

BUDGET MONITORING - Strategic Commentary - As at 30 November 2013

Overall Financial Position

1. Eight months into the year the results to date show an overall favourable variance of £533,000. Reasons for this current favourable variance are explained in the individual commentaries from Chief Officers
2. The year-end position is forecast to be £49,000 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, has achieved or exceeded budget targets at the end of November.
5. Pay costs – the actual expenditure to date on SDC funded salaried staff is £122,000 below budget. An underspending of £199,000 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 £126,000 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 were paid in November.

Year End Forecast

7. The year-end position is forecast to be £49,000 better than budget.
8. Investment income is still a small favourable variance, however interest rates are expected to remain low into the future.
9. 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. A saving of £30,000 is expected against the annual budget for audit fees.
12. 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.
13. Car Parking income, mainly pay and display, is still expected to be £70,000 worse than budget.
14. Direct Services are forecasting a favourable variance of £54,000 for the year.
15. Planning Services are now predicting that Planning fee income will be £95,000 better than budget.
16. 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

17. 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 an impact on Direct Services, and
18. Planned savings through the generation of income, particularly from new partnership working, remain risk areas for the current and for future years.

Contacts:

Pav Ramewal
Adrian Rowbotham
Helen Martin

Chief Executive
Chief Finance Officer
Head of Finance

ext 7298
ext 7153
ext 7483

Communities and Business – November 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)
Leisure Contract	11		Charges for White Oak feasibility studies are awaited.
Partnership – Home Office (Ext Funded)	37		This is partnership funding received in advance. Will be zero at year end.
PCT Initiatives (Ext Funded)	10		This is partnership funding received in advance. Will be zero at year end.
Salaries (Ext Funded)	-20	-25	Additional externally funded salaries. Offset by additional external income.
Capital – Big Community Fund	-28		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

Lesley Bowles
Chief Officer Communities and Business
December 2013

Corporate Support – November 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	-45	-30	£30k costs associated with facilitating the sale of 66 London Road.
Support – Contact Centre	20	20	Forecast underspend on Customer Services salaries due to carrying a vacant post and staff turnover in year.
Support – General Admin	33	-23	Current underspend on corporate telephony and staff turnover in FM. Forecast matches underspends forecast by other service areas due to reduced internal printing.
Salaries	42	20	Forecast underspend on Customer Services salaries due to carrying a vacant post and staff turnover in year. This also includes HR vacancy.

Future Issues/Risk Areas

Potential to achieve budgeted rental income currently being investigated.

**Chief Officer Corporate Support
December 2013**

Environmental & Operational Services – November 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	10	-25	Essential car park maintenance undertaken in October. To be offset, partially by £13,000 underspend on other asset maintenance budgets.
Asset Maintenance Direct Services	15		Maintenance spending on depots planned for later in the financial year.
Building Control	27	20	Income £14,000 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	-46	-70	Income £50,000 below profile predominantly on pay and display.
CCTV	-10	-20	The challenging income budget is currently under achieving and has been partially offset by the savings on salaries and transmission costs.
EH Animal Control	-11	-12	Over expenditure on kennel fees and vet treatments for unclaimed stray dogs.
EH Environmental Protection	26	20	Savings on air quality monitoring costs.
Estates Management – Grounds	11		See commentary on Parks and Recreation Grounds
Land Charges	18	15	Income £18,000 above profile.
Licensing Partnership Hub (Trading)	19		Licensing trading 'hub' currently £18,000 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	-9	-29	General licensing fees are £16k above profile which has helped to offset the other income lines which are currently underachieving.
Markets	-45	-62	Income budget for Swanley market £62,000 greater than tender price accepted.

