

BUDGET MONITORING - Strategic Commentary - As at 31 July 2013

Overall Financial Position

1. Four months into the year the results to date show an overall favourable variance of £495,000.
2. The year-end position is forecast to be £80,000 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, with the exception of car parking, are achieving or exceeding budget targets at the end of July.
5. **Pay costs** – the actual expenditure to date on SDC funded salaried staff is £129,000 below budget, but £106,000 of that relates to Direct Services and will be offset by agency staff costs held within the trading account. A small favourable variance would be expected at this time because the budget for 2013/14 includes provision for 1% pay award which has only just been agreed nationally but not yet paid.
6. **Other** – Direct Services' results show a positive variance of £64,000 compared to budget.
7. Costs amounting to £30,000 were incurred in facilitating the sale of 66 London Road.

Year End Forecast

8. The year-end position is forecast to be £80,000 better than budget.
9. Extra investment income is a significant favourable variance, however interest rates are expected to remain low into the future. Income from council tax court costs is expected to be above budget for the year.
10. 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.

11. 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.

12. The review of the senior management structure will not take effect until 1 September and as a result the full salary saving will not be met in 2013/14 although this shortfall is expected to be met from other Corporate savings.

Risk areas

13. 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. Agency staff are being used to address the workload and to fill any vacancies due to uncertainties relating to Universal Credit;
- Council Tax collection rates, though currently in line with the previous year, could be affected by increased unemployment and squeezed household incomes; and

14. 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 – July 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)
Choosing Health WK PCT	20		This is external funding received in advance and will be spent by the year end.
Partnership – Home Office (Ext Funded)	11		This is external funding received in advance and will be spent by the year end.
Salaries – Ext Funded	-10		Additional expenditure for Dartford health work fully funded by Dartford BC.
Capital – Big Community Fund	-14		Big Community Fund grant payments are made throughout the year and funds are transferred from earmarked reserves at the year end. The revenue budget will be zero at the year end following transfer of earmarked funds.
Capital – Parish Projects	15		No projects have come forward so far this year.

Future Issues/Risk Areas

A £3k underspend on the youth activity van is predicted as this currently requires very little maintenance.

Lesley Bowles
Head of Community Development
August 2013

Development Services – July 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	13		There remains no expenditure on consultants or legal support so far this year but appeals are in the pipeline, including the forthcoming public inquiry at Broom Hill in Swanley, which will bring expenditure back into line with budget
Planning – Development Control	55		This is the result of an underspend on salaries (see below) and fee income exceeding forecast. Planning application fees to date are £32k above expectations, while pre-application fees are in line with budget, representing a significant improvement on last year. Income from planning application fees is however prone to fluctuations and it is too soon to conclude that the budgeted income will be exceeded over the year.
Salaries	18		The current underspend is due to a variety of factors including filling vacant posts, staff sickness, an element of part time working and reduced corporate costs due to the departure of the Director.
Capital – Affordable Housing	-93		Met from monies secured by S106 planning obligations. This will be financed at the end of the year.

Future Issues/Risk Areas

Legal challenges to the applications at Forge Field and Sevenoaks Boxing Club.
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**Chief Planning Officer
August 2013**

Environmental & Operational Services – July 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	31		Income £19,800 above profile. Shared manager arrangement with T&MBC ends end of September, loss of income in full year of £22,000. Savings on structural checking fees and use of agency staff to cover full time Building Surveyor post.
Car Parks	-14		Car parks income £16,600 below profile on pay and display income.
EH Animal Control	-10	-12	Over expenditure on kennel fees and vet treatments for stray dogs.
EH Environmental Protection	16	10	Savings on air quality monitoring costs.
Licensing Regime	-9	-20	Budget contains £42,000 of unidentified income which will not be realised. Partly offset by income above profile on fees and savings on various expenditure items.
Markets	-20	-62	Income budget for Swanley market £62,000 greater than tender price accepted.
On-Street Parking	11		Income £10,000 above profile on pay and display.
Parks and Recreation Grounds	-13		Overspend on parks and recreation areas offset by other underspends on estate management – grounds and parks rural.
Refuse Collection	13		One off grant received from Salvation Army for textile recycling. Being used to cover recycling assistant post for 1 extra day/week.
Salaries – Operational Services	106	106	Savings on Direct Services salaries due to vacancies partly offset by use of agency staff to maintain services. Reflected in Direct Services Trading accounts.
Direct Services – Refuse	43	100	Underspend on salaries due to vacancies offset partly by additional costs on agency staff and vehicle repairs.
Direct Services – Street Cleaning	10	23	Savings on salaries due to chargehand post vacancy and transport costs partly offset by fuel costs.
Direct Services – Green Waste	14	-20	Income £24,000 above profile due to increased purchase of garden waste permits.

