

Third Quarter Budget Monitoring 2019/20

Strategic Planning & Infrastructure Committee

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Executive Summary

This report provides Members with an overview of progress against the 2019/20 revenue and capital budgets as at 31st December 2019 (i.e. the Quarter 3 cumulative position) for the services falling within the remit of the Strategic Planning and Infrastructure Committee (SPI). The analysis also includes both revenue and capital year-end projections (to 31st March 2020) for SPI services, as well as some important context, with consideration given to the Council's overall position.

The headlines for Quarter 3 are as follows:

Part A: Third Quarter Revenue Budget 2019/20

- Overall net income for the services reporting to SPI is £757,000, compared to the profiled budget of £1.023 million, representing a net income shortfall of £266,000. Based on forward projections, SPI is expected to record a net income shortfall of £332,000 for the year, compared to an overall net income budget of £1.229 million.
- Overall net expenditure for the Council is £12.10 million, compared to the profiled budget of £12.211 million, representing an under spend of £0.111 million. Based on forward projections, the Council is expected to remain within its overall net revenue expenditure budget of £20.561 million for the year.

Part B: Third Quarter Capital Budget 2019/20

- Capital expenditure for the services reporting to SPI of £58,000 has been incurred against the *revised* annual budget of £371,000. At this stage, it is anticipated that there will be slippage of £101,000.
- Capital expenditure for the Council overall of £28.754 million has been incurred against a *revised* annual budget of £42.647 million. It is anticipated that there will be slippage of £11.364 million at year end.

Part A

Third Quarter Revenue Budget 2019/20

A1) Revenue Budget: Council

A1.1 At the Quarter 3 stage, overall net expenditure for the Council is £12.10 million, compared to the profiled budget of £12.211 million, representing an under spend of £0.111 million. Based on forward projections, the Council is expected to remain within its overall net revenue expenditure budget of £20.561 million for the year.

A1.2 The two charts below show the income and expenditure position for each service committee.

