

BUDGET MONITORING - Strategic Commentary - As at 31st January 2014

Overall Financial Position

1. Ten months into the year the results to date show an overall favourable variance of £477,000. 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 £271,000 better than budget.

Key Issues for the year to date

3. Investment income is performing above target and is forecast to be marginally 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 January.
5. Pay costs – the actual expenditure to date on SDC funded salaried staff is £202000 below budget. An underspending of £258,000 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

- 5 Direct Services' results show a positive variance of £186,000 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 £271,000 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, however £50,000 of this saving will be used to fund initial investigations into potential property development.
11. An unfavourable variance of £59,000 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.
12. A saving of £30,000 is expected against the annual budget for audit fees.
13. 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.
14. Car Parking income, mainly pay and display, is still expected to be £70,000 worse than budget.
15. Direct Services are forecasting a favourable variance of £119,000 for the year. A favourable forecast of £69,000 is forecast on income, particularly from the vehicle workshop.
16. Planning Services are now predicting that Planning fee income will be £115,000 better than budget.
17. Additional income from legal work on S106 agreements is giving rise to a £21k favourable variance.
18. The review of the senior management structure did not take effect until 1st 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

19. 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; and

20.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	Chief Executive	ext 7298
Adrian Rowbotham	Chief Finance Officer	ext 7153
Helen Martin	Head of Finance	ext 7483

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	22		Late invoicing by Sencio.
West Kent Partnership Business Support	12		External funding received in advance.
Salaries – Ext Funded	-24	-25	This is offset by additional external income to cover externally funded staff.
Capital – Big Community Fund	-35		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

--

**Chief Officer Communities and Business
February 2014**

Corporate Support – January 2014 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	-53	-59	£30k costs associated with facilitating the sale of 66 London Road. Remaining variance due to the Council having to meet the business rates of properties now vacant pending disposal and the associated reduced rental income.
Support – Central Offices	26		Fire alarm system works not included in these figures yet, originally profiled for earlier in the year.
Support – Contact Centre	28		Awaiting costs for new kiosk and other self-service projects.
Support – General Admin	18		Additional work to support corporate projects not yet invoiced.
Support – Human Resources	-12	-1	SMT will be reviewing the training budgets with a view to adjusting them.
Salaries	40	4	£4k - HR salaries underspend due to vacant post. Awaiting costs for new kiosk and other self-service projects.

Future Issues/Risk Areas

--

**Chief Officer Corporate Support
February 2014**

Environmental & Operational Services – January 2014 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 – Health	11	6	Forecast savings on furniture and training expenses.
Asset Maintenance Car Parks	-21	-25	Essential car park maintenance undertaken in October to be offset, partly, by £17,500 underspend on other asset maintenance budgets.
Building Control	-9		Income £24,000 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 not yet filling one Surveyor post. Fee income low December – February.
Car Parks	-54	-70	Income £49,000 below profile, due to actual shortfall in income from 2012/13 budget. Income mainly down on pay and display.
CCTV	-12	-15	The challenging income budget is currently underachieving and has been partially offset by the savings on salaries and transmission costs.
EH Animal Control	-20	-20	Over-expenditure on kennel fees and vet treatments for unclaimed stray dogs.
EH Environmental Protection	31	25	Savings on air quality monitoring costs.
Estates Management – Grounds	10		Refer to commentary on Parks and Recreation Grounds.
Land Charges	17	18	Income £20,000 above profile.
Licensing Partnership Hub (Trading)	27		Licensing trading 'hub' currently £26,800 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	-13	-19	General licensing fees are £19k above profile which has helped to offset the other income lines which are currently underachieving.
Markets	-57	-68	Income budget for Swanley market is £62,000 greater than tender price accepted. Some over-expenditure on cleaning and monitoring costs. Savings on salaries.

