

Second Quarter Budget Monitoring 2019/20

Communities, Housing & Environment Committee

12th November 2019

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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 30th September 2019 (i.e. the Quarter 2 cumulative position) for the services falling within the remit of the Communities, Housing and Environment Committee (CHE). The analysis also includes both revenue and capital year-end projections (to 31st March 2020) for CHE 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 expenditure for the services reporting to CHE is £3.563 million, compared to the profiled budget of £4.169 million, representing an under spend of £605,000. CHE is also expected to remain within its overall net revenue expenditure budget for the year, recording a small under spend of £126,000 against its annual budget of £8.972 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 also 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 CHE of £4.319 million has been incurred against the annual budget of £17.677 million. At this stage, it is anticipated that there will be slippage of £5.34 million.
- Capital expenditure for the Council overall of £5.443 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

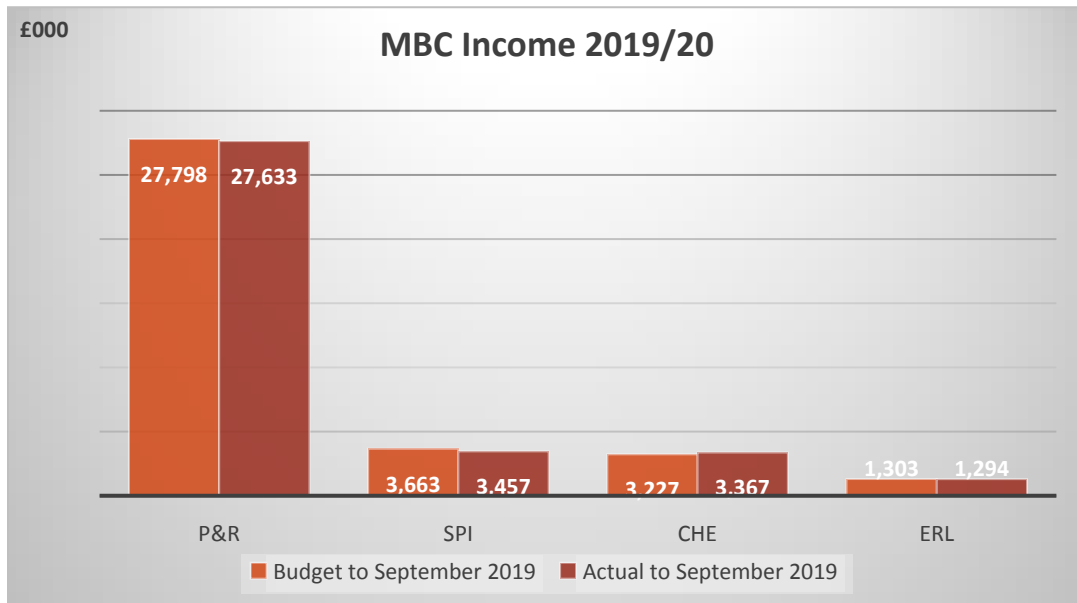
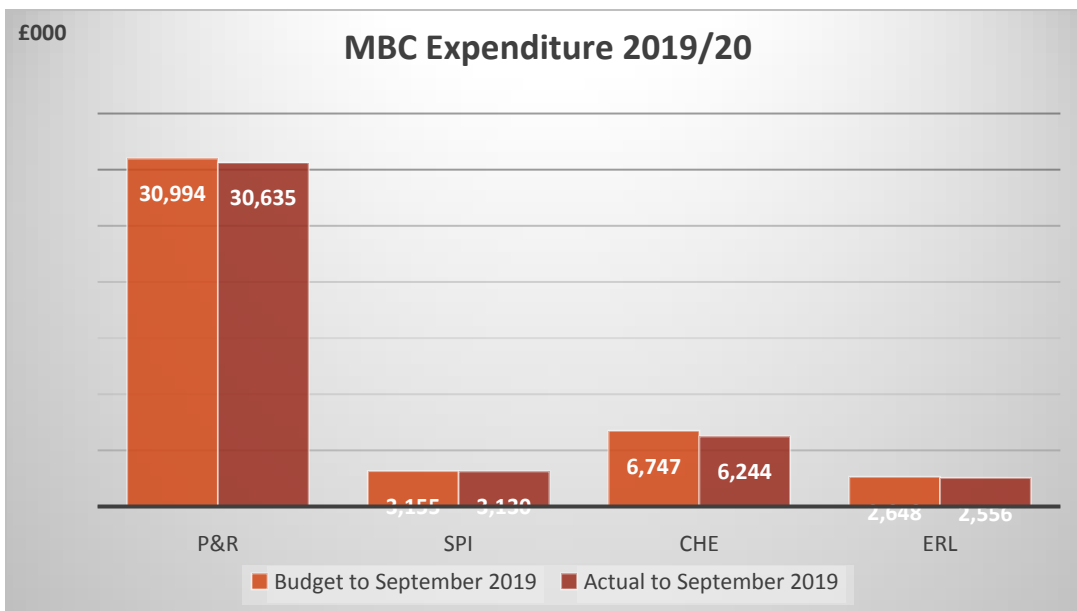


