

## **BUDGET MONITORING - Strategic Commentary - As at 30 June 2012**

### **Overall Financial Position**

1. Three months into the year the results to date show an overall favourable variance of £82,000.
2. The year-end position is forecast to be £174,000 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 year so far, and a favourable forecast is shown to reflect this position.
4. Looking at the other main income sources, the position still remains difficult. Building Control, Land Charges and pre-application fees currently show adverse variances for the year to date.
5. **Pay costs** – the actual expenditure is less than budget due to some vacancies.
6. **Other** – Direct Services' results currently show a positive variance of £16,000 compared to budget.

### **Year End Forecast**

7. The year-end position is forecast to be £174,000 better than budget with extra investment income being the largest factor explaining this variance. Additional income is also expected from market and office rentals and court costs. Further favourable variance is forecast for audit fees.

### **Risk areas**

8. 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;

- the Benefits workload is continuing at a higher level than before the recession, which is having an impact on processing times (though an action plan is in place to improve performance);
- Council Tax collection rates, though currently in line with the previous year, could be affected by increased unemployment and squeezed household incomes; and

9. 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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## Community Development – June 2012 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)
Community Safety	13		Staffing allocations are to be amended. Some Community Safety salaries are currently being charged elsewhere, and vice versa. Slight underspend on projects but will be on target at year end.
STAG Community Arts Centre	25		Invoice for 2 <sup>nd</sup> quarter is awaited from the Stag.
Salaries – Ext Funded	-16		This is additional health project spend on salaries, matched by additional health external income.

### Future Issues/Risk Areas

A total of £35K is earmarked for expenditure on the Paralympics and the Torch Relay this year. This earmarked sum is made up of a combination of previous underspends and additional income. £19K has been spent this financial year from this fund. £16K remains and it is anticipated that this will be fully spent. An additional £17K has been obtained in external funding for stewarding and it is anticipated that this will be fully spent. Areas of spend are: barriers, information, volunteer training, uniforms and security. Banners and other dressing were paid for from an underspend in last year's budgets.

**Lesley Bowles**  
**Head of Community Development**  
**July 2012**

## Development Services – June 2012 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 Control	18		This is primarily due to a temporary underspend on salaries resulting from the Development Control Manager post remaining vacant until mid August and to higher than expected planning application fee income in the first quarter, partially offset by lower than expected receipts from pre-application fees and S106 monitoring fees. It is too early to say if the trend in fee income will result in an annual variance.
Salaries	15		This is primarily due to a temporary underspend on salaries resulting from the Development Control Manager post remaining vacant until mid August.

### Future Issues/Risk Areas

The Government has announced that planning application fees will increase by 15% in the autumn. No further details are available at present and until a specific date is set for the increase it would be premature to adjust forecasts.

### Head of Development Services July 2012

## Environmental & Operational Services – June 2012 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)
AMF Car Parks	-12	-11	An approved carry forward budget of £18,800 is not shown on the budget, which has now been expended. Due to essential maintenance on car parks a forecast overspend of £11,000 is predicted which will be offset by underspend on other E&OPS asset maintenance budgets.
Building Control	-37	-94	Income for statutory work is £41,000 below profile. Budget Income for year is £485,648. Actual Income 2011/12 was £365,476 which is a realistic estimate of likely income in 2012/13. A shortfall in income of approx £120,000 is forecasted. Savings will be made on structural checking fees.
Car Parks	-28		Income currently £21,000 below profile, mainly on pay and display Income, probably attributed to recent poor weather conditions.
Contaminated Land	12		Part of SDC/Dartford Partnership hub. New Budget to be set up. [Finance]
Dartford Environmental Hub (SDC Costs)	-151		Joint partnership budget to be set up. [Finance]
Licensing Health	11		Staffing arrangements in this trading hub currently under review. [Finance]
Licensing Partnership Hub (Trading)	25		Underspend mainly due to salary savings following departure of Licensing Partnership Manager. Assistant Licensing Partnership Manager acting up in position, on trial period until end of July. If appointed permanently adjustment will be made to salaries charging increased amount to licensing hub, and reducing salaries charged to Sevenoaks Licensing Services.
Licensing Regime	-12		Income in the budget for adding new Partners which will not be realised. Equivalent savings anticipated if current Assistant Licensing Partnership Manager (ALPM) appointed to Licensing Partnership Manager post on permanent basis, following which post of ALPM will be deleted, resulting in equivalent saving.
Noise Control	18		Part of SDC/Dartford Partnership hub. New Budget to be set up. [Finance]
Public Health	86		Part of SDC/Dartford Partnership hub. New Budget to be set up. [Finance]
Salaries – Operational Services	74		Savings on Direct Services Salaries offset by expenditure on agency staff to maintain services when vacancies occur. All reflected in Direct Services Trading Account position.
Salaries – Licensing	16	45	Savings due to vacancy of Licensing Partnership Management post. Currently being filled by Assistant Licensing Partnership Manager on 6 month trial period (ends July 2012). If successful in being appointed the Assistant Licensing Partnership Manager post will be deleted.

