



Report for:	Strategic Planning and Environment Overview and Scrutiny Committee
Date of meeting:	19 June 2018
PART:	1
If Part II, reason:	n/a

Title of report:	Provisional Outturn 2017/18
Contact:	<p>Cllr Graeme Elliot, Portfolio Holder for Finance and Resources</p> <p>Authors: Fiona Jump, Group Manager Financial Services Caroline Souto, Team Leader Financial Planning & Analysis</p> <p>Contact: Nigel Howcutt, Assistant Director Finance & Resources</p>
Purpose of report:	<p>To provide details of the provisional outturn for 2017/18 for the:</p> <ul style="list-style-type: none"> • General Fund • Capital Programme <p>To provide details of the proposed transfers to and from earmarked reserves</p>
Recommendations	That Committee note the provisional outturn position.
Period for post policy/project review	N/A
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.
Community Impact Implications	There are no community impact implications.
Health And Safety Implications	There are no health and safety implications.
Consultees	Budget Holders, CMT, Cabinet
Glossary of acronyms and any other abbreviations used in this report:	GF – General Fund HRA – Housing Revenue Account

1. Executive Summary

- 1.1 The year end financial outturn is a surplus on the general fund budget of **£89k**, as detailed in paragraph 3.3. This is a much reduced surplus compared to previous years, (2016/17 £1.1m; 2015/16 £400k). This demonstrates that the Council's budget has been accurately set and that savings previously identified have now been correctly captured in the base budgets, and delivered in year.
- 1.2 This year's surplus has been analysed as part of the normal year end process, to ensure that one off items have been challenged and any new savings have been identified and will be captured in the base budget going forward.
- 1.3 General Fund Capital budgets have seen slippage of 34%, which can be attributed to a relatively low number of high value schemes.

2. Introduction

- 2.1 The purpose of this report is to outline the Provisional Outturn for 2017/18, prior to the closure of the accounts. Outturn is reported for the following:
- General Fund
 - Capital Programme
- 2.2 From financial year 2017/18, the Accounts and Audit Regulations require local authorities to have prepared their annual Statement of Accounts, complete with certification from the Section 151 Officer, by 30 May, one month earlier than in previous years. The Statement of Accounts must be published by 31 July, 2 months earlier than in previous years, 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 Audit Committee for sign off at its meeting of 25 July 2018.

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).

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

Amendments	Budget	Amendments
2017/18 Original budget - cost of services	20,968	£'000s
Funding to support creation of Development Company		200
Legal costs Regulatory Services		95
Brownfield Register employees costs		60
Increased budget recharged to HRA		44
Parking new CPZs		39
Health and Safety compliance		75
2017/18 Revised Budget - cost of services	21,481	

3.3 Appendix A provides an overview of the General Fund provisional outturn position, and the table below provides an overview by Scrutiny area.

	Revised Budget £000	Provisional Outturn £000	Variance	
			£000	%
Finance & Resources	11,476	11,287	(189)	-1.6%
Strategic Planning & Environment	8,261	8,186	(75)	-0.9%
Housing & Community	1,744	1,605	(139)	-8.0%
Total Cost of Services	21,481	21,078	(403)	-1.9%
Investment Property	(3,736)	(3,778)	(42)	1.1%
Corporate items	(16,651)	(16,702)	(51)	0.3%
Earmarked Reserve movements	(1,095)	(687)	408	-37.3%
Contribution (to)/from General Fund Working Balance	(1)	(89)	(88)	

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

4. Strategic Planning and Environment

Strategic Planning and Environment	Revised Budget £000	Provisional Outturn £000	Variance	
			£000	%
Employees	9,366	9,402	36	0.4%
Premises	962	1,042	80	8.3%
Transport	1,288	1,288	0	0.0%
Supplies & Services	2,066	2,136	70	3.4%
Third-Parties	80	83	3	3.8%
Income	(5,501)	(5,765)	(264)	-4.8%
	8,261	8,186	(75)	-0.9%

4.1 Employees - £36k over budget

A pressure of £150k has been experienced in Building and Development Control due to an ongoing requirement for temporary resource. A shortage of professional skills across the sector has led to continuing recruitment and retention issues. A review of the delivery of this service is underway with a view to improving processes and making efficiencies going forward.

