

# CABINET AGENDA



**TUESDAY 23 MAY 2017 AT 7.30 PM  
CONFERENCE ROOM 2 - THE FORUM**

The Councillors listed below are requested to attend the above meeting, on the day and at the time and place stated, to consider the business set out in this agenda.

#### Membership

Councillor Williams (Leader)  
Councillor Griffiths (Deputy Leader)  
Councillor Elliot

Councillor Harden  
Councillor Marshall  
Councillor G Sutton

For further information, please contact Michelle Anderson or Member Support

## **AGENDA**

### **1. MINUTES**

To confirm the minutes of the meeting held on 25 April 2017 (circulated separately to Cabinet members).

### **2. APOLOGIES FOR ABSENCE**

To receive any apologies for absence.

### **3. DECLARATIONS OF INTEREST**

To receive any declarations of interest

A member with a disclosable pecuniary interest or a personal interest in a matter who attends a meeting of the authority at which the matter is considered -

- (i) must disclose the interest at the start of the meeting or when the interest becomes apparent

and, if the interest is a disclosable pecuniary interest, or a personal interest which is also prejudicial

- (ii) may not participate in any discussion or vote on the matter (and must withdraw to the public seating area) unless they have been granted a dispensation.

A member who discloses at a meeting a disclosable pecuniary interest which is not registered in the Members' Register of Interests, or is not the subject of a pending notification, must notify the Monitoring Officer of the interest within 28 days of the disclosure.

Disclosable pecuniary interests, personal and prejudicial interests are defined in Part 2 of the Code of Conduct for Members

[If a member is in any doubt as to whether they have an interest which should be declared they should seek the advice of the Monitoring Officer before the start of the meeting]

#### **4. PUBLIC PARTICIPATION**

An opportunity for members of the public to make statements and ask questions in accordance with the rules as to Public Participation.

#### **5. REFERRALS TO CABINET**

There were no referrals to Cabinet

#### **6. CABINET FORWARD PLAN (Pages 3 - 5)**

#### **7. AUTHORISATION OF VIREMENTS (Pages 6 - 10)**

#### **8. PROVISIONAL OUTTURN (Pages 11 - 35)**

#### **9. DEVELOPMENT COMPANY UPDATE (Pages 36 - 42)**

#### **10. EXCLUSION OF THE PUBLIC (Page 43)**

#### **11. MARKET MANAGEMENT POST FEBRUARY 2018 (Pages 44 - 53)**

## CABINET FORWARD PLAN

	DATE	MATTERS FOR CONSIDERATION	Decision Making Process	Reports to Monitoring Officer/S.15 1 Officer	CONTACT DETAILS	BACKGROUND INFORMATION
1.	27/06/17	Local Plan Review		08/06/17	James Doe, Assistant Director Planning, Development & Regeneration 01442 228583 <a href="mailto:James.doe@dacorum.gov.uk">James.doe@dacorum.gov.uk</a>	To be provided
2.	27/06/17	Dacorum Borough Site Allocations Development Plan Document And Local Allocations Masterplans		08/06/17	James Doe, Assistant Director Planning, Development & Regeneration 01442 228583 <a href="mailto:James.doe@dacorum.gov.uk">James.doe@dacorum.gov.uk</a> Chris Taylor, Group Manager Strategic Planning and Regeneration 01442 228405 <a href="mailto:chris.taylor@dacorum.gov.uk">chris.taylor@dacorum.gov.uk</a> Laura Wood, Stratgeic Planning & Regeneration Team Leader, 01442 228661 <a href="mailto:laura.wood@dacorum.gov.uk">laura.wood@dacorum.gov.uk</a>	To agree adoption of the Site Allocations Development Plan Document and the Masterplans supporting the Local Allocations of land
3.	27/06/17	Creation of additional units in sheltered housing accommodation		08/06/17	Elliott Brooks, Assistant Director Housing 01442 228615 <a href="mailto:elliott.brooks@dacorum.gov.uk">elliott.brooks@dacorum.gov.uk</a>	To approve the conversion of current office space into new homes and provision of separate offices within 3 sheltered housing schemes
4.	27/06/17	Longdean Athletics Track – Approval of Design		08/06/17	Robert Smyth, Assistant Director Performance & Projects, 01442 228979 <a href="mailto:robert.smyth@dcorum.gov.uk">robert.smyth@dcorum.gov.uk</a>	To provide Cabinet with a costed design for a new athletics track and accompanying facilities at Longdean School
5.	27/06/17	Business rate relief schemes- <b>to be deferred</b>		08/06/17	David Skinner, Assistant Director Finance & Resources, 01442 228662 <a href="mailto:David.skinner@dacorum.gov.uk">David.skinner@dacorum.gov.uk</a>	To consider the introduction of discretionary business rate relief schemes to provide additional help for businesses in line with announcements made by the Chancellor in the 2017 Spring Budget
6.	27/06/17	Council Tax Support		08/06/17	David Skinner, Assistant Director Finance & Resources, 01442 228662 <a href="mailto:David.skinner@dacorum.gov.uk">David.skinner@dacorum.gov.uk</a>	To consider options for changes to the Council Tax Support scheme for the 2018/19 billing year, and if so, to approve options for consultation.
7.	27/06/17	Draft Two Waters Masterplan for public consultation		08/06/17	James Doe, Assistant Director Planning, Development & Regeneration 01442 228583 <a href="mailto:James.doe@dacorum.gov.uk">James.doe@dacorum.gov.uk</a> Chris Taylor, Group Manager Strategic Planning & Regeneration 01442 228405 <a href="mailto:chris.taylor@dacorum.gov.uk">chris.taylor@dacorum.gov.uk</a>	The purpose of the cabinet report is to approve the draft Two Waters Masterplan for public consultation.

	DATE	MATTERS FOR CONSIDERATION	Decision Making Process	Reports to Monitoring Officer/S.15 1 Officer	CONTACT DETAILS	BACKGROUND INFORMATION
					Nathalie Bateman, Strategic Planning & Regeneration Team Leader 01442 228592 <a href="mailto:nathalie.bateman@dacorum.gov.uk">nathalie.bateman@dacorum.gov.uk</a>	The masterplan includes detailed evidence to support development within four areas identified in the plan area and the wider plan area. The report provides a plan for building design, transport and movement, land uses, and, open space and sustainability. With these themes in mind, it sets key proposals, design guidance, and development requirements for each of the four sites, and overarching guidance principles for the wider area.  The masterplan is being taken through the Supplementary Planning Document (SPD) planning process in order that it can be adopted as an SPD alongside the new Single Local Plan in 2019.
8.	25/07/17	Review of the Financial Regulations		06/07/17	David Skinner, Assistant Director Finance & Resources, 01442 228662 <a href="mailto:David.skinner@dacorum.gov.uk">David.skinner@dacorum.gov.uk</a>	To be provided
9.	25/07/17	Public Space Protection Order		06/07/17	Mark Brookes, Solicitor to the Council, 01442 228236 <a href="mailto:mark.brookes@dacorum.gov.uk">mark.brookes@dacorum.gov.uk</a> David Austin, Assistant Director Neighbourhood Delivery, 01442 228355 <a href="mailto:david.austin@dacorum.gov.uk">david.austin@dacorum.gov.uk</a>	to consider the introduction of a public space protection order in the Borough
10.	25/07/17	Flexible Homelessness Support Grant & Homelessness Prevention Act		06/07/17	Elliott Brooks, Assistant Director Housing 01442 228615 <a href="mailto:elliott.brookes@dacorum.gov.uk">elliott.brookes@dacorum.gov.uk</a> Natasha Brathwaite, Group Manager Strategic Housing 01442 228840 <a href="mailto:Natasha.brathwaite@dacorum.gov.uk">Natasha.brathwaite@dacorum.gov.uk</a>	To approve allocation of funding to support the delivery of the Homelessness Strategy The report will outline the implications arising from the new Homelessness reduction Act
11.	25/07/17	Medium Term Financial Strategy (MTFS)		06/07/17	James Deane, Corporate Director Finance and Operations 01442 228278 <a href="mailto:james.deane@dacorum.gov.uk">james.deane@dacorum.gov.uk</a>	To be provided

	DATE	MATTERS FOR CONSIDERATION	Decision Making Process	Reports to Monitoring Officer/S.15 1 Officer	CONTACT DETAILS	BACKGROUND INFORMATION
12.	25/07/17	Hemel Hempstead Town Centre Parking Access and Movement Strategy		06/07/17	James Doe, Assistant Director Planning, Development & Regeneration 01442 228583 <a href="mailto:James.doe@dacorum.gov.uk">James.doe@dacorum.gov.uk</a> Chris Taylor, Group Manager Strategic Planning & Regeneration 01442 228405 <a href="mailto:chris.taylor@dacorum.gov.uk">chris.taylor@dacorum.gov.uk</a> Nathalie Bateman, Strategic Planning & Regeneration Team Leader 01442 228592 <a href="mailto:nathalie.bateman@dacorum.gov.uk">nathalie.bateman@dacorum.gov.uk</a>	To consider arrangements for taking forward the next stages of the parking access and movement strategy for Hemel Hempstead Town Centre
13.	19/09/17	Q1 Performance Report		31/08/17	David Skinner, Assistant Director Finance & Resources, 01442 228662 <a href="mailto:David.skinner@dacorum.gov.uk">David.skinner@dacorum.gov.uk</a>	To review the Council's forecast outturn position at the end of the first quarter.
14.	19/09/17	Treasury Management Strategy outturn 2016/17		31/08/17	David Skinner, Assistant Director Finance & Resources, 01442 228662 <a href="mailto:David.skinner@dacorum.gov.uk">David.skinner@dacorum.gov.uk</a>	A statutory report on the Council's performance against a range of statutory indicators.
15.	19/09/17	The Bury – Feasibility and Way Forward		31/08/17	James Doe, Assistant Director Planning, Development & Regeneration 01442 228583 <a href="mailto:James.doe@dacorum.gov.uk">James.doe@dacorum.gov.uk</a>	To be provided
16.	19/09/17	New build update for temporary accommodation at Garage Sites		31/08/17	Elliott Brooks, Assistant Director Housing 01442 228615 <a href="mailto:elliott.brooks@dacorum.gov.uk">elliott.brooks@dacorum.gov.uk</a>	To be provided
17.	19/09/17	Civic Centre Demolition		31/08/17	David Skinner, Assistant Director Finance & Resources, 01442 228662 <a href="mailto:David.skinner@dacorum.gov.uk">David.skinner@dacorum.gov.uk</a>	To be provided
18.	17/10/17			28/09/17		

**Future Cabinet Dates 2017:** 28 November, 12 December

**Future Cabinet Dates 2018:** 30 January, 13 February, 27 March, 24 April, 22 May

**Future Items:**

Parking Service  
Enterprise and Investment Plan

# Agenda Item 7



Report for:	Cabinet
Date of meeting:	23 May 2017
PART:	1
If Part II, reason:	

Title of report:	<b>AUTHORISATION OF VIREMENTS</b>
Contact:	Councillor G Elliot, Portfolio Holder for Finance and Resources David Skinner, Assistant Director (Finance & Resources)
Purpose of report:	To seek Cabinet approval to proposed virements for the purpose of increasing the capital budget for Play Area refurbishment to reflect additional grant funding received.
Recommendations	That the virements as detailed on the attached Form A be approved.
Corporate objectives:	To standardise documentation and authorisation requirements for all virements.
Implications:	<u>Financial</u>
Value For Money Implications	The Scheme of Virements is part of the Council's financial management as included within Financial Regulations.
Risk Implications	There are no risk implications.
Monitoring Officer / Deputy S.151 Officer Comments	<b>Monitoring Officer:</b> No comments to add to the report  <b>Deputy S.151 Officer</b>  This is Deputy S151 Officer report.
Consultees:	
Background papers:	Form A

## **BACKGROUND**

1. The Council is required to establish standard documentation and authorisation requirements for all virements.
2. Financial regulations determine the scheme of virement and its application. The regulations state that the scheme covers

“all transfers of budget, of any value and for any reason including for reason of organisational restructure”.

