

Third Quarter Budget Monitoring 2019/20

Communities, Housing & Environment Committee

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Lead Officer: Mark Green

Report Authors: Chris Hartgrove/Paul Holland

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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 31st December 2019 (i.e. the Quarter 3 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 3 are as follows:

Part A: Third Quarter Revenue Budget 2019/20

- Overall net expenditure for the services reporting to CHE is £5.375 million, compared to the profiled budget of £5.762 million, representing an under spend of £386,000. Based on forward projections, CHE is expected to remain within its overall net revenue expenditure budget for the year, recording an under spend of £216,000 against a budget of £8.437 million.
- Overall net expenditure for the Council is £12.10 million, compared to the profiled budget of £12.211 million, representing an under spend of £0.111 million. The Council is also expected to remain within its overall net revenue expenditure budget of £20.561 million for the year.

Part B: Third Quarter Capital Budget 2019/20

- Capital expenditure for the services reporting to CHE of £7.123 million has been incurred against a revised budget of £13.069 million. At this stage, it is anticipated that there will be slippage of £4.165 million.
- Capital expenditure for the Council overall of £28.754 million has been incurred against a *revised* annual budget of £42.647 million. It is anticipated that there will be slippage of £11.364 million at year end.

Part A

Third Quarter Revenue Budget 2019/20

A1) Revenue Budget: Council

A1.1 At the Quarter 3 stage, overall net expenditure for the Council is £12.10 million, compared to the profiled budget of £12.211 million, representing an under spend of £0.111 million. Based on forward projections, the Council is expected to remain within its overall net revenue expenditure budget of £20.561 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

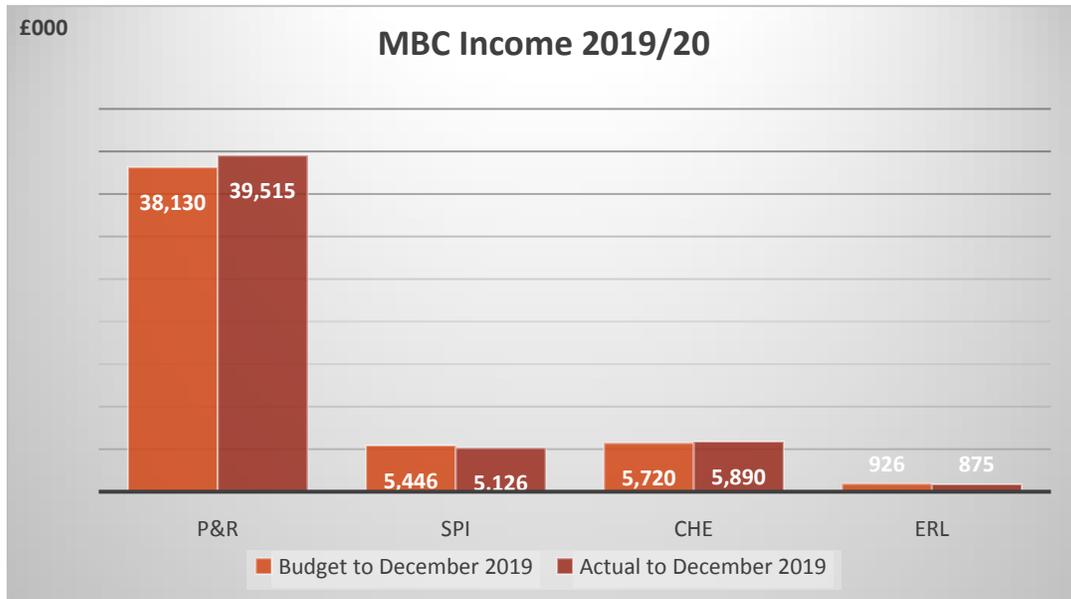
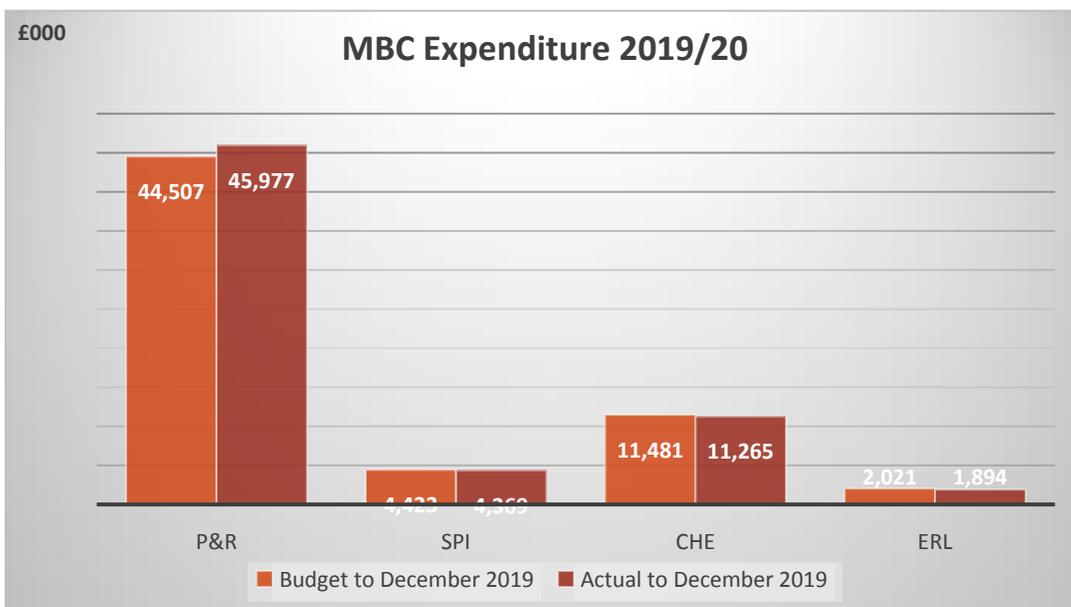


