

BUDGET MONITORING - Strategic Commentary - As at 31st December 2013

Overall Financial Position

1. Nine months into the year the results to date show an overall favourable variance of £615,000. Reasons for this current favourable variance are explained in the individual commentaries from Chief Officers
2. The year-end position is now forecast to be £293,000 better than budget.

Key Issues for the year to date

3. 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 On Street Parking, Land Charges and Development Management, has achieved or exceeded budget targets at the end of December.
5. Pay costs – the actual expenditure to date on SDC funded salaried staff is £156,000 below budget. An underspending of £232,000 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.
6. Other
 - Direct Services' results show a positive variance of £160,000 compared to budget.
 - Costs amounting to £30,000 were incurred in facilitating the sale of 66 London Road.
 - 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 £293,000 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. An unfavourable variance of £40,000 is expected on the budget for management of properties where the Council has to meet the business rates of properties now vacant pending disposal, and the associated reduced rental income.
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 £119,000 for the year. £69,000 is a favourable forecast on income particularly from the vehicle workshop.
15. Planning Services are now predicting that Planning fee income will be £95,000 better than budget.
16. Additional income from legal work on S106 agreements is giving rise to a £21k favourable variance
17. 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. Following the restructure, there is favourable variance of £12k on the budget for administrative expenses.

Risk areas

18. 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 and 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.

19.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 – December 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) |
|--|--|----------------------------------|---|
| Partnership – Home Office (Ext Funded) | 23 | | This is partnership funding received in advance. Will be zero at year end. |
| Salaries (Ext Funded) | -23 | -25 | Additional externally funded salaries. Offset by additional external income. |
| Capital – Big Community Fund | -32 | | This is fully funded from the earmarked reserve at the year end. |
| Capital – Parish Projects | 46 | 61 | There are no current capital schemes in Parish projects, balance to be carried forward. |

Future Issues/Risk Areas

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Lesley Bowles
Chief Officer Communities and Business
January 2014

Corporate Support – December 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 | -36 | -70 | £30k costs associated with facilitating the sale of 66 London Road. £40k variance due to the Council having to meet the business rates of properties now vacant pending disposal and the associated reduced rental income. |
| Support – Contact Centre | 24 | 32 | Underspend due to staff turnover during the year and one vacant post still remaining unfilled. |
| Support – General Admin | 44 | 0 | Forecast underspends on internal printing from Legal, Chief Exec, Finance, Transformation and HR totalling £28k offset by increased income from other print customers. |
| Salaries | 38 | 36 | Underspend due to staff turnover during the year and vacant posts still remaining unfilled. |

Future Issues/Risk Areas

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**Chief Officer Corporate Support
January 2014**

Environmental & Operational Services – December 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 | -22 | -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 | 16 | | Maintenance spending on depots planned for later in the financial year. |
| Building Control | 10 | 20 | Income £5,000 below 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 | -51 | -70 | Income £55,000 below profile predominantly on pay and display. |
| CCTV | -12 | -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 | 28 | 25 | Savings on air quality monitoring costs. |
| Land Charges | 18 | 15 | Income £17,000 above profile. |
| Licensing Partnership Hub (Trading) | 22 | | Licensing trading 'hub' currently £22,000 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 | -19 | General licensing fees are £20k above profile which has helped to offset the other income lines which are currently underachieving. |
| Markets | -54 | -68 | Income budget for Swanley market £62,000 greater than tender price accepted. Over expenditure on cleaning and monitoring costs. Savings on salaries. |
| Parks & Recreation Grounds | -29 | | Overspend on Parks and Recreation areas offset by underspends on Estate Management – Grounds and Parks Rural. |
| Parks – Rural | 25 | | See above. |