Service	Variance to date £'000 (Minus is bad news)	Forecast Annual Variance £000	Explanation of variance and action planned (including changes from previous month)
Direct Services – Pest Control	-11	-15	Income £13,000 below profile on wasp nest treatments.
Direct Services – Grounds	-9	-14	Income fixed. Over expenditure on salaries, agency costs and transport costs.
Direct Services – Depot	13		Income £11,500 above profile due to increased workload of the two man construction teams and out-of-hours work.
Direct Services – Trading Accounts (overall)	64	58	Income £20,700 above profile. Expenditure £51,000 below profile.

Future Issues/Risk Areas

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

Finance & Human Resources – July 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)
Dartford Partnership Hub (SDC Costs)	-77		Additional resources to help address the Benefits increased workload. Both partners have agreed to provide additional funding. SDC element from the Housing Benefit Subsidy Reserve.
Dartford Partnership Implementation & Project Costs	-85		Council Tax Support funding due from KCC and Police.
Local Tax	139	20	Additional Council Tax court costs income.
Members	17		Awaiting new Members' Allowances scheme.
Misc. Finance	51	76	Savings on rent and rates for 66 London Road following the sale of the site.
Support – Finance Function	30		Work on non Finance partnerships is currently being contained within original resources.
Treasury Management	-6	-11	Additional costs of debit/credit card transactions.
Salaries – Finance & Human Resources	-48		Agency staff are being used to help address the Benefits increased workload and to fill vacant posts due to the uncertain future caused by Universal Credit.
Salaries – Director, PA & Secretariat	44		Vacancies in Secretariat team.

Future Issues/Risk Areas

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**Group Manager – Financial Services
August 2013**

Housing & Communications – July 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	17		Several Invoices were expected to be paid but are outstanding. These are being chased.
Private Sector Housing	13		Prior to new arrangements, part of a Housing Standard/Energy Conservation Officer post is paid for by external funding.
Salaries – Ext Funded	19		This is external funding (several vacant posts) pending new arrangements. This does not affect Council budgets.
Capital – Improvement Grants (West Kent & SDC)	102		It is difficult to predict when works will be completed, however the current forecast is correct.
Capital – SDC / RHPCG	-30		This will be funded at year end from existing funds.

Future Issues/Risk Areas

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**Head of Housing & Communications
August 2013**

Information and Customer Services – July 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	-27	-30	£30k costs associated with facilitating the sale of 66 London Road.
Support – Central Offices – Facilities	10		Current underspend in FM salaries. Salaries currently being redistributed across FM and Property to reflect new structure.
Support – General Admin	5	-12	£12k underachievement on internal print matches equal forecast underspend from Legal and Democratic Services.
Support – Property Function	-11		Current overspend in Property salaries. Salaries currently being redistributed across FM and Property to reflect new structure.
Salaries	14		Underspend is due to vacancies throughout the year in IT Services and underspend showing in FM Salaries that is due to be redistributed across FM and Property to reflect new structure.

Future Issues/Risk Areas

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**Head of Information & Customer Services
August 2013**

Legal & Democratic Services – July 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 and Democratic	13	12	Due to the reduction in Committee reports we anticipate an underspend on internal printing.
Corporate Management	18	48	The variance to date of £18k reflects a 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. The forecast annual variance of £48k will off set the adverse variance of the same value within Corporate Savings.
Corporate Savings	-9	-48	Review of senior management structure does not take effect until 1 September as a result the full year saving (£242k) will not be in full in 2013/14. Savings in the corporate management budget will off-set the short fall this year and the full saving will be delivered in future years.
Performance Improvement	15		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 to support service expenditure through the remainder of the year.
Register of Electors	33		£22.5k relates to print costs for the annual canvass which has been delayed in 2013 by Government; costs are now likely to be incurred in September. £6.5k is the Government grant for the introduction of individual electoral registration; costs will be drawn down over the coming months.

Future Issues/Risk Areas

Corporate Savings – Vacancy pot contributions remain a future risk. With a reduced workforce and low turnover in the first part of the year achieving a £100k saving from vacant posts is uncertain.

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