

BUDGET MONITORING - Strategic Commentary - As at 30 September 2013

Overall Financial Position

1. Six months into the year the results to date show an overall favourable variance of £444,000. Reasons for this current favourable variance are explained in the individual commentaries from Chief Officers
2. The year-end position is forecast to be £30,000 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. Income from on-street parking, land charges and development management are achieving or exceeding budget targets at the end of September.
5. **Pay costs** – the actual expenditure to date on SDC funded salaried staff is £127,000 below budget. An underspending of £167,000 relates to Direct Services and will be offset by agency staff costs held within the trading account. Additional resources are being used to address the Benefits workload and costs will be met by additional funding from both partners. The 1% pay award will be paid in October.
6. **Other** – Direct Services' results show a positive variance of £98,000 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 £30,000 better than budget.
9. Extra investment income is still a 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. Car parking income, mainly pay and display, is now expected to be £70,000 worse than budget.
13. Direct Services are forecasting a favourable variance of £25,000 for the year.
14. Planning Services are now predicting that planning fee income will be £95,000 better than budget.
15. The review of the senior management structure did not take effect until 1 September and as a result the full salary saving will not be met in 2013/14 although this shortfall of £48k will be met from other corporate savings. The full saving will be delivered in future years.

Risk areas

16. 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 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;
 - changes in the price of diesel could have a significant impact on Direct Services.
17. 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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Communities and Business – September 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)
Youth	14	3	Expenditure on youth zone lower than profile and savings identified. Project costs currently behind profile.
Choosing Health WK PCT	-9		External funding – spending ahead of profile but will be zero at year end.
Partnership – Home Office	27		External Funding received in advance. Will be zero at year end.
Salaries – Ext Funded	-15	-25	This relates to increases in externally funded salaries to undertake work for which additional external funding has been achieved.
Capital – Big Community Fund	-25		This revenue budget is fully funded from the earmarked reserve at the year end.
Capital - Parish Projects	31		There are no current capital schemes in parish's projects. These projects are funded from an earmarked reserve.

Future Issues/Risk Areas

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Lesley Bowles, Chief Officer Communities and Business
October 2013

Corporate Support – September 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	-21	-30	£30k costs associated with facilitating the sale of 66 London Road.
Support – Central Offices – Facilities	16		Current underspend in FM salaries. Salaries currently being redistributed across FM and Property to reflect new structure.
Support – Contact Centre	14		Current underspend on salaries costs due to carrying a vacant post.
Support – General Admin	14	-12	£12k underachievement on internal printing matching equal forecast underspend from Legal and Democratic Services.
Support – IT	27		Carry forward money for Licencing e-forms currently drawn down but awaiting final invoices. Post vacant for first six months of the year now filled.
Support – Property Function	-13		Current overspend in Property salaries. Salaries currently being redistributed across FM and Property to reflect new structure.
Salaries	40		Current underspend due to vacant posts in HR, Customer Services and IT. Forecast to be adjusted once current recruitment processes are complete

Future Issues/Risk Areas

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**Chief Officer Corporate Support
October 2013**

Environmental & Operational Services – September 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 Car Parks	8	-25	Essential car park maintenance to be undertaken. Weekend of 12/13 and 19/20 October. To be partially offset by £8,000 underspend on other asset maintenance budgets.
Asset Maintenance Direct Services	12		Maintenance spending on depots to be planned later in the financial year.
Building Control	11		Income £4,000 above profile. Savings made on structural checking fees. Shared management arrangement with T&MBC ended at the end of September 2013. (£20,000 shortfall in income). Savings made on salary costs by carrying, for a few months, one surveyor post. Fee income low Dec – Feb.
Car Parks	-47	-70	Income down £49,000 on profile. Predominantly pay and display income.
EH Animal Control	-9	-12	Over expenditure on kennel fees and vet treatments for unclaimed stray dogs.
EH Environmental Protection	22	20	Savings on air quality monitoring costs.
Land Charges	13	10	Income £12,000 above profile.
Licensing Partnership Hub (Trading)	12		Licensing trading 'hub' currently £11,000 in 'surplus'. If not spent on initiatives such as online forms, end of year 'surplus' is shared between the three licensing partners.
Licensing Regime	-39	-20	The annual fees are £25k below profile but will be collected. The challenging income budget is currently forecast to be underachieving but is offset by savings on various expenditure items.
Markets	-36	-62	Income budget for Swanley market £62,000 greater than tender price accepted.
On-Street Parking	-11		Income £12,000 above profile, but one-off expenditure £23,000 above profile (IT System costs).
Parks & Recreation Grounds	-19		Overspend on Parks and Recreation Grounds are offset by underspend on Estate Management – Grounds and Parks Rural.
Refuse Collection	-46		First quarter claim for recycling credits from KCC submitted (£44,000), but not yet received.
Support – Direct Services	10		Training to be delivered on CPD driving and Health and Safety.
Salaries – Licensing	11		Savings in the licensing admin 'hub' reflected in the licensing 'hub' account.

