

THE ROYAL BOROUGH OF KENSINGTON AND CHELSEA

CABINET 26 OCTOBER 2006

REPORT OF THE EXECUTIVE DIRECTOR FOR PLANNING AND  
CONSERVATION

**BUDGET MONITORING 2006/07 – QUARTER 2  
PLANNING AND CONSERVATION**

**SUMMARY**

**REVENUE BUDGET**

The forecast for the Business Group remains at a similar level as last quarter at an **underspend of £113,000** (1.9%) by the year-end.

**CAPITAL BUDGET**

It is forecast at this stage that the Business Group will **underspend by £80,000** (28%) by the year-end, all of which will slip to next year.

**1 KEY ISSUES**

- 1.1 Building Regulations Fee income is now failing to meet last year's level and the second half of the year always produces less income than the first half, so the forecast has fallen to only £50,000 over budget compared to £100,000 last quarter and even this level cannot be guaranteed.
- 1.2 Planning Applications Fee income remains buoyant and continues the trend established last year in exceeding budget levels. It is now forecast that an additional £80,000 will be received by the end of the year, which is £30,000 more than reported last quarter. Of this amount £50,000 has been re-directed to street tree maintenance.
- 1.3 The demand for more street tree maintenance has become a high priority with work in a number of wards now becoming pressing. The budget virement of £50,000 will make a good inroad into this outstanding work. There is the potential for a further call on revenue underspendings later in the year, but with the uncertainty in achieving income budgets there may be little room to accommodate this spending pressure.
- 1.4 To complete the Planning Services' office refurbishment, £43,000 of new furniture has been purchased. This required a budget virement of £33,000 from scanning and IT hardware budgets. These budgets

are flexible and expenditure will be contained to match budget available.

## 2 REVENUE BUDGET

Revenue Budget Monitoring Report - Planning & Conservation September 2006							
Service	Annual Budget £'000	Spend to date £'000	Spend to Date %	Projected Outturn £'000	Variance £'000	Variance %	RAG Status
<b>Budgets Controlled by Business Group</b>							
<b>Support Services</b>							
Executive	245	128	52.2%	241	-4	-1.6%	Green
Support Services	1,048	530	50.6%	1,097	49	4.7%	Green
<b>Building Control</b>							
	370	73	19.7%	185	-185	-50.0%	Red
<b>Planning Services</b>							
Development Control, Planning Information Office, Land Charges	664	221	33.3%	649	-15	-2.3%	Green
Policy and Graphics	481	186	38.7%	508	27	5.6%	Green
Design and Conservation	543	251	46.2%	558	15	2.8%	Green
Arboriculture	691	439	63.5%	691	0	0.0%	Green
<b>Total Budgets Controlled by Business Group</b>	<b>4,042</b>	<b>1,828</b>	<b>45.2%</b>	<b>3,929</b>	<b>-113</b>	<b>-2.8%</b>	<b>Green</b>
<b>Budgets controlled by other Business Groups</b>	<b>1,898</b>	<b>494</b>	<b>26.0%</b>	<b>1,898</b>	<b>0</b>	<b>0.0%</b>	
<b>Total</b>	<b>5,940</b>	<b>2,322</b>	<b>39.1%</b>	<b>5,827</b>	<b>-113</b>	<b>-1.9%</b>	

### RAG Status:

Red = £100k+ variance and over +/-5%

Amber = £100k+ variance and between +/-3-5%

Green = under £100k variance or under +/-3%

## Commentary on Variances

2.1 The Building Regulations fee income trend is not as robust as appeared after the first quarter. A commercial approach is being further developed with proactive marketing of their services and securing partnering schemes outside the Borough. But the threat of losing work to Approved Inspectors remains and is difficult to counteract. The annual review of fee rates for next year will investigate introducing greater flexibility to replicate one of the advantages of competitors. Vacancies are being retained and overheads kept to a minimum to ensure that, at least, the breakeven target for the Building Regulations trading account is met.

