

Second Quarter Budget Monitoring 2018/19

Strategic Planning, Sustainability and
Transportation Committee
6 November 2018

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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 second 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 £45,000, but this is expected to worsen to an overspend of £231,000 by the end of this financial year.
- The existing overspend is comprised of an overspend within Parking Services of £24,000 and an overspend of £21,000 on Planning Services.
- The position for the Council as a whole at the end of the second quarter is an underspend against the revenue budgets of £1.6m. This figure includes a number of large grants received that will be carried forward into 2019/20. We do however expect to remain within budget for the year at this stage.
- There has been capital expenditure of £35,000 to date this year for the projects which sit within this Committee's remit. This represents slippage of £0.454m.
- Overall capital expenditure totaling £5.914m has been incurred during the first two quarters, against a budget of £28.754m.

Revenue Budget

2nd Quarter

2018/19



Revenue Spending

At the end of the first quarter, there is an overall negative variance of £45,000 against the revenue budget for this Committee. This comprises adverse variances of £24,000 on parking services, and £21,000 on planning and development. Based on current information, we are forecasting an overall adverse variance of £231,000 by the end of the year, arising from unachieved income from parking services and planning application income. As reported in the first quarter 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 noted in the first quarter 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.

As illustrated by the chart below, all committees have kept expenditure within the agreed budget, however two Committees (including this one) are showing a shortfall against their income budgets. The specific issues for this Committee are discussed later in this report.

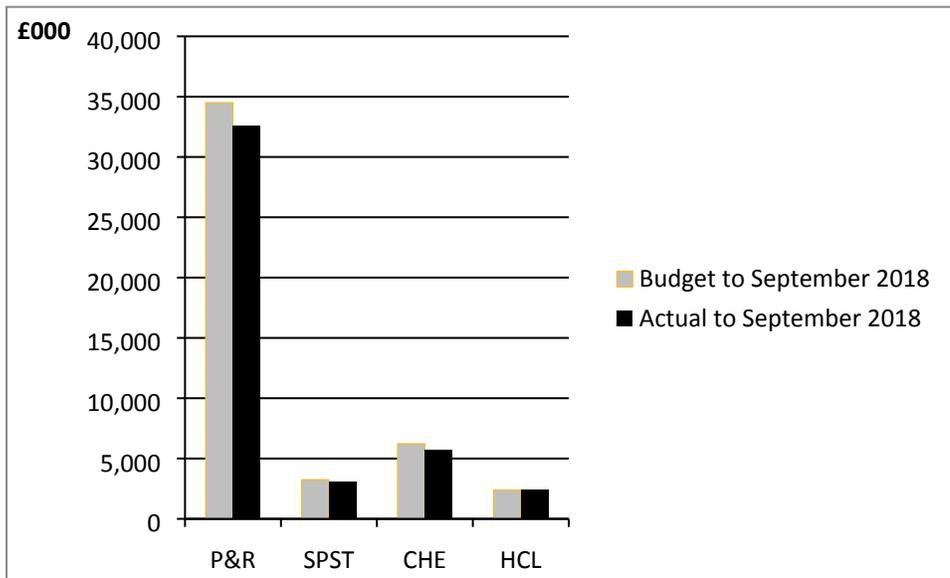


Chart 1 Performance against budget analysed by service committee (Expenditure)

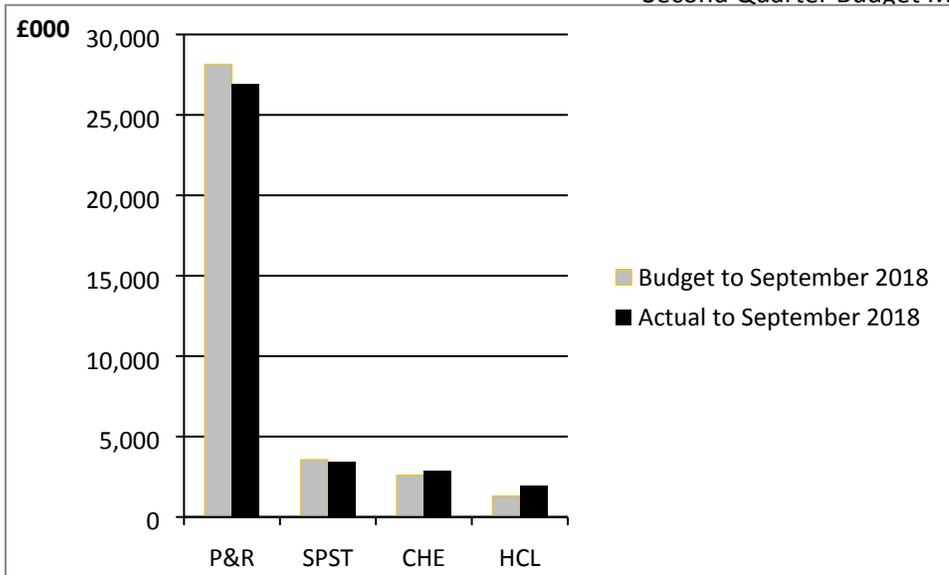


Chart 2 Performance against budget analysed by service committee (Expenditure)

The table on the following page details the budget and expenditure position for this Committee's services during the second 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 columns of the table show the following detail:

- The cost centre description;
- The value of the total budget for the year;
- The amount of the budget expected to be spent by the end of September 2018;
- The actual spend to that date;
- The variance between expected and actual spend;
- The forecast spend to year end; and
- The expected significant variances at 31 March 2019.