Chart 2: MBC Revenue Budget: EXPENDITURE BY SERVICE COMMITTEE



A2) Revenue Budget: Communities, Housing & Environment (CHE)

A2.1 Table 1 below provides a detailed summary on the budgeted net expenditure position for CHE 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: CHE Revenue Budget: NET EXPENDITURE

(a)	(b)	(c)	(d)	(e)	(f)	(g)
Cost Centre	Budget for Year £000	Budget to 30 September 2019 £000	Actual £000	Variance £000	Forecast 31 March 2020 £000	Forecast Variance 31 March 2020 £000
Parks & Open Spaces	962	470	505	-35	1,022	-61
Playground Maintenance & Improvements	144	70	59	12	129	15
Parks Pavilions	25	12	19	-7	25	0
Mote Park	253	129	134	-4	253	0
Allotments	12	7	5	2	12	0
Leisure Services Other Activities	10	9	10	-1	10	0
Cemetery	48	48	37	10	38	10
National Assistance Act	-0	-0	-1	1	-0	0
Crematorium	-808	-263	-203	-60	-829	21
Community Safety	58	14	6	8	58	0
PCC Grant - Building Safer Communities	0	-17	-18	0	0	0
C C T V	208	104	126	-22	208	0
Drainage	32	16	0	16	32	0
Licences	-6	-0	-6	5	-6	0
Licensing Statutory	-66	-33	-47	14	-66	0
Licensing Non Chargeable	8	4	4	-0	8	0
Dog Control	29	12	19	-7	29	0
Health Improvement Programme	9	9	0	9	9	0
Pollution Control - General	45	40	31	10	45	0
Contaminated Land	0	0	-0	0	0	0
Waste Crime	2	4	9	-6	2	0
Food Hygiene	2	1	0	1	2	0
Sampling	3	1	0	1	3	0
Occupational Health & Safety	25	11	-4	15	25	0
Infectious Disease Control	1	1	1	0	1	0
Noise Control	1	0	0	0	1	0
Pest Control	-12	-6	-6	-0	-12	0
Public Conveniences	185	88	86	2	185	0
Licensing - Hackney & Private Hire	-64	-34	-42	8	-64	0
Street Cleansing	1,131	564	562	2	1,131	0
Household Waste Collection	1,213	596	578	19	1,213	0
Commercial Waste Services	-64	-34	-23	-11	-64	0
Recycling Collection	713	531	491	40	633	80
Community Environmental Engagement	101	51	19	31	101	0

