

## BUDGET MONITORING - Strategic Commentary – As at 31 May 2013

### Overall Financial Position

1. Two months into the year the results to date show an overall favourable variance of £539,000.
2. The year-end position is forecast to be £66,000 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. All other main income sources are achieving budget targets at the end of May.
5. **Pay costs** – the actual expenditure to date on salaried staff is £70,000 below budget, but £55,000 of that relates to Direct Services and will be offset by agency staff costs held within the trading account.
6. **Other** – Direct Services' results show a positive variance of £60,000 compared to budget..

### Year End Forecast

7. The year-end position is forecast to be £66,000 better than budget.
8. Extra investment income is a significant favourable variance. Income from council tax court costs is also expected to be above budget for the year.
9. Following the sale of 66 London Road, there will be a saving on rent and rates at that site. Expenditure is forecast to be £76,000 below budget.
10. The contracts for markets at Sevenoaks and Swanley were re-tendered in 12/13 following the voluntary liquidation of the previous operators. Income from these new contracts is forecast to be £62,000 worse than budget.

## **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 at a higher level than before the recession, which is having an impact on processing times (though an action plan 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

12. 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 – May 2013 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)
Tourism	-11		This is a profiling issue. The Service Level Agreement with Visit Kent is paid at the beginning of the financial year. The profiling will be changed for the remainder of the year and the budget will be back on profile next month.
Partnership – Home Office (Ext Funded)	11		This is external funding for Community Safety work received in advance.

Future Issues/Risk Areas

**Lesley Bowles**  
**Head of Community Development**  
**June 2013**

## Development Services – May 2013 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	32		This is made up of a salary saving due to delay in filling a vacant post plus higher than expected planning application fee income, partly offset by a shortfall in income from S106 Monitoring. Fees for S106 monitoring are payable on commencement of development and there was a low number of qualifying schemes commencing in April/May. There are, however, a large number of permitted schemes with contributions due and an increase in income can be expected during the year as these get under way.
Planning Policy	12		There is a saving on salaries plus delayed receipt of an invoice for consultancy work.
Salaries	20		See both comments above.

### Future Issues/Risk Areas

There is a pending public inquiry on the major applications at Broom Hill. This will involve significant expenditure but well within the increased budget for legal fees on appeals.

**Head of Development Services  
June 2013**

## Environmental & Operational Services – May 2013 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)
CCTV	13		Profiling issue on transmission costs.
EH Environmental Protection	12		The Air Quality Network Membership was £10k under budget which we may be able to forecast as a saving in June.
Markets	3	-62	Due to the previous operator going into liquidation the three contracts were put out to tender. This has resulted in a lower rental receipt than was originally budgeted.
Refuse Collection	25		One-off grant received from Salvation Army for Textile Recycling Assistant post for one extra day a week.
Salaries – Operational Services	55		Savings on Direct Services salaries due to vacancies offset by use of agency staff to maintain services. Reflected in Direct Services Trading Accounts.
Direct Services – Refuse	14		Underspend on salaries due to vacancies, only partly offset by additional costs on agency staff and transport repairs.
Direct Services – Workshop	10		Income £15,000 above profile, mainly on transport repairs.
Direct Services – Green Waste	20		Income £19,000 above profile due to increased purchase of garden waste permits.
Direct Services - Depot	15		Income £11,000 above profile due to continued winter maintenance work in March 2013.
Direct Services – Trading Account (overall)	59		Income £46,000 above profile (see above). Expenditure £12,000 below profile.

### Future Issues/Risk Areas

Income budget for Swanley market £62,000 more than tender price accepted.
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**Head of Environmental & Operational Services  
June 2013**

## Finance & Human Resources – May 2013 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)
Benefits Admin	16		£16k Government New Burdens funding received for Welfare Reform.
Dartford Partnership Hub (SDC Costs)	-25		Additional resources to help address the Benefits increased workload. Both partners have agreed to provide additional funding.
Dartford Partnership Implementation & Project Costs	-96		Council Tax Support funding due from KCC, Police and Fire.
Local Tax	51	20	Additional Council Tax court costs income.
Misc. Finance	141	76	Savings on rent and rates for 66 London Road following the sale of the site.
Support – Finance Function	15		Work on non Finance partnerships is being contained within original resources.

Future Issues/Risk Areas

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**Group Manager – Financial Services  
June 2013**

## Housing & Communications – May 2013 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	97		The invoice for the yearly management of the register has now been received and paid. (£88,000)
Salaries – Ext Funded	10		Year-end forecast is correct.
Capital – Improvement Grants (West Kent & SDC)	76		It is difficult to predict when works will be completed. Currently, the DFG service administered by the HIA is in the process of being brought in house. The service will run from December 2013 to November 2014 as a pilot and then a review will be undertaken to evaluate the new service. The HIA has not performed and has created an underspend of the DFG budget in the last couple of years, although the need is there. By bringing the DFG service in-house, savings of £38,000 for the year will be made and it is hoped that it will be a more effective efficient service for applicants.

Future Issues/Risk Areas

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**Head of Housing & Communications  
June 2013**

## IT & Facilities Management – May 2013 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 Argyle Road	-12		Awaiting carry forward for works to dormer windows from 2012-13 to be applied to this cost centre.
Support – Central Offices – Facilities	10		Part of this underspend is due to the current restructure of the Property and FM team. This will be rectified in July/August when all staff are in post.
Support – Contact Centre	10		Underspend on salaries due to currently carrying three vacant posts. Contributions to the corporate vacancy pot will be made when these posts are filled. Expected end of year to be as per budget.
Support – General Admin	16		Due to the replacement of Print Room equipment, the first invoice for the year has yet to be received. Full year spend expected as per budget.
Support – IT	12		Invoice yet to be received for Kent Connects, usually received in April/May.
Salaries	11		Underspend on salaries due to currently carrying three vacant posts in Customer Services. Contributions to the corporate vacancy pot will be made when these posts are filled. Expected end of year to be as per budget
Capital – Sevenoaks Town Centre	-17		Cost of sale of 66 London Road to be offset against Capital Receipt.

Future Issues/Risk Areas

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**Head of IT & Facilities Management  
June 2013**



## Legal & Democratic Services – May 2013 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	10		Current underspend on salary recharges as a result of the senior management restructure. These charges will be reviewed once the new structure has taken full effect in September 2013.
Corporate Savings	-17		The Council targets to save £100k annually from vacant posts. (This will not include any savings generated from the management restructure as a separate and specific saving has been identified elsewhere in the budget). The establishment has remained stable during the first two months of the year and therefore there have not been any vacant post savings to date. This will continue to be monitored closely on a monthly basis.
Performance Improvement	16		The Council has received new burdens income from the Government in relation to the community rights elements of the Localism Act. The monies are not ring fenced and will be used prudently during the year to support the function if required.

Future Issues/Risk Areas

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