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 – Operational Services	167	167	Savings on Direct Services salaries due to vacancies partly offset by use of agency staff to maintain services. Reflected in Direct Services trading accounts.
Capital – Vehicle Purchases	95		Vehicle replacement programme will be delivered within approved budget. Any underspend is carried forward into the vehicle replacement fund.
Direct Services – Refuse	39	50	Underspend on salaries due to vacancies offset partially by additional costs of agency staff, fuel and vehicle repair costs.
Direct Services – Street Cleaning	15	20	Savings on salaries due to chargehand post vacancy and savings on fixed transport costs, partly offset by increased fuel costs.
Direct Services – Workshop	26		Income £40,000 above profile, mainly on vehicle repairs with expenditure £15,000 above profile.
Direct Services – Green Waste	10		Income £10,000 above profile mainly due to annual bin permits.
Direct Services – Cesspools	-5	-11	Income slightly above profile, however expenditure £6000 above profile on staffing cost and vehicle repairs.
Direct Services – Pest Control	-12	-15	Income £14,000 below profile on wasp nest treatments, however, £29,000 income generated on wasp nest treatments in last three months. Account currently in small surplus.
Direct Services – Grounds	-12	-17	Income fixed. Over expenditure on salaries, agency and transport costs.
Direct Services – Depot	24	6	Income £18,000 above profile due to workload of two man construction team and out of hours work.
Direct Services – Trading Accounts (Overall)	98	25	Income £51,000 above profile. Expenditure £47,000 below profile. 1% pay award to be paid in October, back dated to April. 1% pay award paid from October onwards.

Future Issues/Risk Areas

Diesel costs rising over last few weeks.
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**Chief Officer Environmental & Operational Services
October 2013**

Financial Services – September 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	20		Grant received earlier than profile.
Corporate Management	257	48	The variance is as a result of the salary and savings adjustments for the new senior management structure taking effect in September. As the new structure only took effect at half year the full year saving will not be met this year, giving a forecast annual variance of £48k. Additional savings in the corporate management budgets will off-set the short fall in the savings target this year and the full saving will be delivered in future years.
Corporate Savings	-257	-84	The variance is as a result of the salary and savings adjustments for the new senior management structure taking effect in September. As the new structure only took effect at half year the full year saving will not be met this year, giving a forecast annual variance of -£48k. Savings in the corporate management budget will off-set the short fall this year and the full saving will be delivered in future years. The savings target for vacant posts (£100k) is forecast to be underachieved this year. On current levels of savings it is forecast that there will be a short fall of £36k.
Dartford Partnership (SDC Costs)	-113		Additional resources to help address the Benefits increased workload. Both partners have agreed to provide additional funding.
Dartford Partnership Implementation & Project Costs	44		Council tax support funding still due from Police.
Local Tax	-22	20	Income behind profile at September but year end forecasting extra Council Tax court costs.
Members	37		New Member Allowances agreed 1 October 2013; payments to be adjusted in November.
Misc. Finance	56	76	Savings on rent and rates for 66 London Road following sale of site.
Performance Improvement	14		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.
Support – Finance Function	45		Work on non finance partnerships is currently being contained within original resources.
Treasury Management	-8	-11	Additional costs of debit/credit card transactions.

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	-106		Agency staff are being used to fill vacant posts due to the uncertain future caused by Universal Credit.

Future Issues/Risk Areas

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Chief Finance Officer
October 2013

Housing – September 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)
Private Sector Housing	17		Part of the Housing Standards and Energy Conservation Officer post was externally funded and created a saving. This underspend will change when the new Housing structure is implemented.
Salaries – Ext Funded	27		This underspend is mainly due to externally funded staff for a project not currently up and running.
Capital – Improvement Grants (West Kent & SDC)	144		It is difficult to predict when works will be completed but the bottom line is correct.
Capital – SDC / RHPCG	-32		This is external funding and it is difficult to predict when works will be completed but the bottom line is correct.

Future Issues/Risk Areas

**Chief Housing Officer
October 2013**

Legal & Governance – September 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 & Governance	14	12	Due to the reduction in Committee reports we anticipate an under spend on internal printing.
Register of Electors	30		£22.5k relates to costs for the annual canvass which has been delayed in 2013 by Government; the canvass has now started therefore costs are due to be brought back to profile over the coming months. £6.5k is the Government grant for the introduction of individual electoral registration; costs are being drawn down over the coming months.

Future Issues/Risk Areas

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**Chief Officer Legal & Governance
October 2013**

Planning Services – September 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		We are awaiting invoices on the recent Broom Hill inquiry that will total c.£17k which will bring expenditure back in line with budget. We are currently underspent on appeal consultants but that could change with potential future appeal challenges. In addition we are overspent by c.£4k having had costs awarded against us on three occasions for applications at Land West of 5 Mill Lane, Shoreham; Land Rear of Woodhurst, Swanley; and Spingshaw Close, Sevenoaks. Two of these decisions were committee overturns and one was a delegated refusal.
Planning – Development Management	94	103	It remains the case that overachievement on fee income is down to a small number of high fee applications, in particular fees of c.£58k, c.£22k and c.£20k for sites at West Kingsdown, Hartley and Mackerels Plain. Without these three fee income would be c.10% over profiled budget. In addition there is currently an underspend on pay due to several factors - staff working reduced hours, vacancy, and maternity leave, and these have resulted in a revised forecast. This is under continued review.
Salaries	27	36	The current underspend is due to a variety of factors including filling vacant posts, staff sickness, maternity leave and an element of part time working. In addition two members of staff will be returning from maternity leave on reduced hours (subject to a trial).
Capital – Affordable Housing	-342		Met from monies secured by S106 planning obligations. This will be financed at the end of the year.

Future Issues/Risk Areas

Possible future judicial reviews (JR's) and appeals.
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**Chief Planning Officer
October 2013**