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| Service | Variance to date £'000 (Minus is bad news) | Forecast Annual Variance £000 | Explanation of variance and action planned (including changes from previous month) |
|--|--|----------------------------------|--|
| Refuse Collection | 15 | | 2 nd quarter recycling credits requested. One-off grant received from Salvation Army for textile recycling. |
| Street Naming | 7 | 5 | Income £4,000 above profile. |
| Support – Direct Services | 18 | 6 | Savings on printing and mobile phone costs. Further expenditure required on training. |
| Salaries – Licensing | 19 | | Savings on salaries in the licensing admin 'hub' reflected in the licensing 'hub' accounts. |
| Salaries – Operational Services | 232 | 232 | 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 | 429 | | Vehicle replacement programme will be delivered within approved budget. Any slippage is carried forward into the vehicle replacement fund. All vehicles now ordered. |
| Direct Services – Refuse | 61 | 53 | Underspend on salaries due to vacancies partly offset by additional costs of agency staff, fuel and transport repairs. |
| Direct Services – Workshop | 44 | 44 | Income £55,000 above profile, mainly on vehicle repairs. Expenditure £11,000 over profile, mainly on vehicle parts. |
| Direct Services – Green Waste | 34 | 27 | Income £33,000 above profile mainly due to annual bin permits. |
| Direct Services – Cesspools | -9 | -16 | Expenditure £11,000 above profile mainly on salaries and transport repairs. Income slightly above target. |
| Direct Services – Pest Control | -16 | -15 | Income £17,000 below profile on wasp nest treatments, however, £31,000 income generated on wasp nest treatments this year. |
| Direct Services – Grounds | -9 | -15 | Income fixed. Over expenditure on salaries and fixed transport. |
| Direct Services – Depot | 23 | 19 | Income from small construction team to profile. Over expenditure on utility charges. Underspend on supplies and services. |
| Direct Services - Trading Accounts Overall | 160 | 119 | Income £64,000 above profile. Expenditure £96,000 below profile |

Future Issues/Risk Areas

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Chief Officer Environmental & Operational Services
January 2014

Financial Services – December 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 – Community Director | 8 | 12 | Forecast amended to reflect year end position on accounts no longer in use. |
| Admin Expenses – Financial Services | 16 | 9 | Printing and staff training budgets are currently underspent. |
| Benefits Admin | 42 | | £16,000 New Burdens Grant received from Government for Welfare Reform. |
| Corporate Management | 7 | 66 | Savings of £48k will off-set the shortfall in meeting the savings target for the senior management restructure which is explained further below. |
| Corporate Savings | -27 | -38 | 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 shortfall this year. Additional savings of £10k have been achieved elsewhere in the Corporate Savings budget to reduce the overall variance to -£38k. |
| Dartford Partnership Hub (SDC Costs) | -171 | -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 | 89 | 145 | External funding received that will fund SDC's share of the Benefits increased workload above. |
| Local Tax | -4 | 2 | Income behind profile but year end forecasting extra Council Tax court costs. |
| Members | 19 | 20 | This is underspent because some Councillors do not claim basic allowance and others do not claim the increases. |
| Misc. Finance | 36 | 58 | 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. Discretionary Rate Relief budget is no longer required due to the change to the Business Rates Retention Scheme. |
| Performance Improvement | 14 | 14 | The Council received a small New Burdens Grant for the administration of Community Rights legislation. This funding has been used prudently through the year and enabled a favourable variance of £14k to be forecast. |

| 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 | 65 | | Work on non finance partnerships is currently being contained within original resources. |
| Treasury Management | -9 | -11 | Additional costs of debit/credit card transactions. |
| Salaries | -146 | -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

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Chief Finance Officer
January 2014

Housing – December 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 | 25 | 18 | Part of the Housing Standards and Energy Conservation officer post is now externally funded which has created a short term saving. The energy conservation area is now 50% of a post within the Housing Policy team. |
| Salaries (Ext Funded) | 27 | 37 | A staff member has left plus there has also been a review of the team function. Note this is all externally funded and will not impact on Council budgets. |
| Capital – Improvement Grants (West Kent & SDC) | 178 | | It is difficult to predict when works will be completed but the budget is to be reviewed. |
| Capital – SDC / RHPCG | -36 | | This is external funding and will not affect Council budgets. |

Future Issues/Risk Areas

It is likely that for this year the DFG budget may be under spent by approx £80,000. The reason is that the service has recently been taken in-house from the HIA in December and will take a few months to develop the service. The in-house service will be reviewed at the end of November 2014.

**Chief Housing Officer
January 2014**

Legal & Governance – December 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 | 15 | 15 | 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 | 18 | 21 | Income generated from S106 agreements and miscellaneous sources exceeds expectations this year. |

Future Issues/Risk Areas

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**Chief Officer Legal & Governance
January 2014**

Planning Services – December 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 | 113 | 136 | The overachievement on fee income is down to a relatively small number of high fee applications, including fees of c£58k, c£25k, c£22k, c£20k and c£18k for sites at West Kingsdown, Birchwood School, Hartley, Mackerels Plain and The Farmers in Sevenoaks. There remains an underspend on pay due to several factors - staff working reduced hours, vacancy, and maternity leave. |
| Salaries | 25 | 25 | 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

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| Future Judicial Reviews, including Forge Field, and appeals. |
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**Chief Planning Officer
January 2014**