

## BUDGET MONITORING - Strategic Commentary - As at 31 October 2013

### Overall Financial Position

1. Seven months into the year the results to date show an overall favourable variance of £500,000. Reasons for this current favourable variance are explained in the individual commentaries from Chief Officers
2. The year-end position is forecast to be £115,000 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 first half of the year.
4. Income from the major income sources, with the exception of car parking, had achieved or exceeded budget targets at the end of October.
5. **Pay costs** – the actual expenditure to date on SDC funded salaried staff is £97,000 below budget. An underspending of £173,000 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 was paid in October.
6. **Other**
  - 5 Direct Services' results show a positive variance of £117,000 compared to budget.
  - 6 Costs amounting to £30,000 were incurred in facilitating the sale of 66 London Road.
  - 7 Revised Members expenses were agreed on 1 October and adjustments will be paid in November.

### Year End Forecast

7. The year-end position is forecast to be £115,000 better than budget.
8. 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.

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. A saving of £25,000 is expected against the annual budget for audit fees.
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 £54,000 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, and
17. 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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## Communities and Business – October 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	15	3	Project activity slightly behind profile.
Partnership – Home Office (Ext Funded)	35		External funding received in advance. Will be zero at year end.
PCT Initiatives (Ext Funded)	10		External funding received in advance. Will be zero at year end.
Salaries – Ext Funded	-15	-25	Additional externally funded salaries. Offset by additional external income.
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 projects. These projects are funded from an earmarked reserve.

Future Issues/Risk Areas

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**Lesley Bowles**  
**Chief Officer Communities and Business**  
**November 2013**

## Corporate Support – October 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	-37	-30	£30k costs associated with facilitating the sale of 66 London Road.
Support – Central Offices – Facilities	15		Current underspend in FM salaries. Salaries currently being redistributed across FM and Property to reflect new structure.
Support – Contact Centre	15		Current underspend on salaries costs due to carrying a vacant post.
Support – General Admin	16	-14	£13k underachievement on internal print matching equal forecast underspend from other Services.
Support – IT	38		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	-16		Current overspend in Property salaries. Salaries currently being redistributed across FM and Property to reflect new structure.
Salaries	35		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

**Chief Officer Corporate Support  
November 2013**

## Environmental & Operational Services – October 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	9	-25	Essential car park maintenance undertaken in October. To be offset, partially by £8,000 underspend on other asset maintenance budgets.
Asset Maintenance Direct Services	13		Maintenance spending on depots planned for later in the financial year.
Building Control	29	20	Income £23,000 above profile. Savings on structural checking fees. Shared management arrangement with T&MBC ended end of September 2013 (£23,000 shortfall in income). Savings made on salary costs by covering, for a few months, one surveyor post. Fee income low December-February.
Car Parks	-50	-70	Income £62,000 below profile predominantly on pay and display and season tickets.
CCTV	-11	-20	Savings on salaries and transmission costs, but budget contains £49,000 unidentified income.
EH Animal Control	-9	-12	Over expenditure on kennel fees and vet treatments for unclaimed stray dogs.
EH Environmental Protection	23	20	Savings on air quality monitoring costs.
Land Charges	12	15	Income £14,000 above profile.
Licensing Partnership Hub (Trading)	14		Licensing trading 'hub' currently £14,000 in 'Surplus'. If not spent on initiatives such as on-line forms, end of year 'surplus' is shared between the three licensing partners.
Licensing Regime	-21	-29	Income slightly below profile due to annual fees not received against profile, but will be collected. The challenging income budget is currently forecast to be underachieving.
Markets	-38	-62	Income budget for Swanley Market £62,000 greater than tender price accepted.
Parks & Recreation Grounds	-23		Overspend on Parks and Recreation areas offset by underspends on Estate Management – Grounds and Parks Rural.
Parks – Rural	20		See comment above.

