

Second Quarter Financial Update 2021/22

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Part A

Executive Summary & Overview



This report provides members with the financial position as at 30 September 2021, covering activity for both the Council as a whole and this committee's revenue and capital accounts for the second 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 2 are as follows:

Part B: Revenue budget – Q2 2021/22

- Overall net expenditure at the end of Quarter 2 for the services reporting to this committee is -£0.400m, compared to the approved profiled budget of -£0.011, representing an underspend of £0.389m.

Part C: Capital budget – Q2 2021/22

- Capital expenditure at the end of Quarter 2 was £0.007m against a total budget of £0.086m. Forecast spend for the year is £0.086m.

Part B

Second Quarter Revenue Budget 2021/22

B1) 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 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).

SPI Revenue Budget & Outturn – Quarter 2

(a)	(b)	(c)	(d)	(e)	(f)	(g)
Cost Centre	Approved Budget for Year £000	Budget to 30 September 2021 £000	Actual £000	Variance £000	Forecast 31 March 2022 £000	Forecast Variance 31 March 2022 £000
Building Regulations Chargeable	-347	-183	-251	68	-448	101
Building Control	-1	-0	0	-0	-1	0
Street Naming & Numbering	-73	-37	-47	10	-73	0
Development Control Advice	-253	-118	-79	-39	-170	-83
Development Control Appeals	129	17	21	-4	129	0
Development Control Majors	-511	-259	-210	-49	-414	-97
Development Control - Other	-641	-322	-462	141	-916	275
Development Control Enforcement	70	26	26	-0	70	0
Planning Policy	311	196	197	-0	311	0
Neighbourhood Planning	0	0	-17	17	0	0
Conservation	-11	-7	-2	-5	-11	0
Land Charges	-265	-131	-163	32	-313	48
Spatial Policy Planning Section	428	217	214	3	428	0
Head of Planning and Development	110	55	56	-1	110	0
Development Management Enforcement Section	185	93	83	9	185	0
Building Surveying Section	447	226	221	4	447	0
Mid Kent Planning Support Service	316	156	136	20	316	0
Heritage Landscape and Design Section	209	105	106	-1	209	0
CIL Management Section	45	23	-5	28	45	0
Mid Kent Local Land Charges Section	105	46	22	24	105	0
Development Management Section – Majors	290	145	136	9	290	0
Development Management Section – Others	692	346	339	7	692	0
Salary Slippage	-92	-46	0	-46	-92	0
Sub-Total Planning Services	1,143	548	321	227	899	245

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

(a)	(b)	(c)	(d)	(e)	(f)	(g)
Cost Centre	Approved Budget for Year £000	Budget to 30 September 2021 £000	Actual £000	Variance £000	Forecast 31 March 2022 £000	Forecast Variance 31 March 2022 £000
Environment Improvements	6	-34	-44	10	6	0
Name Plates & Notices	19	10	10	-0	19	0
On Street Parking	-322	-146	-199	53	-394	71
Residents Parking	-207	-119	-115	-5	-207	0
Pay & Display Car Parks	-1,189	-471	-431	-40	-1,115	-74
Non Paying Car Parks	17	12	8	4	17	0
Off Street Parking - Enforcement	-114	-51	-110	59	-185	71
Mote Park Pay & Display	-186	-112	-150	38	-233	47
Sandling Road Car Park	3	2	-0	2	3	0
Park & Ride	162	117	101	16	162	0
Other Transport Services	-5	7	-6	13	-5	0
Parking Services Section	346	227	215	13	346	0
Sub-Total Parking Services	-1,470	-558	-721	163	-1,585	115
Total	-327	-11	-400	389	-686	360

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

- B1.2 The table shows that at the end of the second quarter overall net expenditure for the services reporting to SPI is -£0.400m, compared to the approved profiled budget of -£0.011m, representing an underspend of £0.389m.
- B1.3 The table indicates that in certain areas, significant variances to the budgeted income levels have emerged during the second 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 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 Q2	Adverse Variance Q2	Year End Forecast Variance
Strategic Planning & Infrastructure Committee	£000		
PLANNING SERVICES			
Building Regulations Chargeable – 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.	67		101
Development Control Advice – The reduced level of income reflects a fall in the number of pre-planning agreements entered into so far this year. The position is not expected to improve. The income from PPAs is linked to major applications whereas pre-application income is aligned with non-major proposals.		-38	-83
Development Control (Majors) – The number of major applications remains low and is not expected to improve significantly for the remainder of the year. Major applications are linked to the Local Plan cycle of development.		-48	-97
Development Control (Minors) - 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.	141		275

B3) Local Plan Review

- B3.1 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 five-year production period of each Local Plan with various peaks and troughs over that time period.
- B3.2 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 30th September 2021.

Opening Balance 01/04/2021 (including 2021/22 allocation)	Spending April - September 2021	Forecast Spending October - March 2022	Forecast Spending Balance 31/03/2022
£'s	£'s	£'s	£'s
374,320	323,371	386,141	-335,192

Table 4, Local Plan Review budget (Q2, 2021/22)

- B3.3 The above forecast excludes expenditure on the Town Centre Strategy, which was covered by a previous separate report to this committee.
- B3.4 The residual overspend, currently estimated to be £239,000 will be funded from corporate contingency budgets, as agreed by Policy and Resources Committee on 24 March 2021.
- B3.5 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.
- B3.6 Arrangements for funding the work in this area are currently subject to review as part of the development of the medium-term financial strategy for 2022/23 onwards.

	Positive Variance Q2	Adverse Variance Q2	Year End Forecast Variance
Strategic Planning & Infrastructure Committee	£000		
PARKING SERVICES			
On Street Parking – Penalty Charge Notice (PCN) income is higher than forecast, and there are also reduced running costs, although spend is expected to increase for the remainder of the year.	52		71
Pay & Display Car Parks – Income levels continue to be low and with the continuation of home working are not expected to improve significantly. Lockmeadow income had recovered during Q1 but that trend has not been continued, although it is hoped that the opening of the food hall will have a positive impact.		-40	-74
Off Street Parking Enforcement – PCN income is higher than forecast due to a higher number of notices that have been issued.	58		71

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

- B3.6 A more detailed breakdown of pay and display parking income for 2018/19 to 2021/22 is shown at Appendix 2 to this report.

Part C

Second Quarter Capital Budget 2021/22

C1) Capital Budget: Strategic Planning & Infrastructure Committee (SPI)

C1.1 The position of the 2021/22 SPI element of the Capital Programme at the Quarter 2 stage is presented in Table 3 below. The budget for 2021/22 includes resources brought forward from 2020/21. The budget will be deployed to fund the Medway Street Flood Barrier as described in a report to the Committee on 9 November 2021 and will be complemented by a further £120,000 of unallocated resources to provide a total budget for the project of £200,000.

SPI Capital Programme 2021/22 (@ Quarter 2)

Capital Programme Heading	Adjusted Estimate 2021/22 £000	Actual to September 2021 £000	Budget Remaining £000	Projected		Projected Expenditure 2022/23 £000	Projected Slippage to 2022/23 £000
				Q3 Profile £000	Q4 Profile £000		
Strategic Planning & Infrastructure							
Bridges Gyrotory Scheme	86	7	80		80	87	-0
Total	86	7	80		80	87	-0