This will remain in force until such time as the regulations are reviewed. The regulations make clear that no virement can be carried out without the approval of the Corporate Director of Finance & Operations (or his/her nominated delegate), who will also be the final arbiter in any dispute. Additionally, the Director may override any authorisation and determine that approval is required by a higher level of authority.

Virement(s) requiring Cabinet authorisation

**Virement for the purpose of utilising ringfenced grant in Benefits to fund a contractor to work on the "Right Benefit Initiative" (RBI)**

Expenditure type	Service Area(s)	Submitted by	Date
Revenues	Revenues, Benefits & Fraud	Tiani Raveendran	08/05/17

Account Code	Cost Centre	Account code description	Cost Centre description	TO (DEBIT AMOUNT) £	FROM (CREDIT AMOUNT) £	REASON
200	GG100	Agency Employees	Benefits Adminstration	50,148		The Department for Work and Pensions have provided the Council with ringfenced funding to target key areas of fraud and error, under the "Right Benefit Initiative" scheme. Local Authorities are expected to spend the funding on staffing costs that are over and above business as usual housing benefit costs.
6500	GG100	Grant Receipts from Government Bodies	Benefits Adminstration		50,148	

Total

50,148

50,148

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Virement(s) requiring Cabinet authorisation

**Virement for the purpose of transferring the Environmental Management System budgets from Regulatory Services to Procurement, Commissioning and Procurement from 1st April 2017, following a change in management responsibility**

Expenditure type	Service Area(s)	Submitted by	Date
Revenue	Health & Safety - External Support/Advice	Lucy Tash	08/05/17

Account Code	Cost Centre	Account code description	Cost Centre description	TO (DEBIT AMOUNT) £	FROM (CREDIT AMOUNT) £	REASON
1010	UZ252	Salaries (Permanent Employees)	Environmental Management System	45,650		Virement for the purpose of transferring the Environmental Management System budgets from Regulatory Services to Procurement, Commissioning and Procurement from 1st April 2017, following a change in management responsibility
1060	UZ252	Car Leasing	Environmental Management System	2,550		
4310	UZ252	Expenses (Other)	Environmental Management System	15,000		
1010	ED105	Salaries (Permanent Employees)	Regulatory Services Centralised Costs		45,650	
1060	ED105	Car Leasing	Regulatory Services Centralised Costs		2,550	
4310	ED105	Expenses (Other)	Regulatory Services Centralised Costs		15,000	

Total	63,200	63,200
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Virement(s) requiring Cabinet authorisation

**Virement for the purpose of transferring Tenant Participation & Policy salary budgets from Tenant & Leaseholder Management to Strategic Housing (HRA) from 1st April 2017, following a change in management responsibility**

Expenditure type	Service Area(s)	Submitted by	Date
Revenue	Housing Revenue Account	Fay Murphy	08/05/17

Account Code	Cost Centre	Account code description	Cost Centre description	TO (DEBIT AMOUNT) £	FROM (CREDIT AMOUNT) £	REASON
1010	HE630	Salaries	Tenant Participation & Policy	279,509		Tenant Participation & Policy Salaries budgets
1060	HE630	Car Leasing	Tenant Participation & Policy	4,210		Tenant Participation & Policy Car Lease budgets
1062	HE630	Essential User Allowance	Tenant Participation & Policy	6,200		Tenant Participation & Policy Essential User allowance budgets
4630	HE630	Employee Travel Costs	Tenant Participation & Policy	2,700		Tenant Participation & Policy Employee Travel budgets
1010	HC500	Salaries	Tenant & Leaseholder Mgmt		279,509	Tenant & Leaseholder Management Salaries budgets
1060	HC500	Car Leasing	Tenant & Leaseholder Mgmt		4,210	Tenant & Leaseholder Management Car Lease budgets
1062	HC500	Essential User Allowance	Tenant & Leaseholder Mgmt		6,200	Tenant & Leaseholder Management Essential User Allowance budgets
4630	HC500	Employee Travel Costs	Tenant & Leaseholder Mgmt		2,700	Tenant & Leaseholder Management Employee Travel budgets
Total				292,619	292,619	

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<b>Report for:</b>	<b>Cabinet</b>
<b>Date of meeting:</b>	<b>23 May 2017</b>
<b>PART:</b>	<b>1</b>
If Part II, reason:	

<b>Title of report:</b>	<b>Provisional Outturn 2016/17</b>
Contact:	<p>Cllr Graeme Elliot, Portfolio Holder for Finance and Resources</p> <p>Authors: David Skinner, Assistant Director (Finance &amp; Resources) Richard Baker, Group Manager (Financial Services)</p> <p>Contact: James Deane, Corporate Director (Finance &amp; Operations)</p>
Purpose of report:	<p>To provide details of the provisional outturn position for the:</p> <ul style="list-style-type: none"> <li>· General Fund</li> <li>· Housing Revenue Account</li> <li>· Capital Programme</li> </ul> <p>To provide details of the proposed transfers to and from earmarked reserves.</p>
Recommendations	<p>It is recommended that Cabinet:</p> <ol style="list-style-type: none"> <li>1. Consider the provisional outturn position for each of the above accounts; and</li> <li>2. Recommend to Council approval of the reserve movements outlined in Section 10</li> </ol>

Corporate objectives:	Delivering an efficient and modern council
Implications:	Financial and Value for Money implications are included within the body of the report.
Risk Implications	Risk implications are included within the body of the report.
Equalities Implications	There are no equality implications.
Health And Safety Implications	There are no health and safety implications.
Monitoring Officer/S.151 Officer Comments	<p><b>Monitoring Officer</b></p> <p>No further comments to add.</p> <p><b>S.151 Officer</b></p> <p>The S151 Officer has recommended reserve movements that will most appropriately assist the Council to deliver its stated objectives in the medium term.</p> <p>The Finance Team will work closely with Service Managers throughout the budget-setting process for 2018/19 to ensure that income forecasts are not overly prudent, and that expenditure budgets, where appropriate, are set to reflect underspends in 2016/17.</p>
Consultees:	Budget Managers
Glossary of acronyms and any other abbreviations used in this report:	<p>GF – General Fund</p> <p>HRA – Housing Revenue Account</p> <p>MTFS – Medium Term Financial Strategy</p>

## 1. Executive Summary

- 1.1 The contribution to the General Fund working balance, as shown in paragraph 2.5, is £1.109m. This budget underspend has been analysed as part of the normal year end process, to ensure that ongoing savings have been identified and captured in the base budget going forward and one off items have been challenged.
- 1.2 Items of a one-off nature that are imprudent have not been built into the base budget based on a risk assessment of the likely recurrence, and these include:

- Housing benefit subsidy £110k surplus, (0.2% of budget)
- Parking income surplus £100k as this income is weather dependant
- Waste Services income from the Alternative Financial Model due to the current model being under review

1.3 Items captured in the base budget going forward include:

- Garages income additional £400k from 2017/18
- Investment Property inflationary increases £90k
- Ongoing savings in employees budget such as the savings in the leadership team (£75k) following the restructuring. Other savings in 2016/17 that are reported within the additional vacancies such in paragraph 3.1 have been challenged and contribute to savings already built in to 2017/18 budget assumptions.

1.4 The HRA has had increased pressure in quarter 4 from additional voids (£100k) and the repairs following from storm Doris late in the year (£110k). These additional pressures coupled with the income pressures forecast through the year mean a reduction in the contribution to reserves of £351k.

1.5 General Fund Capital spending is broadly on track with rephasing limited to 7.5% of the budget and consistent with forecasts made at Quarter 3. An additional underspend has been generated in Quarter 4 as the sum offered for the Health Centre includes the cost of demolition. This generates an additional saving of £290k.

1.6 The HRA Capital programme is consistent with previous reports with the main item being the underspend on the Osborne contract (£2.2m) to reflect the balancing of revenue and capital repairs over the year.

## **2. Introduction**

2.1 The purpose of this report is to outline the Provisional Outturn for 2016/17, prior to the closure of the accounts. Outturn is reported for the following:

- General Fund
- Housing Revenue Account (HRA)
- Capital Programme

2.2 The Accounts and Audit Regulations 2015 require local authorities to have prepared their annual Statement of Accounts, complete with certification from the Section 151 Officer, by 30 June. The Statement of Accounts must be published by 30 September, following an audit to be undertaken by Grant Thornton.

2.3 The Council's outturn position is a primary source of information for the production of the Statement of Accounts. The provisional outturn position detailed in this report may be subject to further amendment as work continues on the preparation of the Accounts. The final outturn position, along with movements in reserves, will be reported to Cabinet at its meeting of 27 June 2017 if there are any material variances. If there are no material variances, then the Final Outturn

will be reported only to the Audit Committee for final sign off at its meeting of 28 June 2017.

### 3. General Fund Revenue Account

3.1 The General Fund revenue account records the income and expenditure associated with all Council functions except management of the Council's own housing stock, which is accounted for within the Housing Revenue Account (HRA) (see Section 8).

3.2 The current budget is the original budget approved by Cabinet in February 2016, plus the following approved amendments:

Amendments	£000	Approved
<b>2016/17 Original budget</b>	<b>16,946</b>	
Corporate Graduates	18	Council July 2016
Reserve Funded Staff Costs	(46)	Council September 2016
Digitalisation of Planning Microfiche data	100	Council September 2016
Sports Review	40	Council January 2017
Arts Funding	15	Council January 2017
Pensions	(900)	Council April 2017
<b>2016/17 Current Budget</b>	<b>16,173</b>	

3.3 Appendix A provides an overview of the General Fund provisional outturn position, separating expenditure into controllable and non-controllable categories in order to focus scrutiny on those areas that officers are able to influence, i.e. the controllable.

3.4 The majority of non-controllable costs result from year-end accounting adjustments, e.g. depreciation charges. These are required to show the true value of resources used to provide the Council's services, but do not result in a cash charge to taxpayers. The provisional adjustments that have been completed to date are explained in section 7 of this report.

3.5 The table below provides an overview by Scrutiny area of the current forecast outturn for controllable and non-controllable budgets within the General Fund.

	Current Budget £000	Provisional Outturn £000	Variance	
			£000	%
Finance & Resources	7,245	6,820	(425)	-5.9%
Strategic Planning & Environment	7,107	6,933	(174)	-2.4%
Housing & Community	1,821	1,618	(203)	-11.1%
<b>Total</b>	<b>16,173</b>	<b>15,371</b>	<b>(802)</b>	<b>-5.0%</b>
Non-controllable budgets	(9,913)	(9,966)	(53)	0.5%
Earmarked Reserve movements	(6,260)	(6,563)	(303)	4.8%
<b>Contribution (to)/from General Fund Working Balance</b>	<b>0</b>	<b>(1,158)</b>	<b>(1,158)</b>	

### 3.6 Key changes between periods

The forecast position at quarter 3 was a contribution to working balances of £262k. A summary of the changes between periods, which make up the increase to working balances of £1,158k are as follows:

<b>Budget Monitoring Quarter 3 - variance against GRF working balances</b>	<b>(262)</b>
Planning Income - underachievement forecast at Quarter 3	(190)
General Fund properties used for Temporary Accommodation	(129)
Investment Property income - service charges and turnover based rent	(110)
Waste Services income	(130)
Reduction in overspend forecast against vacancy provision	(110)
Additional government grants	(76)
Benefits Subsidy	(110)
Increase in recharge to the HRA	(43)
Other minor items	2
<b>Budget Monitoring Quarter 4 - variance against GRF working balances</b>	<b>(1,158)</b>

3.7 The following sections provide an analysis of the projected outturn and major budget variances shown by Scrutiny area.

