



Report for:	Strategic Planning and Environment Overview and Scrutiny Committee
Date of meeting:	12 September 2017
PART:	1
If Part II, reason:	

Title of report:	Budget Monitoring Quarter 1 2017/18
Contact:	Cllr Graeme Elliot, Portfolio Holder for Finance and Resources David Skinner, Assistant Director (Finance & Resources) Caroline Souto, Team Leader Financial Planning & Analysis
Purpose of report:	To provide details of the projected outturn for 2017/18 as at Quarter 1 for the: <ul style="list-style-type: none"> • General Fund • Capital Programme
Recommendations	<ol style="list-style-type: none"> 1) That Committee note the forecast outturn position. 2) That Committee note the savings identified following outturn 2016/17, which will be transferred to earmarked reserves subject to Cabinet approval. 3) That Committee note the re-phasing of the capital programme to move slippage identified at Quarter 1 into financial year 2018/19.
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.
Glossary of acronyms and any other abbreviations used in this report:	GF – General Fund HRA – Housing Revenue Account

1. Executive Summary

- 1.1 Projected General Fund revenue outturn - a surplus of £322k is forecast on the General Fund revenue account. This includes £400k of ongoing savings identified at outturn 2016/17, which have been factored into base budgets going forward. A budget adjustment to transfer this surplus to earmarked reserves in financial year 2017/18 will be requested at Cabinet 19 September.
- 1.2 Projected Housing Revenue Account outturn – a deficit of £233k is forecast. This deficit will be need to be met from earmarked reserves.
- 1.3 Projected Capital forecast General Fund – slippage of 28%. A proposal to rephase capital schemes into 2018/19 will be made to 19 September Cabinet meeting.
- 1.4 Projected Capital forecast HRA – slippage of 21% on new build schemes. Schemes will be rephased into 2018/19 as above.
- 1.5 The report pack contains the following documents:
- Appendix A – General Fund Summary Spreadsheet
 - Appendix B – Capital Programme

2. Introduction

- 1.6 The purpose of this report is to present the Council's forecast outturn for 2017/18 as at 30 June 2017. The report covers the following budgets:
- General Fund
 - Capital Programme

3. General Fund Revenue Account

- 1.7 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).

1.8 The current budget is the original budget approved by Cabinet in February 2017, plus the following approved amendments:

Amendments	£000	Approved
2017/18 Original budget - cost of services	20,968	
Funding to support creation of Development Company	200	Council July 2017
2017/18 Current Budget - cost of services	21,168	

1.9 Appendix A provides an overview of the General Fund provisional outturn position. This is in a new format following financial reporting requirement changes for the 2016/17 accounts. The key differences from the previous reporting format are as follows:

- Recharges are no longer included within a “non-controllable” section of the service reporting; instead these are shown on one line in the Transfers between Reserves / Funds section at the foot of the report.
- Capital charges are no longer included in a “non-controllable” section. These do not result in a cash charge to taxpayers.
- Housing Benefit payments and grant income are now shown within Finance and Resources income and expenditure (Transfer Payments and Other Income).
- Investment Property income and expenditure is shown separately on one line of the report. Variances will be reported to Finance and Resources overview and scrutiny committee, in line with reporting responsibilities.

1.10 Variances on corporate items

The forecast for Investment Income is showing a deficit of £137k. This is due to the reduction in the Bank of England base rate during 2016/17. This has been amended for future years in the Medium Term Financial Strategy presented to Cabinet in July 2017.

The forecast for grant income is showing a surplus of £60k due to additional new burdens grants which have been received. Included in this is £53k of funding relating to the revenues and benefits service, and an adjustment of £7k to prior year new homes bonus.

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

	Current Budget £000	Forecast Outturn £000	Variance	
			£000	%
Finance & Resources	11,377	11,302	(75)	-0.7%
Strategic Planning & Environment	8,047	8,063	16	0.2%
Housing & Community	1,744	1,632	(112)	-6.4%
Total	21,168	20,997	(171)	-0.8%
Investment Property	(3,736)	(3,843)	(107)	2.9%
Non-controllable budgets	(16,607)	(16,541)	66	-0.4%
Earmarked Reserve movements	(826)	(936)	(110)	13.3%
Contribution (to)/from General Fund Working Balance	(1)	(323)	(322)	

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

4. Strategic Planning and Environment

Strategic Planning and Environment	Current Budget £000	Forecast Outturn £000	Variance	
			£000	%
Employees	9,311	9,387	76	0.8%
Premises	955	996	41	4.3%
Transport	1,288	1,269	(19)	(1.5%)
Supplies & Services	1,910	2,008	98	5.1%
Third-Parties	80	80	0	0.0%
Income	(5,497)	(5,677)	(180)	(3.3%)
	8,047	8,063	16	0.2%