Chart 1: MBC Revenue Budget: INCOME BY SERVICE COMMITTEE

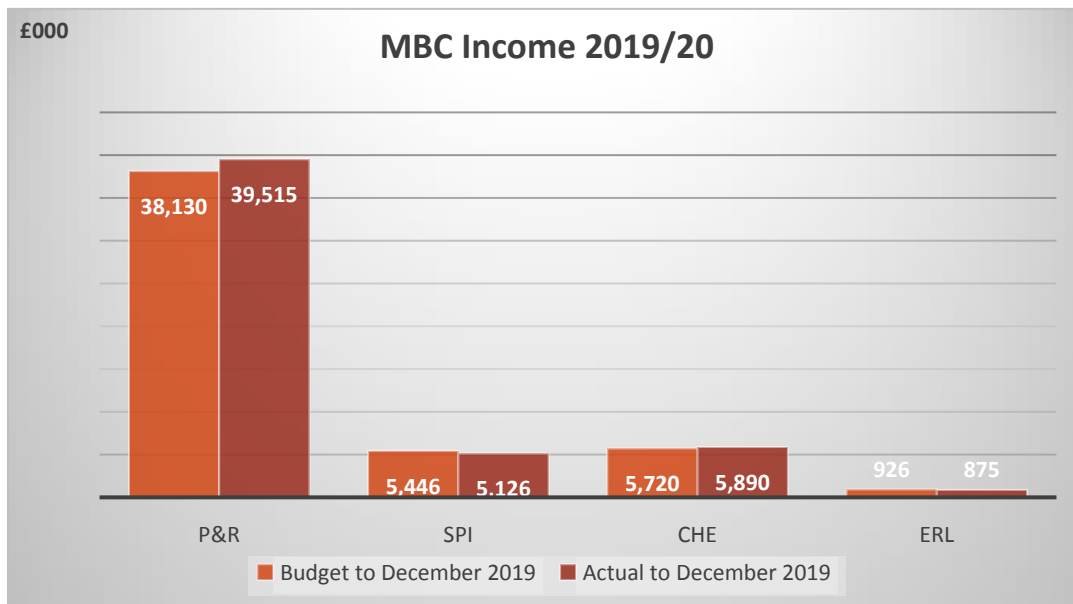
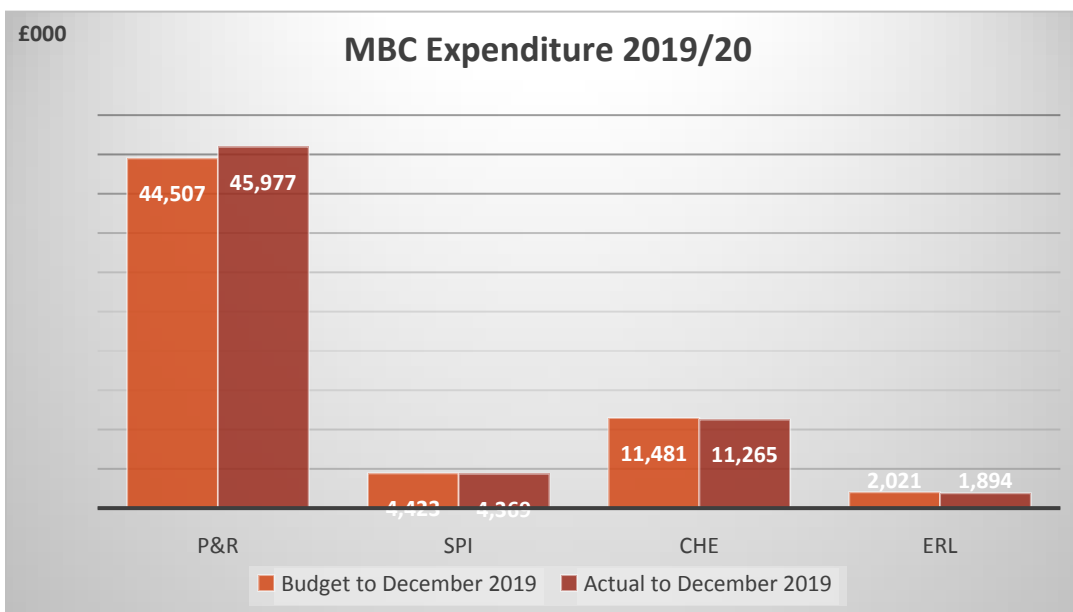


Chart 2: MBC Revenue Budget: EXPENDITURE BY SERVICE COMMITTEE



A2) Revenue Budget: Strategic Planning & Infrastructure (SPI)

A2.1 Table 1 below provides a detailed summary on the budgeted net income position for SPI services at the end of Quarter 3. The financial figures are presented on an 'accruals' basis (e.g. expenditure for goods and services received, but not yet paid for, is included).