#### 4. Finance and Resources

Finance & Resources	Current Budget	Provisional Outturn	Variance	
	£000	£000	£000	%
Employees	10,105	9,976	(129)	-1.3%
Premises	2,004	2,079	75	3.7%
Transport	32	41	9	28.1%
Supplies & Services	4,170	4,439	269	6.5%
Third-Parties	336	454	118	35.1%
Income	(9,402)	(10,169)	(767)	8.2%
	<b>7,245</b>	<b>6,820</b>	<b>(425)</b>	<b>-5.9%</b>

##### 4.1 Employees - £129k under budget (1.3%)

Saving of £75k – Following the restructure of the Council's leadership team in May 2016, a saving of £75k has arisen in the management team salaries budgets.

The remaining £54k is due to vacancies spread across the services. This is 0.5% of the employee budget.

##### 4.2 Supplies and Services - £269k over budget (5.9%)

Pressure of £100k – This pressure relates to budgeted savings in the Parking service which have not been achieved in 2016/17 due to negotiations with our contractual partners taking longer than anticipated. These have now been concluded and the savings have been scheduled for 2017/18. Additional costs of upgrading Pay and Display machines (£15k) prior to the introduction of new £1 coin in March 2017 have also contributed to the overspend..

Pressure of £70k – This pressure has arisen from a review of the Estates service (£25k), which has assisted in identifying future efficiencies in the service of £50k, and from one off professional property fees incurred in order to generate capital receipt and to maintain existing revenue income streams such as the Aerial sites.

Pressure of £55k – A pressure has arisen in the Revenues and Benefits service from bank charges incurred. The new system of credit card surcharging has been successfully implemented with all fees fully recovered through the charging. Fee income is reported within the income budget which has over achieved its target in year. However changes made to the charging mechanism for debit cards have resulted in the pressure as the provider now charges on a percentage basis not as a flat fee. This was implemented part year and was therefore not factored into the budget.

Pressure of £40k – A pressure of £40k has arisen in the Cemeteries service, in relation to new monitoring equipment including Hand Arm Vibration monitoring to satisfy health and safety requirements and to ensure there is consistency across council departments.



#### **4.3 Third Parties - £118k over budget (35.1%)**

Pressure of £120k – a pressure has arisen in the Facilities Management service due to one-off costs relating to the move the Council's new offices The Forum. These costs have been passed back to the Council's partners through service charges recharges (see paragraph 4.4 below) and results in no actual cost to the Council.

#### **4.4 Income £767k over-achievement of income (8.2%)**

Over-achievement of income of £210k – The income on Investment Properties has exceeded budget by £210k. An additional £110k of income has been generated as a result of successful rent reviews secured this financial year that exceed the inflation factor put into the budget. Additional income of £70k is related to turnover based rents on specific sites. In addition, service charges have generated an additional £30k of income due to efficiencies identified by the finance and estates teams working together to improve the methodology for billing tenants that have been implemented in the year. This will be scrutinised to see if the over achievement of rental income can be built into the 2018/19 budget.

Over-achievement of £210k – An additional £210k of income has been generated from properties being used as Temporary Accommodation by the Housing Service. A higher than expected number of properties is being used as Temporary Accommodation as there is an increase in demand. Council owned properties managed by commercial assets are being used to maximise occupancy and to minimise expensive bed and breakfast provision for Housing. This will be additional income that can be factored into 2018/19 budget assumptions.

Over-achievement of income £135k – This additional income relates to Premises and Third Party costs of The Forum, and is being charged back under lease agreement to the Council's partners through service charge recharges (see paragraph 4.3 above).

Over-achievement of £100k – Car parking income has achieved a surplus of £100k this financial year, due to an increased volume of customers using the Council owned car parks and the mild and dry year.

Over-achievement of £50k – An over-achievement of income of £50k has been realised in the Revenues, Benefits and Fraud service. £26k relates to the Benefits Administration Subsidy grant from central government, which was higher than previously expected. £16k relates to various items of grant funding, which have been received by the service for specific requirements of central government. £7k has been generated from the sale of Fraud expertise to a neighbouring local authority.

Over-achievement of £33k – An insurance rebate of £33k has been received. Under the Council's policies, rebates are receivable if the claims experience is particularly good in the prior year where the council had claimed less than previously.

## 5. Strategic Planning and Environment

Strategic Planning and Environment	Current Budget £000	Provisional Outturn £000	Variance	
			£000	%
Employees	9,362	9,359	(3)	0.0%
Premises	859	842	(17)	-2.0%
Transport	1,479	1,421	(58)	-3.9%
Supplies & Services	3,784	3,909	125	3.3%
Third-Parties	88	89	1	1.1%
Income	(8,465)	(8,687)	(222)	-2.6%
	<b>7,107</b>	<b>6,933</b>	<b>(173)</b>	<b>-2.4%</b>

### 5.1 Supplies and Services - £125k over budget (3.3%)

Overspend of £125k – An overspend of £125k has arisen due to insurance provisions in Environmental Services budgets. These relate to public liability claims not covered by insurance, particularly two large subsidence claims for domestic properties from tree roots that have been settled.

### 5.2 Income - £222k over-achievement of budget (2.6%)

Over-achievement of income of £240k – In Waste Services an additional £180k of income has been generated as a result of an incentive payment from Hertfordshire County Council (HCC). This payment rewards Dacorum for improvements in the rate of recycling as a result of the co-mingled waste service. A surplus of £60k has also been realised in recycling credits, following improved co-mingled and green waste tonnages.

## 6. Housing and Community

Housing & Community	Current Budget £000	Provisional Outturn £000	Variance	
			£000	%
Employees	2,549	2,672	123	4.8%
Premises	805	761	(44)	-5.5%
Transport	16	13	(3)	-18.8%
Supplies & Services	2,134	2,111	(23)	-1.1%
Third Parties	758	743	(15)	-2.0%
Income	(4,441)	(4,682)	(241)	5.4%
	<b>1,821</b>	<b>1,618</b>	<b>(203)</b>	<b>-11.1%</b>

### 6.1 Employees - £123k over budget (4.8%)

Pressure of £123k – In certain services such as the Adventure Playgrounds where adult to child ratios need to be maintained the vacancy provision is not applied and the overspend here is a result of staffing levels needing to be achieved during periods of sickness. Staffing costs (£56k) that are being recovered for staff seconded to partners with no net cost to the Council are included within this section with the income over-achievement set out in paragraph 6.2.

### 6.2 Income - £241k over-achievement (5.4%)

Over-achievement of income £210k – The income from the rental of Garages has exceeded budget by £210k. This is due to the improvements and active management implemented within Housing during 2016/17 to minimise void levels. An increase in garage income (£400k) has been factored into the 2017/18 base budget. Income associated with the recovery of staff costs (£56k) seconded to partners as per paragraph 6.1 is also included within this heading.

## 7. Non-Controllable Expenditure and Corporate Items

7.1 Appendix A includes the provisional outturn for non-controllable expenditure and corporate items. These are largely year-end accounting adjustments. There will be further adjustments as work on the Statement of Accounts continues, but major variances arising to date are detailed below:

Surplus of £110k – There is a surplus of £110k in Housing Benefits and Subsidy. This is a variance of 0.2% on the total budget, which amounts to £48.2m.

Surplus of £43k – There is a surplus of £43k on the recharge to the HRA. The year end review of recharges has been carried out, and based on updated time allocations, an increased recharge to the HRA of £43k is required.

Surplus of £26k – There is a surplus of £26k on Interest Receipts. Slippage and underspends on the General Fund capital programme of £2.4m, has meant the Council has held higher cash balances during the year. These higher balances have been invested in line with the Council's treasury management strategy and have generated an additional £26k of interest receipts.

Surplus of £210k - Additional new burdens grants totalling £204k, along with an adjustment of £6k to prior year New Homes Bonus grants, provide an additional £210k of unallocated grants. Included in these grants is £73k towards the cost of meeting welfare reforms and benefit cap changes. The work involved with these reforms has been absorbed within the Revenues and Benefits service, with no additional budget having been required. Section 31 grants are retained corporately unless there is evidence of a significant New Burden.

Increase in Revenue Contribution to Capital £336k – this increase is in line with 2016/17 reserves movements approved by Council in February 2017 as part of the 2017/18 budget setting process.

7.2 At the time of writing, the depreciation calculation for the year has yet to be finalised and included within the non-controllable expenditure section of

Appendix A. At this stage, this has been included as on budget. The depreciation charge is an accounting adjustment which has no impact on the taxpayer.

## 8. Housing Revenue Account (HRA)

8.1 The HRA is a ring-fenced account relating to the Council's Landlord functions. A guiding principle of the HRA is that revenue raised from rents and service charges must be sufficient to fund expenditure incurred. The forecast outturn position for the HRA is shown at Appendix B.

### 8.2 Key changes between periods

The forecast position at Quarter 3 was a reduced contribution to balances of £345k. The position at Quarter 4 is a reduced contribution to balances of £351k. Although this is a small movement overall, there are a number of items which make up this movement, which are as follows:

<b>Budget Monitoring Quarter 3 - HRA variance against contribution to balances</b>	<b>345</b>
Properties owned by the General Fund £210k, £65k higher than expected level of Right To Buy sales	275
Leaseholder Service Charges - higher than anticipated recovery	(170)
Increase in responsive repairs	204
Premises expenditure in Supported Housing (building R&M and utilities)	(130)
Increased income from minor capital receipts	(60)
Increased underspend from vacancies in services	(50)
Other minor changes	(63)
<b>Budget Monitoring Quarter 4 - HRA variance against contribution to balances</b>	<b>351</b>

8.3 The following sections provide an analysis of the projected provisional outturn and major budget variances shown by HRA grouping as set out in Appendix B.

### 8.4 **Dwelling Rents - £693k under-achievement of income (1.2%)**

£415k of the pressure on this budget line is due to General Fund properties being used by the HRA to house Council tenants. A budget of £160k was incorrectly allowed for this in the Supervision and Management line as a recharge from the General Fund. The combination of the budgeting error (£160k) plus the additional use of the General Fund properties (£210k) results in a £370k under achievement of income.,

£120k of the pressure is due to a budgeting error in Supported Housing (0.2%), and an additional £115k is due to higher than expected Right to Buy sales.

### 8.5 **Non-Dwelling Rents - £42k over-achievement of income (52.2%)**

This income stream relates to rental income on telecommunications aerials around the borough. New leases have been negotiated which has generated an additional £41k of income.

## **8.6 Contribution towards Expenditure - £90k over-achievement of income (13.7%)**

A deficit of £135k had been anticipated in leaseholder charges for repairs work, however the final figure for the year is a surplus of £22k. The service have worked closely with Osborne during the year on the level of works chargeable to leaseholders, and a more accurate estimate has therefore been produced for this financial year end.

There is a surplus on the budget for minor capital receipts of £133k for work carried out by the Estates and Legal teams, such as deed of variation and lifting of restrictive covenants. This is partially offset by a deficit of £80k in income generated from recharges to tenants and leaseholders, as the income generated to date has been modest.

## **8.7 Repairs and Maintenance - £477k over budget (4.5%)**

The pressure in repairs reported at period 9 was £273k. Since period 9 contractual discussions over charging rates have caused some delays in the programme for planned work, and it was anticipated that overall the Repairs and Maintenance budgets would finish the year broadly in line with budget. During the last quarter and in particular the last month of the year however, there was a marked increase in responsive work volumes, which is attributed in the main to repairs required after storm 'Doris' (approximately £110k). There was also an increase in void works with a rise in the quarterly number of properties from a year average of 176 to 212. In addition Osborne under-estimated the amount of works in progress for year end when reported at period 11. A decision was taken earlier in the year to mitigate the position on revenue by withholding some elements of non-essential capital improvements works (see paragraph 9.5). This has been kept under review over the course of the year to ensure that the overall repairs and maintenance budget has been balanced across revenue and capital.