Chart 2: MBC Revenue Budget: EXPENDITURE BY SERVICE COMMITTEE



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 3. 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	Revised Budget for Year £000	Budget to 31 December 2019 £000	Actual £000	Variance £000	Forecast 31 March 2020 £000	Forecast Variance 31 March 2020 £000
Parks & Open Spaces	958	734	758	-24	958	0
Playground Maintenance & Improvements	144	106	87	18	144	0
Parks Pavilions	39	30	23	7	39	0
Mote Park	259	194	202	-9	259	0
Parks & Open Spaces Leisure Activities	-5	-4	-1	-3	-5	0
Mote Park Leisure Activities	-38	-28	-19	-10	-38	0
Allotments	12	10	8	2	12	0
Leisure Services Other Activities	10	10	14	-4	10	0
Cemetery	50	56	33	23	50	0
National Assistance Act	-0	-0	-3	2	-0	0
Crematorium	-810	-485	-416	-69	-795	-15
Community Safety	45	39	27	12	45	0
PCC Grant - Building Safer Communities	0	0	-8	8	0	0
CCTV	207	155	206	-50	270	-63
Drainage	32	24	11	13	32	0
Licences	-6	-3	-5	2	-6	0
Licensing Statutory	-66	-50	-74	25	-66	0
Licensing Non Chargeable	8	6	6	-0	8	0
Dog Control	29	19	31	-12	29	0
Health Improvement Programme	9	9	0	9	9	0
Pollution Control - General	45	43	23	20	45	0
Contaminated Land	0	0	-0	0	0	0
Waste Crime	0	2	5	-3	0	0
Food Hygiene	2	1	-4	6	2	0
Sampling	3	2	0	2	3	0
Occupational Health & Safety	25	17	-4	21	25	0
Infectious Disease Control	1	1	1	-0	1	0
Noise Control	1	1	0	1	1	0
Pest Control	-12	-9	-9	0	-12	0
Public Conveniences	203	148	156	-8	203	0
Licensing - Hackney & Private Hire	-64	-50	-43	-7	-64	0
Street Cleansing	1,131	835	821	13	1,131	0
Household Waste Collection	1,183	890	879	10	1,183	0
Commercial Waste Services	-64	-48	-32	-16	-64	0
Recycling Collection	713	451	384	67	629	84
Community Environmental Engagement	0	0	0	0	0	0