Table 1: SPI Revenue Budget: NET EXPENDITURE

(a)	(b)	(c)	(d)	(e)	(f)	(g)
Cost Centre	Revised Budget for Year £000	Budget to 31 December 2019 £000	Actual £000	Variance £000	Forecast 31 March 2020 £000	Forecast Variance 31 March 2020 £000
Building Regulations Chargeable	-325	-247	-263	16	-325	0
Building Control	-1	-1	-1	0	-1	0
Street Naming & Numbering	-69	-52	-55	4	-69	0
Development Control Advice	-211	-155	-149	-6	-243	32
Development Control Appeals	124	69	71	-2	124	0
Development Control Majors	-685	-513	-389	-124	-551	-134
Development Control - Other	-837	-630	-528	-102	-692	-145
Development Control Enforcement	67	50	63	-13	67	0
Planning Policy	306	26	24	2	306	0
Neighbourhood Planning	25	0	5	-5	25	0
Conservation	-11	-7	3	-10	-11	0
Land Charges	-297	-211	-191	-20	-297	0
Environment Improvements	25	19	20	-2	25	0
Development Management Section	1,045	799	848	-49	1,094	-49
Spatial Policy Planning Section	416	307	299	8	408	8
Head of Planning and Development	106	80	99	-19	125	-19
Development Management Enforcement Section	201	151	143	8	193	8
Building Surveying Section	376	283	266	18	358	18
Mid Kent Planning Support Service	398	299	227	72	326	72
Heritage Landscape and Design Section	219	166	174	-7	226	-7
CIL Management Section	135	101	109	-8	143	-8
Mid Kent Local Land Charges Section	45	24	41	-17	62	-17
Salary Slippage 2SPI	-71	-53	0	-53	0	-71
Sub-Total - Planning Services	982	506	817	-311	1,294	-312
Name Plates & Notices	18	14	17	-3	18	0
On Street Parking	-361	-264	-330	66	-441	80
Residents Parking	-253	-185	-138	-46	-188	-65
Pay & Display Car Parks	-1,896	-1,393	-1,282	-111	-1,722	-174
Non Paying Car Parks	11	10	8	2	11	0
Off Street Parking - Enforcement	-83	-61	-165	104	-208	125
Mote Park Pay & Display	-189	-157	-169	12	-204	15
Sandling Road Car Park	3	2	0	2	3	0
Park & Ride	190	168	178	-9	190	0
Socially Desirable Buses	33	30	7	23	33	0
Other Transport Services	-10	-11	-19	8	-10	0
Parking Services Section	327	318	319	-1	328	-1
Sub-Total - Parking Services	-2,211	-1,528	-1,574	46	-2,191	-20
Total	-1,229	-1,023	-757	-266	-896	-332

A2.2 The table shows that, at the Quarter 3 stage, overall net income for the services reporting to SPI is £757,000, compared to the profiled budget of £1.023 million, representing a net income shortfall of £266,000. Based on forward projections, SPI is expected to record a net income shortfall of £332,000 for the year, compared to an overall net income budget of £1.229 million.

A3) SPI Revenue Budget: Significant Variances (>£30,000)

A3.1 Within the headline figures, there are a number of both adverse and favourable net expenditure variances for individual cost centres. It is important that the implications of variances are considered at an early stage, so that contingency plans can be put in place and, if necessary, be used to inform future financial planning.

A3.2 Table 2 below highlights and provides further detail on the most significant variances i.e. those meeting or exceeding £30,000, either at the end of Quarter 3, or expected to do so by year-end.

Table 2: SPI Variances >£30,000 (@ Quarter 3)

	Positive Variance Q3	Adverse Variance Q3	Year End Forecast Variance
Strategic Planning & Infrastructure Committee	£000's		
Development Control Advice – although there is a small adverse variance at Q3, over the year stronger than expected income streams from Pre-Application Discussions will generate a surplus in this cost centre.		-6	+32
Development Control Majors – This year has seen a significant drop in income from Planning Applications compared to original budget expectations. A recently completed review of the position has identified the need to reverse earlier virements to the value of £216,040, which has reduced the income expectation on Major Applications, with a corresponding increase in the income expectation for Other (minor) Applications. Against the updated income budget, a shortfall of £124,000 is being experienced on Major Applications at the Q3 stage. The variance is forecast to rise to £134,000 by year end.		-124	-134
Development Control Other – Against the updated income budget, a shortfall of £102,000 is being experienced on Other (minor) Applications at the Q3 stage. The variance is forecast to rise to £145,000 by year end.		-102	-145
On-Street Parking – Higher than budgeted income is being driven by higher than expected (On-Street) parking space turnover.	+66		+80