(a)	(b)	(c)	(d)	(e)	(f)	(g)
Cost Centre	Budget for Year £000	Budget to 30 September 2019 £000	Actual £000	Variance £000	Forecast 31 March 2020 £000	Forecast 31 March 2020 £000
Social Inclusion	4	4	4	-0	4	0
Public Health - Obesity	0	-7	-0	-6	0	0
Public Health - Misc Services	2	0	-4	4	2	0
Grants	184	184	185	-1	184	0
Delegated Grants	2	2	1	1	2	0
Parish Services	127	64	63	0	127	0
Member's Community Grant	60	24	4	20	60	0
Strategic Housing Role	14	-7	-21	14	14	0
Housing Register & Allocations	10	9	10	-0	10	0
Private Sector Renewal	-47	-49	-50	1	-47	0
HMO Licensing	-20	-10	-13	3	-20	0
Homeless Temporary Accommodation	532	266	227	39	532	0
Homelessness Prevention	329	-92	-308	216	329	0
Aylesbury House	22	26	24	2	22	0
Magnolia House	-20	-10	1	-11	-20	0
St Martins House	0	1	-1	2	0	0
Marsham Street	38	38	19	19	38	0
Sundry Temporary Accommodation (TA) Properties	-34	-15	-11	-4	-34	0
Pelican Court (Leased TA Property)	0	-13	-16	2	0	0
2 Bed Property - Temporary Accommodation	-57	-28	-28	-0	-57	0
3 Bed Property - Temporary Accommodation	-48	-23	-20	-3	-48	0
4 bed Property - Temporary Accommodation	-9	-4	-1	-3	-9	0
1 Bed Property- Temporary Accommodation	-2	0	0	-0	-2	0
Housing First Project	80	40	1	39	80	0
Melville Road Supported Accommodation	-9	-6	-10	4	-9	0
Marden Caravan Site (Stilebridge Lane)	19	9	-3	11	19	0
Ulcombe Caravan Site (Water Lane)	7	1	-1	2	7	0
Head of Environment and Public Realm	98	49	46	3	98	0
Bereavement Services Section	205	103	95	7	199	6
Community Partnerships & Resilience Section	505	274	247	27	488	17
Licensing Section	110	55	50	5	110	0
Environmental Protection Section	261	130	130	-0	261	0
Food and Safety Section	255	128	128	-0	255	0
Depot Services Section	755	378	342	36	725	30
Head of Housing & Community Services	107	54	53	1	107	0
Homechoice Section	209	83	66	17	209	0
Housing & Inclusion Section	523	146	119	27	502	20
Housing & Health Section	254	30	25	5	254	0
Housing Management	247	73	59	14	247	0
Homelessness Outreach	2	-180	-184	4	2	0
Salary Slippage 3CHE	-99	-49	0	-49	0	-99
Fleet Workshop & Management	236	127	87	40	236	0
MBS Support Crew	-61	-33	-41	8	-61	0
Grounds Maintenance - Commercial	-17	-7	-63	56	-104	86
Total	8,972	4,169	3,563	605	8,846	126

A2.2 The table shows that, at the Quarter 2 stage, overall net expenditure for the services reporting to CHE is £3.563 million, compared to the profiled budget of £4.169 million, representing an under spend of £605,000. Based on forward projections, CHE is expected to remain within its overall net revenue expenditure budget for the year, recording an under spend of £126,000 against a budget of £8.972 million.

A3) CHE 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: CHE Variances >£30,000 (@ Quarter 2)

	Positive Variance Q2	Adverse Variance Q2	Year End Forecast Variance
Communities, Housing & Environment Committee	£000s		
Parks and Open Spaces – Residual undelivered savings of £63,000 in respect of a previous re-structure is the most significant factor in the over spend.		-35	-61
Crematorium – Higher than budgeted maintenance costs partly driven by un-accrued (maintenance) expenditure from 2018/19 (of £18,000) is the reason for the budget pressure at the Quarter 2 stage, although the budget is expected to be met by year end.		-60	+21
Recycling Collection – Savings from the purchase of wheeled bins (£31k April to September 2019) has been the biggest factor in lower than budgeted expenditure at the Quarter 2 stage. Current expenditure patterns are assumed to continue for the remainder of the financial year.	+40		+80
Community Environmental Engagement – The variance relates to the “Go Green, Go Wild” project, funded by the Business Rates Pilot initiative. The updated spending profile for the project envisages £31,000 being rolled forward into 2020/21 to fund a Community Engagement Officer post.	+31		0

