

Third Quarter Budget Monitoring 2018/19

Strategic Planning, Sustainability and
Transportation Committee
5 February 2019

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Strategic Planning, Sustainability and Transportation Committee

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Executive Summary

This report is intended to provide Members with an overview of performance against revenue and capital budgets and outturn during the third quarter of 2018/19 for the services within this Committee's remit.

Robust budget monitoring is a key part of effective internal financial control, and therefore is one of the elements underpinning good corporate governance.

The aim of reporting financial information to service committees at quarterly intervals is to ensure that underlying trends can be identified at an early stage, and that action is taken to combat adverse developments or seize opportunities.

It is advisable for these reports to be considered in conjunction with quarterly performance monitoring reports, as this may provide the context for variances identified with the budget and general progress towards delivery of the Council's strategic priorities.

Headline messages for this quarter are as follows:

- For this Committee, there is an overspend against the revenue budget of £234,000, but this is expected to worsen to an overspend of £389,000 by the end of this financial year.
- The existing overspend is comprised of an overspend within Parking Services of £36,000 and an overspend of £198,000 on Planning Services
- The position for the Council as a whole at the end of the third quarter is an underspend against the revenue budgets of £1.0m. However this figure includes a number of large grants received that will be carried forward into 2019/20 and at this stage we expect to remain within budget for the year.
- There has been capital expenditure of £61,000 to date this year for the projects which sit within this Committee's remit. This represents slippage of £0.167m.
- Overall capital expenditure totaling £8.539m has been incurred during the first three quarters, against a revised budget of £24.246m.

Revenue Budget

3rd Quarter 2018/19



Revenue Spending

At the end of the third quarter, there is an overall negative variance of £234,000 against the revenue budget for this Committee. This comprises adverse variances of £36,000 on parking services, and £198,000 on planning and development. Based on current information, we are forecasting an overall adverse variance of £389,000 by the end of the year, arising from unachieved income from parking services and planning application income. As reported previously there has been a fall in the number of planning applications received during the year and for larger applications this trend is likely to continue because there is a recently adopted Local Plan in place, and it is now very likely that there will be a shortfall in income if large 'windfall' applications are not received. As was also previously noted a number of appeals have now been withdrawn and so the likelihood of additional spend in this area has now reduced. Members will recall that funds had been previously set-aside for possible appeals costs. There has also been a significant fall in income from both residents parking, due to a combination of less tickets being issued and the impact of a tribunal ruling, and from park and ride where income has fallen sharply.

As illustrated by the chart below in overall terms the Council is operating within budget, although the position for this committee is that there is a shortfall against the budgeted position at the end of December.

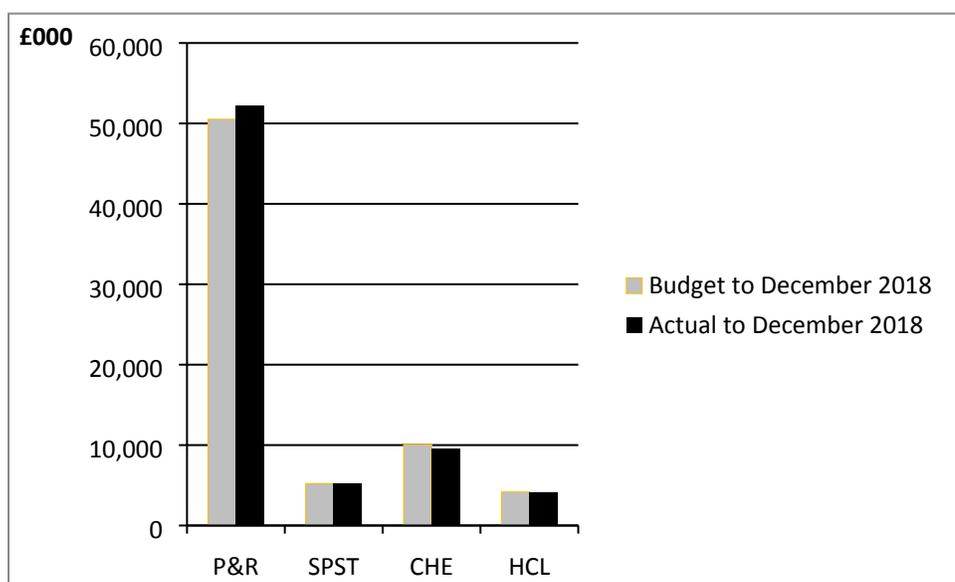


Chart 1 Performance against budget analysed by service committee (Expenditure)