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	-33		Overspend on Parks and Recreation areas offset by underspends on Estate Management Grounds and Parks Rural.
Parks – Rural	24		Refer to commentary on Parks and Recreation areas.
Public Conveniences	-10	-12	As a result of the closure & transfer of public conveniences there is a gap in the income budget.
Support – Direct Services	14	6	Savings on printing and mobile phone costs. Further expenditure required on training.
Salaries – Building Control	11		Two Surveyor posts vacant in Building Control, partly offset by one agency Surveyor cover.
Salaries – Licensing	22		Savings on salaries in the Licensing admin 'hub' reflected in the Licensing 'hub' account.
Salaries – Operational Services	258	258	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	366		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	79	53	Underspend on salaries partly offset by additional costs of agency staff, fuel and vehicle repairs.
Direct Services – Trade	15	9	Income £5,000 above profile. Expenditure £9,000 below profile.
Direct Services – Workshop	46	44	Income £55,000 above profile, mainly on vehicle repairs. Expenditure £10,000 above profile on vehicle parts.
Direct Services – Green Waste	36	27	Income £34,000 above profile mainly due to annual bin permits.
Direct Services – Cesspools	-11	-16	Income slightly over profile, but expenditure £13,000 over profile mainly on salaries and transport repairs.
Direct Services – Pest Control	-17	-15	Income £20,000 below profile, mainly on wasp nest treatments, however, £31,000 income generated on wasp nest treatments this year.
Direct Services – Grounds	-7	-15	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	21	19	Income from small construction team slightly above profile. Over-expenditure on utility charges. Underspend on support and services.
Direct Services - Trading Accounts Overall	186	119	Income £93,000 above profile. Expenditure £92,000 below profile.

Future Issues/Risk Areas

--

**Chief Officer Environmental & Operational Services
February 2014**

Financial Services – January 2014 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	9	11	Forecast amended to reflect year end position on accounts no longer in use.
Admin Expenses – Financial Services	18	10	Printing and staff training budgets are currently underspent.
Benefits Admin	20		£16,000 New Burdens Grant received from Government for Welfare Reform.
Corporate Management	6	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	-6	-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)	-231	-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	99	145	External funding received that will fund SDC's share of the Benefits increased workload above.
Local Tax	-30	2	Income behind profile but year end forecasting extra Council Tax court costs.
Members	21	20	This is underspent because some Councillors do not claim basic allowance and others do not claim the increases.
Misc. Finance	-17	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.
Support – Finance Function	72		Work on non finance partnerships is currently being contained within original resources.

Service	Variance to date £'000 (Minus is bad news)	Forecast Annual Variance £000	Explanation of variance and action planned (including changes from previous month)
Treasury Management	-5	-11	Additional costs of debit/credit card transactions.
Salaries	-154	-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
February 2014

Housing – January 2014 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	27	24	Part of the Housing Standards and Energy Conservation Officer is now externally funded which has created a short term saving. The Energy efficiency area is 50% of a Housing Initiative Officer post. The new structure is now in place and this will take effect in 2014.
Salaries – Ext Funded	28	37	This external funding and will not affect Council budgets.
Capital – Improvement Grants (West Kent & SDC)	199		It is difficult to predict when works will be completed but see below for risk areas.
Capital – SDC / RHPCG	-36		External funding which will not affect Council budgets.

Future Issues/Risk Areas

It is likely for this year that the DFG budget may be underspent by between £50-70,000 (dependant on resolution of 2 complicated cases). The reason for this is the service has been taken in-house from the HIA since December 2013 and will take a few months to be developed and a review will take place November 2014 to assess the success and whether this continues.

Chief Housing Officer
February 2014

Legal & Governance – January 2014 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	31	14	The annual canvass has been delayed in 2013 by Government; as a result, fees to canvassers will not be paid until March and is estimated to be £15k better than budget. £6.8k is the Government grant for the introduction of individual electoral registration; costs have been and are being drawn down.
Support – Legal Function	17	21	Income generated from s.106 agreements and miscellaneous sources exceeds expectations this year.

Future Issues/Risk Areas

--

Chief Officer Legal & Governance
February 2014

Planning Services – January 2014 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	135	147	It remains the case that 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 is also an underspend on pay due to staff working reduced hours, vacancy, and maternity leave.
Planning - Enforcement	10	9	This is a combination of underspends on salaries and the enforcement legal budget (external) and some cost recovery.
Planning - Policy	-12	-17	The overspend is a result of agency costs to cover staff absence during a critical period preparing for the Allocation & Development Management Plan (ADMP) examination.
Salaries	24	25	The 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

The Judicial Review at Forge Field, planning appeals and the ADMP examination.
--

Chief Planning Officer
February 2014