Table 2 cont.	Positive Variance Q2	Adverse Variance Q2	Year End Forecast Variance
Communities, Housing & Environment Committee	£000s		
<p>Homeless Temporary Accommodation – A positive variance has arisen at the Quarter 2 stage as savings are being realised due to the use of MBC properties for temporary accommodation (compared to the former use of third party providers). The savings realised will offset overspending elsewhere on MBC temporary accommodation properties.</p>	+39		0
<p>Homelessness Prevention – The variance at this stage is largely due to unspent Government Housing Grant. It is currently assumed that this will be spent by the year end, although any balance would be carried forward into 2020/21.</p>	+216		0
<p>Housing First Project – The variance relates to the “Housing First and Rough Sleepers” project, funded by the Business Rates Pilot initiative, which has been successful in housing 6 homeless people. The residual budget is now available to meet potential landlord liabilities upon the expiry of the tenancies and is being re-profiled to reflect this pattern.</p>	+39		0
<p>Depot Services Section – Lower employee costs are being experienced following the recent implementation of a staff re-structure.</p>	+36		+30
<p>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.</p>		-49	-99
<p>Fleet Workshop & Management – A reduced need for vehicle hire (saving £22,000, following the recent purchase 3 new sweepers) is the single largest item in reduced expenditure at the Quarter 2 stage, although the cost centre is expected to come in on budget, with no significant surplus, at year end.</p>	+40		0
<p>Grounds Maintenance Commercial – Additional income has been generated in this area from Section 106 funded works, and other external works.</p>	+56		+86

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 now come from prudential borrowing 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: Communities, Housing & Environment Committee (CHE)

B2.1 Progress towards the delivery of the 2019/20 CHE 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 £4.301 million has been incurred against a budget of £17.677 million. It is anticipated that there will be slippage of £5.34 million at year end (the Committee will be asked to approve/note the carry forward of resources into the next financial year).

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

Capital Programme Heading	Estimate 2019/20 £000	Actual to September 2019 £000	Budget Remaining £000	Q3 Profile		Projected Total Expenditure £000	Projected Slippage to 2020/21 £000
				£000	£000		
Communities, Housing & Environment							
Brunswick Street - Net Cost of Scheme	3,441	1,700	1,740	870	870	3,440	0
Union Street - Net Cost of Scheme	2,085	337	1,748	874	874	2,085	-0
Indicative Schemes	4,124	100	4,024	1,408	808	2,316	1,808
Housing - Disabled Facilities Grants Funding	1,570	226	1,343	175	250	651	918
Temporary Accommodation	3,236	1,831	1,405	1,000	64	2,895	341
Housing Incentives	1,040	6	1,034	50	50	0	1,040
Gypsy Site Improvement Works	42	25	17	17		42	-0
CCTV Upgrade and Relocation	150	13	137	37	100	150	-0
Commercial Waste	180		180	180		180	
Street Scene Investment	147		147	25	25	50	97
Flood Action Plan	1,000		1,000	100	100	200	800
Continued Improvements to Play Areas	422	49	373	20	20	89	333
Commercial Projects - Crematorium Projects	40	12	28	28		40	-0
Commercial Projects - Cemetery Chapel Repairs	100		100	25	75	100	
Other Parks Improvements	100	1	99	49	50	100	-0
Total	17,677	4,301	13,376	4,858	3,286	12,340	5,337

B2.3 The most (financially) significant items in the table above are as follows:

- Indicative Schemes – The budget included provision for the purchase of a property initially valued at £1.2 million. However that purchase is no longer proceeding. In addition, updated cash flow projections for the Springfield Mill project anticipate slippage of £708,000 into 2020/21 (from a budget provision of £2.924 million). £100,000 is assumed to be spent in 2019/20 on feasibility works for replacement schemes
- Housing – Disabled Facilities Grants – Expenditure on housing adaptations often does not match the Council’s financial year. The 2019/20 budget of £1.57 million is fully and includes allocations for a wider range of initiatives, including the “Helping You Home” scheme, operated in conjunction with Maidstone and Pembury hospitals
- Housing Incentives – Historically this budget has been under-utilised. The proposal with regard to the current surplus is to utilize it for major refurbishment works at the Council-owned gypsy sites in order to modernize facilities and bring them up to a good standard; initial survey works have started. The future use of the Housing Incentives budget is to be considered within the updated Housing Strategy (scheduled for 2020); and
- Flood Action Plan - The project specifications are currently being developed with the Environment Agency and the timing of the works has yet to be confirmed. At this stage it has been assumed that the majority (80%) of the budget will be carried forward into 2020/21.