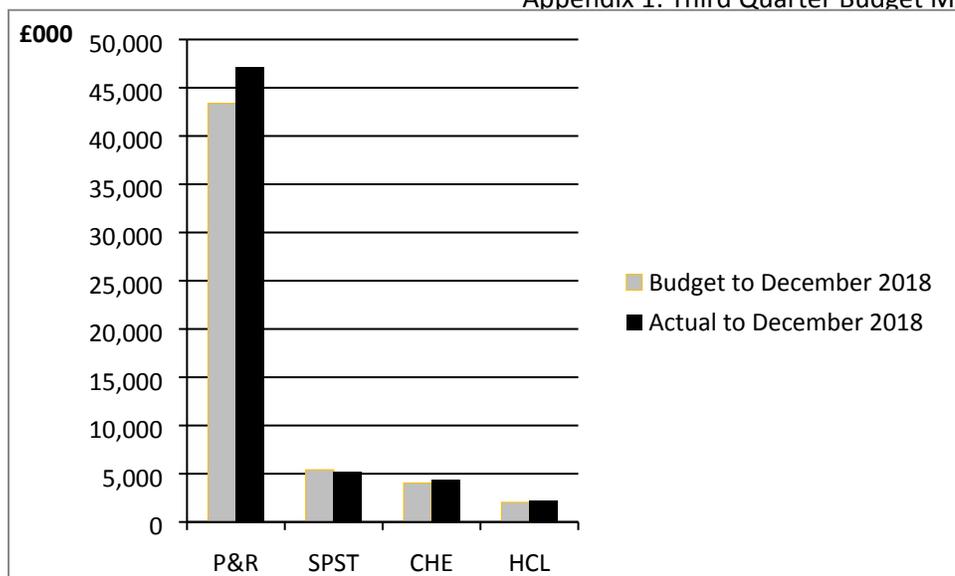


Chart 2 Performance against budget analysed by service committee (Expenditure)

The table on the following page details the budget and expenditure position for this Committee's services during the third quarter. These figures represent the net budget for each cost centre. The actual position includes expenditure for goods and services which we have received but not yet paid for. The budget now being used is the revised estimate for 2018/19.

The columns of the table show the following detail:

- a) The cost centre description;
- b) The value of the total budget for the year;
- c) The amount of the budget expected to be spent by the end of December 2018;
- d) The actual spend to that date;
- e) The variance between expected and actual spend;
- f) The forecast spend to year end; and
- g) The expected significant variances at 31 March 2019.

The table shows that of a net annual income budget of -£1.071m it was expected that net income of £782,000 would be achieved up until the end of December. At this point in time the budget is reporting an overspend of £234,000, and the current forecast indicates that the year-end position for this committee will worsen to an overspend of £389,000. The table separates the overall figures into the two main functions of this committee, Planning Services and Parking Services, in order to show the budget and outturn for each function.

Revenue Budget Summary Q3 2018/19

(a)	(b)	(c)	(d)	(e)	(f)	(g)
Cost Centre	Budget for Year £000	Budget to 31 December 2018 £000	Actual £000	Variance £000	Forecast 31 March 2019 £000	Forecast Variance 31 March 2019 £000
Building Regulations Chargeable	-320	-243	-300	57	-390	70
Building Control	-1	-1	1	-1	-1	0
Street Naming & Numbering	-49	-37	-81	44	-90	41
Development Control Advice	-73	-54	-168	113	-173	100
Development Control Appeals	122	103	50	52	82	40
Development Control Majors	-682	-512	-361	-151	-482	-200
Development Control - Other	-837	-630	-514	-115	-687	-150
Development Control Enforcement	67	67	67	0	67	0
Planning Policy	227	27	39	-12	227	0
Neighbourhood Planning	75	75	75	-0	75	0
Conservation	-11	-7	4	-11	-11	0
Town Centre Opportunity Area Project	0	0	0	-0	0	0
Land Charges	-289	-202	-172	-30	-244	-45
Development Management Section	912	688	804	-116	1,082	-170
Spatial Policy Planning Section	331	249	267	-19	331	0
Head of Planning and Development	140	111	102	9	140	0
Development Management Enforcement Section	264	182	147	35	252	13
Building Surveying Section	366	276	307	-31	398	-32
Mid Kent Planning Support Service	412	310	286	25	412	0
Heritage Landscape and Design Section	173	130	125	5	173	0
Planning Business Management	136	102	102	-1	136	0
Mid Kent Local Land Charges Section	46	24	19	6	46	0
Salary Slippage 2SPST	-74	-55	0	-55	-74	0
Sub-Total - Planning Services	935	602	800	-198	1,268	-334

Table 1 Revenue Budget Position, Q3 2018/19 – Strategic Planning, Sustainability and Transportation Committee

(a)	(b)	(c)	(d)	(e)	(f)	(g)
Cost Centre	Budget for Year £000	Budget to 31 December 2018 £000	Actual £000	Variance £000	Forecast 31 March 2019 £000	Forecast Variance 31 March 2019 £000
Environment Improvements	17	13	23	-10	17	0
Name Plates & Notices	18	13	15	-2	18	0
On Street Parking	-364	-268	-274	7	-364	0
Residents Parking	-263	-192	-98	-94	-130	-133
Pay & Display Car Parks	-1,777	-1,290	-1,420	130	-1,897	120
Non Paying Car Parks	11	10	10	0	11	0
Off Street Parking - Enforcement	-75	-56	-87	32	-75	0
Mote Park Pay & Display	-174	-145	-124	-21	-174	0
Sandling Road Car Park	-1	-1	-3	3	-1	0
Park & Ride	237	188	278	-90	347	-110
Socially Desirable Buses	48	40	53	-13	48	0
Other Transport Services	-10	-7	-4	-4	-10	0
Parking Services Section	327	310	285	25	285	42
Sub-Total - Parking Services	-2,005	-1,384	-1,347	-36	-1,925	-81
Total	-1,071	-782	-548	-234	-682	-389