Service	Variance to date £'000 (Minus is bad news)	Forecast Annual Variance £000	Explanation of variance and action planned (including changes from previous month)
Capital – Vehicle Purchases	120		Vehicle replacement programme to be delivered within existing budget.

Future Issues/Risk Areas

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**Head of Environmental & Operational Services  
July 2012**

### Finance & Human Resources – June 2012 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)
Council Tax Support (R&B P'ship)	66		Additional Government funding received for Localisation of Council Tax Support. This will be used to fund the implementation of the local scheme which will start on 01/04/13.
Local Tax	-3	53	Additional court costs income.
Misc. Finance	-24		Timing difference only, no impact expected on year end.
Salaries	21		Benefits: vacant posts filled by agency staff which are not included in salaries.

Future Issues/Risk Areas

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**Head of Finance & Human Resources  
July 2012**

## Housing & Communications – June 2012 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)
External Communications	10		There are invoices outstanding and the remainder will be used for a reputation survey after a “value for money” campaign in August. The year end forecast is correct.
Home Improvement Agency	20		We are still awaiting the invoice for the HIA (“Family Mosaic”). This is for a 6 month temporary arrangement whilst the HIA is out to tender. Year end forecast is correct.
Homeless	-13		There has been an overpayment of Housing Benefit which has been clawed back this month. (Please see Future Issues/Risk Areas below).
Housing	-13		Whilst work continues to explore a shared Register (to make £30,000 savings each year) WKHA is continuing to manage the Register at original costs (lower than actual cost to WKHA). It is hoped to find the £30,000 savings this year. Discussions continue with other Local Authorities.
Salaries – Ext Funded	19		This is external funding and part of this is offsetting overspends mentioned above and will be nil cost to SDC.
Capital – Improvement Grants	-23		The year end is correct. It is difficult to predict when works will be completed and invoices submitted.
Capital – WKHA Adaps for Disabled	-19		The year end is correct. It is difficult to predict when works will be completed and invoices submitted.

### Future Issues/Risk Areas

Due to the recession there is still currently a need for B&B. There has been an overpayment of Housing Benefit too which has been clawed back but has impacted on the budget. B&B usage is reducing though due to initiatives in place. There were 21 people in B&B not so long ago but the current figure is 3. There is an increase of people with mental health issues becoming homeless and they are often complex cases (like the current 3 ) where it difficult to secure suitable accommodation with support.

**Head of Housing & Communications  
July 2012**



### IT & Facilities Management – June 2012 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)
Support – Central Offices – Facilities	11		Bulk ordering of goods is being undertaken at the moment and additional procurement is expected at the end of the year. Also, the cleaning invoice for June is expected in July. End of year position expected to match budget.

Future Issues/Risk Areas

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**Head of IT & Facilities Management  
July 2012**

## Legal & Democratic Services – June 2012 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)
Corporate Management	11	70	The Council has seen a significant reduction in its proposed audit fee for 2012/13 as a result of the Government's decision to abolish the Audit Commission and contract out Government audit services. This reduction occurred after budgets for the year were approved. The proposed 40% reduction in fees means that it is now forecast that audit fees are accrued at £5k per month. With the addition of fees for the audit of grant claims it is forecast that audit fees for the year will be £89k.
Corporate Savings	21		A high proportion of savings for vacant posts have been recorded in the opening months of 2012/13 towards the budget of £100k for the year which are creating a positive budget variance. Due to the nature of vacant posts it is difficult to accurately forecast the annual outturn but the budget will be kept under review and a forecast provided at the midway point of the year.
Land Charges	-10		This income is reflective of the general state of the housing market and the anticipated income for June based on previous years applications has been lower than expected.
Markets	14	48	This is in accordance with the original budget and the additional income takes into account the extra income already forecast.
Support – Central Offices	2	23	This is in accordance with the original budget and the additional income takes into account the extra income already forecast.

Future Issues/Risk Areas

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**Head of Legal & Democratic Services  
July 2012**