Table 2 (cont.)	Positive Variance Q3	Adverse Variance Q3	Year End Forecast Variance
Strategic Planning & Infrastructure Committee	£000's		
Residents Parking – A number of Tribunal cases have been lost where the adjudicator has ruled that the wrong contravention code has been used within resident parking bays. Consequently processes have been adapted, entailing a lower contravention code (leading to a lower penalty charge), which is depressing income from this source. PCN volumes for Residents Parking infringements are also down slightly compared to last year.		-46	-65
Pay & Display Car Parks – Income levels from Pay & Display car parks are not meeting expectations.		-111	-174
Off-Street Parking Enforcement – although overall PCN volumes are comparable to last year, a slightly greater proportion have been issued for Off-Street infringements than the budget assumes, which is offset by a slightly lower proportion issued for Residents Parking infringements (as noted above).	+104		+126
Development Management Section – Budget pressures are being experienced on Salaries and Wages (£28,000) and Professional Services (£14,000) due to the use of additional consultancy resources required to address shortfalls in capacity.		-49	-49
Mid-Kent Planning Support – The current variance has arisen due to a number of posts that are being held vacant.	+72		+72
Salary Slippage – This is a credit budget, which allows for service underspends on salaries, due to temporary vacancies arising from staff turnover. There is currently an adverse variance, which is expected to be offset by service underspends by the year end.		-53	-71

A4) Local Plan Review (LPR)

A4.1 The Local Plan Review (LPR) process is an important, high profile and continuous task undertaken by the Planning Services team. The associated revenue spending profile however is cyclical and does not fit the conventional 12-month financial planning process for general revenue expenditure. Instead, spending tends to follow the four-year lifespan of each Local Plan with various peaks and troughs over that time period.

A4.2 The LPR process is therefore funded through an annual £200,000 revenue contribution with any remaining unspent balances at year end automatically rolled forward into the following financial year. Table 3 below shows the movement in revenue resources currently allocated to fund LPR activities; there is a forecast surplus of £145,000 for the year-end, which will automatically roll forward into 2020/21.

Table 3: Local Plan Review (LPR) Spending (@ Quarter 3 2019/20)

Opening Balance 1/04/2019 (including 2019/20 allocation)	Spending April – December 2019	Forecast Spending January – March 2020	Forecast Remaining Balance 31/03/2020
£'s	£'s	£'s	£'s
518,070	(168,285)	(204,412)	145,373

Part B

Third Quarter Capital Budget 2019/20



B1) Capital Budget: Council

- B1.1 The overall five-year Capital Programme for 2019/20 to 2023/24 was approved by the Council on 27th February 2019. Most capital funding will come from prudential borrowing in future as other sources of funding are not sufficient to cover the costs of the Programme, although funding does continue to be available from the New Homes Bonus (NHB).
- B1.2 The *revised* 2019/20 element of the Capital Programme has a total budget of £42.647 million. At the Quarter 3 stage, capital expenditure of £28.754 million has been incurred. It is anticipated that there will be slippage of £11.364 million at year end.

B2) Capital Budget: Strategic Planning & Regeneration Committee (SPI)

- B2.1 Progress towards the delivery of the 2019/20 SPI element of the Capital Programme at the Quarter 3 stage is presented in Table 3 below. The budget for 2019/20 includes resources brought forward from 2018/19.
- B2.2 At the Quarter 3 stage, expenditure of £58,000 has been incurred against a *revised* budget of £371,000. At this stage, it is anticipated that there will be slippage of £101,000 (the Committee will be asked to approve/note the carry forward of resources into the next financial year).

Table 4: SPI Capital Programme 2019/20 (@ Quarter 3)

Capital Programme Heading	Adjusted Estimate 2019/20 £000	Actual to December 2019 £000	Budget Remaining £000	Q4 Profile £000	Projected Total Expenditure £000	Projected Slippage to 2020/21 £000
Strategic Planning & Infrastructure						
Mall Bus Station Redevelopment	250	48	202	202	250	-0
Bridges Gyrotory Scheme	121	10	111	10	20	101
Total	371	58	313	212	270	101

B2.3 The most (financially) notable SPI item in the table above is as follows:

- Bridges Gyrotory Scheme – the residual budget is being used to fund flood prevention works by the Medway Street subway. Designs have been drawn up and the work is now expected to take place in early 2020/21.