

BUDGET MONITORING - Strategic Commentary - As at 31 December 2012

Overall Financial Position

1. Nine months into the year the results to date show an overall unfavourable variance of £86,000.
2. The year-end position is forecast to be £3,000 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, Car Parking and Planning 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 £22,000 compared to budget.

Year End Forecast

7. The year-end position is forecast to be £3,000 better than budget which is similar to the forecast at the end of November.
8. Extra investment income is the largest favourable variance. Additional income is also expected from office rentals and council tax court costs. A further favourable variance is forecast for audit fees.
9. Income from Building Control, Land Charges, Car Parking and Planning fees are all forecast to be less than the budget for the year.
10. The operators of the Swanley and Sevenoaks markets went into voluntary liquidation in August; leaving two months unpaid rent which is included in the year-end forecast. The market operation is now being re-tendered.

Risk areas

11. 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 the action plan put in place is continuing 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 – December 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)
Choosing Health WK PCT	21		External funding received in advance.
Partnership – Home Office	32		External funding received in advance. This will be used by the year end.
Salaries – Ext Funded	-15	-9	Relates to additional externally funded staff costs and is offset by additional external income.
Capital – Big Community Fund	-33		Big Community Fund grant payments are made throughout the year and funds are transferred from earmarked reserves at the year end. The budget will be zero at the year end.

Future Issues/Risk Areas

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**Head of Community Development
January 2013**

Development Services – December 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)
Planning – Development Control	-97	-109	The position on fee income has improved with a number of major applications submitted in December. There continues to be a shortfall in pre-application fees and S106 Monitoring and there has also been a need for some extra expenditure on legal advice. Initiatives are being pursued to further promote the pre-application enquiry service to potential customers.
Planning – Policy	58	118	The variation is due to savings on staff costs and delays in receipt of invoices for grants to outside bodies. A further saving is made by not making a contribution to the LDF Fund this year. There are no LDF examinations this year and LDF consultancy expenditure can be funded from contributions in previous years.
Salaries	42	54	Savings are primarily due to the restructuring of management for the service and the DC manager post being vacant until late August. Part of the saving is maternity leave in Planning Policy offset by agency cover.
Capital – Affordable Housing	-27		A contribution has been agreed to refurbishment of Sevenoaks Almshouses funded from contributions previously received from legal agreements on planning permissions.

Future Issues/Risk Areas

There is a good chance of a further major application in January/February but otherwise there continues to be some uncertainty over planning fee income in the remainder of the year.

**Head of Development Services
January 2013**

Environmental & Operational Services – December 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	-41		Essential maintenance undertaken in various car parks and asset maintenance budget now fully expended. Balance of costs to be charged to earmarked on-street parking surplus fund.
Asset Maintenance – Others	17	9	Small overspend on CCTV (£3,000) offset by savings in countryside, playground and toilet asset maintenance.
Building Control	-81	-94	Income for statutory work is £106,000 below profile. Budget income for year is £485,043. Actual income in 2011/12 was £365,475 which is a realistic estimate of likely income in 2012/13 (£272,000 after 9 months). A shortfall of income of approx. £120,000 is forecast. Savings will be made on structural checking fees.
Car Parks	-86	-100	Income currently £87,000 below budget profile. £60,000 down on pay and display income alone.
CCTV	-32	-40	Budget contains unidentified income of £45,000 which will not be realised. Savings elsewhere to partly offset this.
EH Animal Control	-6	-17	Over-expenditure on kennelling costs due to increase in stray dogs picked up and not being claimed, plus vet fees.
EH Environmental Protection	17	13	Savings will be incurred on air quality consultancy costs and surveys. Works to be undertaken in 2013/14.
Environmental Health Partnership	-33		This is year two of the one-off implementation costs which will be met from the stabilisation reserve.
Licensing Partnership Hub (Trading)	13		Trading hub is “surplus” mainly due to salary savings. However, additional temporary staff employed for remainder of financial year to deal with current heavy workload. This arrangement has been agreed with partner authorities. Any “surplus” at year end is shared proportionally between the three partner authorities.
Parks & Recreation Grounds	-21		Over-expenditure on Bradbourne Lakes, Hollybush and Swanley sites, offset by saving on Estate Management – Grounds and Parks Rural (Countryside).
Parks – Rural	10		Over-expenditure on Bradbourne Lakes, Hollybush and Swanley sites, offset by saving on Estate Management – Grounds and Parks Rural (Countryside).

Service	Variance to date £'000 (Minus is bad news)	Forecast Annual Variance £000	Explanation of variance and action planned (including changes from previous month)
Refuse Collection	-33	-30	Second quarter recycling credits now received. £10,000 unbudgeted expenditure on consultant to examine manual handling techniques following HSE visit and report. Income £14,000 down on recycling material. No income will be received for disposal of clinical waste as this is now undertaken by KCC.
Street Cleansing	14	5	New litter bins to be purchased, but forecast a small underspend by year end.
Salaries – Operational Services	195	195	Savings on Direct Services salaries offset by expenditure on agency staff to maintain services where vacancies exist. All reflected in Direct Services Trading accounts.
Salaries – Licensing	39	45	Licensing Partnership Manager post now confirmed. Post of Assistant Licensing Partnership Manager will not be filled. Saving on salaries (licensing and taxis) will be offset by shortfall in income (of £45,000) from not attracting new partners to the existing licensing partnership.
Capital – Vehicle Purchases	526		Vehicle replacement programme will be delivered as per the approved programme. Any underspend will be carried forward into the vehicle replacement fund.
Direct Services Trading Accounts	-22	-24	Currently a surplus of £74,000 against a profiled surplus of £96,000. Workshop account now returning to profile following reduction of one workshop fitter. Cesspool emptying account not performing to target, but in surplus by £21,000. With the absence of wasp nest treatments this summer, pest control income is £35,000 below profile.

