

PERFORMANCE AND GOVERNANCE COMMITTEE – 15 NOVEMBER 2011

BUDGET MONITORING –SEPTEMBER 2011

Report of the: Deputy Chief Executive and Corporate Resources Director

Status: For Information

This report supports all the Council’s key themes and objectives

Portfolio Holder Cllr Ramsay

Head of Service Head of Finance and Human Resources -Tricia Marshall

Recommendation: That the report be noted.

Overall Financial Position

- 1 Six months into the year the results to date show an overall favourable variance of £31,000, a reduction when compared with the previous month.
- 2 The year-end position is forecast to be £60,000 better than budget; an improvement on the previous month.

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, and a favourable forecast is shown to reflect this improved position.
- 4 Looking at the other main income sources, the position remains difficult. Car Park income has continued its trend of adverse monthly variances and is now showing a small adverse variance. Building Control, Land Charges, Development Control and On-street Parking continue to show adverse variances.
- 5 Community Development external funding is ahead of profile, contributing to the favourable variance at present, but this will not have any impact on the year-end results.
- 6 **Pay costs** – the favourable trend has continued and the underspend for the year to date is now £191,000. Almost all services are showing a small underspend; in some cases these are offset by agency staff costs, but there are a number of favourable variances forecast for year-end.
- 7 **Other** – Direct Services’ results show an adverse variance of £66,000, due to increased fuel and waste disposal costs.

Year End Forecast

- 8 Following a review by Heads of Service, the year-end position is forecast to be £60,000 better than budget, a significant improvement when compared with the previous month. Adverse variances have been forecast to reflect the fact that some savings from partnership working are not expected to be achieved for the full year and for variable income sources such as Building Control and On-street parking. Favourable variances has been forecast for investment income and against some salary budgets.

Risk areas

- 9 The current economic situation continues to have a real and potential impact on the Council's finances:
- property related income such as Development Control, Building Control, Land Charges and Capital Receipts remain vulnerable and parking income is also struggling ;
 - the Benefits workload is continuing at a higher level than before the recession (30% increase in work volumes between May and August), 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.
- 10 Staff turnover remains relatively low. This has a positive impact on service delivery but puts at risk the achievement of the vacant post saving in future years. Conversely, in some specialist areas, experienced staff are proving difficult to recruit and so temporary staff are being used to cover vacancies. Where appropriate, apprenticeships are being considered to increase the pool of trained staff.
- 11 Planned savings through the generation of income, particularly from new partnership working, remain risk areas for the current and for future years. However, on a positive note, the Building Control Manager partnership with Tonbridge and Malling Borough Council is now in place and the business case for the Environmental Health partnership with Dartford Borough Council is progressing through the Member approval process at both councils.

Performance and Governance Committee – 15 November 2011

Contact Officer(s):

Head of Finance and Human Resources –
Tricia Marshall Ext 7205

Finance Manager - Adrian Rowbotham Ext 7153

DR. PAV RAMEWAL

**DEPUTY CHIEF EXECUTIVE AND
CORPORATE RESOURCES DIRECTOR**