Service	Variance to date £'000 (Minus is bad news)	Forecast Annual Variance £000	Explanation of variance and action planned (including changes from previous month)
Parks & Recreation Grounds	-24		Overspend on Parks and Recreation areas offset by underspends on Estate Management – Grounds and Parks Rural.
Parks – Rural	22		See above.
Refuse Collection	-14		2 nd Quarter recycling credits due to be claimed.
Support – Direct Services	14	6	Savings on printing and mobile phone costs. Further expenditure required on training.
Salaries – Licensing	16		Savings on salaries in the licensing admin ‘hub’ reflected in the licensing ‘hub’ accounts.
Salaries – Operational Services	206	199	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	169		Vehicle replacement programme will be delivered within approved budget. Any slippage is carried forward into the vehicle replacement fund. All vehicles in programme now ordered and expected by 31/3/14.
Direct Services – Refuse	43	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 and suppliers and services.
Direct Services – Trade	12	9	Income slightly above profile, savings on disposal costs.
Direct Services – Workshop	42	35	Income £54,000 above profile, mainly on vehicle repairs. Expenditure £12,000 over profile, mainly on vehicle parts.
Direct Services – Green Waste	20	10	Income £29,000 above profile mainly due to annual bin permits.
Direct Services – Cesspools	-8	-11	Expenditure £10,000 above profile mainly on salaries and transport repairs. Income slightly above target.
Direct Services – Pest Control	-16	-16	Income £18,000 below profile on wasp nest treatments, however, £31,000 income generated on wasp nest treatments this year. Accounts just entered into deficit.
Direct Services – Grounds	-10	-17	Income fixed. Over expenditure on salaries and fixed transport.

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 – Depot	25		Income from small construction team £9,000 above profile. Over expenditure on utility charges. Underspend on supplies and services.
Direct Services – Trading Account - Overall	126	54	Income £73,000 above profile. Expenditure £52,000 below profile.

Future Issues/Risk Areas

--

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

Financial Services – November 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	17	9	Printing and staff training budgets are currently underspent.
Benefits Admin	21		£16,000 New Burdens Grant received from Government for Welfare Reform.
Corporate Management	-10	48	Savings of £48k will off-set the short fall in meeting the savings target for the senior management restructure which is explained further below.
Corporate Savings	-31	-69	The new senior management structure took effect in September as a result 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. This leaves a reduced annual variance of -£21k which is as a result of a forecast underachievement of the vacant posts savings target.
Dartford Partnership Hub (SDC Costs)	-174	-145	Additional resources to help address the Benefits increased workload. Both partners have agreed to provide additional funding. Total forecast is £290,000 of which half will be funded by Dartford BC.
Dartford Partnership Implementation & Project Costs	65	145	External funding received that will fund SDC's share of the Benefits increased workload above.
Local Tax	-23	20	Income behind profile at September but year end forecasting extra Council Tax court costs.
Members	15		This is underspent because some Councillors don't claim basic allowance and others don't claim the increases.
Misc. Finance	44	26	Savings on rent and rates for 66 London Road following sale of the site. £50,000 of this saving has been moved to Property to fund initial investigations into potential property developments.
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	58		Work on non finance partnerships is currently being contained within original resources.
Treasury Management	-1	-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	-144	-145	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.

Future Issues/Risk Areas

--

**Chief Finance Officer
December 2013**

Housing – November 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	24		Part of the then Housing Standards and Energy Conservation Officer post was externally funded and created a saving which will change with the new structure going forward.
Salaries (Ext Funded)	34		These are externally funded and will not impact on Council budgets.
Capital – Improvement Grants (West Kent & SDC)	152		It is difficult to predict when works will be completed but the bottom line is correct.
Capital – SDC / RHPCG	-36		This is external funding and will not affect Council budgets.

Future Issues/Risk Areas

--

**Chief Housing Officer
December 2013**

Legal & Governance – November 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	13	12	Due to the reduction in Committee reports we anticipate an underspend on internal printing.
Register of Electors	34		The annual canvass has been delayed in 2013 by Government so fees to canvassers will come online later. £6.5k is the Government grant for the introduction of individual electoral registration; costs are being drawn down over the coming months.
Support – Legal Function	16	14	Income generated from S106 agreements exceeds expectations this year.

Future Issues/Risk Areas

--

**Chief Officer Legal & Governance
December 2013**

Planning Services – November 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	117	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, c.£20k and c.£18k for sites at West Kingsdown, Hartley, Mackerels Plain and The Farmers in Sevenoaks. Without these 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	10	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 period).
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.
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
December 2013