4.1 Employees - £76k over budget (0.8%)

Pressure of £60k – There is a pressure of £60k in the budget for Employee costs in Strategic Planning, due to a newly created post to support the production of a brownfield register. Government legislation came into force in March 2017, which requires local planning authorities to prepare and maintain registers of brownfield land (previously developed land which may be suitable for housing). Additional resource is required which had been previously estimated at £80k for 2017/18, but has been reduced to £60k. A drawdown from earmarked reserves will be requested in the report to Cabinet 19 September 2017 to fund the pressure in 2017/18. A new burdens grant of £15k was received in financial year 2016/17, which formed part of the overall surplus on the corporate grants budget in 2016/17.

4.2 Supplies & Services - £98k over budget (5.1%)

Pressure of £95k – A pressure of £95k is expected from legal costs 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. This will be proposed in the 19 September Cabinet report.

4.3 Income - £180k over-achievement of budget (3.3%)

Overachievement of income £100k - An additional £100k of income is forecast in the Planning Service from a high volume of planning applications. During the first half of 2016/17 following uncertainty in the housing market after the EU referendum, a decline in planning income was forecast. A reduction of £50k in the base budget was therefore factored into budget 2017/18. Current trends indicate that this was a temporary dip in the market rather than an ongoing one. It is proposed that this £50k reduction be removed from the base budget going forward.

A £50k increase to the 2017/18 planning fee budget will be proposed in 19 September Cabinet, with a corresponding contribution to earmarked reserves.

Over-achievement of income £130k - An additional £100k of income is forecast as a result of incentive payments from Hertfordshire County Council (HCC), to reward Dacorum for improvements in the rate of recycling. This is under the Alternative Financial Model (AFM) methodology. Although the AFM has been reviewed and the overall size of the fund has decreased, the share to Dacorum remains above the budgeted amount. In addition, a surplus of £30k is forecast in recycling credits, following improved co-mingled and green waste tonnages. These increases in income will be factored into the base budget going forward.

A £130k increase to the 2017/18 waste services income budget will be proposed in 19 September Cabinet, with a corresponding contribution to earmarked reserves.

Under-achievement of income of £90k – A pressure of £90k has been identified in the Commercial Waste service. The decline previously seen in the number of customers has not improved, and a deficit in income is forecast. Work is ongoing to understand why customers have left the service. The pressure is offset slightly by a reduction in disposal fees of £20k, to give a net pressure of £70k.

5. Capital Programme

4.4 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 2018/19 rather than 2017/18, or conversely, where expenditure planned initially for 2018/19 will now be in 2017/18.

A revised capital programme for 2017/18 is being taken to Cabinet, and schemes that are being rephased into 2018/19 will be re-profiled into the correct financial year.

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.

	Current Budget £000	Projected Outturn £000	Rephasing £000	Variance	
				£000	%
Strategic Planning & Environment	5,429	3,987	(1,595)	153	2.8%
G F Total	5,429	3,987	(1,595)	153	2.8%

4.5 General Fund Major Variances

There is an overall underspend of £1.44m on the General Fund. This is a combination of forecast overspend of £153k, and slippage of £1.595m (29%) into 2018/19.

The projected net overspend of £153k includes:

- Line 164: overspend of £184k on the Water Gardens, which is 5% of the overall project budget. This has arisen due to complexities with the project which have caused delays. Additional works and professional fees are therefore required to complete the project.

The rephasing to future years of £1.595m includes:

- Line 152: slippage of £1.565m on Fleet Replacement Programme. There has been a delay in the replacement of eight refuse collection vehicles due to the ongoing review of potential changes to collection methods which would incorporate the addition of an increased flats recycling service. The outcome of the review will determine which vehicles are required to deliver the service and investment in the appropriate assets. There are also two loading shovels scheduled for replacement in this year, that are being rephased into 2018/19, as they are deemed to be in good working condition and not incurring significant revenue costs to maintain at this point in time.

4.6 Supplementary Budget for Disabled Facilities Budget funded from additional grant

Line 156: The disabled facilities budget is fully funded through grant funding received by the Council. Following the formal grant notification for 2017/18, a supplementary estimate of £66k will be sought at Cabinet 19 September to increase the capital budget for Disabled Facilities Grants to match the increased grant award. This will increase the annual budget to £741k.