

BUDGET MONITORING - Strategic Commentary - As at 30 September 2011

Overall Financial Position

1. Six months into the year the results to date show an overall favourable variance of £31,000, a reduction when compared with the previous month.
2. The year-end position is forecast to be £60,000 better than budget; an improvement on 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, and a favourable forecast is shown to reflect this improved position.
4. Looking at the other main income sources, the position remains difficult. Car Park income has continued its trend of adverse monthly variances and is now showing a small adverse variance. Building Control, Land Charges, Development Control 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** – the favourable trend has continued and the underspend for the year to date is now £191,000. Almost all services are showing a small underspend; in some cases these are offset by agency staff costs, but there are a number of favourable variances forecast for year-end.
7. **Other** – Direct Services' results show an adverse variance of £66,000, due to increased fuel and waste disposal costs.

Year End Forecast

8. Following a review by Heads of Service, the year-end position is forecast to be £60,000 better 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.

Risk areas

9. 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 and parking income is also struggling ;
 - the Benefits workload is continuing at a higher level than before the recession (30% increase in work volumes between May and August), 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.
10. 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.
11. 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 business case for the Environmental Health partnership with Dartford Borough Council is progressing through the Member approval process at both councils.

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Community Development – September 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)
Community Development Service Provisions	6	15	This is additional income to the Council from sale of Community Safety and health services to other Districts.
STAG Community Arts Centre	25		Invoice from the Stag for quarter ending 30 th September not received until 3 rd October.
Tourism	13		Invoice for Tourism services awaited.
Partnership – Child (Ext Funded)	14		External funding received in advance. Will be zero at year end.
Partnership – Home Office (Ext Funded)	43		External funding for whole year received in advance. Will be zero at year end.
Cumulative Salaries – Ext Funded	-11		Additional external income will offset this additional externally funded expenditure and this will be zero at the year end.
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 but are held in a different budget.
Capital – Parish Projects	28		Currently, there are two village hall projects that will possibly come forward during this financial year totalling up to £20K.

Future Issues/Risk Areas

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Head of Community Development
October 2011

Development Services – September 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	40	5	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	20	3	Several staff worked reduced hours. Vacancy not filled at start of year. Planning Application Fee Income is consistent with the profiled budget but S106 and pre-application income is below expectation at present.
Cumulative Salaries	55	58	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.

Future Issues/Risk Areas

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Head of Development Services
October 2011

Environmental & Operational Services – September 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	-50	-41	Income £45,000 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 commenced on 3 rd October 2011, (£21,000 shortfall).
CCTV	-13	-30	Budget contains £48,000 unidentified income, including contribution from Kent Police which will not be received. Savings on transmission costs.
Clean Air	18		£20,000 for use of Consultants profiled to have been spent, but will be spent later in the year.
On-Street Parking	-52	-25	Income £22,000 below profile due mainly to day tickets and penalty charge notices.
Licensing Partnership Hub (Trading)	12		<i>Position shown for information only. Any year-end variances are subject to decision by members of the Licensing Partnership.</i>
Licensing Regime	-23	-30	Budget contains £30,000 (profile £15,000) for bringing two new partners into the Licensing Partnership – new partners not yet identified.
Parks & Recreation Grounds	-21	-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 transfer agreed, in principle, but not to take effect until April 2012. Other additional costs offset by savings on Estate Management Grounds and Parks Rural budgets.
Parks – Rural	18	20	Small savings over a wide range of budget headings.
Public Health	-31	-70	Budget contains £100,000 savings for implementation of shared working arrangements with Dartford Borough Council, (£8,333/month). Implementation will not be achieved until April 2012. Some savings achieved on this budget by not filling vacant posts pending shared working agreement. £13,600 income is outstanding from Dartford Borough Council for Shared Environmental Health Management agreement.
Refuse Collection	32	30	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). First quarter recycling income for 2011/12 now received.

Service	Variance to date £'000 (Minus is bad news)	Forecast Annual Variance £000	Explanation of variance and action planned (including changes from previous month)
Street Naming	6	10	Income for charging exceeding budgets.
Support – Direct Services	15		Savings on internal printing and mobile phones to be investigated. Savings on training, but courses need to be delivered for driver and Health and Safety training.
Taxis	16		Income higher than profile due to driver licence income to be spread over three financial years.
Cumulative Salaries – Operational Services	41		Savings on Direct Services salaries reflected in trading accounts, offset by expenditure on agency staff to maintain services.
Cumulative Salaries – Environmental Health	16	30	Savings on salaries reflected in Environmental Health Service Budgets.
Cumulative Salaries – Parking & Amenity Services	16	25	One Civil Enforcement Officer post not filled and to be deleted from the establishment. Reflected in service budgets for car parks and on-street parking.
Capital – Playground Improvements	19		Work on playground in Edenbridge, confirmation of external funding now received, to match Council budget for this project. Order now placed for works to commence.
Capital – Vehicle Purchases	270		Delays on new vehicle deliveries. Vehicle replacement programme will be achieved within overall budget. Any in year underspends are carried forward into the vehicle replacement fund.
Direct Services – Trading Accounts	-65	-23	Surplus at end of September is £51,000 against profiled surplus of £117,000. Diesel costs £17,000 over budget. Latest diesel cost at £1.12 per litre. Higher than budgeted cost for disposal of trade waste and cesspools.

