

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

### **Overall Financial Position**

1. Five months into the year the results to date show an overall favourable variance of £14,000.
2. The year-end position is forecast to be £20,000 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 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 £26,000 compared to budget.

### **Year End Forecast**

7. The year-end position is forecast to be £20,000 better than budget which is significantly less than the forecast at the end of August.
8. Extra investment income is the largest favourable variance. Additional income is also expected from office rentals and council tax court costs. A further favourable variance is forecast for audit fees.
9. Income from Building Control, Land Charges, Car Parking and Planning fees are all forecast to be less than the budget for the year.

### **Risk areas**

10. 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 the action plan put in place has started 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;
- planned savings through the generation of income, particularly from new partnership working, remain risk areas for the current and for future years;
- the liquidation of the markets operator will result in the markets operation being re-tendered.

Contacts:

Pav Ramewal	Director of Corporate Resources	ext 7298
Adrian Rowbotham	Group Manager – Financial Services	ext 7153
Helen Martin	Finance Manager	ext 7483

### Community Development – September 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	-16		Income offsets this additional expenditure on externally funded salaries.
Capital – Big Community Fund	-19		This relates to externally funded capital projects bid for during the year. The funds have already been received and will be drawn down at the end of the financial year. This budget will therefore be zero at the year end.

Future Issues/Risk Areas

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

## Development Services – September 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	-53	-33	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 and no longer offsets lack of income from other fees. Pre-application fees have increased but income is still below expectations. The Government has announced a 15% increase in planning application fees which should take effect in late October/November though a precise date has yet to be confirmed. This should lead to some improvement in income later in the year.
Planning Policy	40	10	The variation is due to savings on staff costs and delays in receipt of invoices for grants to outside bodies.
Salaries	42	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

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 in Penshurst and Sevenoaks.

**Head of Development Services**  
**October 2012**

## Environmental & Operational Services – September 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)
Asset Maintenance 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	-40	-94	Income for statutory work is £57,000 below profile. Budget income for year is £485,043. Actual income 2011/12 was £365,475 which is a realistic estimate of likely income in 2012/13 (£204,657 after 6 months). A shortfall of income of approx £120,000 is forecasted. Savings will be made on structural checking fees.
Car Parks	-67	-100	Income currently £62,000 below profile. £42,000 down on pay and display income alone.
CCTV	-26	-40	Budget contains unidentified income of £49,000 which will not be realised. Savings elsewhere to partly offset this.
EH Animal Control	10		No kennel fees paid to date. To be chased by Environmental Health team.
EH Environmental Protection	18		Recharge from EH hub currently £6,400 above profile which is being investigated. Expenditure on Air Quality Surveys are below profile but may be fully expended by year end.
Environmental Health Partnership	-11		Awaiting September adjustments from Dartford Borough Council.
Licensing Partnership Hub (Trading)	16	0	Trading hub in 'surplus', mainly due to Salary savings. However additional temporary staff to be employed for remainder of the financial year to deal with current heavy workload. This arrangement has been agreed with partner authorities.
Parks and Recreation Grounds	-17		Over expenditure on Bradbourne Lakes, Hollybush and Swanley sites offset by savings on Estate Management – Grounds and Parks Rural (Countryside).
Refuse Collection	-72		£42,000 income now received for first quarter recycling credits claim, not shown in the accounts. £12,000 unbudgeted expenditure on consultant to examine manual handling practices following HSE visit and report. Expenditure on refuse sacks above profile, but will be contained within overall budget. Income is down on sale of glass material due to current prices offered for cullet.

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 – Operational Services	132		Savings on Direct Services salaries offset by expenditure on agency staff to maintain services when vacancies occur. All reflected in Direct Services Trading Accounts.
Salaries – Licensing	30	45	Licensing Partnership Manager post now confirmed. Post of Assistant Licensing Partnership Manager will not be filled. Savings in salaries (licensing and taxis) will offset shortfall in income (£45,000) from not bringing new partners to existing Licensing Partnership.
Capital – Vehicle Purchases	371		Vehicle replacement programme will be delivered as per the approved programme. Any underspend is carried forward into the Vehicle Replacement Fund.
Sevenoaks Direct Services Trading Accounts	-27		Currently a surplus of £84,000 against a profiled surplus of £110,000. Workshop account now returning to profile following reduction of one workshop fitter. Cesspool emptying account still not performing to target, but in surplus of £11,000. With the absence of wasp nest treatments this summer, pest control income £36,000 below profile.

