

Second Quarter Budget Monitoring 2019/20

Strategic Planning & Infrastructure Committee
5th November 2019
Lead Officer: Mark Green
Report Authors: Chris Hartgrove/Paul Holland

Contents

Executive Summary	Page 2
--------------------------	---------------

Part A: Second Quarter Revenue Budget 2019/20

A1) Revenue Budget: Council	Page 4
A2) Revenue Budget: Strategic Planning & Infrastructure	Page 5
A3) Revenue Budget: Significant Variances (>£30,000)	Page 6

Part B: Second Quarter Capital Budget 2019/20

B1) Capital Budget: Council	Page 9
B2) Capital Budget: Strategic Planning & Infrastructure	Page 9

Executive Summary

This report provides Members with an overview of progress against the 2019/20 revenue and capital budgets as at 30th September 2019 (i.e. the Quarter 2 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 2 are as follows:

Part A: Second Quarter Revenue Budget 2019/20

- Overall net income for the services reporting to SPI is £327,000, compared to the profiled budget of £509,000 million, representing an income shortfall of £181,000. Based on forward projections, SPI is expected to record a net income shortfall of £410,000 for the year, compared to an overall net income budget of £1.158 million.
- Overall net expenditure for the Council is £6.813 million, compared to the profiled budget of £7.553 million, representing an under spend of £0.74 million. The Council is expected to remain within its overall net revenue expenditure budget of £21.138 million for the year.

Part B: Second Quarter Capital Budget 2019/20

- Capital expenditure for the services reporting to SPI of £32,000 has been incurred against the annual budget of £1.661 million. At this stage, it is anticipated that there will be slippage of £1.368 million.
- Capital expenditure for the Council overall of £4.608 million has been incurred against the annual budget of £51.754 million.

Part A

Second Quarter Revenue Budget 2019/20



A1) Revenue Budget: Council

A1.1 At the Quarter 2 stage, overall net expenditure for the Council is £6.813 million, compared to the profiled budget of £7.553 million, representing an under spend of £0.74 million. Based on forward projections, the Council is expected to remain within its overall net revenue expenditure budget of £21.138 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

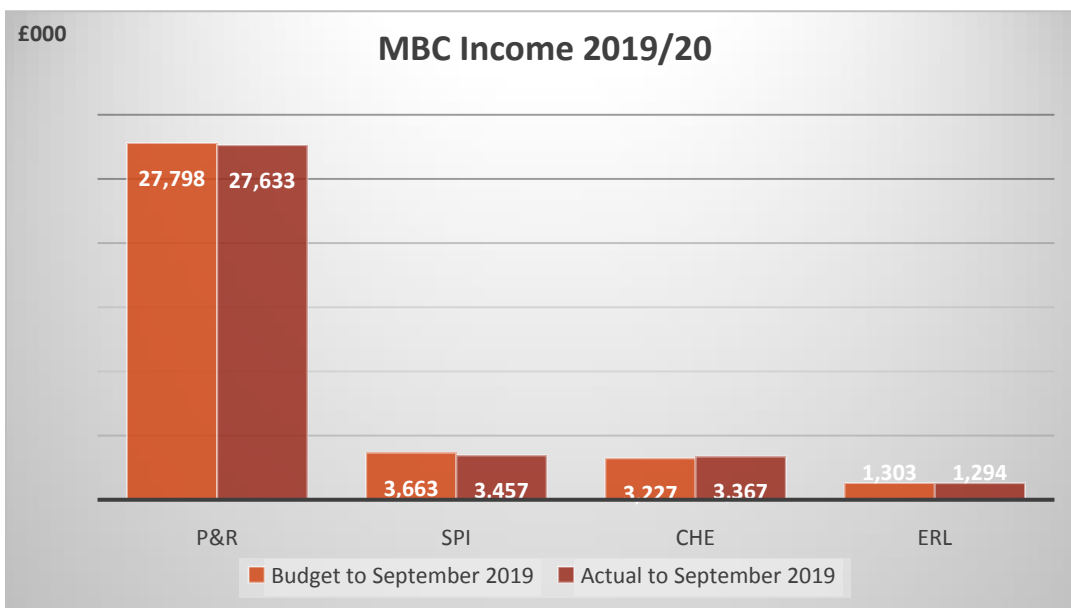
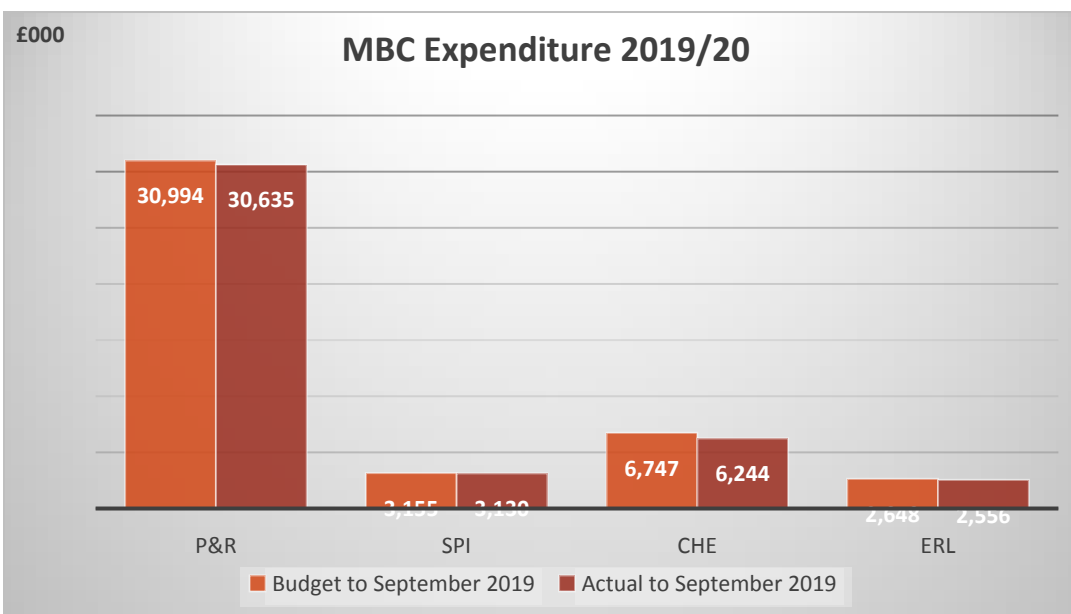


