

BUDGET MONITORING - Strategic Commentary - As at 31 July 2012

Overall Financial Position

1. Four months into the year the results to date show an overall favourable variance of £150,000.
2. The year-end position is forecast to be £120,000 better than 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 during the year so far, and a favourable forecast is shown to reflect this position.
4. Looking at the other main income sources, the position still remains difficult. Building Control, Land Charges and Planning Pre-application fees currently show adverse variances for the year to date.
5. **Pay costs** – the actual expenditure is less than budget due to some vacancies during the year and staffing restructures following the departure of senior managers..
6. **Other** – Direct Services' results currently show a negative variance of £6,000 compared to budget.

Year End Forecast

7. The year-end position is forecast to be £120,000 better than budget with extra investment income being the largest factor explaining this variance. Additional income is also expected from market and office rentals and council tax court costs. Further favourable variance is forecast for audit fees.

Risk areas

8. The current economic situation continues to have a real and potential impact on the Council's finances:
 - the investment strategy is constantly under review in light of the changing long term credit ratings which affects the number of organisations the Council can invest in;

- property related income such as Development Control (particularly pre-application fees and S106 monitoring), 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
- Planned savings through the generation of income, particularly from new partnership working, remain risk areas for the current and for future years.

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Community Development – July 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)
STAG Community Arts Centre	25		Invoice for 2 nd quarter is awaited from the Stag.
Choosing Health WK PCT (Ext Funded)	10		Partnership funding received in advance.
Salaries – Ext Funded	-21		Income offsets this additional expenditure on externally funded salaries.
Capital – Big Community Fund	-11		This relates to externally funded capital projects bid for during the year. The funds have already been received by the Council and are being held in a fund.

Future Issues/Risk Areas

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**Head of Community Development
August 2012**

Development Services – July 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)
Salaries	21		Underspend on salaries is primarily due to the Development Control Manager post remaining vacant. This post will be filled from 20 August and there should be no increase in the underspend after this date.

Future Issues/Risk Areas

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**Head of Development Services
August 2012**

Environmental & Operational Services – July 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)
Asset Maintenance Car Parks	-12	0	Essential maintenance undertaken in various car parks and asset management budget now fully expended. Balance of costs to be charged to earmarked on-street parking surplus fund.
Building Control	-29	-94	Income for statutory work is £38,000 below profile. Budget income for year is £485,648. Actual income 2011/12 was £365,476 which is a realistic estimate of likely income in 2012/13. A shortfall of income of approximately £120,000 is forecasted. Savings will be made on structural checking fees.
Car Parks	-41	-20	Income currently £36,000 below profile mainly on pay and display income, possibly attributed to the wet summer so far.
CCTV	-15	-30	Budget contains unidentified income of £49,000 which will not be realised. Savings elsewhere to partly offset this.
Clean Air	39		Joint partnership budget to be set up. [Finance}
Contaminated Land	15		Part of SDC/Dartford Partnership hub. New Budget to be set up. [Finance]
Dartford Environmental Hub (SDC Costs)	-200		Joint partnership budget to be set up. [Finance}
Environmental Health Partnership	41		Joint partnership budget to be set up. [Finance}
Licensing Health	14		Staffing arrangements in this trading hub currently under review. [Finance]
Noise Control	24		Joint partnership budget to be set up. [Finance}
Parks & Recreation Grounds	-13		Over expenditure on Bradbourne Lakes, Hollybush and Swanley sites offset by savings on Estate Management Grounds and Parks Rural (Countryside).
Public Health	146		Joint partnership budget to be set up. [Finance}
Salaries – Operational Services	95		Savings in Direct Services salaries offset by expenditure on agency staff to maintain services when vacancies occur. All reflected in Direct Services trading account position.

Service	Variance to date £'000 (Minus is bad news)	Forecast Annual Variance £000	Explanation of variance and action planned (including changes from previous month)
Salaries – Licensing	21	45	Licensing Partnership Manager post now confirmed. Post of Assistant Licensing Partnership Manager will not be filled. Savings on salaries (licensing and taxis) will be offset by shortfall in income (of £45,000) from not attracting new partners to existing licensing partnership.
Capital – Vehicle Purchases	232		Vehicle replacement programme will be delivered as per the approved programme. Any underspend carried forward into the Vehicle replacement fund.

