



Report for:	Strategic Planning and Environment Overview and Scrutiny Committee
Date of meeting:	21 November 2017
PART:	1
If Part II, reason:	

Title of report:	Budget Monitoring Quarter 2 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 2 for the: <ul style="list-style-type: none"> • General Fund • Capital Programme
Recommendations	That Committee note the forecast outturn position.
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 £196k 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.

1.2 Projected Capital forecast General Fund – very minor slippage of 0.5% is forecast.

1.3 The report pack contains the following documents:

- Appendix A – General Fund Summary Spreadsheet
- Appendix B – Capital Programme

2. Introduction

2.1 The purpose of this report is to present the Council's forecast outturn for 2017/18 as at 30 September 2017. The report covers the following budgets:

- General Fund
- Capital Programme

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.

3.2 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
Legal costs Regulatory Services	95	Council September 2017
Brownfield Register employees costs	60	Council September 2017
Increased budget recharged to HRA	44	Council September 2017
2017/18 Current Budget - cost of services	21,367	

3.3 Appendix A provides an overview of the General Fund provisional outturn position.

3.4 Variances on corporate items

The forecast for Investment Income is showing a deficit of £115k. 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 £105k due to additional new burdens grants which have been received. Included in this is £70k of funding relating to the revenues and benefits service, and an adjustment of £7k to prior year new homes bonus.

3.5 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	11,470	11,433	(37)	-0.3%
Housing & Community	1,744	1,650	(94)	-5.4%
Strategic Planning & Environment	8,153	8,276	123	1.5%
Total	21,367	21,359	(8)	0.0%
Investment Property	(3,736)	(3,798)	(62)	1.7%
Non-controllable budgets	(16,651)	(16,662)	(11)	0.1%
Earmarked Reserve movements	(981)	(1,095)	(114)	11.6%
Contribution (to)/from General Fund Working Balance	(1)	(196)	(195)	

3.6 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	9,322	9,424	102	1.1%
Premises	991	1,030	39	3.9%
Transport	1,288	1,265	(23)	(1.8%)
Supplies & Services	1,987	2,170	183	9.2%
Third-Parties	80	80	0	0.0%
Income	(5,515)	(5,693)	(178)	(3.2%)
	8,153	8,276	123	1.5%

4.1 **Employees - £102k over budget (1.1%)**

Pressure of £120k – There is a pressure of £120k in the budgets for Employee costs in Building Control and Planning, due to ongoing recruitment issues. Vacant posts are being covered by agency staff, who are more expensive than the Council's own staff. Trainees have been recruited in Building Control to try to address recruitment issues, however there is still a need for agency staff in the medium term.

Pressure of £44k – A pressure has arisen in the Health and Safety service due to additional staffing requirements to ensure compliance. A proposal to fund this from earmarked reserves will be put forward in the November Cabinet.

4.2 **Supplies & Services - £183k over budget (9.2%)**

Pressure of £75k – A pressure of £75k has arisen in Strategic Planning and Regeneration from initial feasibility work on the proposed conversion of The Bury into a museum. Feasibility costs cannot be treated as capital expenditure in the evaluation stage of a project, and these costs have been treated as revenue expenditure accordingly.

Pressure of £31k – A pressure has arisen in the Health and Safety service from current compliance work taking place. A proposal to fund this from reserves will be taken to the November Cabinet.

Pressure of £30k – A budget of £100k funded from reserves for digitalisation of planning microfiche data, was approved in financial year 2016/17. Some of this expenditure has been incurred in 2017/18, which will be met from the approved reserve in this financial year.

4.3 **Income - £178k over-achievement of budget (3.2%)**

Overachievement of income £150k - An additional £150k 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.

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.

Under-achievement of income of £90k – An under-achievement of £90k is expected in the Commercial Waste income budget. The overall budget for income is £1.07m, however an income stream of £980k is now expected. The

decrease is due to a number of customers choosing other waste providers for commercial reasons.

Measures have been taken to review and optimise the round structure to ensure that collection is taking place in the most effective way, and the service as a whole is expected to contribute a net surplus of circa £100k.

5. Capital Programme

5.1 Appendix B shows the projected capital outturn in detail by scheme.

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

The current budget is the original budget approved by Cabinet in February 2017, plus approved amendments, including re-phasing of the slippage identified at Quarter 1 into 2018/19.

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.

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	4,159	4,108	(20)	(31)	-0.7%
G F Total	4,159	4,108	(20)	(31)	-0.7%

5.2 General Fund Major Variances

There are no major variances expected at this stage of the financial year.