(a)	(b)	(c)	(d)	(e)	(f)	(g)
Cost Centre	Revised Budget for Year £000	Budget to 31 December 2019 £000	Actual £000	Variance £000	Forecast 31 March 2020 £000	Forecast Variance 31 March 2020 £000
Social Inclusion	4	4	4	0	4	0
Public Health - Obesity	0	0	-28	28	0	0
Public Health - Misc Services	2	1	0	1	2	0
Grants	184	184	185	-1	184	0
Delegated Grants	2	2	2	0	2	0
Parish Services	127	127	126	1	127	0
Member's Community Grant	60	42	8	34	60	0
General Fund Residential Properties	-103	-77	-56	-21	-103	0
Strategic Housing Role	14	3	-6	9	14	0
Housing Register & Allocations	10	10	10	-0	10	0
Private Sector Renewal	-47	-48	-50	2	-47	0
HMO Licensing	-20	-15	-19	4	-20	0
Homeless Temporary Accommodation	492	369	352	17	492	0
Homelessness Prevention	262	-264	-293	29	195	67
Aylesbury House	18	18	15	2	18	0
Magnolia House	-7	-6	0	-6	-7	0
St Martins House	0	0	-3	3	0	0
Marsham Street	35	26	30	-4	35	0
Sundry Temporary Accommodation (TA) Properties	-30	-22	-15	-6	-30	0
Pelican Court (Leased TA Property)	0	-7	-10	2	0	0
2 Bed Property - Temporary Accommodation	-53	-38	-48	9	-53	0
3 Bed Property - Temporary Accommodation	-53	-40	-44	4	-53	0
4 bed Property - Temporary Accommodation	-5	-3	-1	-3	-5	0
1 Bed Property- Temporary Accommodation	-2	-1	0	-1	-2	0
Melville Road Supported Accommodation	-9	-7	-23	16	-9	0
Marden Caravan Site (Stilebridge Lane)	19	15	-5	21	19	0
Ulcombe Caravan Site (Water Lane)	7	-0	5	-6	7	0
Head of Environment and Public Realm	98	73	72	2	96	2
Bereavement Services Section	206	154	142	13	193	13
Community Partnerships & Resilience Section	479	369	343	27	440	39
Licensing Section	110	83	76	7	103	7
Environmental Protection Section	261	195	195	0	261	0
Food and Safety Section	255	192	192	-0	255	0
Depot Services Section	750	562	525	37	713	37
Head of Housing & Community Services	107	80	80	0	107	0
Homechoice Section	204	142	124	18	186	18
Housing & Inclusion Section	516	327	315	12	504	12
Housing & Health Section	255	139	115	24	231	24
Housing Management	253	165	147	17	236	17
Homelessness Outreach	6	-89	-112	23	-17	23
Salary Slippage 3CHE	-121	-91	0	-91	-0	-121
Fleet Workshop & Management	258	193	135	58	188	70
MBS Support Crew	-65	-49	-68	19	-65	0
Grounds Maintenance - Commercial	-86	-64	-102	38	-88	2
	8,437	5,762	5,375	386	8,221	216

A2.2 The table shows that, at the Quarter 3 stage, overall net expenditure for the services reporting to CHE is £5.375 million, compared to the profiled budget of £5.762 million, representing an under spend of £386,000. Based on forward projections, CHE is expected to remain within its overall net revenue expenditure budget for the year, recording an under spend of £216,000 against a budget of £8.437 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 3, or expected to do so by year-end.

