

BUDGET MONITORING - Strategic Commentary - As at 31 May 2011

Overall Financial Position

1. Two months into the year the results to date show an overall favourable variance of £67,000, just under half a percent of the net budget for the year.
2. The year-end position is forecast to be £168,000 worse than budget; is mainly due to savings from partnership working not expected to be achieved for the full year.

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. Looking at the other main income sources, only Car Park income shows a favourable variance for the first two months, Building Control, Land Charges, On-street Parking and Development Control all show adverse variances.
4. **Pay costs** - these are on budget for the year to date.
5. **Other** – Direct Services are showing a small adverse variance for the first two months.

Year End Forecast

6. Only two months into the year, few year-end variances have been forecast. As mentioned above, 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 a favourable variance has been forecast for investment income.

Risk areas

7. 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 over the next two months);

- Council Tax collection rates, though currently in line with the previous year, could be affected by increased unemployment and squeezed household incomes;
 - interest rates on new investments remain low, with no immediate prospects of an increase; and
 - diesel prices are at the highest level seen and the financial impact seen in the last financial year is continuing.
8. 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.
9. Planned savings through the generation of income, particularly from partnership working, remain risk areas for the current and for future years.

Contacts:

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Community Development – May 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	14	-	External funding received in advance.
Choosing Health WK PCT	18	-	External funding received in advance.
Capital – Local Strategic Partnership	-10	-	This relates to externally funded Capital projects bid for during the year and does not affect council's budget

Future Issues/Risk Areas

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Lesley Bowles
Head of Community Development
June 2011

Development Services – May 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)
Admin Expenses – Development Control	-19	-	Staffing allocation to be adjusted.
Admin Expenses – Policy & Env.	22	-	Staffing allocation to be adjusted.

Future Issues/Risk Areas

Planning Fee Income trends are relatively volatile.

Jim Kehoe
Head of Development Services
June 2011

Environmental & Operational Services – May 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	-40	-15	Income £41,000 below profile for statutory work. A 2/12th profile would be a surplus of £20,000 (not £35,000), so variance would be only £25,000. Budget includes income of £34,000 for shared working. Agreement to share Building Control Manager with Tonbridge and Malling Borough Council on a 50:50 basis, but this is not scheduled to commence until September 2011. (£14,000 shortfall).
On-Street Parking	-23	-50	Income £11,400 below profile due mainly to day ticket income. Budget includes income of £26,000 for shared working. Agreement to share Senior Traffic Engineer with Tonbridge and Malling Borough Council only commenced in June 2011. (£4,300 shortfall).
Licensing Regime	11	-30	No recharge from this budget to Licensing hub for April and May (£14,000). Budget contains £30,000 for bringing two new partners into the Licensing Partnership. New Partners not identified yet.
Public Health	-20	-100	Budget contains £100,000 saving due to implementation of shared working arrangement with Dartford Borough Council (£8,333/month). Full implementation unlikely to commence this financial year. No income received from Dartford for April/May for shared Manager arrangements (£5,800).
Taxis	24	-	Three year income still showing for Drivers licence's. Needs to be spread over three budget years.
Capital – Vehicle Purchases	20	-	No budget on Agresso yet so no profiles.

Future Issues/Risk Areas

CCTV - £45,000 saving identified in budget. Currently only £20,000 saving identified through shared working with Tunbridge Wells Borough Council.

Parks and Recreation Grounds - £20,000 saving identified in the budget for the transfer of Hollybush Bowls Club to private Club. Discussions still taking place.

Richard Wilson
Head of Environmental & Operational Services
June 2011

Finance & Human Resources – May 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 – Leisure	17	-	Timing differences. Will have no impact on year end.
Benefits Admin	-42	-	Joint partnership budget to be set up, this also affects the Revenues and Benefits Partnership and Partnership Hub cost centres.
Concessionary Fares	-22	-	Profiling issue only, service transferred to KCC from 1 April 2011.
Dartford Partnership Hub	-13	-	Joint partnership budget to be set up, this also affects the Revenues and Benefits Partnership and Benefits Admin cost centres.
Estates Management – Buildings	-23	-	Rates paid in full for the year – need to adjust profile to match.
Members	13	-	Members allowances for May are being paid with the June payment due to the elections and new Council. No impact expected on year-end position.
Misc. Finance	156	-	Timing difference only, no impact on year-end.
Revenues & Benefits Partnership	-92	-	As for Benefits Admin, new joint budget to be set up.
Admin Expenses – Corporate Director	-14	-	LGA subscription costs to be recharged to General Admin, which has the budget for this expenditure.
Admin Expenses – Finance	-11	-	Agency staff costs to be recharged.
Support – Central Offices	16	-	Timing differences. Will have no impact on year end.
Cumulative Salaries	-10	-	Reflects additional agency staff costs being used to cover vacancies.
Capital – Sevenoaks Town Centre	-62	-	Timing of expenditure unpredictable.

Future Issues/Risk Areas

Investment income currently ahead of budget due to higher than projected balances.

Market income forecast to be revised up following negotiations with operator.

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. It is expected that expenditure on Benefits will be contained within the existing budgets but this is being kept under review.

Tricia Marshall
Head of Finance & Human Resources
June 2011

Housing & Communications – May 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)
Housing	15	-	There are some unpaid invoices which are being chased. This includes two from the CAB. Bottom line is correct.
Capital – RHPCG 10-11 SDC	-15	-	This is external funding and does not affect Council budgets.
Capital – Hever Road Gypsy Site – Ground Works	-59	-	This is external funding and does not affect Council budgets.
Capital – Hever Road Gypsy Site – Bomb Disposal	-23	-	This is external funding and does not affect Council budgets and includes bomb disposal.

Future Issues/Risk Areas

Pat Smith
Head of Housing & Communications
June 2011

IT & Facilities Management – May 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)
Asset Maintenance – IT	47	-	Profiling to be completed following adjustments to this area included in the agreed budget process from December 2010.
Support – IT	-87	-60	Forecast 60k overspend in GIS Maintenance code. This amount is to come from reserves as per the budget agreed in December 2010 regarding IDOX maintenance contracts. The remaining variance is accounted for by other invoices that have been received and paid in earlier months than previously expected.

Future Issues/Risk Areas

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Jim Carrington-West
Head of IT & Facilities Management
June 2011

Legal & Democratic Services – May 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)
Action & Development	-11	-	Legal fees have not yet been recovered from insurers Zurich, but should be forthcoming.
Corporate Management	23	-	Audit fees are late in billing and this should right itself over time.
Elections	-12	-	Funds from reserves have not yet been drawn down. This should be rectified by next month.

Future Issues/Risk Areas

Christine Nuttall
Head of Legal & Democratic Services
June 2011