



**AGENDA ITEM:  
SUMMARY**

<b>Report for:</b>	<b>Strategic Planning and Environment Overview and Scrutiny Committee</b>
<b>Date of meeting:</b>	
<b>PART:</b>	<b>20 November 2018</b>
If Part II, reason:	

<b>Title of report:</b>	<b>Budget Monitoring Quarter 2 2018/19</b>
Contact:	Cllr Graeme Elliot, Portfolio Holder for Finance and Resources Nigel Howcutt, Assistant Director (Finance & Resources) Fiona Jump, Group Manager, Financial Services
Purpose of report:	To provide details of the projected outturn for 2018/19 as at Quarter 2 for the: <ul style="list-style-type: none"> <li>• General Fund</li> <li>• Housing Revenue Account</li> <li>• Capital Programme</li> </ul>
Recommendations	That Committee note the forecast outturn position for 2018/19.
Corporate objectives:	Delivering an efficient and modern council.
Implications:	<u>Financial</u> This reports outlines the financial position for the Council for 2018/19 and so summarises the financial implications for service decisions expected to be made for the financial year.  <u>Value for Money</u>

	Regular budget monitoring and reporting supports the effective use of the financial resources available to the Council.
Risk Implications	This reports outlines the financial position for the Council for 2018/19 and in so doing quantifies the financial risk associated with service decisions expected to be made for the financial year.
Community Impact Assessment	The content of this report does not require a Community Impact Assessment to be undertaken.
Health And Safety Implications	There are no Health and Safety implications arising from this report.
Consultees	The position reported within this report has been reviewed and discussed with relevant Council Officers.
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 present the councils forecast outturn for 2018/19 as at the 30<sup>th</sup> September 2018. The report covers the following budgets with associated appendices:

- General Fund - Appendix A
- Capital Programme – Strategic Planning and Environment- Appendix B

## 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 (HRA).

2.2 Appendix A provides an overview of the General Fund forecast outturn position. In summary, there are various areas of both under and overspends which broadly offset each other. The net overall pressure of £249k is a significant improvement on quarter 1 with a reduction in the overall pressure of £470k quarter on quarter. The pressure is largely attributable to the forecast pressure on recycling income, following the impact on global markets of change in Chinese government policy on the amount of recyclables it will allow into the country.

The table below outlines the service areas with a significant financial pressure:

Scrutiny Committee	Key Financial Pressure	Description
Strategic Planning & Environment	£450k	Waste recycling income

Strategic Planning & Environment	£100k	Building Control service
Housing & Community	£160k	Garages

### 2.3 Corporate items

A surplus on Investment Properties of £74k is now forecast due to relatively strong performance in rental income, with a number of successful rent reviews having been carried out.

2.4 There is additional income of £284k against core funding budgets, relating to government funding and investment income. This includes additional funding relating to the Revenues and Benefits service, new burdens funding relating to the Strategic Planning service and enhanced new homes bonus. Interest forecasts from treasury management activities are projected to exceed budget by £100k due to higher than anticipated cash balance and a rise in the Bank of England base rate from 0.5% to 0.75% in August.

2.5 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	12,968	13,093	125	1.0%
Housing & Community	753	768	15	2.0%
Strategic Planning & Environment	7,717	8,184	467	6.1%
<b>Total</b>	<b>21,438</b>	<b>22,045</b>	<b>607</b>	<b>2.8%</b>
Investment Property	(4,103)	(4,177)	(74)	1.8%
Core Funding	(17,342)	(17,626)	(284)	1.6%
<b>Contribution (to)/from General Fund Working Balance</b>	<b>(7)</b>	<b>242</b>	<b>249</b>	

2.6 Section 3 provides an analysis of the projected outturn and major budget variances within the Strategic Planning and Environment Scrutiny area.

