



## AGENDA ITEM: 6 SUMMARY

<b>Report for:</b>	<b>Strategic Planning and Environment Overview and Scrutiny Committee</b>
<b>Date of meeting:</b>	<b>8 September 2015</b>
<b>PART:</b>	<b>1</b>
If Part II, reason:	

<b>Title of report:</b>	<b>Budget Monitoring Quarter 1 2015/16</b>
Contact:	Cllr Graeme Elliot, Portfolio Holder for Finance and Resources David Skinner, Assistant Director (Finance & Resources) Richard Baker, Group Manager (Financial Services)
Purpose of report:	To provide details of the projected outturn for 2015/16 as at Quarter 1 for the: <ul style="list-style-type: none"><li>• General Fund</li><li>• Capital Programme</li></ul>
Recommendations	That Committee note the forecast outturn position.
Corporate objectives:	Dacorum Delivers
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	There are no health and safety implications.

Implications	
Glossary of acronyms and any other abbreviations used in this report:	GF – General Fund HRA – Housing Revenue Account

## 1. Introduction

1.1 The purpose of this report is to outline the Council's forecast outturn for 2015/16 as at 30 June 2015. The report covers the following budgets:

- General Fund
- Capital Programme

## 2. General Fund Revenue Account

2.1 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.

2.2 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.

2.3 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.

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

	Controllable Budget £000	Projected Outturn £000	Variance	
			£000	%
Finance & Resources	10,623	11,102	479	4.5%
Strategic Planning & Environment	5,810	6,089	279	4.8%
Housing & Community	1,101	1,128	27	0.5%
<b>Total</b>	<b>17,534</b>	<b>18,319</b>	<b>785</b>	<b>4.5%</b>

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

### 3. Strategic Planning and Environment

Strategic Planning and Environment	Controllable Budget £000	Projected Outturn £000	Forecast Variance	
			£000	%
Employees	7,965	8,283	319	4.0%
Premises	1,312	1,299	(13)	-1.0%
Transport	1,421	1,540	119	8.4%
Supplies & Services	4,659	4,590	(69)	-1.5%
Third-Parties	121	121	0	0.0%
Income	(9,668)	(9,743)	(75)	-0.8%
	<b>5,810</b>	<b>6,089</b>	<b>279</b>	<b>4.8%</b>

#### 3.1 Employees - £319k over budget (4.0%)

Pressure of £195k – There is a pressure of £195k in the budget for Employees costs in Waste Services. A challenging savings target of £420k was put in to the 2015/16 Budget, based on efficiencies to be delivered through the new waste service which was introduced in November 2014. Only a portion of these savings are currently being achieved, as the new service is not proving to be as productive as expected. At the present time, 2 additional waste collection rounds are being required over and above the anticipated round structure. Work is ongoing to establish why this is the case, and bring the overspend back into line.

Levels of staff sickness are marginally higher than anticipated and a number of staff are on restricted duties. It is hoped that these employees will return to full duties in due course. Agency staff are being used to cover for absent staff, but they are typically not as experienced, efficient or motivated as the Council's own staff, and this has an effect on productivity. The new First Care system for reporting of sickness has been implemented on 1<sup>st</sup> August 2015, and this has been proven to reduce sickness levels in other Local Authorities where it has been introduced. In addition to this, work is underway to review the round structure and make any necessary changes to bring productivity levels back into line as quickly as possible.

Pressure of £124k – A pressure across services is projected as a result of the vacancy provision, which is set at 5% of direct salaries costs. In front-line areas such as Clean, Safe & Green, where service delivery is key, vacancies are filled quickly when they arise which has meant that the vacancy factor is not expected to be met. This position will continue to be monitored.

#### 3.2 Transport - £119k over budget (8.4%)

Pressure of £119k – This pressure has arisen in Waste Services due to the need to hire additional vehicles. As mentioned above there are currently 2 additional waste collection rounds being put on over and above the planned rounds. There is also a vehicle on hire pending the purchase of a replacement vehicle through the capital programme.

#### 3.3 Supplies & Services - £69k under budget (1.5%)

Underspend of £50k – There is an underspend in the Local Development Framework (LDF) budget of £50k. This is because the public examination into the LDF Core Strategy which was planned for 2015/16 is now not scheduled to take place until 2016/17. This budget is funded from the LDF reserve, so the contribution from reserves will be reduced by £50k resulting in no overall impact to the Council’s budget.

Underspend of £50k – An underspend of £50k is expected in the Waste Services, as waste from Housing repairs is no longer being disposed of at Cupid Green depot. This is as a result of the new Housing repairs contractor Osborne disposing of waste externally. Although a variance is showing in controllable expenditure, this will be offset in full by a lower than budgeted recharge to the HRA. A decrease in recharge income has therefore been shown in the non-controllable section of the report at Appendix A.

#### 3.4 Income - £75k surplus (0.8%)

Surplus £80k - Car parking income is expected to be above budget, comprised of three main elements: off-street car parking is forecast to achieve an additional £35k; on-street car parking is forecast to achieve an additional £25k, and on-street penalty charge notices are expected to be over budget by £15k. These forecasts are based on current trends and historical information.

### 4. Capital Programme

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

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

The ‘Rephasing’ column refers to those projects where expenditure is still expected to be incurred, but it will now be in 2016/17 rather than 2015/16, or conversely, where expenditure planned initially for 2016/17 will now be in 2015/16.

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.

	Adjusted Budget £000	Projected Outturn £000	Rephasing £000	Variance	
				£000	%
Strategic Planning & Environment	14,340	11,668	(2,736)	64	0.4%
<b>G F Total</b>	<b>14,340</b>	<b>11,668</b>	<b>(2,736)</b>	<b>64</b>	<b>0.4%</b>

#### 4.2 General Fund Major Variances

There is an overall projected underspend of £2,672k on the General Fund. This is a combination of forecast overspending of £64k and slippage of £2,736k into 2015/16.

The projected net overspend of £64k is comprised of:

- Line 157: an overspend of £64k on Play Area Refurbishment budget due to additional sites being added to the programme which will be funded from allocated section 106 receipts.

The projected rephasing to future years of £2,736k includes:

- Line 151: slippage of £76k on the Car Park Refurbishment project. The requirements for 2015/16 have been refined, and 3 car parks will be refurbished this financial year at a cost of £260k rather than the budgeted £330k. Any unspent funds in 2015/16 will be carried forward to be used in 2016/17 for further car parks.
- Line 161: slippage of £1.66m on the Fleet Replacement Programme. The requirements of the service for communal properties are still being scoped out, and until this process has been carried out, it would be unwise to rush into a decision regarding purchasing, as the specification of the vehicles will be based on the methodology of collection chosen. A decision is expected towards the end of the summer, at which point the procurement process can begin. The build time for refuse vehicles is typically in excess of 6 months which will push the actual purchase into financial year 2016/17.
- Line 166: slippage of £300k on Urban Park. This project will not be completed in 2015/16 now due to other projects such as the Water Gardens taking priority.
- Line 172: slippage of £700k on Heart of Maylands. It is expected that £300k of this scheme will need to be allocated to Maylands Phase 1 Improvements scheme to complete this work. The remaining £700k has been earmarked to support the provision of highway access and infrastructure serving the Council's landholding on the Maylands Gateway. This will now not go ahead until 2016/17.