Future Issues/Risk Areas

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**Head of Environmental & Operational Services
August 2012**

Finance & Human Resources – July 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)
Council Tax Support (R&B Partnership)	56		Additional Government funding received for Localisation of Council Tax Support. This will be used to fund the implementation of the local scheme which will start on 01/04/13.
Dartford Partnership Hub (SDC Costs)	-15		Additional resources to help reduce the Benefits backlog. Both partners have agreed to provide additional funding.
Local Tax	-12	53	Additional Council Tax court costs income.
Misc. Finance	-18	-15	Business rates revaluation increase for 66 London Road.
Support – Finance Function	12	22	Savings resulting from the restructure following the departure of the Head of Finance and HR.
Treasury Management	-6	-30	Additional costs as a result of debit/credit card transactions not meeting new industry security standards.
Salaries	-27	22	Savings resulting from the restructure following the departure of the Head of Finance and HR. Also, agency staff are being used to fill Benefits posts as it is proving difficult to recruit suitable permanent staff.

Future Issues/Risk Areas

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

Housing & Communications – July 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)
External Communications	21		There are invoices outstanding and the remainder will be used for a reputation survey after the “value for money” campaign in August. The year end forecast is correct.
Gypsy Sites	-11		An outstanding electricity bill had to be paid after many discussions with the service provider to reduce the cost. Individual plots are now responsible for their own services and the Council will only have to pay for common areas, which will reduce the cost. Also there are some Housing Benefit claims outstanding. The end of year forecast is correct.
Home Improvement Agency	20		There has been dialogue with the staffing agency about an invoice which is outstanding and this will be submitted for payment next week. Year end forecast is correct.
Housing	-10		Whilst work continues to explore a shared Register (to make £30,000 savings each year) WKHA is continuing to manage the Register at original costs (lower than actual cost to WKHA). It is hoped to find the £30,000 savings this year. Discussions continue with other Local Authorities.
Salaries – Ext Funded	25		This is external funding and part of this is offsetting overspends mentioned above and will be nil cost to SDC.
Capital – Improvement Grants	158		The year end forecast is correct. It is difficult to predict when works will be completed and invoices submitted.
Capital – WKHA Adaps for Disabled	64		The year end forecast is correct. It is difficult to predict when works will be completed and invoices submitted.

Future Issues/Risk Areas

Due to the continuing recession there is still a need for B&B especially in emergency situations. The Social Housing team continues to act effectively and proactively to avoid homelessness and find alternative solutions to minimise the potential for the B&B budget to be overspent .

**Head of Housing & Communications
August 2012**

IT & Facilities Management – July 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)
Asset Maintenance IT	22		Expenditure as per 10 year asset maintenance plan. Underspend on this budget at the end of the year rolls into the asset maintenance reserve pot for future years as per the plan.

Future Issues/Risk Areas

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**Head of IT & Facilities Management
August 2012**

Legal & Democratic Services – July 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	30	70	The Council has seen a significant reduction in its proposed Audit Fee for 2012/13 as a result of the Governments decision to abolish the Audit Commission and contract out local government audit services. This reduction occurred after budgets for the year were approved. The proposed 40% reduction in fees means that it is now forecast that audit fees are accrued at £5k per month. With the addition of fees for the Audit of Grant Claims it is forecast that Audit Fees for the year will be £90k.
Corporate Savings	30		A high proportion of savings for vacant posts have been recorded in the opening months of 2012/13 towards the budget of £100k for the year which are creating a positive budget variance. Due to the nature of vacant posts it is difficult to accurately forecast the annual outturn but the budget will be kept under review and a forecast provided at the midway point of the year.
Estates Management – Buildings	-18		This figure reflects the empty property rates now payable in respect of the upper floors of 27-37 High Street, Swanley
Land Charges	-13		The drop in income reflects the general state of the housing market
Markets	20	48	This will form the subject of a separate report to Members as the market operating company has recently gone into voluntary liquidation.
Support – Central Offices	-4	23	This is in accordance with the original budget and the additional income takes into account the extra income already forecast.
Support – Legal Function	-13	-20	This is as a result of additional Legal Support required.
Capital – Police Co-Location	27		Work on this capital project is progressing but the contractor is invoicing the Council on a less regular basis that expected. The contract is programmed to be completed in early September.

Future Issues/Risk Areas

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**Head of Legal & Democratic Services
August 2012**