2.2 Some salary overspends on Support Services (£88,000) and the Policy Team (£27,000) reflect a full establishment in these sections and extra use of agency staff to complete one off projects. This is justifiable as these sections are key to achieving a good Planning Delivery Grant allocation for 2007/08 in that they contribute to achieving the turnaround of planning applications and Local

Development Framework targets. However, the business group's overall salary budget will not be exceeded as these overspends are more than offset by the underspend position in Building Control which is now predicted will increase by another £35,000 on last quarter's forecast underspend of £100,000.

- 2.3 The amount of annual street tree maintenance identified as needed to meet standards stated in the Council's Tree Strategy continues to cause concern with demand exceeding the budget. This has been highlighted in previous reports and the situation continues to deteriorate. The principle cause is a backlog of work that has built up over recent years during a period of high staff turnover. It is anticipated that additional resources allocated last year, this year and next year could rectify the position. Until a stable situation is established it is not planned to make any permanent additions to the budget, although this may prove necessary in the future.
- 2.4 It is also predicted that underspendings of around £40,000 will need to be carried forward into next year related to Planning Delivery Grant funded projects.

### Progress on Growth and Savings

- 2.5 All savings and growth proposals within the revenue budget are on track with the same exception as last quarter with the new post for Director of Planning Policy being on hold pending the replacement of the Executive Director.

## 3 CAPITAL

### Capital Budget Monitoring - Planning & Conservation Sept 2006

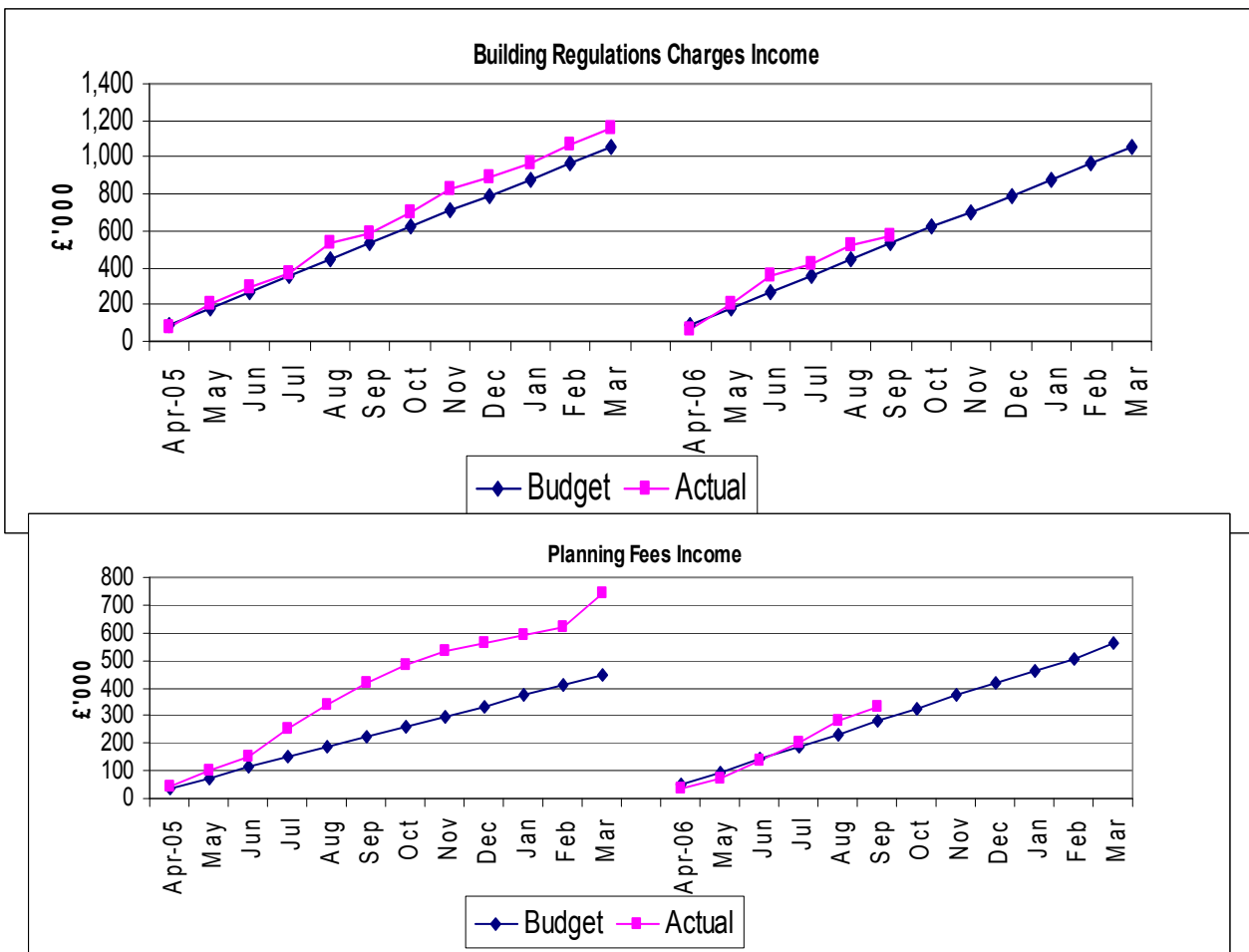
Description	Original Budget £'000	Annual Budget £'000	Budget Profile to Q2 £'000	Actual Exp To Date £'000	% of annual budget spent	Forecast Outturn £'000	Forecast Variance £'000	Proposed Slippage into 2007/08 £'000
Shop Front Grant	10	10	10	10	100.0%	10	0	0
Warwick Road Junction Imps	83	83	50	50	60.2%	83	0	0
Redcliffe Square Railings	16	16	5	5	31.2%	16	0	0
Norland Square Railings	30	30	10	10	33.3%	30	0	0
Public Realm Improvements	25	25	10	10	40.0%	15	10	10
Stalls	120	120	0	0	0.0%	50	70	70
<b>Planning Services</b>	<b>284</b>	<b>284</b>	<b>85</b>	<b>85</b>	<b>29.9%</b>	<b>204</b>	<b>80</b>	<b>80</b>