### 3. Strategic Planning and Environment

Strategic Planning and Environment	Current Budget £000	Forecast Outturn £000	Variance	
			£000	%
Employees	9,688	9,796	108	1.1%
Premises	864	888	24	2.8%
Transport	1,201	1,334	133	11.1%
Supplies & Services	1,914	2,364	450	23.5%
Third-Parties	88	72	(16)	(18.2%)
Income	(5,898)	(5,948)	(50)	0.8%
Earmarked Reserves	(140)	(322)	(182)	130.0%
	<b>7,717</b>	<b>8,184</b>	<b>467</b>	<b>6.1%</b>

#### 3.1 Employees £108k over budget

Pressure of £120k- Recruitment challenges within Building Control have led to vacant posts being filled by agency staff, the service are preparing an options paper to outline the options for the future delivery of Building Control within the approved budgets.

A short- term requirement to support the successful implementation of new software is driving a pressure of £90k within Planning. This pressure is forecast to be offset by a drawdown of £90k from the Management of Change reserve, subject to Cabinet approval.

There are several staffing underspend in Clean, Safe and Green where posts have been able to be kept vacant in the short term, whilst still allowing the service to meet service delivery plans. This is under constant review.

#### 3.2 Transport £133k over budget

There are overspends as a result of maintaining the ageing fleet in the waste services including additional short term hire costs and repair costs. The procurement of the renewal of the waste fleet is underway and deliver is expected from midway through 2019.

#### 3.3 Supplies and Services - £450k over budget

This is the continued pressure relating to the cost of disposal of co-mingled waste due to the recent decline in the global market for recycled material.

#### 3.4 Income - £50k over -achievement of budget

The overachievement of income overall in the Strategic Planning division is due to various under and over achieved income in the Building Control and Development and Waste Services.

The Waste Service overall income is in line with the budgeted levels with the commercial waste service underachieving its income by £150k and the additional £150k of income 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. The commercial waste service is under review and independent advice is being provided on how to improve the financial performance of the service.

The Building Control service and Land Charges income is forecasting a shortfall of £100k as a result of decreased customer numbers, and action is being taken to improve the quality of service delivered and the marketing of the building control service. In contrast to this, the Planning service is projecting an overachievement of income of £275k as a result of large one-off fees, with a smaller proportion of the surplus due to a high volume of applications.

There are other minor net pressures against income within Strategic Planning and Environment.

#### 4 Capital Programme

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

The table below summarises the overall capital outturn position for Strategic Planning and Environment Scrutiny area.

The current budget is the original budget approved by Cabinet in February 2018, plus approved amendments. Slippage identified at Quarter 1 2018/19 has been re-phased to 2019/20.

The 'Slippage' column refers to projects where expenditure is still expected to be incurred, but it will now be in 2019/20 rather than 2018/19, or conversely, where expenditure planned initially for 2019/20 has been incurred in 2018/19.

The 'Variance' column refers to projects which are expected to come in under or over budget and projects which are no longer required.

	Current Budget	Slippage	Revised budget	Forecast Outturn	Variance	
	£000	£000	£000	£000	£000	%
Strategic Planning and Environment	2,915	(124)	2,791	2,791	0	0%
<b>G F Total</b>	<b>2,915</b>	<b>(124)</b>	<b>2,791</b>	<b>2,791</b>	<b>0</b>	<b>0%</b>

#### 4.2 General Fund Major Variances

Slippage to future years is detailed in Appendix C and is relatively low in value against Strategic Planning and Environment schemes.

## **5 Conclusions and recommendations**

5.1 As at Quarter 2 2018/19, there is a forecast pressure of £249k against total General Fund budgets and a forecast pressure of £467k against Strategic Planning and Environment General Fund budgets.

5.2 As at Quarter 2 2018/19, against Strategic Planning and Environment General Fund capital there is slippage of £124k and a forecast outturn on budget.

5.3 Members are asked to note the forecast outturn position for 2018/19. Further financial monitoring reports will be brought before Committee for consideration during the financial year 2018/19.