## **8.8 Supervision & Management - £689k under budget (5.9%)**

The projected underspend has arisen in the following areas:

£160k underspend from the budget for General Fund properties being used by the HRA being set in Supervision and Management. The actual charge has been posted against Dwelling Rents.

£130k underspend on premises expenditure in Supported Housing. There is an underspend in building repairs and maintenance, and savings in utilities in Elderly Peoples' Dwellings.

£100k underspend in the Tenants and Leaseholders section from vacancies in the Supporting People service. This will be examined as part of the 2018/19 budget setting process to identify if the savings can be delivered on an ongoing basis.

£100k underspend in the Housing Cleaning service from vacancies in the service and a reorganisation of the management team. This will be examined as part of the 2018/19 budget setting process to identify if additional savings can be delivered on an ongoing basis as well as the supervisory post that has already been removed as part of 2017/18 savings.

£70k underspend in the Under Occupation Incentive Scheme due to lower volume of moves in the scheme this financial year.

#### 8.9 Transfer to Housing Reserves - £351k under budget (2.6%)

The overall variance on the HRA is currently forecast to reduce balances by £351k. It is proposed that this be funded from an underspend in the capital budgets.

### 9. Capital Programme

9.1 Appendix C shows the projected capital outturn in detail by scheme.

The table below summarises the overall capital outturn position by Scrutiny area.

The 'Rephasing' column refers to those projects where expenditure is still expected to be incurred, but it will now be in 2017/18 rather than 2016/17, or conversely, where expenditure planned initially for 2017/18 will now be in 2016/17.

The 'Variance' column refers to those projects which are now complete, but have come in under or over budget and those projects which are no longer required.

The current budget is the original budget approved by Cabinet in February 2016, plus approved amendments, including re-phasing of the slippage identified at Quarter 1 into 2017/18.

	Current Budget £000	Provisional Outturn £000	Rephasing £000	Variance	
				£000	%
Finance & Resources	13,385	12,207	(851)	(327)	-2.4%
Strategic Planning & Environment	6,765	5,618	(779)	(368)	-5.4%
Housing & Community	1,742	1,707	(26)	(9)	-0.5%
<b>G F Total</b>	<b>21,892</b>	<b>19,532</b>	<b>(1,656)</b>	<b>(704)</b>	<b>-3.2%</b>
<b>HRA Total</b>	<b>27,390</b>	<b>19,236</b>	<b>(7,813)</b>	<b>(341)</b>	<b>-1.2%</b>
<b>Grand Total</b>	<b>49,282</b>	<b>38,768</b>	<b>(9,469)</b>	<b>(1,045)</b>	<b>-2.1%</b>

## Key changes between periods – General Fund

9.2 A summary of the changes between periods is as follows:

	Rephasing £'000	Variance £'000
<b>Budget Monitoring Quarter 3 - GRF Capital variance against budget</b>	<b>(1,278)</b>	<b>406</b>
Demolition of Health Centre - Demolition price included within offer price therefore demolition budget no longer required.	0	(335)
Forum - additional budget for HCC fit out	(279)	(235)
Gade Zone	(87)	
Hemel Sports Centre heat and power - Specialised custom unit has 2 month build time	(175)	0
Play Area refurbishment	(71)	0
Maylands Urban Realm - savings from project re-engineering and securing additional funding from HCC	0	(356)
Water Gardens - increased level of spend in later months	576	(235)
Hemel Street Furniture	(111)	
Other changes	(231)	51
<b>Budget Monitoring Provisional Outturn - GRF Capital variance against budget</b>	<b>(1,656)</b>	<b>(704)</b>

### 9.3 General Fund Major Variances

There is an overall underspend of £2.36m on the General Fund. This is a combination of forecast underspend of £704k, and slippage of £1.656m (7%) into 2017/18.

The projected net underspend of £704k includes:

- Line 44: underspend of £290k on Demolition of the Health Centre. The demolition is no longer required, because an acceptable offer for the purchase of the land has been received, and the developer intends to demolish the building themselves.
- Line 168: underspend of £341k on the budget for Maylands Urban Realm. The project was value-engineered to ensure that costs were kept as low as possible. Work was undertaken in conjunction with Herts County Council, and significant parts of the project were paid for by HCC as part of their Highway programme. In addition, external funding of £68k was secured to replace DBC own funding.
- Line 170: overspend of £207k on Regeneration of the Town Centre. An overspend of £93k was reported last financial year on the project, which added to the £207k in 2016/17, brings the total overspend on the project to £300k, approximately 6% of the overall budget. Unbudgeted grant and Section 106 funding has been received to the value of £105k, which offsets some of the overspend, reducing the total position to 4% of the budget.

- Line 173: underspend of £222k on Bus Interchange project. £300k was carried forward from 2015/16 as slippage, in anticipation of the final costs on this project. Given the complexities of previous projects such as the Town Centre Regeneration, where a number of unforeseen expenses were incurred, a prudent estimate of the final costs was made, however this estimate has subsequently proved to be too high.

The rephasing to future years of £1.656m includes:

- Line 45: slippage of £75k on Old Town Hall café roof and stonework renewal. Works will now take place in August 2017, with the delay being as a result of ensuring the works could be procured and delivered during acceptable weather conditions and at a time that would cause the least disruption to the service.
- Line 58: slippage of £149k on Kingshill Cemetery - Welfare Provision. A longer than expected project design stage, planning and other consultations have now pushed this project into 2017/18.
- Line 88: slippage of £168k on The Forum. Minor works are still expected to take place to resolve snagging issues.
- Line 89: slippage of £87k on Gade Zone. This budget for professional fees regarding the Gade Zone development will now mostly be required in 2017/18.
- Line 96: slippage of £82k on Future Vision of CRM. Progress with the deployment of CRM has been delayed significantly due to changes in the provider Northgate's strategic approach to the product. Northgate advised the council in June 2016 that a new version of the product is being developed and advised against substantial development on the current platform. CRM development is therefore being pushed back to 2017/18.
- Line 102: slippage of £70k on EIS replacement. Consideration was given to the possibility of joining the Herts Framework to undertake transactional HR work via Serco, who are contracted to run the Council's Payroll service. Unfortunately, this option was not viable. Other HR systems that would fulfil the business needs are currently being reviewed.
- Line 144: slippage of £100k on Hemel Sport Centre renew heat and power system. Tenders for the work came back at over the budgeted amount, and additional budget had to be secured. Following this the order could be placed, however the particular unit required is specialised, and has a build time of over 2 months. The cost will now be incurred in 2017/18.
- Line 171: slippage of £377k on Maylands Business Centre. There was a delay in granting planning permission on the site until October. When works commenced on site, an unforeseen issue with one of the main drainage pipes was discovered, which has led to a delay in the scheme.



- Line 176: slippage of £81k on Hemel Street Furniture. Resources have been concentrated on the Water Gardens project, which has led to some delays in the street furniture project.

#### 9.4 Key changes between periods – HRA

	Rephasing £'000	Variance £'000
<b>Budget Monitoring Quarter 3 - HRA Capital variance against budget</b>	<b>(5,668)</b>	<b>(501)</b>
Planned Fixed Expenditure - underspends in Osborne capital budgets to offset overspend in revenue budgets	(2,246)	184
Wood House - no spend had been expected this financial year, but the build has now commenced	552	0
Stationers Place - additional budget to be slipped	(145)	0
Able House - additional budget to be slipped	(329)	
Other changes	23	(23)
<b>Budget Monitoring Provisional Outturn - HRA Capital variance against budget</b>	<b>(7,813)</b>	<b>(340)</b>

9.5 There is an underspend on the HRA capital programme of £8.153m.

- Lines 181-185: slippage of £2.2m on the Property and Place budgets for planned capital works. Work streams managed by Osborne have been delayed due to contractual negotiations over charging rates. In addition, the revenue budgets managed by Osborne were forecast to exceed budget, and a decision was taken to slow down on non-essential capital work to balance this.
- Line 181-185: underspend of £351k on the budgets for planned capital works. This underspend has arisen from the gain share realised on Osborne capital works during the year. The underspend has been deliberately set aside and can be utilised to fund the overspend in revenue repairs in the HRA which is leading to the overall HRA revenue budget being in deficit of £351k.
- Line 189 and 190: underspend of £150k and £140k respectively on Farm Place and St Peter's Court. Although these schemes are complete, budget was slipped forward from 2015/16, which will be reallocated to Stationers Place.
- Line 191: underspend of £791k on Aspen Court, London Road Apsley. At the time of setting the budgets, an additional allocation of £600k was allowed for to cover previously unforeseen costs. This was incorrectly allocated to the Aspen Court, London Road budget, however it should have been allocated to Stationers Place. The underspend on this line will therefore be transferred to Stationers Place via a reallocation of the slippage. This has been taken into account in the budget setting process for 2017/18.

- Line 193 slippage of £2m on Wood House. The anticipated commencement of the build slipped from September to January 2017, due to the procurement process taking longer than expected. There were clarification questions from bidders and additional time was requested.
- Line 194: slippage of £1.4m on Stationers Place. The project has slipped due to delays in the procurement process and the clarification process needed additional time.
- Line 199: slippage of £822k on Able House. The project started on site 2 months later than expected, and is therefore expected to finish in 2017/18 rather than the end of 2016/17.
- Line 198: slippage of £1.3m on Swing Gate Lane. The project has been moved back 3 months.

## 10. Balances and Reserves

- 10.1 The Reserves Summary at Appendix D reflects the movements approved by Council in February 2017 and updated for the reserve movements as set out below.
- 10.2 In cases where reserves were to be drawn down in 2016/17 to fund budgeted expenditure which was not spent in full, only the amount required to fund actual expenditure was drawn down.
- 10.3 Variances over £30k on recommended reserve movements compared to the original budget and additional movements approved in year are as follows:
  - Management of Change Reserve - £37k increased drawdown. A drawdown of £40k for 2 years (2015/16 and 2016/17) was budgeted towards the management of a community centre at Woodhall Farm. A timing difference in the payments to the community centre led to a reduced drawdown of £3k in 2015/16, and an increased drawdown of £77k for 2016/17. Overall the agreed amount of £80k will be funded over the 2 year period.
  - Management of Change Reserve – £84k reduced drawdown. A drawdown of £100k was budgeted to be drawn down to fund the costs of digitisation of data in the Planning Service. Stage payments are being made to the contractor after completion of each stage of work. A drawdown of £16k will be required to fund expenditure in 2016/17, with the balance being required in 2017/18.
  - Local Development Framework reserve - £66k reduced drawdown. A drawdown of £332k was budgeted to fund planned expenditure in 2016/17, however only £266k is required, with the balance being required in 2017/18.
  - Planning & Regeneration Project Reserve - £38k reduced drawdown. A drawdown of £40k was budgeted to be drawn down towards revenue costs of the Water Gardens project. Due to delays in the scheme, £2k is required in 2016/17 with the balance of £38k being required in 2017/18.

- Planning Enforcement and Appeals Reserve - £50k drawdown. Legal costs of £50k have been incurred in upholding decisions made by the Development Control Committee. These costs can be met from the Planning Enforcement and Appeals Reserve, in accordance with its terms of use. This assists in stabilising the financing of fluctuating annual costs of planning appeals.
- Litigation Reserve - £66k drawdown. Legal costs of £66k have been incurred in Regulatory Services relating to complex legal cases that the council is currently involved in. These costs can be met from the Litigation Reserve, in accordance with its terms of use.
- Maylands Plus Reserve - £77k additional contribution to the reserve. Surpluses generated at Maylands Business Centre are contributed to the Maylands Plus reserve towards future works at the premises or other economic development schemes. In 2016/17 the centre generated a surplus of £77k, before recharge of support costs, through increased income and reduced running costs.