Table 2: CHE Variances >£30,000 (@ Quarter 3)

	Positive Variance Q3	Adverse Variance Q3	Year End Forecast Variance
Communities, Housing & Environment Committee	£000s		
Crematorium – Higher than budgeted maintenance costs (e.g. additional landscaping costs of £31,000), partly driven by un-accrued (maintenance) expenditure from 2018/19 (of £18,000) is the reason for the budget pressure at the Quarter 3 stage, although the position is expected to improve by year end.		-69	-16
CCTV – The most significant factor in the budget overspend is the delay experienced in achieving a savings target of £73,300, anticipated as part of the new CCTV arrangements.		-50	-63
Recycling Collection – Savings from the purchase of wheeled bins (£32k April to September 2019) has been the biggest factor in lower than budgeted expenditure at the Quarter 3 stage. Current expenditure patterns are assumed to continue for the remainder of the financial year.	+67		+84
Members Community Grant – 24 out of 55 members (44%) have used at least some of their 2019/20 allocation at the Q3 stage, with 2 members utilising their full allocation. It is assumed that the remaining balance will be utilised during Q4.	+34		0

Table 2 cont.	Positive Variance Q3	Adverse Variance Q3	Year End Forecast Variance
Communities, Housing & Environment Committee	£000s		
Homelessness Prevention – Significant underspends on the service include the Guaranteed Rent scheme budget (£20,000), Marketing (£16,000) and General Expenses (£39,000). The Guaranteed Rent scheme is currently on hold.	+29		+69
Community Partnerships & Resilience Section – a budget surplus is being experienced in this cost centre following a recent re-structure (£10,000), which is being added to by a “Standby” budget surplus (£13,500). The re-structure forms part of the delivery of a £50,000 agreed savings target for 2020/21.	+27		+39
Depot Services Section – Lower employee costs are being experienced following the recent implementation of a staff re-structure.	+37		+37
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.		-91	-121
Fleet Workshop & Management – A reduced need for vehicle hire (saving £38,000, following the recent purchase 3 new sweepers) is the single largest item in reduced expenditure at the Quarter 3 stage.	+58		+70
Grounds Maintenance Commercial – Additional income has been generated in this area from Section 106 funded works, although this surplus is expected to be offset by a shortfall of £27,000 on miscellaneous other external income by the year end.	+38		+2

Part B

Third 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).

B1.2 The *revised* 2019/20 element of the Capital Programme has a total budget of £42.647 million. At the Quarter 3 stage, capital expenditure of £28.754 million has been incurred. It is anticipated that there will be slippage of £11.364 million at year end.

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 3 stage is presented in Table 3 below. The budget for 2019/20 includes resources brought forward from 2018/19.

B2.2 At the Quarter 3 stage, expenditure of £7.123 million has been incurred against a *revised* budget of £13.069 million. It is anticipated that there will be slippage of £4.165 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 3)

Capital Programme Heading	Adjusted Estimate 2019/20 £000	Actual to December 2019 £000	Budget Remaining £000	Q4 Profile £000	Projected Total Expenditure £000	Projected Slippage to 2020/21 £000
Communities, Housing & Environment						
Brunswick Street - Net Cost of Scheme	2,514	1,750	765	765	2,515	-0
Union Street - Net Cost of Scheme	975	618	358	358	976	-0
Indicative Schemes	3,475	1,070	2,405		1,070	2,405
Housing - Disabled Facilities Grants Funding	1,570	407	1,163	250	657	913
Temporary Accommodation	3,236	2,816	421	80	2,896	341
Gypsy Site Improvement Works	42	33	9	9	42	-0
CCTV Upgrade and Relocation	150	120	30	30	150	0
Commercial Waste	180	196	-16		196	-16
Street Scene Investment	147		147	50	50	97
Flood Action Plan	100		100	100	100	
Continued Improvements to Play Areas	422	60	362	25	85	337
Commercial Projects - Crematorium Projects	55	52	3	3	55	-0
Commercial Projects - Cemetery Chapel Repairs	100		100	100	100	
Other Parks Improvements	100	1	99	10	11	89
Total	13,069	7,123	5,945	1,780	8,903	4,165

B2.3 The most (financially) notable CHE 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, with the funds now earmarked for another scheme. In addition, updated cash flow projections for the Springfield Mill project anticipate slippage of £1.077 million into 2020/21 (from a budget provision of £2.924 million); and

- *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 includes allocations for a wider range of initiatives, including the “Helping You Home” scheme, operated in conjunction with Maidstone and Pembury hospitals.