Table 1 Revenue Budget Position, Q3 2018/19 – Strategic Planning, Sustainability and Transportation Committee



Significant Variances

Within these headline figures, there are a number of adverse and favourable variances for individual service areas. This report draws attention to the most significant variances, i.e. those exceeding £30,000 or expected to do so by the end of the year. The table below provides further detail regarding these variances, and the actions being taken to address them.

It is important that the potential implications of variances are considered at this stage, so that contingency plans can be put in place and if necessary, this can be used to inform future financial planning.

	Positive Variance Q3	Adverse Variance Q3	Year End Forecast Variance
Planning Services	£000		
Building Regulations Chargeable - Income is continuing to perform ahead of budget and is forecast to continue to do so for the remainder of the year. Budget surpluses in this area will be transferred to earmarked reserves at the end of the year.	57		70
Street Naming & Numbering - Income is continuing to perform ahead of budget and is forecast to continue to do so for the remainder of the year.	44		41
Development Control Advice - Fees received for pre-application advice and from the recent introduction of Planning Performance Agreements have contributed towards a positive variance in this area.	113		100
Development Control Appeals - There has been a delay in bringing a number of anticipated appeals forward which means that for this year the budget is likely to show a positive variance. This could lead to additional costs being incurred in 2019/20 though depending on the timing of the appeals.	52		40
Development Control Majors - As previously advised fee income has dramatically reduced this year due to a fall in the number of applications received. The forecast is for this trend to continue for the remainder of this year and the position could worsen depending on the number and timing of applications for major developments.		-151	-200
Development Control Other – As with major applications fee income has reduced for similar reasons, with the forecast for the position to worsen during the final quarter.		-115	-150
Land Charges – The budget was increased at the start of the year to reflect an increase in fees, but demand has fallen which has led to the negative variance.		-30	-45

Development Management Section - The team has needed to use agency staff to cover various vacant posts for the year to date.		-116	-170
Development Management Enforcement Section – This is a reflection of staff vacancies for the year to date.	35		13

Table 2 Significant Variances – Planning Services (Strategic Planning, Sustainability and Transportation Committee)

	Positive Variance Q3	Adverse Variance Q3	Year End Forecast Variance
Parking & Transportation	£000		
Residents Parking – This variance is a combination of a lower number of penalty charge notices being issued, and an adverse ruling at a Traffic Penalty Tribunal where the adjudicator ruled that an incorrect contravention code had been used. This means that going forward a lower charge will be made which will further reduce income.		-95	-133
Pay & Display Car Parks - Pay and Display is £60,000 above budget after taking account of the increase in charges intended to fund the new 'Pay to Park' Park and Ride scheme. Season tickets continue to do well and are £53,000 over budget.	130		120
Off-Street Parking Enforcement – Income is currently above budget but is expected to reduce to a break even position by the end of the year.	32		0
Park & Ride – Following the trend from the first two quarters income levels continue to be disappointing and are forecast to continue this way for the remainder of the year		-89	-110

Table 3 Significant Variances – Parking & Transportation (Strategic Planning, Sustainability and Transportation Committee)

Capital Budget

3rd Quarter 2018/19



Capital Spending

The five year capital programme for 2018/19 onwards was approved by Council on 7 March 2018. Funding for the programme remains consistent with previous decisions of Council in that the majority of capital resources come from New Homes Bonus along with a small grants budget.

Progress made towards delivery of planned projects for 2018/19 is set out in the table below. The budget figure is the revised estimate for 2018/19 and includes resources which have been brought forward from 2017/18, which have been added to the agreed budget for the current year.

To date, there has been expenditure of £61,000 incurred against a budget of £0.228m. At this stage, it is anticipated that there will be slippage of £0.117m, although this position will be reviewed at the end of the year when the Committee will be asked to approve/note the carry forward of resources into the next financial year. The majority of the slippage relates to the Bridges Gyratory Scheme, where there are some residual costs around the landscaping elements of the scheme and flood defence works still to come.

Capital Budget Summary Q3 2018/19

Capital Programme Heading	Revised Estimate 2018/19 £000	Actual to December 2018 £000	Budget Remaining £000	Q4 Profile £000	Projected Total Expenditure £000	Projected Slippage to 2019/20 £000	Budget Not Required £000
Strategic Planning, Sustainability & Transportation							
Riverside Towpath	40		40	10	10	30	
Bridges Gyratory Scheme	188	61	127	40	101	87	
Total	228	61	167	50	111	117	

Table 4 Capital Expenditure, Q3 2018/19