10.4 Appendix A shows that after the above reserve movements are made there will be an increase to the General Fund Working Balance of £1.158m. In February 2017, Cabinet approved the strategy of maintaining the General Fund Working Balance at £2.5m. It is therefore recommended that the surplus of £1.158m is transferred to earmarked reserves as follows:

- Management of Change Reserve – increase the reserve by £450k. The Council's MTFS demonstrates that the Council still faces significant savings targets in the medium term. Achieving these targets whilst maintaining front-line services will require the Council to continue investing in new, more efficient ways of working that generate ongoing revenue savings. The Management of Change reserve supports the Council to meet the costs associated with these initiatives.
- Capital Development Reserve – increase the reserve by £500k. In pursuit of the revenue savings identified within the MTFS, the Council continues to explore initiatives capable of generating revenue savings/income whilst simultaneously enhancing the borough for its residents. Examples of such initiatives are the creation of a Development Company to increase the supply of good quality housing across the borough; reviewing options for further development of leisure assets; the delivery of a multi-storey car park; and the delivery of further temporary accommodation premises to relieve housing pressures.

These are major capital projects which attract significant feasibility and design costs upfront, before giving a return on investment. It is recommended that a Capital Development reserve is created to contribute towards the financing of these costs.

- On Street Car Parking Reserve – increase by £208k. This reserve is used to fund the costs associated with parking initiatives put in place by the council to relieve pressure on parking across the borough. Based on average levels of expenditure over the last 5 years, an annual amount of £40k is required.

10.5 It is recommended that any further increases to the Working Balance identified as part of the year-end process should be transferred to the Management of Change Reserve. This will help fund future organisational transformation initiatives as the Council seeks to respond to the forecast reductions in government funding.

10.6 Expenditure in 2017/18 which requires funding from reserves

New government legislation came into force in March 2017, which requires local planning authorities to prepare and maintain registers of brownfield land. This is previously developed land which may be suitable for housing. The aim of this work is to increase the number of suitable sites that are developed for housing. This will cost £100k over 2017/18 and 2018/19.

Corporate Health and Safety are working with the Council's senior management team to highlight and implement improvements in Health and Safety systems across a range of areas. In order to facilitate this, additional temporary resource will be required to carry out the business as usual tasks. This will cost £50k in 2017/18.

A supplementary estimate will be requested in the Quarter 1 report of 2017/18 to fund these initiatives.

# Dacorum Borough Council

APPENDIX A

## General Fund Revenue Budget - Provisional Outturn 2016/17 (by Overview and Scrutiny Committee)

	Month			Year-to-Date			Full Year		
	Adjusted Budget £000	Actuals £000	Variance £000	Adjusted Budget £000	Actuals £000	Variance £000	Adjusted Budget £000	Provisional Outturn £000	Variance £000
<b>Controllable</b>									
Finance and Resources	232	1,221	989	7,245	7,024	(221)	7,245	6,820	(425)
Strategic Planning and Environment	(872)	(715)	157	7,107	6,865	(242)	7,107	6,933	(174)
Housing and Community	3	(51)	(54)	1,821	1,451	(370)	1,821	1,618	(203)
<b>Controllable</b>	<b>(637)</b>	<b>455</b>	<b>1,092</b>	<b>16,173</b>	<b>15,340</b>	<b>(833)</b>	<b>16,173</b>	<b>15,371</b>	<b>(802)</b>
<b>Non-Controllable</b>									
Finance and Resources			0			0	(4,086)	(4,239)	(153)
Strategic Planning and Environment			0			0	3,927	3,927	0
Housing and Community			0			0	1,652	1,652	0
<b>Non-Controllable</b>			<b>0</b>			<b>0</b>	<b>1,493</b>	<b>1,340</b>	<b>(153)</b>
<b>General Fund Service Expenditure</b>	<b>(637)</b>	<b>455</b>	<b>1,092</b>	<b>16,173</b>	<b>15,340</b>	<b>(833)</b>	<b>17,666</b>	<b>16,711</b>	<b>(955)</b>
Reversal of Capital Charges							(4,125)	(4,125)	0
Minimum Revenue Provision							378	378	0
Interest Payable							587	581	(6)
Interest Receipts							(242)	(262)	(20)
Revenue Contributions to Capital							5,796	6,132	336
Contributions to / (from) Reserves							(6,260)	(6,565)	(305)
Contributions to / (from) Working Balance							0	1,158	1,158
<b>Budget Requirement:</b>							<b>13,800</b>	<b>14,008</b>	<b>208</b>
<b>Met From:</b>									
Revenue Support Grant							(971)	(971)	0
Non-Domestic Rates							1,053	1,053	0
New Homes Bonus							(3,491)	(3,497)	(6)
Other General Government Grants							(125)	(329)	(204)
Council Tax Surplus							(49)	(49)	0
Requirement from Council Tax							(10,217)	(10,217)	0
<b>Total Funding:</b>							<b>(13,800)</b>	<b>(14,010)</b>	<b>(210)</b>

### Interpreting this report

#### **General Fund Service Expenditure**

This subtotal includes those costs which are directly attributable to specific Council services.

#### **Budget Requirement**

This subtotal shows the total cash requirement to operate the Council for one year. It includes the General Fund Service Expenditure plus corporate costs and income.

#### **Total Funding**

This subtotal shows how the Council receives sufficient funding from different sources to meet the Budget Requirement. In order to 'balance the budget', Total Funding must equal the Budget Requirement.

**Housing Revenue Account**  
**Provisional Outturn 2016/17**

	Original Budget £000	Forecast Outturn £000	Forecast Variance £000      %	
<b>Income:</b>				
Net Dwelling Rents	(55,849)	(55,156)	693	-1.2%
Non-Dwelling Rents	(80)	(121)	(42)	52.2%
Tenants Charges	(388)	(399)	(11)	2.8%
Leaseholder Charges	(477)	(476)	1	-0.2%
Interest and Investment Income	(206)	(206)	0	0.0%
Contribution towards Expenditure	(655)	(745)	(90)	13.7%
<b>Total Income</b>	<b>(57,654)</b>	<b>(57,103)</b>	<b>551</b>	<b>-1.0%</b>
<b>Expenditure:</b>				
Repairs and Maintenance	10,702	11,179	477	4.5%
Supervision & Management:	11,766	11,077	(689)	-5.9%
Rent, Rates, Taxes & Other Charges	14	26	12	85.7%
Interest Payable	11,643	11,643	0	0.0%
Provision for Bad Debts	250	250	0	0.0%
Depreciation	9,506	9,506	0	0.0%
HRA Democratic Recharges	220	220	0	0.0%
<b>Total Expenditure</b>	<b>44,101</b>	<b>43,901</b>	<b>(200)</b>	<b>-0.5%</b>
Transfer from Housing Reserves	13,553	13,202	(351)	-2.6%
<b>HRA Deficit / (Surplus)</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0.0%</b>
<b>Housing Revenue Account Balance:</b>				
Opening Balance at 1 April 2016	(2,893)	(2,893)	0	
Deficit / (Surplus) for year	0	0	0	
Proposed Contributions to Reserves	0	0	0	
<b>Closing Balance at 31 March 2017</b>	<b>(2,893)</b>	<b>(2,893)</b>	<b>0</b>	

**CAPITAL PROGRAMME MONITORING PROVISIONAL OUTTURN 2016/17 BY SCRUTINY COMMITTEE**

**APPENDIX C**

Scheme	Budget Holder	Original Budget	Prior Year Slippage	Adj's, Supps, Virements	Adjustments (Slip. C/F)	In-Year Adjustments	Current Budget	YTD Spend	Projected Outturn	Forecast Slippage	Projected Over / (Under)
<b>General Fund</b>											
<b>Finance and Resources</b>											
<b>Commercial Assets and Property Development</b>											
42 Strategic Acquisitions	Nicholas Brown	950,000	(463,500)	0	(486,500)	(486,500)	0	0	0	0	0
43 Demolition of Old Berkhamsted Depot and new barrier	Nicholas Brown	50,000	0	0	0	0	50,000	33,518	33,518	0	(16,482)
44 Demolition of Health Centre	Nicholas Brown	350,000	0	(15,000)	0	(15,000)	335,000	0	0	(45,000)	(290,000)
45 Old Town Hall - Cafe Roof and stonework renewal	Nicholas Brown	75,000	0	0	0	0	75,000	0	0	(75,000)	0
46 Demolition of Civic Centre	Nicholas Brown	0	(1,990)	0	0	0	(1,990)	18,076	18,076	20,066	0
47 Bennetts End Community Centre - Replace Roof	Nicholas Brown	35,000	0	0	(35,000)	(35,000)	0	0	0	0	0
48 Highfield Community Centre - Resurface Car Park	Nicholas Brown	0	0	15,000	18,318	33,318	33,318	32,819	32,819	0	(499)
49 Adeyfield Community Centre - replace roof	Nicholas Brown	0	44,230	0	(44,230)	(44,230)	0	0	0	0	0
50 Tring Community Centre - new play area for Children's Nursery	Nicholas Brown	0	13,110	0	0	0	13,110	0	0	(13,110)	0
51 Bennetts End Community Centre Toilet Provision	Nicholas Brown	18,000	0	0	0	0	18,000	0	0	(18,000)	0
52 Rossgate Shopping Centre - Structural Works	Nicholas Brown	0	90,910	0	(90,910)	(90,910)	0	0	0	0	0
53 Leys Road - Roof	Nicholas Brown	55,000	0	0	(55,000)	(55,000)	0	0	0	0	0
54 High Street, Tring - Replace External Cladding & Roof	Nicholas Brown	30,000	50,000	0	0	0	80,000	20,726	20,726	(59,274)	(0)
55 The Denes Shopping Centre - Renew Walkway & Canopy Covering	Nicholas Brown	50,000	0	0	0	0	50,000	0	0	(50,000)	0
56 Commercial Properties - Renew Obsolete Door Entry Controls	Nicholas Brown	20,000	0	0	0	0	20,000	19,446	19,446	0	(554)
57 Silk Mill - Renew asphalt tanking to stairs	Nicholas Brown	16,000	0	0	0	0	16,000	0	0	(16,000)	0
58 Kingshill Cemetery - Welfare Provision	Nicholas Brown	150,000	0	0	0	0	150,000	889	889	(149,111)	0
59 Bunkers Farm	Nicholas Brown	25,782	183,606	0	55,332	55,332	264,720	271,211	271,211	6,491	0
60 Refurbishment of Facilities at Woodwells Cemetery	Nicholas Brown	0	57,597	0	0	0	57,597	58,487	58,487	0	890
61 Heath Lane - Welfare Facilities	Nicholas Brown	20,000	0	0	0	0	20,000	18,910	18,910	0	(1,090)
62 Woodwells Cemetery - Improvements to Burial Areas	Nicholas Brown	20,000	0	0	0	0	20,000	15,381	15,381	(4,619)	0
		<b>1,864,782</b>	<b>(26,037)</b>	<b>0</b>	<b>(637,990)</b>	<b>(637,990)</b>	<b>1,200,755</b>	<b>489,463</b>	<b>489,463</b>	<b>(403,557)</b>	<b>(307,735)</b>
<b>Commissioning, Procurement and Compliance</b>											
63 Car Park Refurbishment	Ben Hosier	90,000	99,172	0	(187,572)	(187,572)	1,600	2,400	2,400	800	0
64 Water Gardens Car Park - Re-Lining (Asphalt) Top Floor	Ben Hosier	435,000	0	0	0	0	435,000	446,093	446,093	0	11,093
68 Multi Storey Car Park Berkhamsted	Ben Hosier	3,432,000	(161,436)	0	(3,085,093)	(3,085,093)	185,471	136,458	136,458	(49,013)	(0)
69 Multi Functional Devices	Ben Hosier	0	0	0	0	0	0	62,435	62,435	62,435	0
		<b>3,957,000</b>	<b>(62,264)</b>	<b>0</b>	<b>(3,272,665)</b>	<b>(3,272,665)</b>	<b>622,071</b>	<b>647,386</b>	<b>647,386</b>	<b>14,222</b>	<b>11,093</b>
<b>Democratic Services</b>											
73 Election Management System Replacement	Jim Doyle	30,000	0	0	(30,000)	(30,000)	0	0	0	0	0
74 Civic Car Purchase	Jim Doyle	30,000	0	0	0	0	30,000	0	0	(30,000)	0
		<b>60,000</b>	<b>0</b>	<b>0</b>	<b>(30,000)</b>	<b>(30,000)</b>	<b>30,000</b>	<b>0</b>	<b>0</b>	<b>(30,000)</b>	<b>0</b>
<b>Development Management and Planning</b>											
78 Planning Software Replacement	Sara Whelan	0	86,964	0	(86,964)	(86,964)	0	0	0	0	0
		<b>0</b>	<b>86,964</b>	<b>0</b>	<b>(86,964)</b>	<b>(86,964)</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>Financial Management</b>											
82 Payroll (Invest to Save)	Richard Baker	0	2,447	0	0	0	2,447	2,425	2,425	0	(22)
83 Credit Card Surcharging (Invest to Save)	Richard Baker	16,000	0	0	0	0	16,000	16,350	16,350	0	350
84 Upgrade of HSM Module (BACS / DD Security)	Richard Baker	6,000	5,000	0	0	0	11,000	12,700	12,700	0	1,700
		<b>22,000</b>	<b>7,447</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>29,447</b>	<b>31,475</b>	<b>31,475</b>	<b>0</b>	<b>2,028</b>
<b>Housing &amp; Regeneration Management</b>											
88 The Forum (Public Service Quarter)	Mark Gaynor	9,350,000	1,015,400	514,000	0	514,000	10,879,400	10,711,187	10,711,187	(168,213)	0
89 Gade Zone	Mark Gaynor	150,000	0	0	0	0	150,000	63,190	63,190	(86,810)	(0)
		<b>9,500,000</b>	<b>1,015,400</b>	<b>514,000</b>	<b>0</b>	<b>514,000</b>	<b>11,029,400</b>	<b>10,774,377</b>	<b>10,774,377</b>	<b>(255,023)</b>	<b>0</b>
<b>Information, Communication and Technology</b>											
93 Rolling Programme - Hardware	Ben Trueman	75,000	41,700	0	0	0	116,700	135,334	135,334	18,634	0
94 Software Licences - Right of Use	Ben Trueman	50,000	32,000	0	0	0	82,000	51,202	51,202	0	(30,798)
95 Website Development	Ben Trueman	0	69,500	0	0	0	69,500	26,022	26,022	(43,478)	0
96 Future vision of CRM	Ben Trueman	152,000	0	0	(70,000)	(70,000)	82,000	0	0	(82,000)	0
		<b>277,000</b>	<b>143,200</b>	<b>0</b>	<b>(70,000)</b>	<b>(70,000)</b>	<b>350,200</b>	<b>212,559</b>	<b>212,559</b>	<b>(106,844)</b>	<b>(30,797)</b>