## Commentary on Variances

3.1 Most projects are progressing well and should be completed and achieve full spend by the end of the year. One exception is the Stalls project which has experienced some contractual delays and the first stall is now due to be installed in Ladbroke Grove in January 2007 with the remaining three to be placed on site in the following year. A new project, Public Realm Improvements, has been included following approval by Cabinet of the projects to be funded from Planning Delivery Grant.

## 4 KEY TRENDS, COST DRIVERS AND LEAD INDICATORS

### 4.1 Key Trends



#### 4.2 Staff Costs table.

Staff Costs Budget Monitoring September 2006							
Service	Annual Budget £'000	Budget to date £'000	Spend to date £'000	Variance budget to date £'000	Variance budget to date %	Overtime & Agency Spend £'000	Overtime/ Agency as % of total spend
Support Services	924	453	505	52	11.4%	19	3.8%
Building Control	1,193	599	539	-60	-10.0%	6	1.1%
Planning Services	2,241	1,150	1,173	23	2.0%	42	3.6%
<b>Total</b>	<b>4,358</b>	<b>2,202</b>	<b>2,217</b>	<b>15</b>	<b>0.7%</b>	<b>67</b>	<b>3.0%</b>

## 5 PERFORMANCE INDICATORS

### 5.1 Percentage of supplier invoices paid within 30 days (BVPI 8)

Q1 05/06	Q2 05/06	Q3 05/06	Q4 05/06	Cum. Year 05/06	Q1 06/07	Q2 06/07	Q3 06/07	Q4 06/07	Cum. Yr to Date
85.7%	88.8%	94.2%	92.2%	90.2%	92%	<b>86.6%</b>			89.5%

Michael French

**EXECUTIVE DIRECTOR FOR PLANNING AND CONSERVATION**