

**STRATEGIC PLANNING,
SUSTAINABILITY AND
TRANSPORTATION COMMITTEE**

6 FEBRUARY 2018

Third Quarter Budget Monitoring 2017/18

Final Decision-Maker	Strategic Planning, Sustainability & Transportation Committee
Lead Director	Director of Finance & Business Improvement
Lead Officer and Report Author	Mark Green – Director of Finance & Business Improvement (Lead Officer) Paul Holland – Senior Finance Manager Client Accountancy (Report Author)
Classification	Public
Wards affected	All

Executive Summary

This report provides the committee with an overview of the revenue and capital budgets and outturn for the third quarter of 2017/18, and highlights financial matters which may have a material impact on the Medium Term Financial Strategy or the Balance Sheet. It also now includes an update on the capital programme for this committee.

As at the 31 December 2017, this Committee was showing an overall positive variance of £513,816, although it is expected that this will reduce during the final quarter of the year due to anticipated future costs relating to development control appeals.

Individual variances for each service area are detailed within **Appendix 1**. The position for the Council as a whole at the end of the third quarter shows that actual net expenditure continues to be broadly in line with the budget forecast but there are still a number of underlying pressures across all the Committees that need to be addressed to ensure that this position continues throughout the year.

This report makes the following recommendations to this Committee:

1. That the revenue position at the end of the third quarter and the actions being taken or proposed to improve the position where significant variances have been identified be noted.
2. That the position with the capital programme be noted.

Timetable

Meeting	Date
Strategic Planning, Sustainability & Transport Committee	6 February 2018
Policy and Resources Committee	14 February 2018

Third Quarter Budget Monitoring 2017/18

1. INTRODUCTION AND BACKGROUND

- 1.1 The Director of Finance & Business Improvement is the Responsible Financial Officer, and has overall responsibility for budgetary control and financial management. However in practice, day to day budgetary control is delegated to service managers, with assistance and advice from their director and the finance section.
 - 1.2 The Medium Term Financial Strategy for 2017/18 onwards was agreed by full Council on 1 March 2017. This report advises and updates the Committee on the current position with regards to revenue and capital expenditure against the approved budgets within its remit.
-

2. REVENUE BUDGET

- 2.1 Attached at **Appendix 1** is a table detailing the current budget and expenditure position for this Committee's services in relation to the third quarter of 2017/18, to December 2017. The appendix details the net budget per cost centre for this Committee. Actual expenditure is shown to the end of December 2017 and includes accruals for goods and services received but not yet paid for. The budgets used in this report are now the revised estimate for 2017/18.
- 2.2 The columns of the table in the Appendix show the following detail:
 - a) The cost centre description;
 - b) The value of the total budget for the year;
 - c) The amount of the budget expected to be spent by the end of December 2017;
 - d) The actual spend to that date;
 - e) The variance between expected and actual spend;
 - f) The forecast spend to year end; and
 - g) The expected significant variances at 31 March 2018.
- 2.3 **Appendix 1** shows that of a net annual expenditure budget of -£1,071,320 it was expected that -£781,711 would be spent up until the end of December. At this point in time the budget is reporting an under spend of £513,816, and the current forecast indicates that the outturn position for this committee will decrease to an underspend of £387,070.
- 2.4 In accordance with a request from the Committee this Appendix is now split into two sections covering Parking & Transportation and Planning Services, to enable the performance of each area to be seen more clearly.
- 2.5 The total forecast variance relating to Parking and Transportation is an underspend of £265,070, and we are also currently projecting an underspend of £122,000 for Planning Services.

- 2.6 Explanations for variances within individual cost centres which exceed or are expected to exceed £30,000 have been provided in accordance with the Council's constitution.

Strategic Planning, Sustainability and Transportation Committee	Positive Variance Q3 £000	Adverse Variance Q3 £000	Year End Forecast Variance £000
Building Control – Income from fees and charges is currently running at a high level, but it is anticipated that this will slow down in the final quarter.	55		40
Development Control Applications - The current positive variance is a consequence of an assumption that the proposed planning fees increase would come into effect earlier than it actually did, which was January 2018. Planning fees themselves are currently £49,000 below the budgeted target, but the increase in fees will now bring in additional income in the final quarter, although this will be off-set by a refund of fees that will shortly take place.	43		0
Development Control Appeals - The second quarter report projected a negative variance of £200,000 by year-end. However the inquiries that were scheduled to take place this year have now been delayed, so the anticipated expenditure will now be incurred during 2018/19 rather than the current financial year.	36		0
Spatial Planning Policy Section - There are currently vacant posts in the section but these will shortly be filled by temporary staff so the current underspend should reduce by year-end.	40		20
Mid Kent Planning Support Service - This variance is due to vacant posts, which the manager is intending to delete to contribute to the savings requirement identified within the medium term financial strategy.	54		62
Total Planning Services	228		122
Parking Services - Pay & Display car parks continue to perform overall above budgeted income. There also continues an adverse variance against the parking enforcement budget caused by a reduction in Penalty Charge Notice income. This has arisen in part because	204		265

there is a backlog in dealing with appeals against PCNs, although the position has improved since the 2 nd quarter report.			
Total Transportation & Parking	204		265

- 2.7 The Committee was briefed on the background to the planning appeals figures as part of the second quarter budget monitoring report and subsequent report considered at January's meeting.

