

# First Quarter Financial Update 2021/22

Strategic Planning & Infrastructure Committee

21<sup>st</sup> September 2021

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# Part A

## Executive Summary & Overview



This report provides members with the financial position as at 30 June 2021, covering activity for both the Council as a whole and this committee's revenue and capital accounts for the first quarter of 2021/22.

Members will be aware of the significant uncertainty in the 2021/22 budget estimates arising from the ongoing impact of the Covid-19 pandemic, both in relation to demands on the Council to respond and the speed of local economic recovery. Financial support from central government received during 2020/21 continues to support specific activities, and the unringfenced Covid-19 grant of £860,000 will be used to support recovery and renewal activities.

In addition, the Council will shortly be applying for the final round of funding under the government's sales, fees and charges compensation scheme covering income losses between April – June 2021 measured against the 2020/21 income budget. This is expected to be the final allocation of unringfenced Covid-19 funding from central government.

The headlines for Quarter 1 are as follows:

#### Part B: Revenue budget – Q1 2021/22

- Overall net expenditure at the end of Q1 for the services reporting to SPI is £0.280m, compared to the profiled approved budget of £0.348m, representing an underspend of £0.068m. The forecast year end outturn for SPI is an underspend of £0.078m.

#### Part C: Capital budget – Q1 2021/22

- Capital expenditure at the end of Quarter 1 was £0.007m against a total budget of £0.086m. This budget is forecast to be fully spent by the end of the year.

# Part B

# First Quarter Revenue Budget 2021/22



## B2) Revenue Budget

B1.1 The table below provides a detailed summary on the budgeted net income position for SPI services at the end of Quarter 1. The financial figures are presented on an accruals basis (e.g. expenditure for goods and services received, but not yet paid for, is included).

### SPI Revenue Budget & Outturn – Quarter 1

(a)	(b)	(c)	(d)	(e)	(f)	(g)
Cost Centre	Approved Budget for Year £000	Budget to 30 June 2021 £000	Actual £000	Variance £000	Forecast 31 March 2022 £000	Forecast Variance 31 March 2022 £000
Building Regulations Chargeable	-347	-87	-125	38	-408	61
Building Control	-1	-0	0	-0	-1	0
Street Naming & Numbering	-73	-18	-4	-14	-73	0
Development Control Advice	-238	-57	-48	-10	-238	0
Development Control Appeals	129	9	9	0	129	0
Development Control Majors	-511	-127	-90	-37	-351	-160
Development Control - Other	-641	-160	-213	53	-918	277
Development Control Enforcement	70	12	12	-0	70	0
Planning Policy	259	53	53	0	259	0
Neighbourhood Planning	0	0	-20	20	0	0
Conservation	-11	-3	1	-4	-11	0
Land Charges	-265	-65	-90	25	-265	0
Environment Improvements	6	2	1	1	6	0
Spatial Policy Planning Section	426	110	111	-1	426	0
Head of Planning and Development	110	27	27	-0	110	0
Development Management Enforcement Section	185	46	40	6	185	0
Building Surveying Section	447	103	101	2	447	0
Mid Kent Planning Support Service	317	78	65	13	317	0
Heritage Landscape and Design Section	209	53	51	2	209	0
CIL Management Section	45	11	13	-1	45	0
Mid Kent Local Land Charges Section	105	23	11	12	105	0
Development Management Section – Majors	283	71	67	3	283	0
Development Management Section – Others	684	171	174	-3	684	0
Salary Slippage	-93	-23	0	-23	-93	0
<b>Sub-Total Planning Services</b>	<b>1,096</b>	<b>228</b>	<b>146</b>	<b>82</b>	<b>918</b>	<b>178</b>

Table 2, Budget & Outturn – Planning Services (first quarter 2021/22)

(a)	(b)	(c)	(d)	(e)	(f)	(g)
Cost Centre	Approved Budget for Year £000	Budget to 30 June 2021 £000	Actual £000	Variance £000	Forecast 31 March 2022 £000	Forecast Variance 31 March 2022 £000
Name Plates & Notices	19	5	8	-3	19	0
On Street Parking	-322	43	34	9	-322	0
Residents Parking	-207	-29	-26	-4	-207	0
Pay & Display Car Parks	-1,189	-110	-50	-61	-1,089	-100
Non Paying Car Parks	17	10	8	2	17	0
Off Street Parking - Enforcement	-114	38	36	2	-114	0
Mote Park Pay & Display	-186	-51	-76	24	-186	0
Sandling Road Car Park	3	1	-0	1	3	0
Park & Ride	162	93	90	3	162	0
Other Transport Services	-5	8	1	7	-5	0
Parking Services Section	344	113	109	5	344	0
<b>Sub-Total Parking Services</b>	<b>-1,479</b>	<b>120</b>	<b>134</b>	<b>-14</b>	<b>-1,379</b>	<b>-100</b>
<b>Total</b>	<b>-384</b>	<b>348</b>	<b>280</b>	<b>68</b>	<b>-462</b>	<b>78</b>

Table 3, Budget & Outturn – Parking Services & Committee Total (first quarter 2021/22)

- B1.2 The table shows that at the end of the first quarter overall net expenditure for the services reporting to SPI is £0.280m, compared to the approved profiled budget of £0.348m, representing an underspend of £0.068m.
- B1.3 The table indicates that in certain areas, significant variances to the budgeted income levels have emerged during the first quarter of the year. The reasons for the more significant variances are explored in section B2 below.