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**CAPITAL PROGRAMME MONITORING PROVISIONAL OUTTURN 2016/17 BY SCRUTINY COMMITTEE**

**APPENDIX C**

Scheme	Budget Holder	Original Budget	Prior Year Slippage	Adj's, Supps, Virements	Adjustments (Slip. C/F)	In-Year Adjustments	Current Budget	YTD Spend	Projected Outturn	Forecast Slippage	Projected Over / (Under)
<b>Finance and Resources continued</b>											
<b>People</b>											
100 Incoming Mailroom	Matt Rawdon	0	48,009	0	0	0	48,009	47,234	47,234	0	(775)
101 Reprographics	Matt Rawdon	0	5,247	0	0	0	5,247	5,000	5,000	0	(247)
102 EIS Replacement	Matt Rawdon	0	70,000	0	0	0	70,000	0	0	(70,000)	0
		<b>0</b>	<b>123,256</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>123,256</b>	<b>52,234</b>	<b>52,234</b>	<b>(70,000)</b>	<b>(1,022)</b>
<b>Totals: Finance and Resources</b>		<b>15,680,782</b>	<b>1,287,966</b>	<b>514,000</b>	<b>(4,097,619)</b>	<b>(3,583,619)</b>	<b>13,385,129</b>	<b>12,207,494</b>	<b>12,207,494</b>	<b>(851,202)</b>	<b>(326,433)</b>
<b>Housing and Community</b>											
<b>Commissioning, Procurement and Compliance</b>											
110 Telephony upgrade & virtualisation	Ben Hosier	0	4,600	0	0	0	4,600	0	0	(4,600)	0
111 Customer Services Unit Refurbishment	Ben Hosier	0	9,870	0	0	0	9,870	9,915	9,915	0	45
112 CSU Flow Management Solution	Ben Hosier	46,500	0	0	0	0	46,500	31,926	31,926	0	(14,574)
113 Replacement of Inform 360 Communications	Ben Hosier	19,000	0	0	0	0	19,000	18,920	18,920	0	(80)
114 Self Service Kiosks	Ben Hosier	47,000	0	0	0	0	47,000	27,933	27,933	(19,067)	0
		<b>112,500</b>	<b>14,470</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>126,970</b>	<b>88,694</b>	<b>88,694</b>	<b>(23,667)</b>	<b>(14,609)</b>
<b>Legal , Democratic and Regulatory Management</b>											
118 Highbarns Land Stabilisation Project	Mark Brookes	0	8,360	0	0	0	8,360	0	0	0	(8,360)
		<b>0</b>	<b>8,360</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>8,360</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>(8,360)</b>
<b>People</b>											
124 Capital Grants - Community Groups	Matt Rawdon	20,000	0	0	0	0	20,000	19,477	19,477	0	(523)
		<b>20,000</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>20,000</b>	<b>19,477</b>	<b>19,477</b>	<b>0</b>	<b>(523)</b>
<b>Residents Services</b>											
Rolling Programme - CCTV Cameras	Julie Still	25,000	0	0	0	0	25,000	25,452	25,452	0	452
127 Lift Replacement to Theatre - Old Town Hall	Julie Still	40,000	0	0	(40,000)	(40,000)	0	0	0	0	0
128 Verge Hardening Programme	Julie Still	350,000	7,840	0	0	0	357,840	349,443	349,443	(8,397)	(0)
129 Youth Centre Provision	Julie Still	50,000	82,807	21,262	0	21,262	154,069	156,414	156,414	0	2,345
		<b>465,000</b>	<b>90,647</b>	<b>21,262</b>	<b>(40,000)</b>	<b>(18,738)</b>	<b>536,909</b>	<b>531,309</b>	<b>531,309</b>	<b>(8,397)</b>	<b>2,797</b>
<b>Strategic Housing</b>											
133 New Build - Elms Hostel Redbourne Road	Thomas Farrell	0	0	0	0	0	0	11,671	11,671	0	11,671
134 Affordable Housing Development Fund	Thomas Farrell	0	0	1,050,000	0	1,050,000	1,050,000	1,050,000	1,050,000	0	0
135 Westerdale (Garage Development)	Thomas Farrell	0	0	0	0	0	0	2,839	2,839	2,839	0
136 Northend (Garage Development)	Thomas Farrell	0	0	0	0	0	0	2,994	2,994	2,994	0
		<b>0</b>	<b>0</b>	<b>1,050,000</b>	<b>0</b>	<b>1,050,000</b>	<b>1,050,000</b>	<b>1,067,504</b>	<b>1,067,504</b>	<b>5,833</b>	<b>11,671</b>
<b>Totals: Housing and Community</b>		<b>597,500</b>	<b>113,477</b>	<b>1,071,262</b>	<b>(40,000)</b>	<b>1,031,262</b>	<b>1,742,239</b>	<b>1,706,984</b>	<b>1,706,984</b>	<b>(26,231)</b>	<b>(9,024)</b>

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**CAPITAL PROGRAMME MONITORING PROVISIONAL OUTTURN 2016/17 BY SCRUTINY COMMITTEE**

**APPENDIX C**

Scheme	Budget Holder	Original Budget	Prior Year Slippage	Adj's, Supps, Virements	Adjustments (Slip. C/F)	In-Year Adjustments	Current Budget	YTD Spend	Projected Outturn	Forecast Slippage	Projected Over / (Under)
<b>Strategic Planning and Environment</b>											
<b>Commercial Assets and Property Development</b>											
144 Hemel Sports Centre - renew heat and power system	Nicholas Brown	0	76,050	23,878	0	23,878	99,928	0	0	(99,928)	0
145 Hemel Sports Centre - renew outdoor pool water heaters	Nicholas Brown	0	4,952	(4,952)	0	(4,952)	0	0	0	0	0
146 Berkhamsted Sports Centre - heating system upgrade	Nicholas Brown	15,000	0	0	0	0	15,000	0	0	(15,000)	0
147 Air Handling Unit - Hemel Hempstead Sports Centre	Nicholas Brown	0	18,926	(18,926)	0	(18,926)	0	0	0	0	0
148 Tring Swimming Pool	Nicholas Brown	0	0	0	0	0	0	16,000	16,000	16,000	0
		<b>15,000</b>	<b>99,928</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>114,928</b>	<b>16,000</b>	<b>16,000</b>	<b>(98,928)</b>	<b>0</b>
<b>Environmental Services</b>											
152 Wheeled Bins & Boxes for New Properties	Craig Thorpe	20,000	0	0	0	0	20,000	11,296	11,296	0	(8,704)
153 Play Area Refurbishment Programme	Craig Thorpe	224,000	106,916	159,314	(150,916)	8,398	339,314	265,062	265,062	(74,254)	2
154 Litter Bin Upgrade	Craig Thorpe	40,000	0	0	0	0	40,000	19,761	19,761	(20,239)	0
155 Waste & Recycling Service Improvements	Craig Thorpe	0	75,000	0	(75,000)	(75,000)	0	0	0	0	0
156 Play Areas & Open Spaces - replace equipment	Craig Thorpe	0	14,722	0	0	0	14,722	3,641	3,641	(11,081)	0
157 Cupid Green Depot - Security Gates Upgrade	Craig Thorpe	81,000	0	0	0	0	81,000	70,355	70,355	0	(10,645)
158 Dog Kennels / Pest Control store Cupid Depot	Craig Thorpe	40,000	0	0	0	0	40,000	11,555	11,555	0	(28,445)
159 Fleet Replacement Programme	Craig Thorpe	862,000	94,231	0	(485,244)	(485,244)	470,987	451,001	451,001	(19,986)	(0)
		<b>1,267,000</b>	<b>290,869</b>	<b>159,314</b>	<b>(711,160)</b>	<b>(551,846)</b>	<b>1,006,023</b>	<b>832,670</b>	<b>832,670</b>	<b>(125,560)</b>	<b>(47,793)</b>
<b>Regulatory Services</b>											
163 Disabled Facilities Grants	GM Regulatory Services	603,000	(61,346)	133,000	0	133,000	674,654	710,155	710,155	0	35,501
164 Home Improvement Grants	GM Regulatory Services	0	8,893	0	0	0	8,893	8,674	8,674	0	(220)
		<b>603,000</b>	<b>(52,453)</b>	<b>133,000</b>	<b>0</b>	<b>133,000</b>	<b>683,547</b>	<b>718,828</b>	<b>718,828</b>	<b>0</b>	<b>35,281</b>
<b>Strategic Planning and Regeneration</b>											
168 Maylands Phase 1 Improvements	Chris Taylor	476,000	813,256	0	0	0	1,289,256	898,302	898,302	(50,000)	(340,954)
169 Urban Park/Education Centre (Durrants Lakes)	Chris Taylor	0	0	0	30,000	30,000	30,000	35,985	35,985	5,985	(0)
170 Regeneration of Hemel Town Centre	Chris Taylor	0	0	0	0	0	0	207,353	207,353	0	207,353
171 Maylands Business Centre	Chris Taylor	550,000	335,000	0	0	0	885,000	507,776	507,776	(377,224)	0
172 Water Gardens	Chris Taylor	177,217	2,005,260	0	0	0	2,182,477	2,241,548	2,241,548	59,071	(0)
173 Bus Interchange	Chris Taylor	0	300,000	0	0	0	300,000	77,965	77,965	0	(222,035)
174 Heath Park Gardens Improvements (Fully funded from S106)	Chris Taylor	0	12,892	0	0	0	12,892	12,492	12,492	0	(400)
175 Town Centre Access Improvements	Chris Taylor	0	507,961	0	(457,961)	(457,961)	50,000	1,122	1,122	(48,878)	0
176 Hemel Street Furniture	Chris Taylor	166,000	0	0	(30,000)	(30,000)	136,000	55,424	55,424	(80,576)	(0)
177 Gadebridge Park	Chris Taylor	500,000	0	0	(500,000)	(500,000)	0	0	0	0	0
178 The Bury - Conversion into Museum and Gallery	Chris Taylor	75,000	0	0	0	0	75,000	12,273	12,273	(62,727)	(0)
		<b>1,944,217</b>	<b>3,974,369</b>	<b>0</b>	<b>(957,961)</b>	<b>(957,961)</b>	<b>4,960,625</b>	<b>4,050,240</b>	<b>4,050,240</b>	<b>(554,349)</b>	<b>(356,036)</b>
<b>Totals: Strategic Planning and Environment</b>		<b>3,829,217</b>	<b>4,312,713</b>	<b>292,314</b>	<b>(1,669,121)</b>	<b>(1,376,807)</b>	<b>6,765,123</b>	<b>5,617,739</b>	<b>5,617,739</b>	<b>(778,837)</b>	<b>(368,547)</b>
<b>Totals - Fund: General Fund</b>		<b>20,107,499</b>	<b>5,714,156</b>	<b>1,877,576</b>	<b>(5,806,740)</b>	<b>(3,929,164)</b>	<b>21,892,491</b>	<b>19,532,217</b>	<b>19,532,217</b>	<b>(1,656,270)</b>	<b>(704,004)</b>