Future Issues/Risk Areas

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

## Finance & Human Resources – September 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)	46		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)	-43		Additional resources to help reduce the Benefits backlog. Both partners have agreed to provide additional funding.
Local Tax	-6	53	Additional Council Tax court costs income.
Misc. Finance	-28	-15	Business rates revaluation increase for 66 London Road.
Support – Finance Function	20	30	Savings resulting from the restructure following the departure of the Head of Finance and HR.
Treasury Management	-12	-30	Additional costs of debit/credit card transactions.
Salaries	-54	30	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

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**Group Manager – Financial Services**  
**October 2012**

## Housing & Communications – September 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)
Home Improvement Agency	20		The Home Improvement Agency, administered by KCC Supporting People, has been tendered and won Kentwide by Family Mosaic. The cost has not increased and at year end will be as per budget.
Housing Option – Trailblazer	-18		This is external funding and will not affect Council budgets.
Salaries – Ext Funded	35		This is external funding and will not affect Council budgets.
Capital – Improvement Grants	239		It is difficult to predict when works will be completed. End of year figure should be correct.
Capital – WKHA Adaps for Disabled	99		It is difficult to predict when works will be completed. End of year figure should be correct.
Capital – SDC – HMO Grants	-10		The bottom line at year end is correct.

### Future Issues/Risk Areas

To update Members that the Register savings of £30,000 a year will be achieved this year from external funding/existing budgets. Going forward from 1<sup>st</sup> April 2013 WKHA will be charging over £100,000 pa to manage the Register (this is an average rate across Kent ). They have agreed to manage this year at the old rate. Negotiations are underway to look at a shared Register and when options are in place a report will go to Members to chose the best option.

The DFG budget this year is underspent due to various reasons. The Home Improvement Agency was failing to meet its targets creating an underspend due to staffing issues but a new HIA (Family Mosaic) is now in place after a Countywide tendering process. The new Agency has met with the Council and will ensure that targets are met. In addition, there have been several issues with long delays from the KCC OT Bureau resulting in the Council exploring the use of private OT's. Meetings have taken place with KCC OT Bureau too but limited referrals at this time are coming through. In addition, several potentially expensive paediatric cases were identified for this year (with DFG funding carried forward from last year to fund them) but there are delays due to the Agent involved but there are ongoing discussions to move forward the cases. It is therefore anticipated that there may be an underspend and a saving of around £100,000 at year end for one year.

Some discretionary grants given from the Regional Housing Board funding have been repaid when properties are sold and this funding has been recycled for empty homes, HMO's and accreditation and energy efficiency initiatives, which is good news.

**Head of Housing & Communications October 2012**

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### IT & Facilities Management – September 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)
Asset Maintenance IT	66		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

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

## Legal & Democratic Services – September 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)
Asset Maintenance Argyle Road	14		Budget unspent to date due to scheduling of work, tender for outstanding work being prepared.
Asset Maintenance Other Corporate Properties	14		Budget unspent due to scheduling of work.
Corporate Management	43	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	32	34	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.  We have allocated Market Premiums for all current applications this year and providing no additional applications are made there will be an underspend of £34k.
Estates Management – Buildings	-20		The variance is due to the Council having to meet the business rates of properties now vacant pending disposal at Meeting Point, Swanley & Cobden Road, Sevenoaks.
Land Charges	-22	-35	Re-forecast in view of the first 6 months income and current residential market conditions.
Markets	6	48	Forecast extra income from market contract (see risks below).
Support – Central Offices	16	35	The effect of the extra income earned as a result of letting accommodation to third parties continues to affect this budget.
Support – Legal Function	-24	-30	Due to the increased level of legal work, especially in planning, it was necessary to obtain additional support using counsel and additional staff resources. Workloads are likely to stabilise and counsel's employment has been greatly reduced.

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	-16	-19	The previous Legal Services Manager had to undertake overtime to maintain the service and the contribution to the Corporate Vacancy Savings has resulted in the adverse variance.
Capital – Police Co-location	51		We are currently awaiting the final account. It is anticipated that the final contract price will be below the original contract estimate.

Future Issues/Risk Areas

Additional income from markets must be considered at risk following voluntary liquidation of market operator and expected tender results.
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**Head of Legal & Democratic Services**  
**October 2012**