## B2) Variances

- B2.1 The committee was particularly impacted by the effects of Covid-19 given that income-generating services form a significant part of the overall budget. Income from minor planning applications has recovered strongly although there continues to be less activity at this stage with regards to major applications. The budgets for pay & display car parking were reduced as it was anticipated that usage levels would continue to be low, and there continues to be less income than forecast even against these reduced budgets. The position will continue to be monitored, and with the town centre and Lockmeadow now trading normally along with some office workers returning it is hoped that the position will improve through the year.

	Positive Variance Q1	Adverse Variance Q1	Year End Forecast Variance
<b>Strategic Planning &amp; Infrastructure Committee</b>	<b>£000</b>		
<b>PLANNING SERVICES</b>			
<b>Building Regulations Chargeable</b> – The budget figure was reduced by 10% for this year, and income has been higher than expected so far, and is forecast to continue to be for the rest of the year.	38		61
<b>Development Control (Majors)</b> – The number of major applications remains low and is not expected to improve significantly for the remainder of the year.		-37	-160
<b>Development Control (Minors)</b> The positive variance is due to a high level of income being generated coupled with the 10% decrease in income budget. The excess in income is due to a substantial increase in principally householder applications.	53		277

Table 4, Significant variances – Planning Services (Q1 2021/22)

	Positive Variance Q1	Adverse Variance Q1	Year End Forecast Variance
<b>Strategic Planning &amp; Infrastructure Committee</b>	<b>£000</b>		
<b>PARKING SERVICES</b>			
<b>Pay &amp; Display Car Parks</b> - The adverse variance is due to a continuing reduction in income. Short Stay car parks are over budget for the 1st quarter, with Long Stay and Lockmeadow under budget. However, Lockmeadow income has recovered significantly in recent weeks, and this trend is expected to continue. There is no evidence that long stay income will improve with the continuation of home working. Season ticket income has also been affected with a 50% drop against budget.		-61	-100

Table 5, Significant variances – Parking Services (Q1 2021/22)

## B4) Local Plan Review

B4.1 The Local Plan Review (LPR) process is an important, high profile and continuous task undertaken by the Planning Policy 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 five-year production period of each Local Plan with various peaks and troughs over that time period.

B4.2 The LPR process is therefore funded through an annual £200,000 revenue contribution, in addition to the existing service budget, with any remaining unspent balances at year end automatically rolled forward into the following financial year. The table below shows the

available revenue resources currently allocated to fund LPR activities, and the spend as at 30<sup>th</sup> June 2021.

<b>Opening Balance 01/04/2021 (including 2021/22 allocation)</b>	<b>Spending April - June 2021</b>	<b>Forecast Spending July - March 2022</b>	<b>Forecast Spending Balance 31/03/2022</b>
<b>£'s</b>	<b>£'s</b>	<b>£'s</b>	<b>£'s</b>
374,320	138,633	443,726	-208,039

*Table 7, Local Plan Review budget (Q1, 2021/22)*

- B4.3 The above forecast excludes expenditure on the Town Centre Strategy, for which funding proposals were submitted to Policy and Resources Committee on 15th September.
- B4.4 The residual overspend, currently estimated to be £207,000 will be funded from corporate contingency budgets, as agreed by Policy and Resources Committee on 24 March 2021.
- B4.5 In addition to the resources and planned expenditure outlined above, £140,000 was allocated from the 2020/21 underspend for non-spatial planning policy development. This will be overseen by the Interim Local Plan Review Director in consultation with the Chairman and Vice-Chairman of the Strategic Planning and Infrastructure Committee. Planned expenditure on these activities has not been included within the table above.

# Part C

# First Quarter Capital Budget 2021/22



## B1) Capital Budget: Strategic Planning & Infrastructure Committee (SPI)

B1.1 The position of the 2021/22 SPI element of the Capital Programme at the Quarter 1 stage is presented in Table 3 below. The budget for 2021/22 includes resources brought forward from 2020/21.

**Table 8: SPI Capital Programme 2021/22 (@ Quarter 1)**

Capital Programme Heading	Adjusted Estimate 2021/22 £000	Actual to June 2021 £000	Budget Remaining £000	Q2 Profile £000	Q3 Profile £000	Q4 Profile £000	Projected	
							Total Expenditure £000	Projected Slippage to 2022/23 £000
<b>Strategic Planning &amp; Infrastructure</b>								
Bridges Gyrotory Scheme	86	7	80			80	86	
<b>Total</b>	<b>86</b>	<b>7</b>	<b>80</b>			<b>80</b>	<b>86</b>	

B1.2 Comments on the variances in the table above are 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. When the necessary approvals have been obtained from Kent County Council Highways Department contractors will be appointed to carry out the work.