**CAPITAL PROGRAMME MONITORING PROVISIONAL OUTTURN 2016/17 BY SCRUTINY COMMITTEE**

**APPENDIX C**

Scheme	Budget Holder	Original Budget	Prior Year Slippage	Adj's, Supps, Virements	Adjustments (Slip. C/F)	In-Year Adjustments	Current Budget	YTD Spend	Projected Outturn	Forecast Slippage	Projected Over / (Under)	
<b>Housing Revenue Account</b>												
<b>Housing and Community</b>												
<b>Property &amp; Place</b>												
181	Planned Fixed Expenditure	Fiona Williamson	18,334,000	0	(4,628,000)	0	(4,628,000)	13,706,000	12,229,141	12,229,141	0	0
182	Pain/Gain Share (Planned Fixed Expenditure)	Fiona Williamson	0	0	(0)	0	(0)	(0)	-464,588	-464,588	0	(351,000)
183	M&E Contracted Works	Fiona Williamson	0	(630,178)	1,108,000	0	1,108,000	477,822	486,173	486,173	0	0
184	Communal Gas & Heating	Fiona Williamson	0	0	2,950,000	0	2,950,000	2,950,000	2,777,670	2,777,670	0	0
185	DBC Commissioned Capital Works	Fiona Williamson	0	0	570,000	0	570,000	570,000	131,463	131,463	(2,192,964)	0
			<b>18,334,000</b>	<b>(630,178)</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>17,703,822</b>	<b>15,159,858</b>	<b>15,159,858</b>	<b>(2,192,964)</b>	<b>(351,000)</b>
<b>Strategic Housing</b>												
189	New Build - Farm Place Berkhamsted	Thomas Farrell	45,040	105,505	0	0	0	150,545	0	0	0	(150,545)
190	Galley Hill / St. Peters Court / The Nokes	Thomas Farrell	0	140,125	0	0	0	140,125	0	0	0	(140,125)
191	Aspen Court / London Road, Apsley	Thomas Farrell	322,534	837,800	0	0	0	1,160,334	369,206	369,206	0	(791,128)
192	Martindale	Thomas Farrell	52,440	4,111	0	0	0	56,551	15,187	15,187	(41,364)	(0)
193	Wood House	Thomas Farrell	3,950,336	(8,590)	0	(1,167,334)	(1,167,334)	2,774,412	725,772	725,772	(2,048,640)	(0)
194	Stationers Place / Apsley Paper Mill	Thomas Farrell	1,734,811	(234,935)	0	(672,880)	(672,880)	826,996	509,576	509,576	(1,396,985)	1,079,565
195	New Build - Queen Street (Old Tring Depot)	Thomas Farrell	337,815	73,422	0	0	0	411,237	424,377	424,377	0	13,140
196	Able House	Thomas Farrell	2,084,636	178,309	0	0	0	2,262,945	1,440,727	1,440,727	(822,218)	0
197	Swing Gate Lane	Thomas Farrell	1,320,041	582,680	0	0	0	1,902,721	591,688	591,688	(1,311,033)	0
			<b>9,847,653</b>	<b>1,678,427</b>	<b>0</b>	<b>(1,840,214)</b>	<b>(1,840,214)</b>	<b>9,685,866</b>	<b>4,076,533</b>	<b>4,076,533</b>	<b>(5,620,240)</b>	<b>10,907</b>
<b>Totals: Housing and Community</b>			<b>28,181,653</b>	<b>1,048,249</b>	<b>0</b>	<b>(1,840,214)</b>	<b>(1,840,214)</b>	<b>27,389,688</b>	<b>19,236,391</b>	<b>19,236,391</b>	<b>(7,813,204)</b>	<b>(340,093)</b>
<b>Totals - Fund: Housing Revenue Account</b>			<b>28,181,653</b>	<b>1,048,249</b>	<b>0</b>	<b>(1,840,214)</b>	<b>(1,840,214)</b>	<b>27,389,688</b>	<b>19,236,391</b>	<b>19,236,391</b>	<b>(7,813,204)</b>	<b>(340,093)</b>
<b>Totals</b>			<b>48,289,152</b>	<b>6,762,405</b>	<b>1,877,576</b>	<b>(7,646,954)</b>	<b>(5,769,378)</b>	<b>49,282,179</b>	<b>38,768,609</b>	<b>38,768,609</b>	<b>(9,469,474)</b>	<b>(1,044,096)</b>

STATEMENT OF EARMARKED RESERVES											
General Fund Reserves Summary	Balance as at 31/03/2016 £'000	Net Movement 2016/17 £'000	Balance as at 31/03/2017 £'000	Net Movement 2017/18 £'000	Balance as at 31/03/2018 £'000	Net Movement 2018/19 £'000	Balance as at 31/03/2019 £'000	Net Movement 2019/20 £'000	Balance as at 31/03/2020 £'000	Net Movement 2020/21 £'000	Balance as at 31/03/2021 £'000
Civic Buildings Major Repairs Reserve	200		200		200		200		200		200
Capital Development Reserve		500	500		500		500		500		500
Earmarked Grants Reserve	274	(71)	203	(183)	20	(10)	10	(10)	0		0
Management of Change Reserve	1,441	397	1,838	(492)	1,346	(120)	1,226	(14)	1,212	(14)	1,198
Technology Reserve	163	(107)	56		56		56		56		56
Savings Efficiencies Reserve	0		0		0	604	604	377	981	244	1,225
On Street Car Parking Reserve	149	93	242	(34)	208		208		208		208
Local Development Framework Reserve	366	(266)	100	(100)	0		0		0		0
Dacorum Development Reserve	568	(212)	356	(200)	156	(70)	86	(86)	0		0
Planning Enforcement & Appeals Reserve	125	(50)	75		75		75		75		75
Planning & Regeneration Project Reserve	160	(2)	158	(93)	65	(45)	20	(20)	0		0
Litigation Reserve	214	(66)	148	216	364		364		364		364
Vehicle Replacement Reserve	350	350	700	350	1,050	350	1,400	350	1,750	350	2,100
Invest to Save	411	(163)	248		248		248		248		248
Building Control Reserve	86	(86)	0		0		0		0		0
Longdean School Repairs Reserve	7	(7)	0		0		0		0		0
Tring Swimming Pool Repairs Reserve	91	(91)	0	8	8	8	16	8	24	8	32
Youth Provision Reserve	101		101	(40)	61	(40)	21		21		21
Election Reserve	30	30	60	30	90	30	120	(90)	30	30	60
Uninsured Loss Reserve	586		586	(86)	500		500		500		500
Training & Development Reserve	114	(26)	88	(43)	45	(22)	23	(23)	0		0
Housing Conditions Survey Reserve	66	15	81	15	96	15	111	(111)	0	15	15
Dacorum Partnership Reserve	66	(8)	58	(11)	47		47		47		47
Dacorum Rent Aid - Guarantee Scheme	15		15		15		15		15		15
Rent Guarantee Scheme Reserve	15		15		15		15		15		15
The Forum Reserve	2,006	(2,006)	0		0		0		0		0
Funding Equalisation Reserve*	2,943	(3,606)	(663)	(209)	(872)	(1,849)	(2,721)		(2,721)		(2,721)
Pensions Reserve	1,773		1,773		1,773		1,773		1,773		1,773
Maylands Plus Reserve	100	(23)	77		77		77		77		77
<b>Total Earmarked Reserves</b>	<b>12,420</b>	<b>(5,405)</b>	<b>7,015</b>	<b>(872)</b>	<b>6,143</b>	<b>(1,149)</b>	<b>4,994</b>	<b>381</b>	<b>5,375</b>	<b>633</b>	<b>6,008</b>
<b>Working Balance</b>	<b>2,502</b>	<b>0</b>	<b>2,502</b>	<b>1</b>	<b>2,503</b>	<b>0</b>	<b>2,503</b>	<b>0</b>	<b>2,503</b>	<b>0</b>	<b>2,503</b>
<b>Total General Fund Reserves</b>	<b>14,922</b>	<b>(5,405)</b>	<b>9,517</b>		<b>8,646</b>	<b>(1,149)</b>	<b>7,497</b>	<b>381</b>	<b>7,878</b>	<b>633</b>	<b>8,511</b>

\* Funding Equalisation Reserve to be amended following Collection Fund final adjustments



<b>Report for:</b>	<b>Cabinet</b>
<b>Date of meeting:</b>	<b>23 May 2017</b>
<b>PART:</b>	<b>1</b>
If Part II, reason:	

<b>Title of report:</b>	<b>Development Company Update</b>
Contact:	Cllr Andrew Williams, Leader of the Council  James Deane, Corporate Director (Finance & Operations) Mark Gaynor, Corporate Director (Housing & Regeneration)
Purpose of report:	To update Cabinet on work undertaken to date on the viability of the Council establishing a Development Company to develop the Civic centre site.
Recommendations	That Cabinet: <ol style="list-style-type: none"> <li>1. approve work to progress on the creation of a Devco based on Option 3b of the Cushman Wakefield model, i.e. to sell a portion of the units developed on the private market, and to retain a portion for private rental in order to generate a revenue stream for the Council;</li> <li>2. recommend to Council the approval of a budget of £200k to progress Recommendation 1 of this report. This will cover the finalisation of design work, the finalisation of the business case, and consequent legal advice on the most appropriate tax and governance arrangements on creation of a Development Company.</li> </ol>
Corporate objectives:	This project aligns with all of the Council's corporate objectives, as approved by Council in February 2016.
Implications:	Included in the body of the report.
Monitoring Officer/S.151 Officer Comments	<b>Monitoring Officer:</b> The Council has the power to establish a Development Company pursuant to provisions contained in the Local Government Act 1972, Local Government Act 2003 and the Localism Act 2011.  As highlighted in the report, detailed legal advice will be obtained in relation to the governance arrangements, which will operate between the Council and the Development

