

BUDGET MONITORING - Strategic Commentary - As at 30 June 2014

Overall Financial Position

1. Three months into the year the results to date show an overall favourable variance of £727,000.
2. The year-end position is forecast to be £191,000 better than budget; this is 1.4% of the net budget for the year.
3. Both the results to date and forecasts include any significant accruals.

Key Issues for the year to date

4. **Income** – investment income is performing just below target and is forecast to be slightly worse than budgeted at the year-end. This reflects the effect of continuing low interest rates. An unfavourable forecast is shown to reflect this position.
5. Income from Planning, Land Charges and On Street Parking are showing a combined favourable variance of £110,000 at the end of June; in addition government funding totalling £93,000, for the European Election and for Electoral Registration, was received ahead of planned profile. Income from car parking and building control is currently behind profile
6. **Payments for Services** – late receipt of invoices for management of the Housing Register and also for providing housing advice has given rise to a variance from profile of £102,000 in Housing at the end of May.
7. **Pay costs** – the actual expenditure to date on salaried staff (excluding those who are externally funded) is £99,000 below budget, but £26,000 of that relates to Direct Services and may be offset by agency staff costs held within the trading account. There are currently favourable variances arising from vacant posts in Corporate Support, Direct Services, Housing and Planning. A small favourable variance would be expected at this time because the budget for 2014/15 includes provision for a 1% pay award but, as yet, there is no national agreement on the amount.
8. **Other** – Direct Services' results show a positive variance of £43,000 compared to budget.

Year End Forecast

9. The year-end position is forecast to be £191,000 better than budget.

10.The re-negotiation of the partnership agreement with Dartford BC will continue in 2014/15.

11.Investment income is a small unfavourable variance.

Risk areas

12.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 and Capital Receipts remain vulnerable;
- It is also likely that fee income is positively affected by the forthcoming Community Infrastructure Levy (CIL) charge, and application numbers might recede once the charge is in place. Application numbers & income will be kept under close review once the new charging schedule starts;
- There remains the risk that planning decisions will be challenged, either at appeal or through the Courts, and future plan making costs following the Allocations and Development Management Plan (ADMP) examination;
- The Benefits workload is at a higher level than before the recession and additional resources are being used to address this;
- Tax collection rates, though currently in line with the previous year, are vulnerable and we are being proactive in contacting Council Tax Support customers; and

13.Planned savings for 2014/15 total £479,000, including the generation of income, particularly from new partnership working, and this remains a risk area for the current and for future years.

Contacts:

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Communities and Business – June 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)
Broadband	19		This cost centre incorporates the Regeneration and Business Development Manager funding. It has not yet been possible to appoint to this post.
Community Sports Activation Fund (Ext Funded)	19		External funding received in advance – will be zero at year end.
Troubled Families Project (Ext Funded)	18		External funding received in advance – will be zero at year end.
Capital – Parish Projects	15		No projects yet identified.

Future Issues/Risk Areas

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Lesley Bowles, Chief Officer Communities and Business
July 2014

Corporate Support – June 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	26		Current overachievement due to backdated payments now received.
Support – Central Offices	20		Overachievement due to backdated service charges now received.
Support – General Admin	20		Underspend due to reductions in equipment maintenance costs and currently vacant post.
Salaries	38		Underspend due to currently vacant posts across a number of service areas.

Future Issues/Risk Areas

Potential for in-year overspend on asset maintenance costs dependant on survey works currently being scheduled for a number of assets.
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Chief Officer Corporate Support
July 2014

Environmental & Operational Services – June 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)
Car Parks	-17		Income currently £12,000 below profile, principally on day tickets.
CCTV	19	-15	The challenging income budget will not be met, partially offset by savings on transmission costs against profile.
EH Environmental Protection	27		Savings on our quality monitoring consultant's fees.
Land Charges	26	25	Income £25,000 above profile.
On-Street Parking	22		Income currently £28,000 above profile principally on day tickets.
Parks & Recreation Grounds	10		Invoice from Swanley Town Council not yet received for Swanley sites.
Refuse Collection	58		£50,800 grant received from Kent Resource Partnership for Communications Campaign over 2014/15 and 2015/16 and from Salvation Army to cover one additional day working for recycling assistant, which will be offset by salary costs.
Salaries – Operational Services	26		Vacancies on Direct Services staff partly offset by agency staff costs to maintain services. Net effect shown in Direct Services trading accounts.
Capital – Vehicle Purchases	126		Vehicle replacement programme for 2014/15 in specification, tendering and ordering stage. Programme will be delivered within agreed budget. Any underspend is carried forward into the vehicle replacement fund.
Direct Services – Street Cleaning	26	31	Savings on salaries due to vacancies waiting to be filled.
Direct Services – Trade	-10	-6	Over expenditure on disposal charges. Disposal cost/tonne currently under negotiation with KCC.
Direct Services – Workshop	14	30	Income slightly over profile on repairs and savings on salaries and vehicle parts.
Direct Services – Overall Trading Accounts	43	56	Income £5,000 above profile, expenditure £38,000 below profile.