<b>Service</b>	<b>Variance to date £'000 (Minus is bad news)</b>	<b>Forecast Annual Variance £000</b>	<b>Explanation of variance and action planned (including changes from previous month)</b>
Support – Direct Services	12	6	Savings on printing and mobile phone costs.
Salaries – Licensing	12		Savings on salaries in the licensing admin 'hub' reflected in the licensing 'hub' accounts.
Salaries – Operational Services	173	178	Savings on Direct Services salaries due to vacancies partly offset by use of agency staff to maintain services. Reflected in Direct Services Trading Accounts.
Salaries – Parking & Amenity Services	10		Savings due to CEO vacancy (vacant since May 2013). Proposal to delete this post as a salary budget saving in 2014/15.
Capital – Vehicle Purchases	166		Vehicle replacement programme will be delivered within approved budget. Any slippage is carried forward into the vehicle replacement fund.
Direct Services – Refuse	41	33	Underspend on salaries due to vacancies parking offset by additional costs of agency staff, fuel and transport repairs.
Direct Services – Street Cleaning	5	10	Savings on fixed transport costs, salaries, supplies and services.
Direct Services – Trade	8	9	Income slightly above profile, savings on disposal costs.
Direct Services – Workshop	38	35	Income £44,000 above profile, mainly on vehicle repairs. Expenditure £6,000 over profile, mainly on vehicle parts.
Direct Services – Green Waste	18	10	Income £23,000 above profile mainly due to annual bin permits.
Direct Services – Cesspools	-8	-11	Expenditure £9,000 above profile mainly on salaries and transport repairs. Income to target.
Direct Services – Pest Control	-14	-16	Income £16,000 below profile on wasp nest treatments, however, £30,000 income generated on wasp nest treatments this year. Account currently in surplus.
Direct Services – Grounds	-11	-17	Income fixed. Over expenditure on salaries and fixed transport.
Direct Services – Depot	27		Income from small construction team £15,000 above profile. Expenditure slightly above profile but anticipate expenditure on utility costs and maintenance.

<b>Service</b>	<b>Variance to date £'000 (Minus is bad news)</b>	<b>Forecast Annual Variance £000</b>	<b>Explanation of variance and action planned (including changes from previous month)</b>
Direct Services Trading Accounts (overall)	114	54	Income £67,000 above profile. Expenditure £46,000 below profile. 1% pay award from April 2013 now taken into account.

Future Issues/Risk Areas

**Chief Officer Environmental & Operational Services**  
**November 2013**



### Financial Services – October 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 – Financial Services	11		Printing and staff training budgets are currently underspent.
Benefits Admin	21		£16,000 New Burdens Grant received from Government for Welfare Reform.
Corporate Management	-8	73	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 affect 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	-31	-69	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 affect 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 Hub (SDC Costs)	-146		Additional resources to help address the Benefits increased workload. Both partners have agreed to provide additional funding.
Dartford Partnership Implementation & Project Costs	54		Council tax support funding still due from Police.
Local Tax	-21	20	Income behind profile at September but year end forecasting extra Council Tax court costs.
Members	44		New Member Allowances agreed 1 October 2013; payments to be adjusted in November.
Misc. Finance	22	76	Savings on rent and rates for 66 London Road following sale of the 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

Service	Variance to date £'000 (Minus is bad news)	Forecast Annual Variance £000	Explanation of variance and action planned (including changes from previous month)
Support – Finance Function	51		Work on non finance partnerships is currently being contained within original resources.
Treasury Management	-3	-11	Additional costs of debit/credit card transactions.
Salaries	-127		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**  
**November 2013**

## Housing – October 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 then Housing Standards and Energy Conservation Officer was externally funded and created a saving. This will change with the new structure going forward.
Salaries – Ext Funded	30		This is external funding and will not impact on Council budgets, however the budget position is being reviewed as part of Housing Advice & Standards team review.
Capital – Improvement Grants (West Kent & SDC)	133		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 will not affect Council budgets.

Future Issues/Risk Areas

**Chief Housing Officer  
November 2013**

## Legal & Governance – October 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	12	12	Due to the reduction in committee reports we anticipate an under spend on internal printing.
Register of Electors	18		The annual canvass 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 which will be matched to expenditure as it occurs.
Support – Legal Function	12	14	Income generated from S106 agreements exceeds expectations this year.

Future Issues/Risk Areas

**Chief Officer Legal & Governance**  
**November 2013**

## Planning Services – October 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 Management	119	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.
Planning Policy	13	6	The current underspend is due to 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).
Salaries	32	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.
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.

**Chief Planning Officer  
November 2013**