

## BUDGET MONITORING - Strategic Commentary – As at 30 June 2013

### Overall Financial Position

1. Three months into the year the results to date show an overall favourable variance of £434,000.
2. The year-end position is forecast to be £97,000 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 or exceeding budget targets at the end of June.
5. **Pay costs** – the actual expenditure to date on SDC funded salaried staff is £105,000 below budget, but £83,000 of that relates to Direct Services and will be offset by agency staff costs held within the trading account. A small favourable variance should be expected at this time because the budget for 2013/14 includes provision for 1% pay award which is still subject to negotiation.
6. **Other** – Direct Services' results show a positive variance of £64,000 compared to budget.

### Year End Forecast

7. The year-end position is forecast to be £97,000 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.

ITEM 1

(1)

## 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.

### Contacts:

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### Community Development – June 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)
Partnership – Home Office (Ext Funded)	15		External funding received in advance.
Capital – Parish Projects	15		No projects have been paid to date.

Future Issues/Risk Areas

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

## Development Services – June 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 – Appeals	12		No expenditure on consultants or legal fees so far this year but appeals in the pipeline, including the forthcoming public inquiry at Broom Hill in Swanley, should bring expenditure back into line with budget.
Planning – Development Control	53		The main explanatory factors are an underspend on salaries (see below) and fee income exceeding forecast. Planning application fees to date are £27,000 above expectations, while pre-application fees are in line with budget, representing a significant improvement on last year. There is an under-receipt of income on S106 monitoring. Income from planning application fees is prone to fluctuations and it is considered too soon to conclude that the budgeted income will be exceeded over the year – the situation will be monitored on a month by month basis and the case for an adjustment will be reviewed at the end of the first six months. With regard to S106 monitoring there are a substantial number of schemes with legal agreements in the pipeline and income can therefore be expected to pick up.
Salaries	18		Underspend is due to a variety of factors including filling vacant posts, staff sickness, some part time working and reduced corporate costs due to the departure of the Director and also the Chief Officer not being in post. These are generally temporary issues which are not likely to continue for the rest of the year.

### Future Issues/Risk Areas

Legal challenges to permissions at Forge Field and Sevenoaks Boxing Club.
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**Head of Development Services  
July 2013**

## Environmental & Operational Services – June 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)
Building Control	10		Income £6600 above profile. Savings on salaries due to vacancy partly offset by use of agency staff.
Environmental Protection	12	10	We make an annual payment for membership and monitoring for Air Quality, which this year is £10k less than budget.
Markets	-18	-62	Income budget for Swanley market £62,000 greater than tender price accepted.
On-Street Parking	17		Income £19,000 above profile, mainly on day tickets.
Refuse Collection	21		One-off grant received from Salvation Army for textile recycling. Will be used to cover recycling assistant post for 1 extra day a week.
Salaries – Operational Services	83	83	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	30	50	Underspend on salaries due to vacancies, only partly offset by additional costs on agency staff and transport repairs.
Direct Services – Workshop	12	20	Income £7,000 above profile, mainly on transport repairs. Savings on supplies.
Direct Services – Green Waste	23	-30	Income £22,000 above profile due to increased purchase of garden waste permits.
Direct Services – Street Cleansing	10	19	Savings on salaries due to Chargehand post vacancy.
Direct Services – Grounds	-6	-11	Increased salary costs and plant maintenance.
Direct Services – Depot	14		Income £9,000 above profile due to income generated by the Construction team.
Direct Services – Pest Control	-8	-15	Income £10,000 below profile on wasp nest treatments.
Direct Services – Trading account (overall)	68	22	Income £25,000 above profile (see above). Expenditure £42,000 below profile.

Future Issues/Risk Areas

Head of Environmental & Operational Services    July 2013

## Finance & Human Resources – June 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	17		£16k Government New Burdens funding received for Welfare Reform.
Dartford Partnership Hub (SDC Costs)	-52		Additional resources to help address the Benefits increased workload. Both partners have agreed to provide additional funding.
Dartford Partnership Implementation & Project Costs	-94		Council Tax Support funding due from KCC, Police and Fire.
Local Tax	26	20	Additional Council Tax court costs income.
Misc. Finance	143	76	Savings on rent and rates for 66 London Road following the sale of the site.
Support – Finance Function	23		Work on non Finance partnerships is currently being contained within original resources.
Treasury Management	-1	-11	Additional costs of debit/credit card transactions.
Salaries	-33		Agency staff are being used to fill benefits posts as it is proving difficult to recruit suitable permanent staff.
Salaries – Director, PA & Secretariat (Community & Planning Services)	33		Vacancies in Secretariat team.

Future Issues/Risk Areas

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**Group Manager – Financial Services  
July 2013**

## Housing & Communications – June 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)
Salaries – Ext Funded	15		This is external funding (several vacant posts) prior to new arrangements. This does not affect Council budgets.
Capital – Improvement Grants (West Kent & SDC)	104		It is difficult to predict when works will be completed but bottom line is correct.
Capital – SDC/RHPCG	-25		This will be funded year end from existing funds.

Future Issues/Risk Areas

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**Head of Housing & Communications**  
**July 2013**

## IT & Facilities Management – June 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)
Estates Management – Buildings	-13		Costs associated with facilitating the sale of 66 London Road.
Support – Central Offices	15		Awaiting missing invoices (electricity and water for June). Plant spend to be re-profiled
Support – Central Offices – Facilities	14		Carrying vacant post – now filled by new FM Officer. June office cleaning invoice not yet received.
Support – General Admin	2	-17	Legal forecasting underspend on internal printing.
Support – Contact Centre	16		Carrying three vacant posts – currently in the process of recruiting to two of them. Underspend will be offset by contribution to corporate vacancy pot.
Support – IT	17		Invoice not yet received for Kent Connects subscription. Carrying one vacant post in GIS – currently out to advert.
Salaries	17		Customer Services - carrying three vacant posts – currently in the process of recruiting to two of them. FM/Property - carrying vacant post – now filled by new FM Officer. IT - carrying one vacant post in GIS – currently out to advert.

Future Issues/Risk Areas

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



## Legal & Democratic Services – June 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)
Admin Expenses – Legal & Democratic	9	12	Due to the reduction in Committee Reports we anticipate an underspend on internal printing.
Corporate Management	15		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.
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.
Register of Electors	10		We have received a grant towards the cost of IT and training due to the forthcoming statutory changeover to individual electoral registration.

Future Issues/Risk Areas

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