This is offset by savings of £120k in the Clean, Safe and Green service where performance has been maintained despite recruitment difficulties.

4.2 Income - £264k over-achievement of budget

Planning income has generated an additional £240k of income due to a high volume of planning applications and the national price review implemented in January 2018. This has been incorporated into the base budget for 2018/19.

In Waste Services an additional £190k of income has been generated as a result of an incentive payment from Hertfordshire County Council (HCC) known as the Alternative Financial Model (AFM). This payment rewards Dacorum for improvements in the rate of recycling as a result of the co-mingled waste service.

An income reduction of £125k has been experienced in the Commercial Waste service due to an ongoing loss of customers. This is a trend that has been seen over the last 2 financial years. An external review of all elements of the Waste Service, and opportunities for increased income, is currently underway and will be considered as part of future years' budget setting once complete.

An under-achievement of £90k has been experienced in Building Control due to a reduction in the volume of work being dealt with by the council.

5. Corporate Items

5.1 Appendix A includes the provisional outturn for 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:

A surplus of £211k is reported for grant income due to additional new burdens grants. Included in these is £75k of funding towards the cost of meeting welfare reforms and benefit cap changes. The work involved with these reforms has been carried out by the Revenues and Benefits service. £51k of this grant funding has been transferred to reserves to fund future expenditure in the Homelessness service.

A deficit of £101k is reported on Interest Receipts due to low levels of interest rates over a sustained period since the Bank of England's reduction in base rate in 2016/17.

6. Capital Programme

6.1 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 'Slippage' column refers to projects where expenditure is still expected to be incurred, but it will now be in 2018/19 rather than 2017/18.

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

	Current Budget	Slippage	Revised Budget	Provisional Outturn	Variance	
	£000	£000	£000	£000	£000	%
Strategic Planning & Environment	3,545	(1,226)	2,319	2,208	(111)	-3.1%
G F Total	3,545	(1,226)	2,319	2,208	(111)	-3.1%

6.2 General Fund Major Variances

The slippage to future years is detailed in Appendix B. This includes:

- Slippage of £455k on the planned refurbishment of Tring Swimming Pool. The implementation of this project has been delayed by ongoing discussions with Tring School regarding the future management arrangements for the leisure site. These discussions have now progressed and an agreement is expected to be completed shortly, with the refurbishment work expected to begin in early 2018/19.

- Slippage of £279k on Play Area refurbishment. The tendering process took longer than anticipated, impacting supply and delivery from suppliers.
- Slippage of £122k on Gadebridge Park infrastructure improvements. CCTV installation and footpath work will be completed in the new financial year due to poor ground conditions as a result of the adverse weather.
- Slippage of £152k on Fleet Replacement Programme. Work to establish a standardised framework for all fleet purchases is underway. The planned vehicles will now be purchased in 2018/19.

7. Balances and Reserves

- 7.1 The Reserves Summary at Appendix C reflects the movements approved by Council in February 2018 and updated for the reserve movements as set out below.
- 7.2 In cases where reserves were to be drawn down in 2017/18 to fund budgeted expenditure which was not spent in full, only the amount required to fund actual expenditure was drawn down. Where the balance is now required in 2018/19, the carry forward of unspent reserve budgets is recommended.
- 7.3 Strategic Planning and Environment variances over £50k on recommended reserve movements compared to the original budget and additional movements approved in year are as follows:
- Dacorum Development Reserve - £50k reduced drawdown. A drawdown of £54k was budgeted to fund the cost of the Dacorum Ambassadors scheme in 2017/18. In total a contribution of £120k was approved over a 3 year period to fund the scheme as it works towards being self-funding. The budgeted contribution for 2017/18 was not fully required due to income from the scheme offsetting the majority of costs.
- 7.4 Appendix A shows that after the above reserve movements are made there is a surplus on the 17/18 general fund outturn of £89k As part of the production of the final 2017/18 financial statements a recommendation of the treatment of these funds will be made.