Future Issues/Risk Areas

Chief Officer Environmental & Operational Services
July 2014

Financial Services – June 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)
Benefits Admin	52	47	The re-negotiation of the partnership agreement with Dartford BC will continue in 2014/15.
Dartford Partnership Hub (SDC Costs)	-83	-156	Additional resources to help address the Benefits increased workload and to be proactive in contacting Council Tax Support customers. The funding of this additional cost will be shared with Dartford BC.
Dartford Partnership Implementation & Project Costs	92	156	External funding received that will fund SDC's share of the Benefits increased workload above.
Equalities Legislation	18		The invoice in relation to the Council's costs for the West Kent Equalities Officer has not been received as scheduled. It is anticipated that it will be received and paid in July.
Local Tax	-32	72	The re-negotiation of the partnership agreement with Dartford BC will continue in 2014/15.
Members	6	20	Some Members do not claim their full allowance and the rules state that Members cannot claim more than one Special Responsibility Allowance.
Misc. Finance	-29	-10	Less funds expected from balance sheet adjustments, but expect underspends elsewhere in this area to compensate.
Performance Improvement	16		A further invoice to the value of £4k for IT Software is expected in the coming month. The remaining variance is as a result of New Burdens Grant to assist the Council in managing applications under the Community Rights legislation. The funding will be used prudently through the year as applications under the scheme are received.
Support – Finance Function	13	13	Additional costs of debit/credit card transactions.
Salaries	-12	-207	Agency staff are being used to help address the Benefits increased workload and to be proactive in contacting Council Tax Support customers. The budgeted 1% pay increase has not yet taken place.

Future Issues/Risk Areas

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Chief Finance Officer July 2014

Housing – June 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)
Housing	102		There are outstanding invoices - managing of the register (WKHA) and Sevenoaks & Swanley CAB. These have been chased. Bottom line is correct.
Housing Option – Trailblazer	-10		Awaiting funding from the various agencies that access the HERO scheme.
Private Sector Housing	10		Due to staff vacancies which have been advertised.
Capital – Improvement Grants (West Kent & SDC)	54		It is difficult to predict when works will be completed, however the current forecast is correct.

Future Issues/Risk Areas

Chief Housing Officer
July 2014

Legal & Governance – June 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)
Elections	34		The Government has provided the funds for the conduct of the European Parliamentary election; costs will be drawn down over the next few months as payments for election services are made.
Register of Electors	58		The Government has provided funds for the introduction of individual electoral registration (IER); costs are being drawn down as equipment and services are paid for.
Support – Legal Function	11		Income generated from S106 agreements and miscellaneous sources exceeds expectations for the first quarter. However, the new CIL arrangements will be coming into place early August 2014 which is likely to result in a reduction in income.

Future Issues/Risk Areas

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Chief Officer Legal & Governance
July 2014

Planning Services – June 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	62		An overachievement on fee income is the result of a small number of high fee applications, and an increase in application numbers prior to the adoption of the CIL charging schedule in August. Applications received are up by 12%.
Planning Policy	14		The underspend is the result of vacant posts which are currently being recruited to.
Salaries	33		The underspend is due to an element of part time working and posts being vacant as we go through the recruitment process.
Capital – Affordable Housing	-30		This will be financed at the end of the year from S106 planning obligations receipts.
Capital – S106 Capital	-209		This will be financed at the end of the year from S106 planning obligations receipts.

Future Issues/Risk Areas

There remains the risk that planning decisions will be challenged, either at appeal or through the Courts, and future plan making costs following the ADMP examination.

It is also likely that fee income is positively affected by the forthcoming CIL charge, and application numbers might recede once the charge is in place.

Application numbers & income will be kept under close review once the new charging schedule starts.

Chief Planning Officer
July 2014