

BUDGET MONITORING - Strategic Commentary - As at 31 August 2012

Overall Financial Position

1. Five months into the year the results to date show an overall favourable variance of £41,000.
2. The year-end position is forecast to be £161,000 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, Car Parking and Planning 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 during the year and staffing restructures following the departure of senior managers..
6. **Other** – Direct Services results currently show a negative variance of £31,000 compared to budget.

Year End Forecast

7. The year-end position is forecast to be £161,000 better than budget with extra investment income being the largest factor explaining this variance. Additional income is also expected from office rentals and council tax court costs. A 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
- 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 – August 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)
Salaries – Ext Funded	-15		Additional income offsets this additional expenditure on externally funded salaries.
Capital – Big Community Fund	-15		This relates to externally funded capital projects bid for during the year. The funds have already been received.

Future Issues/Risk Areas

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**Head of Community Development
September 2012**

Development Services – August 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	-35	10	The variation is due to income from pre-application fees and S106 monitoring falling below projections. Income from planning application fees, which was above expectations in the early part of the year, has fallen back in line with budget and no longer offsets lack of income from other fees. The impact of increased pre-application fees has yet to be fully realised. Some of the shortfall is offset by staff savings in the DC Manager post which was only filled late in the month.
Planning Policy	26	10	The variation is due to savings on staff costs and delays in receipt of invoices for grants to outside bodies.
Salaries	29	30	Savings are primarily due to the restructuring of management for the service and the DC Manager post being vacant until late August.

Future Issues/Risk Areas

A £30K saving needs to be delivered from restructuring. Planning application fees are due to increase in the autumn which should increase income but there is continuing uncertainty over future fee income which is dependent on the nature and quantity of development proposals coming forward. There is a possibility of additional expenditure arising from two potential High Court challenges.

Head of Development Services
September 2012

Environmental & Operational Services – August 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		Essential maintenance undertaken in various car parks and asset maintenance budget now fully expended. Balance of costs to be charged to earmarked on-street parking surplus fund.
Building Control	-44	-94	Income for statutory work is £46,000 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 of income of approximately £120,000 is forecasted. Savings will be made on structural checking fees.
Car Parks	-51	-20	Income currently £41,756 below profile mainly on pay and display income possibly attributed to wet summer weather.
CCTV	-20	-30	Budget contains unidentified income of £49,000 which will not be realised. Savings elsewhere to partly offset this.
EH Commercial	-17		Overspend on hub recharge. Offset by underspend in EH Environmental Protection and Animal Welfare.
EH Environmental Protection	12		Underspend on direct EH Environmental Protection costs.
Licensing Partnership Hub (Trading)	13	30 (Partners) -21	Trading hub currently in surplus, mainly due to salary savings. Forecast end of year surplus of £30,000, which is shared between partners. <i>[Partnership forecast added by Finance]</i>
Parks & Recreation Grounds	-11		Over expenditure on Bradbourne Lakes, Hollybush and Swanley sites offset by savings on Estate Management – Grounds and Parks Rural (countryside).
Refuse Collection	-19		Income due for first quarter recycling credits.
Salaries – Operational Services	113		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 – Building Control	-11		Savings on Building Control salaries due to vacancies offset by expenditure on seconded staff until vacancies filled to maintain statutory services requirements. One seconded staff contract expires in November.
Salaries – Licensing	26	45	Licensing Partnership Manager post now confirmed. Post of Assistant Licensing Partnership Manager will not be filled. Savings in salaries (licensing and taxis) will be offset by shortfall in income (£45,000) from not attracting new partners to existing licensing partnership.

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	308		Vehicle replacement programme will be delivered as per the approved programme. Any underspend carried forward into the vehicle replacement fund.
Sevenoaks Direct Services Trading Accounts	-32		Workshop account not recovering expenditure fully. Number of workshop fitters reduced by one to reflect reducing repair income. Cesspool emptying surplus £13,000 below profile. With the absence of wasp nests treatments this year, pest control income £29,000 below profile.

Future Issues/Risk Areas

Head of Environmental & Operational Services
September 2012

Finance & Human Resources – August 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)	49		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.
Dartford Partnership Hub (SDC Costs)	-21		Additional resources to help reduce the Benefits backlog. Both partners have agreed to provide additional funding.
Local Tax	-4	53	Additional Council Tax court costs income.
Misc. Finance	-25	-15	Business rates revaluation increase for 66 London Road.
Support – Finance Function	16	22	Savings resulting from the restructure following the departure of the Head of Finance and HR.
Treasury Management	-11	-30	Additional costs of debit/credit card transactions.
Salaries	-38	22	Savings resulting from the restructure following the departure of the Head of Finance and HR. Also, agency staff are being used to fill Benefits posts as it is proving difficult to recruit suitable permanent staff.

Future Issues/Risk Areas

Group Manager – Financial Services
September 2012

Housing & Communications – August 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	15		This underspend will offset other budget overspends and fund towards an evaluation survey once the VFM Campaign is completed.
Home Improvement Agency	20		The Kent wide tender has been won by Mosaics. The first half year costs have just been paid and the remainder will be at year end. The year end figure is correct.
Housing Option – Trailblazer	-14		External funding not affecting Council budgets.
Salaries	-10		Profiling of salary budget is different to spend. This is to be monitored as part is offset by external salaries.
Salaries – Ext Funded	31		External funding not affecting Council budgets.
Capital – Improvement Grants	202		It is difficult to predict when works will be completed but year end figure is correct.
Capital – WKHA Adaps for Disabled	77		It is difficult to predict when works will be completed but year end figure is correct.

Future Issues/Risk Areas

Head of Housing & Communications
September 2012

IT & Facilities Management – August 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 IT	40		Expenditure as per 10 year asset maintenance plan. Underspend on this budget at the end of the year rolls into the asset maintenance reserve pot for future years as per the plan.

Future Issues/Risk Areas

Head of IT & Facilities Management
September 2012

Legal & Democratic Services – August 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	28	70	The Council has seen a significant reduction in its proposed audit fee for 2012/13 as a result of the Governments decision to abolish the Audit Commission and contract out local 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 £90k.
Corporate Savings	37		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.
Estates Management – Buildings	-15		This figure reflects the empty property rates payable in respect of the upper floors of 27-37 High Street, Swanley and it is anticipated that the budget will align with the forecast by the end of the financial year.
Land Charges	-18		This income continues to be affected by the general state of the housing market and the annual income is to be reviewed after the 2 nd quarter figures become available.
Markets	34	48	This will be reported to members as part of the report on the future of the markets following the current operator going into liquidation.
Support – Central Offices	9	23	The effect of the extra income earned as a result of letting accommodation to third parties continues to affect this budget.
Support – Legal Function	-16	-20	Due to the increased level of legal work especially in planning it was necessary to obtain additional support using counsel. Workloads are likely to stabilise and the shortfall can be accommodated within existing Council budgets.
Capital – Police Co-Location	89		The contract to construct the Police office will end in early September after which the final account can be agreed. It is anticipated that the final contract price will be below the original contract estimate.

Future Issues/Risk Areas

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