	<p>Company, the applicability of ‘State Aid’ rules (EU rules in place to prevent members states distorting cross boundary competition), and the Council’s requirement to achieve ‘best consideration’ for any disposal/transfer of land to the Development Company. This further advice will be reported in forthcoming reports.”</p> <p><b>S.151 Officer</b> My comments are included in the body of the report.</p>
Consultees	Portfolio Holders Chief Officers
Background papers	Report to Cabinet, May 2016: Agenda item 9; Proposals for a Development Company
Glossary of acronyms and any other abbreviations used in this report:	CW – Cushman Wakefield Devco – Development Company NPV – Net Present Value

### Executive Summary

1. In May 2016, Cabinet approved the procurement of specialist technical expertise to advise on the viability of creating a Council-owned Development Company (Devco), based on two principle objectives:
  - To maximise revenue income to support provision of General Fund services; and,
  - To contribute to the delivery of local housing in a high-demand market
2. Following a procurement exercise, Capita Asset Services was appointed to produce a report on the viability of several Council-owned sites. This report identified the Civic Centre site as the most viable development opportunity. At a meeting in December 2016, Portfolio Holders agreed to commission more detailed modelling of the Civic Centre site in order to establish sufficient assurance of viability before investing further in the formation of a Devco.
3. Cushman Wakefield (CW) was appointed to undertake this detailed modelling based on previous knowledge of the site gained from a Feasibility Study they produced in 2016. The modelling was based on a 180-unit residential development, comprising one and two bedroom flats arranged over three blocks.
4. The table below provides an overview on the viability of a number of development options for the site based on a 30-year evaluation period. The Net Present Value column shows that the Council could make a financial return from all options other than Option 3a; the retention of all units for private rental.

Option		Net Present Value (loss)
1	Market sale of the land to a developer	£4.1m
2	Devco to develop the site and then sell all units on completion	£9.3m
3a	Devco to develop the site: retain <b>all</b> units for private rental	(£4m - £8m)
3b	Devco to develop the site: retain <b>50%</b> of non-affordable units for private rental	£7.5m - £8.6m
4	Joint Venture Devco to develop site and then sell	£5m

5. The NPV calculation does not differentiate between capital and revenue cash-flows. Of the profitable options, only Option 3b would give the Council the revenue stream previously approved by Cabinet as a key objective for the Devco. On this basis, pursuing this option would be justifiable despite its not generating the highest NPV.
6. Option 3b headlines based on currently modelled assumptions:
  - 180 units – 60 sold as affordable; 60 sold private market; 60 rental units retained
  - Net revenue stream – c£300k in first full year; inflationary increase up to c£400k by year 12
  - Interest premium for Council lending to Devco not yet factored in (subject to legal advice)
  - Debt profile (c£6.5m outstanding after sales) – interest only repayments
  - Model assumes sale of units/refinancing in year 30
7. Some of the key risks and mitigations associated with Option 3b are summarised below (mitigations are subject to further legal advice as the company structure and tax position is further refined):

Number	Risk	Potential Mitigation
1.	The housing market collapses resulting in the Devco holding a number of unsold units, and missing out on the capital receipt that would bring the debt down to a serviceable level.	The Devco could convert some of the additional units intended for private sale to affordable housing, thereby securing a return and potentially allocating additional 1-4-1 receipts.
2.	The private rental sector collapses resulting in the Devco being unable to find tenants for the retained units and thereby unable to meet the financing costs.	The Devco could convert rental units to private sale, or convert to affordable housing, or use for temporary accommodation in the short-term.
3.	State Aid regulations require the Council to lend to the Devco at a higher interest rate than has been modelled. (This looks like a positive for the Council in terms of additional revenue, but it may pose a problem from a tax perspective if it renders the Devco unviable.)	Models have been run based on various different costs of financing, all of which, on current assumptions, show a positive NPV. The highest finance rate modelled is 8%, which, anecdotally, is a significantly higher rate than most Councils are lending to their Devcos. More legal advice is required on this point.

8. The CW financial modelling is based on prudent financial assumptions. However, the accuracy of the costing at this stage is inevitably limited by the fact

that the scheme design underpinning the financial model is very high level. Costs and receipts for the Council will be refined as the design work becomes more precise and the tax position is finalised. The outcome of the CW report provides the Council with assurance that a scheme could be sufficiently viable to justify further investment in a Devco.

9. It is recommended that Cabinet approve work on the Devco to progress on the basis of Option 3b, and that Officers, in consultation with Portfolio Holders, appoint professional advice to develop a more detailed scheme, and design the most appropriate governance and tax structures for the Devco to optimise Council returns.

### **The development plan used as a basis for the financial modelling**

10. The scheme used by CW to model the costs and receipts consists of 180 residential units split between three blocks. The scheme would be delivered in two phases, with the capital receipts from the sale of units in the first phase being used to finance the costs associated with the second phase. This approach would minimise the borrowing costs incurred by the Council to finance the project. In accordance with the Council's planning policy, 35% of the units would be affordable.
11. This scheme was first proposed by CW as part of a Feasibility Study carried out on the Civic Centre site in summer 2016. The Study was produced in conjunction with Council Planning Officers and is indicative of what could be achieved on the site. Both the design and the attendant financial model are subject to change as the designs are progressed and become more precise.

### **The different delivery methods modelled**

11. Appendix A shows a summary of the financial model produced by CW, for the delivery of the site using five different delivery methods. The delivery methods are described below:
  - **Market sale/disposal** – the Council sells the land on the open market and takes a financial return in the form of capital receipt. This option would not generate a revenue stream for the Council to support the provision of General Fund services in the future.
  - **Direct delivery, with sale of all units** – development delivered by Devco, with the Council providing the finance before recouping capital receipts from the sale of units. This option would not provide a revenue stream for the Council.
  - **Direct delivery, with retention of all non-affordable units** – development delivered by Devco, with the Council providing the finance before recovering an income stream from the letting of residential units.
  - **Direct delivery, with sale of 50% non-affordable units and retention of the remainder** – development delivered by Devco, with the Council providing the finance before taking returns in the form of capital receipts (for units privately sold) and revenue stream (for the rented units).

- **Joint venture delivery vehicle with all units for sale** – Devco funded 50:50 between the Council and an investment partner (with the value of the Council's land included within its 50% contribution). Returns from the Devco would be split 50:50 between the JV partners.

### **Key assumptions within the financial model**

12. The model reflects cash inflows and outflows over an evaluation period over a 30-year period, with the key assumptions summarised below:
  - Scenarios in which units are retained by the Council for private rent:
    - Rental at £1,200 per calendar month, average
    - 25% holding costs, e.g. to reflect voids, maintenance, and marketing
    - Rental growth at 2.5% per annum
    - Units are sold in year 30 in order to reflect the retained asset value
  - Affordable units:
    - In all cases it has been assumed that affordable units are sold to a Housing Association on completion
  - Finance costs:
    - Finance costs of 6% for developer in baseline scenario
    - Evaluation period of 30 years for rental options
    - 3.5% discount rate to determine NPVs, as per HM Treasury recommendation
  - Sale values:
    - Capital growth assumed at 2.5% per annum, with 25% reduction of inflated values to account for major refurbishment and re-kitting of stock prior to open market sale.
13. The base case model shown in Appendix A is based on the Devco accessing finance at 6%, with scenarios also modelled at 4% and 8% financing. In all cases the recommended options, 3b, generated a positive NPV. The final financing rate will depend upon legal advice around state aid regulations, and will emerge during the next stage of works.

### **Financial Implications for the Council**

14. It is likely that the primary source of funding for the Devco will be via the Council borrowing from PWLB and then on-lending to the Devco. This will require the Council to meet financing costs on its borrowing for a likely period of 2-3 years until the Devco is able to generate a capital receipt from those units earmarked for sale, and to generate a return on rental units.
15. In order to minimise financing risk and costs, the Council will seek to match the duration of the loans it takes from PWLB to the likely repayment timescale of the Devco. For example, if the Devco is forecasting a receipt of £12m in year 2 from the sale of the units in phase one, the Council would borrow £12m for two years, repay the loan to PWLB and then refinance as required to deliver subsequent phases. As a result of these timing considerations, the Council's borrowing structure cannot be finalised until the designs are more progressed.



16. However, the indicative position based on the assumptions within this model does not suggest a short-term revenue pressure on the Council sufficient to preclude the on-lending model. Current PWLB rates for 3 year borrowing are around 1.1% for DBC, which, based on peak debt for Option 3b, would result in the Council bearing short-term annual financing costs of c£250k per annum.
17. The short-term financing costs facing the Council in the delivery of the Devco will be considered as part of the current year-end process, and recommendations will be made to Members for the creation of an appropriate reserve.

### **Next Steps**

18. Following the outcome of the CW report, it is recommended that Members approve officers to begin the following workstreams to run concurrently:
  - a. Procurement of more detailed designs in conjunction with Planning officers and in consultation with Cabinet Members;
  - b. Procurement of legal advice to establish and the most appropriate governance and tax structures for the delivery of this specific model;
  - c. Contingent on the progress of the above two points, to create a Devco for the development of the Civic Centre site. A further report will come to Cabinet to formally approve the creation of the Devco, based on the refinement of the modelling as described in points one and two, above.
19. Officers will be working with colleagues from other Local Authorities across the county and beyond to ensure the sharing of best practice, and where appropriate, the sharing of costs via the One Public Estate forum.

### Financial Analysis – Base Case Scenarios for Development Company on Civic Centre site (6% finance rate)

		1. Market Sale/ Disposal	2. Direct Delivery Devco - Sale	3a. Direct Delivery Devco - retain all private		3b. Direct Delivery Devco - retain 50% private		4. JV Devco - sale
				Interest Only	Equal payment	Interest Only	Equal payment	
	RLV	£4.1m	-	-	-	-	-	-
Debt	Peak cashflow debt*	-	£19.9m	£24.2m	£24.2m	£20.5m	£20.5m	£8.1m
	Affordable receipt (received 2019-2020)	-	£12.2m	£12.2m	£12.2m	£12.2m	£12.2m	£13.6m
	Private receipt (received 2019-2020)	-	£36.5m	-	-	£18.2m	£18.2m	
	Residual debt (principal at end of construction)	-	-	£24.2m	£24.2m	£6.5m	£6.5m	£5.5m
Net cashflows	Rental income (2021)**	-	-	£1.4m	£1.4m	£0.7m	£0.7m	-
	Debt repayment (2021)	-	-	£1.5m	£2.3m	£0.4m	£0.6m	-
	Net rental income (2021)	-	-	£0.03m	£0.9m	£0.3m	£0.1m	-
	Net Present Value	£4.1m	£9.3m	£8.1m	£4.0m	£7.5m	£8.6m	£5.0m

# Agenda Item 10

To consider passing a resolution in the following terms:

That, under s.100A (4) of the Local Government Act 1972 Schedule 12A Part 1 as amended by the Local Government (Access to Information) (Variation) Order 2006 the public be excluded during the items in Part 2 of the Agenda for this meeting, because it is likely, in view of the nature of the business to be transacted, that, if members of the public were present during those items, there would be disclosure to them of exempt information relating to the financial and business affairs of the Council and third party companies/organisations.

Local Government Act 1972, Schedule 12A, Part 1, paragraph 3.

# Agenda Item 11

By virtue of paragraph(s) 3 of Part 1 of Schedule 12A  
of the Local Government Act 1972.

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