IT & Facilities Management
September 2011**

Legal & Democratic Services – August 2011 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	62		Budget profiled to pay £52k for external audit fees by the end of July, but some Invoices not yet received.
Elections	-32		Cash will be drawn down from the reserve earmarked for district elections when the exact costs are known.
Register of Electors	10		Profiling issue re postage of A forms which will take place early autumn
Support – Legal Function	-22		Adverse variance on income. Potential for generating income from s106 work (£30k budget) is high risk area as market conditions are currently weak.
Cumulative Salaries	33	40	Vacancies in Democratic Services and Legal support. Forecast underspend on salaries to offset underachievement of partnership working income.

Future Issues/Risk Areas

Income from land charges searches (budget of £185k) remains a very high risk area.
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**Head of Legal & Democratic Services
September 2011**