3. CAPITAL PROGRAMME

- 3.1 Service committees now receive an update on their capital programme schemes. Policy and Resources Committee will continue to receive an overarching report for the whole programme.
- 3.2 The capital programme was approved by Council on 1 March 2017. Funding for the programme remains consistent with previous decisions of Council in that the majority of resources come from New Homes Bonus along with a small grants budget. Previous decisions of Council, Cabinet and this committee have focused the use of New Homes Bonus on infrastructure projects where these are required by the infrastructure delivery plan that forms part of the Local Plan.
- 3.3 The current programme for this Committee is set out in **Appendix 2** and shows the current budget and actual expenditure to the end of December. The only capital budget for this Committee is for the Bridges Gyrotory Scheme, where there remains £200,000 unspent from the original budget. These funds are to be used to address flood risks arising from the new road layout, as follows:
- construction of a barrier by the Medway Street subway, with the objective of protecting the lower end of Earl Street and Medway Street;
 - purchase of temporary barriers for deployment along the A229 in the event of a flood alert.

4. PREFERRED OPTION AND REASONS FOR RECOMMENDATIONS

- 4.1 In considering the current position on the revenue budget and the capital programme at the end of December 2017 the Committee can choose to note those actions or it could choose to take further action.
- 4.2 The Committee is requested to note the content of the report and agree on any necessary action to be taken in relation to the budget position.

5. RISK

- 5.1 The Council has produced a balanced budget for both capital and revenue expenditure and income for 2017/18. This budget is set against a backdrop of limited resources and a difficult economic climate. Regular and

comprehensive monitoring of the type included in this report ensures early warning of significant issues that may place the Council at financial risk. This gives this Committee the best opportunity to take actions to mitigate such risks. A budget risk assessment is also reported to the Audit, Governance and Standards Committee on a regular basis.

- 5.2 This report highlights a risk in relation to costs arising from appeals made against planning decisions. The impact of these decisions is that the Council risks incurring estimated costs of £319,000 in the current financial year and potentially in excess of £600,000 during 2018/19. Consequently this has been assessed as a 'red' risk in line with the Council's risk management framework and risk appetite. We will continue to monitor this risk closely over the coming months.

6. CONSULTATION RESULTS AND PREVIOUS COMMITTEE FEEDBACK

- 6.1 This report is not expected to lead to any consultation.

7. NEXT STEPS: COMMUNICATION AND IMPLEMENTATION OF THE DECISION

- 7.1 The third quarter budget monitoring reports will be considered by the relevant Service Committees in February and March 2018, with in a full report to Policy and Resources committee on 14 February 2018.
- 7.2 Details of the actions taken by service committees to manage the pressures in their budgets will be reported to Policy and Resources committee if appropriate.

8. CROSS-CUTTING ISSUES AND IMPLICATIONS

Issue	Implications	Sign-off
Impact on Corporate Priorities	This report monitors actual activity against the revenue budget and other financial matters set by Council for the financial year. The budget is set in accordance with the Council's Medium Term Financial Strategy which is linked to the strategic plan and corporate priorities.	Director of Finance & Business Improvement
Risk Management	This has been addressed in section 6 of the report.	Director of Finance & Business Improvement
Financial	Financial implications are the	Director of

	<p>focus of this report through high level budget monitoring. The process of budget monitoring ensures that services can react quickly to potential resource problems. The process ensures that the Council is not faced by corporate financial problems that may prejudice the delivery of strategic priorities.</p>	<p>Finance & Business Improvement</p>
Staffing	<p>The budget for staffing represents approximately 50% of the direct spend of the Council and is carefully monitored. Any issues in relation to employee costs will be raised in this and future monitoring reports.</p>	<p>Director of Finance & Business Improvement</p>
Legal	<p>The Council has a statutory obligation to maintain a balanced budget this monitoring process enables the committee to remain aware of issues and the process to be taken to maintain a balanced budget for the year.</p>	<p>Interim Deputy Head of Legal Partnership</p>
Privacy and Data Protection	<p>No specific issues arise.</p>	<p>Director of Finance & Business Improvement</p>
Equalities	<p>The budget ensures the focus of resources into areas of need as identified in the Council's strategic priorities. This monitoring report ensures that the budget is delivering services to meet those needs.</p>	<p>Director of Finance & Business Improvement</p>
Crime and Disorder	<p>No specific issues arise.</p>	<p>Director of Finance & Business Improvement</p>
Procurement	<p>No specific issues arise.</p>	<p>Director of Finance & Business Improvement</p>

9. REPORT APPENDICES

The following documents are to be published with this report and form part of the report:

- Appendix 1: Third Quarter 2017/18 Revenue Monitoring – Strategic Planning, Sustainability and Transportation
 - Appendix 2: Third Quarter 2017/18 Capital Programme – Strategic Planning, Sustainability and Transportation
-

10. BACKGROUND PAPERS

None.