Chart 2: MBC Revenue Budget: EXPENDITURE BY SERVICE COMMITTEE



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 2. 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	Budget for Year £000	Budget to 30 Sept 2019 £000	Actual £000	Variance £000	Forecast 31 March 2020 £000	Forecast Variance 31 March 2020 £000
Building Regulations Chargeable	-325	-172	-156	-16	-325	0
Building Control	-1	-1	-1	0	-1	0
Street Naming & Numbering	-69	-35	-46	11	-69	0
Development Control Advice	-149	-87	-104	17	-149	0
Development Control Appeals	124	65	56	9	124	0
Development Control Majors	-901	-444	-177	-267	-531	-369
Development Control - Other	-621	-312	-353	42	-651	31
Development Control Enforcement	67	34	31	3	67	0
Planning Policy	331	18	21	-3	331	0
Neighbourhood Planning	25	0	-1	1	25	0
Conservation	13	-7	-1	-6	13	0
Town Centre Opportunity Area Project	25	25	23	1	25	0
Land Charges	-297	-141	-126	-14	-297	0
Development Management Section	1,029	541	573	-32	1,029	0
Spatial Policy Planning Section	415	223	196	26	395	20
Head of Planning and Development	106	53	67	-14	106	0
Development Management Enforcement Section	201	101	96	5	201	0
Building Surveying Section	375	188	174	13	375	0
Mid Kent Planning Support Service	397	200	140	60	367	30
Heritage Landscape and Design Section	184	92	112	-19	204	-20
CIL Management Section	137	69	76	-8	137	0
Mid Kent Local Land Charges Section	45	16	9	7	45	0
Salary Slippage 2SPST	-82	-41	0	-41	0	-82
Environment Improvements	17	9	20	-11	17	0
Sub-Total - Planning Services	1,049	394	629	-235	1,439	-390
Name Plates & Notices	18	9	8	1	18	0
On Street Parking	-361	-160	-191	31	-411	50
Residents Parking	-253	-144	-104	-40	-183	-70
Pay & Display Car Parks	-1,908	-846	-781	-65	-1,769	-139
Non Paying Car Parks	11	10	8	1	11	0
Off Street Parking - Enforcement	-83	-40	-111	71	-173	90
Mote Park Pay & Display	-174	-105	-142	37	-224	50
Sandling Road Car Park	3	1	-0	2	3	0
Park & Ride	184	142	160	-18	184	0
Socially Desirable Buses	33	28	7	21	33	0
Other Transport Services	-10	-11	-25	14	-10	0
Parking Services Section	334	213	214	-1	334	0
Sub-Total - Parking Services	-2,207	-903	-956	53	-2,187	-19
Total	-1,158	-509	-327	-181	-748	-410