Future Issues/Risk Areas

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**Head of Environmental & Operational Services
October 2011**

Finance & Human Resources – September 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	11		Timing difference only, no impact expected on year end.
AMF Leisure	-24		Timing difference only, no impact expected on year end.
AMF Support & Salaries	10		Underspend on IT costs. Investigating whether profile is correct.
Dartford Partnership Hub (SDC Costs)	-41		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	-17		Timing difference only, no impact expected on year end.
Markets	40	85	Additional income obtained, reflected in forecast.
Members	10	10	Slightly below budget on Members' allowances. Forecast amended accordingly.
Revenues & Benefits Partnership	-185		These are the implementation costs for the project that are to be shared 50:50 with DBC and funded from reserves.
Admin Expenses – Finance	12		Keeping under review but no revised forecast at this stage.
Support – Central Offices	8	18	Forecast reflects likely underspend on electricity costs (£10k) plus income from Moat Housing for use of the building from 1 December 2011 (£8k).
Support – Contact Centre	31		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	22	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 – Local Offices	-25		Swanley Town Council paid for local office contract for Oct to March. To amend profile accordingly.
Support – Property Function	18	12	Reflects underspend on pay costs in current year (part of saving already planned for future years).

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	51	22	Underspends across a number of headings, reflected in comments above.
Capital – Sevenoaks Town Centre	67		Timing of expenditure under this head is difficult to forecast; no expenditure for the year to date.

Future Issues/Risk Areas

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Head of Finance & Human Resources
October 2011

Housing & Communications – September 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)
Private Sector Housing	8	14	A Housing Standards Officer now undertakes the Climate Change work (post amalgamated making corporate savings).
Cumulative Salaries	-15	-13	Agency workers employed in Social Housing due to Officers leaving and sickness. Cost met from external funding.
Cumulative Salaries – Ext Funded	2	4	Savings made from original Climate Change Officer post.
Capital – Improvement Grants	185		It is difficult to predict when works will be completed. Bottom line is correct.
Capital – WKHA Adaps for Disabled	-45		It is difficult to predict when works will be completed. Bottom line is correct.
Capital – RHPCG 10-11 SDC	-15		External funding and nil cost to SDC.
Capital – Hever Road Gypsy Site	-166		As above, it is external funding. However, there has been a delay in the completion of the works at the Hever Road site at the moment due the residents concerns about electricity charges. SDC, on their behalf, is trying to have the tariff reduced. It is hoped works will resume as soon as possible.
Capital-Hever Road Gypsy Site – Bomb Disposal	-10		External funding and nil cost to SDC.

Future Issues/Risk Areas

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Head of Housing & Communications
October 2011

IT & Facilities Management – September 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	-89		Invoice for replacement PC's received in October, contrary to profile. End of year position as per budget.
Support – Central Offices – Facilities	11		Small underspends across multiple codes, end of year position as per budget.
Support – General Admin	20		Currently re-negotiating telephone contracts and minor underspends on corporate postage vs profile.
Support – IT	47		Awaiting DR invoice, new scanner purchased in October not September as per profile.

Future Issues/Risk Areas

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

Legal & Democratic Services – September 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	-17		Adverse variance is related to a 50% contribution to the Consultants engaged for the Environmental Health shared service work with Dartford BC and legal fees and costs relating to a Planning Appeal at Amherst Hill. An Action & Development Reserve is in place from which monies will be drawn down at year end for any overspend this year.
Corporate Management	27	50	Performance Award Contingency budget has been re-profiled since last month. 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 £50k lower than first anticipated and this is reflected in a revised forecast for that budget line. There are no other significant variances in the Corporate Management budget.
Corporate Savings	9	-41	Vacant Posts savings target for 2011/12 has been met for the year and the forecast amended accordingly. However adverse variance of £41k remains across the Corporate Savings budget with one-off savings targets currently a high risk.
Elections	10		Cash will be drawn down from the reserve earmarked for district elections when the exact costs are known.
Support – Legal Function	-28	-25	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.
Cumulative Salaries	40	40	Underspend on salaries, offsetting non receipt of income from sharing staff with Tonbridge and Malling (Legal) and Maidstone (Democratic Services).

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.
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**Head of Legal & Democratic Services
October 2011**