The table shows that of a net annual income budget of -£1.000m it was expected that net income of £328,000 would be achieved up until the end of September. At this point in time the budget is reporting an overspend of £45,000, and the current forecast indicates that the year-end position for this committee will worsen to an overspend of £231,000. 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 Q1 2018/19

(a)	(b)	(c)	(d)	(e)	(f)	(g)
Cost Centre(T)	Budget for Year £000	Budget to 30 September 2018 £000	Actual £000	Variance £000	Forecast 31 March 2019 £000	Forecast Variance 31 March 2019 £000
Building Regulations Chargeable	-320	-170	-221	51	-390	70
Building Control	-1	-1	0	-1	-1	0
Street Naming & Numbering	-49	-25	-49	25	-95	46
Development Control Advice	-115	-58	-110	53	-175	60
Development Control Applications	-1,475	-737	-545	-191	-1,225	-250
Development Control Appeals	122	71	26	45	77	45
Development Control Enforcement	65	57	50	8	65	0
Planning Policy	235	49	62	-13	235	0
Neighbourhood Planning	75	75	75	-0	75	0
Conservation	-11	-7	-0	-7	-11	0
Town Centre Opportunity Area Project	0	0	0	-0	0	0
Land Charges	-299	-142	-119	-22	-299	0
Development Management Section	906	455	511	-56	981	-75
Spatial Policy Planning Section	332	167	157	10	332	0
Head of Planning and Development	140	82	79	3	140	0
Development Management Enforcement Section	276	97	92	5	276	0
Building Surveying Section	368	184	174	11	368	0
Mid Kent Planning Support Service	422	213	187	26	422	0
Heritage Landscape and Design Section	176	88	79	9	176	0
Planning Business Management	137	69	50	18	137	0
Mid Kent Local Land Charges Section	46	16	10	6	46	0
Sub-Total - Planning Services	1,029	485	506	-21	1,133	-104

Table 1 Revenue Budget Position, Q1 2018/19 – Strategic Planning, Sustainability and Transportation Committee

(a)	(b)	(c)	(d)	(e)	(f)	(g)
Cost Centre(T)	Budget for Year £000	Budget to 30 September 2018 £000	Actual £000	Variance £000	Forecast 31 March 2019 £000	Forecast Variance 31 March 2019 £000
Name Plates & Notices	18	9	7	2	18	0
On Street Parking	-364	-170	-90	-80	-210	-154
Residents Parking	-263	-149	-115	-34	-161	-102
Pay & Display Car Parks	-1,781	-764	-883	119	-1,959	178
Non Paying Car Parks	11	9	9	-0	11	0
Off Street Parking - Enforcement	-75	-36	-96	60	-175	100
Mote Park Pay & Display	-174	-105	-101	-3	-174	0
Sandling Road Car Park	-2	-1	21	-22	-2	0
Park & Ride	236	156	219	-63	385	-149
Socially Desirable Buses	48	36	47	-11	48	0
Other Transport Services	-10	-5	-4	-1	-10	0
Parking Services Section	326	207	195	11	326	0
Sub-Total - Parking Services	-2,029	-814	-790	-24	-1,902	-127
Total	-1,000	-328	-284	-45	-769	-231

Table 1 Revenue Budget Position, Q1 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 Q2	Adverse Variance Q2	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.	51		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.	25		46
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.	53		60
Development Control Applications – As outlined earlier in this report fee income has dramatically reduced this year due to a fall in the number of applications received, particularly for major developments. 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.		-191	-250
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.	45		45
Development Management Section - The team has needed to use some agency staff for the year to date. Usage is expected to decrease over the remainder of the year but there will still be a negative variance by the end of the year.		-55	-75

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

	Positive Variance Q2	Adverse Variance Q2	Year End Forecast Variance
Parking & Transportation	£000		
On Street Parking – Penalty Charge Notice (PCN) income continues to be below expectation. This is due in part to continuing issues with the new system although progress has been made in identifying the problems, and it is hoped that they will be rectified by the end of the 3 rd quarter. Parking meters income is performing slightly better than budget which has helped to partially offset the variance for PCNs.		-66	-154
Residents Parking - Penalty Charge Notice (PCN) income accounts for all of this variance. During the 2 nd quarter only 219 PCNs were issued in residents' areas. However permit income is currently performing above budget by £10,000.		-34	-102
Pay & Display Car Parks – Income has worsened slightly during the 2nd quarter and is now £59,000 below budget. However Season tickets continue to do well and are £43,000 over budget. The cost centre is forecast to have an increased favourable variance by year end.	118		178
Off Street Parking Enforcement - Penalty Charge Notice income is above expectation and is forecast to continue to be so for the remainder of the year.	60		100
Park & Ride – Following the trend from the first quarter income levels continue to be disappointing and are forecast to continue this way for the remainder of the year. Reports on the future of the service are also on the agenda for this Committee meeting.		-72	-149

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

Capital Budget

2nd 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 includes resources which have been brought forward from 2017/18, and these have been added to the agreed budget for the current year.

To date, there has been expenditure of £35,000 incurred against a budget of £0.489m. At this stage, it is anticipated that there will be slippage of £0.89m, 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 originally approved budget for the Bridges Gyrotory Scheme included a contingency figure of £0.26m, but now the scheme is substantially complete within budget this sum is no longer required.

Capital Budget Summary Q1 2018/19

Capital Programme Heading	Adjusted Estimate 2018/19 £000	Actual to September 2018 £000	Budget Remaining £000	Q3 Profile £000	Q4 Profile £000	Projected Total Expenditure £000	Projected Slippage to 2019/20 £000	Budget Not Required £000
Strategic Planning, Sustainability & Transportation								
Bridges Gyrotory Scheme	449		449	50	50	100	89	260
Riverside Towpath	40	35	5	5		40	0	
Total	489	35	454	55	50	140	89	260

Table 4 Capital Expenditure, Q2 2018/19