A2.2 The table shows that, at the Quarter 2 stage, overall net income for the services reporting to SPI is £327,000, compared to the profiled budget of £509,000, representing a net income shortfall of £181,000. Based on forward projections, SPI is expected to record a net income shortfall of £410,000 for the year, compared to an overall net income budget of £1.158 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 2, or expected to do so by year-end.

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

	Positive Variance Q2	Adverse Variance Q2	Year End Forecast Variance
Strategic Planning & Infrastructure Committee	£000's		
<p>Development Control Majors & Other – This year has seen a significant drop in income from Planning Applications compared to original budget expectations. This is particularly the case for Major Applications (10 residential units and above).</p> <p>As reported in Quarter 1, planning officers are working in partnership with the Finance team both in an attempt to identify mitigating budget savings elsewhere within the service and also undertaking analyses on Planning Applications patterns, including future expectations in particular, for both the remainder of 2019/20 and beyond (2020/21 to 2024/25).</p> <p>However, whilst positive progress is being made with this task, it has been identified that there is a significant piece of enabling work to be completed first in reconciling the Planning system (“Uniform”) to the Financial Ledger (“Agresso”).</p> <p>Once the reconciliation work is completed, it will help enable the production of more accurate revised estimates for this financial year and a robust updated Medium-Term Financial Plan for the purposes of future financial planning and budget setting.</p>		-225	-338

Strategic Planning & Infrastructure Committee	£000's		
Mid-Kent Planning Support – The current variance has arisen due to a number of posts that are being held vacant.	+60		+30
Salary Slippage – This is a credit budget, which allows for the fact that services usually underspend on salaries due to temporary vacancies arising from staff turnover; it is offset against actual service underspends.		-41	-82
On-Street Parking – Higher than budgeted income is being driven by higher than expected (On-Street) parking space turnover.	+31		+50
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.		-40	-70
Pay & Display Car Parks – Income levels from Pay & Display car parks are not meeting expectations. A contributory factor is that the budget was set on the basis that 30 car parking spaces would be retained at Brunswick Street, which has not been the case. This accounts for £20,000 of the variance for the year to date.		-65	-139
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).	+71		+90
Mote Park Pay & Display – Increased demand for parking is being experienced on the site following the recent opening of the Adventure Zone. The increased volumes are expected to be maintained (subject to seasonal demand fluctuations).	+37		+50

Part B

Second 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). At the time of preparing this report there has been no need to borrow, but it is anticipated that borrowing will be needed during the latter half of 2019/20.
- B1.2 The 2019/20 element of the Capital Programme has a total budget of £51.754 million. At the Quarter 2 stage, capital expenditure of £4.608 million has been incurred.

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 2 stage is presented in Table 3 below. The budget for 2019/20 includes resources brought forward from 2018/19.
- B2.2 At the Quarter 2 stage, expenditure of £32,000 has been incurred against a budget of £1.661 million. At this stage, it is anticipated that there will be slippage of £1.368 million (the Committee will be asked to approve/note the carry forward of resources into the next financial year).

Table 3: SPI Capital Programme 2019/20 (@ Quarter 2)

Capital Programme Heading	Estimate 2019/20 £000	Actual to	Budget Remaining £000	Q3 Profile £000	Q4 Profile £000	Projected Total Expenditure £000	Projected
		September 2019 £000					Slippage to 2020/21 £000
Strategic Planning & Infrastructure							
Mall Bus Station Redevelopment	1,540	22	1,518	75	75	172	1,368
Bridges Gyratory Scheme	121	10	111	50	61	121	-0
Total	1,661	32	1,629	125	136	293	1,368

- B2.3 The Bus Station project is progressing, although the construction phase is not now expected to commence until Spring 2020. Therefore £1.336 million of the current budget will need to be carried forward into next year.
- B2.4 The residual Bridges Gyratory Scheme budget is being used to fund flood prevention works by the Medway Street subway. Designs have been drawn up and the work is expected to take place in early 2020.