Future Issues/Risk Areas

**Head of Environmental & Operational Services
January 2013**

Finance & Human Resources – December 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)
Dartford Partnership Hub (SDC Costs)	-102		Additional resources to help reduce the Benefits backlog. Both partners have agreed to provide additional funding.
Dartford Partnership Implementation & Project Costs	-13		Agreed implementation costs to be split between partners and SDC element funded from reserves.
Local Tax	36	53	Additional Council Tax court costs income.
Members	9	13	Effect of Members only able to claim one Special Responsibility Allowance.
Misc. Finance	-3	15	Reduced allowances for discretionary rate relief.
Support – Finance Function	33	38	Savings resulting from the restructure following the departure of the Head of Finance and HR.
Support – General Admin	27	25	Savings made on central training.
Treasury Management	-28	-30	Additional costs of debit/credit card transactions.
Salaries	-123	43	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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Group Manager – Financial Services
January 2013

Housing & Communications – December 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)
Energy Efficiency	-4	-15	Savings have been identified within Housing to maintain the effective Energy Efficiency function. The funding shortfall is mainly identified in Private Sector Housing through a shared team role.
Home Improvement Agency	20	20	Negotiations are still continuing to withdraw core funding (hence the underspend). As previously explained to Members if the core funding is not paid then it will be a reduced service with extra work undertaken in house. If this is a saving year end it will pay towards the Register savings.
Homelessness Funding	18		This is external funding (income in advance) which does not affect Council budgets.
Housing	-20	-3	The remainder of the Housing Register savings will be met be met in part from the HIA savings (if core funding is not paid). Refer to Home Improvement Agency comment.
Housing Option – Trailblazer	-31		This is external funding and does not affect Council budgets.
Private Sector Housing	13	11	There is currently a vacant post and it has been advertised. The previous post officer is now partly covering the PSL post with another Officer. This post should be filled subject to interviews by end of February 2013. Any savings will fund the temp in Social housing who leaves end of January. A trainee Housing officer is now in post and receiving in-house training to take over.
Salaries – Ext Funded	51	44	This is external funding and does not affect Council budgets.
Capital – Improvement Grants	266	100	£100,000 savings will be made this year 11/12. The underspend is the result of low performance by the HIA and delays from KCC OT Bureau. This was previously reported to Members under “Future Issues/Risk Areas” last month.
Capital – WKHA Adaps for Disabled	61		It is difficult to predict when works will be completed. End of year figures should be correct.
Capital – SDC – HMO Grants	-10		It is difficult to predict when works will be completed. End of year figures should be correct.
Capital – RHPCG – Discretionary Grants	-12		It is difficult to predict when works will be completed. End of year figures should be correct.

Future Issues/Risk Areas

There are faults with the two year old utility units at Hever Road site. These include leaks and boiler issues. The property service manager is looking at this because they are just out of warranty. Repairs are being assessed and will be funded by the Council's asset maintenance fund. Any underspend in the gypsy site budgets may assist with the cost of repair.

Head of Housing & Communications
January 2013

IT & Facilities Management – December 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)
Administrative Expenses – IT	4	10	£10k from training budget offered up as corporate saving.
Asset Maintenance IT	127		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.
Support – IT	-13	10	Forecast £9,641 underspend on 59000 XAXJ due to reduction in insurance premium costs.

Future Issues/Risk Areas

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Head of IT & Facilities Management
January 2013

Legal & Democratic Services – December 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 Other Corporate Properties	19		Work to absorb some of this underspend will be commissioned between January and March 2013.
Corporate Management	6	50	The Council has seen a 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 plus additional fees for the audit of grant claims.
Corporate Savings	34	37	The Council has achieved its £100k target in 2012/13 for vacant posts and is forecast to exceed it by £3k at year end. In addition all market premiums have been allocated for the current year and providing there are no further applications made there will be an underspend of £34k.
Elections	40		Central government has advanced £152,000. Once all invoices and payments have been processed, the surplus will be refunded to central government.
Estates Management – Buildings	-47		Elements of this overspend are to be reallocated to Asset Maintenance Other Corporate Properties (see above).
Land Charges	-30	-35	The impact of the current economic climate continues to impact on the income and a review of this impact will be undertaken during the next month.
Markets	-79	-67	This reflects the loss resulting from the liquidation of the market operator. The market contracts are currently out for re-tendering with a return date in mid February and the budgets will be revised when the results of the tenders are known.
Register of Electors	10	10	The cost of the canvassers is less than originally estimated it is anticipated that there will be an underspend of £10k.
Support – Central Offices	44	45	The effect of the extra income earned as a result of letting accommodation to third parties continues to affect this budget. Additional underspend has been identified due to review of energy costs.
Support – Legal Function	-22	-30	Due to the increased level of legal work especially, in planning, it was necessary to obtain additional support using counsel and additional staff resources. Workloads are likely to stabilise and counsels employment has been greatly reduced.

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	-19	-19	The previous Legal Services Manager had to undertake overtime to maintain the service and the contribution to the corporate vacancy savings has resulted in the adverse variance.
Capital – Sevenoaks Town Centre	47		Further invoices for professional advice are anticipated giving a total expenditure for 2012/13 of £140,000.
Capital – Police Co-location	31		One remaining invoice is awaited to finalise the total expenditure (total project anticipated to be in the region of £180,000).

Future Issues/Risk Areas

Market contract tender returns. Land Charges income.

**Head of Legal & Democratic Services
January 2013**