

BUDGET MONITORING - Strategic Commentary - As at 31 May 2012

Overall Financial Position

1. Two months into the year the results to date show an overall favourable variance of £28,000.
2. The year-end position is forecast to be £107,000 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 remains difficult. Building Control, in particular, shows an adverse variance for the year to date.
5. **Pay costs** – the actual expenditure to date is very similar to the budget.
6. **Other** – Direct Services' results show an positive variance of £4,000 compared to budget.

Year End Forecast

7. The year-end position is forecast to be £107,000 better than budget.

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, 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.
9. Planned savings through the generation of income, particularly from new partnership working, remain risk areas for the current and for future years.

Contacts:

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Community Development – May 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 – Ext Funded	-14		Additional externally funded staff will be funded from external income.

Future Issues/Risk Areas

Lesley Bowles
Head of Community Development
June 2012

Development Services – May 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)
			<i>All services within expected variance parameters - no comments required.</i>

Future Issues/Risk Areas

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Head of Development Services
June 2012

Environmental & Operational Services – May 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)
Building Control	-30	-94	Income for statutory work is £43,444 below budget 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 approximately £120,000 is forecasted. Savings will be made on structural checking fees. Due to IT problems it has not been possible to invoice for inspection fees this financial year to date.
Clean Air	14		£6,300 income received for LAPC Registration not profiled.
Dartford Environmental Hub (SDC Costs)	-102		Joint Partnership budget to be set up. [Finance]
Licensing Partnership Hub (Trading)	17		Staffing arrangements in this trading hub currently under review. [Finance]
Licensing Regime	-10		Income profiles currently under review. [Finance]
Noise Control	12		Part of SDC/Dartford Partnership hub. New Budget to be set up. [Finance]
Public Health	58		Part of SDC/Dartford Partnership hub. New Budget to be set up. [Finance]
Salaries – Operational Services	38		Savings on Direct Services salaries offset by expenditure on agency staff to maintain services when vacancies occur. All reflected in Direct Services Trading Account position.
Salaries – Licensing	10	45	Savings due to vacancy for Licensing Partnership Manager post. Currently being filled by Assistant Licensing Partnership Manager on 6 month trial period (ends July 2012). If successful in being appointed the Assistant Licensing Partnership Manager post will be deleted.

Future Issues/Risk Areas

Head of Environmental & Operational Services
June 2012

Finance & Human Resources – May 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 P'ship)	75		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)	-14		Additional agency staff due to increased workload.
Local Tax	-19	53	Additional court costs income.
Misc. Finance	-49		66 London Road rates fully paid for the year. Budget profile to be changed.
Salaries	-11		Appraisal awards. Budget has not yet been moved.

Future Issues/Risk Areas

Head of Finance & Human Resources
June 2012

Housing & Communications – May 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 Comms	13		There are invoices outstanding and the remainder will be used for a reputation survey after a “value for money” campaign in August. The year end forecast is correct.
Home Improvement Agency	20		There is an outstanding invoice to pay for 6 month service from the Family Mosaic Home Improvement Agency then the HIA will be out to tender (it is a Kent wide scheme). Year end forecast is correct.
Homeless	-10		There has been an increase in homelessness mainly due to the recession and there are some private sector landlords withdrawing from the Council's rent in advance deposit bond scheme due to welfare benefit changes. This has had an adverse affect on the B&B budget. There are initiatives already in place and being considered to encourage private sector landlords to work with the Council. Due to proactive work being effective the use of B&B has been reduced at this time.
Housing	-16		Whilst work continues to explore a shared register (to make £30k savings each year) WKHA has agreed to manage it for another year at original costs (lower than the actual cost to WKHA) in the interest of good partnership working. The savings will be met for this year from this arrangement and external funding.
Salaries	-23		Performance reward expenditure is currently shown here and will be adjusted plus there are some staffing difficulties which are being resolved. External funding and other arrangements will ensure forecast is correct at year end.
Salaries – Ext Funded	13		This is externally funded and part of this is offsetting overspend on salaries identified above and will be a nil cost to SDC.
Capital – Improvement Grants	-14		The year end figure is correct. It is difficult to predict when works will be completed as it is a rolling programme.
Capital – WKHA Adaps for Disabled	-19		The year end figure is correct. It is difficult to predict when works will be completed as it is a rolling programme.

Future Issues/Risk Areas

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Head of Housing & Communications June 2012

IT & Facilities Management – May 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)
Support – Central Offices – Facilities	14		Current underspend due to profiling of expenditure on paper and envelopes needing to be adjusted. Last procurement of supplies was at the end of the previous financial year.
Salaries	-12		Salaries are currently showing an adverse variance due to contributions to the corporate vacancy pot that have been taken following staff turnover and also still awaiting budget relating payments through the appraisal scheme to be reflected in these salaries budgets.

Future Issues/Risk Areas

Head of IT & Facilities Management
June 2012

Legal & Democratic Services – May 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 Leisure	11		Work has been completed but not yet invoiced by the contractor, this invoice has now been presented to the Council.
Corporate Savings	19		A high proportion of savings for vacant posts have been recorded in the opening two months of 2012/13 towards the budget of £100k for the year. At this stage of the year it's assumed that the Council will have a nil variance for corporate savings at year end, but this will be reviewed in the coming months.
Markets	25	48	The overall budget has been adjusted to reflect additional income from Swanley market off-set by additional monitoring costs.
Support – Central Offices	-0		Additional income expected from Housing Association.

Future Issues/Risk Areas

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