



**AGENDA ITEM:
SUMMARY**

Report for:	Strategic Planning and Environment Overview and Scrutiny Committee
Date of meeting:	
PART:	12 March 2019
If Part II, reason:	

Title of report:	Budget Monitoring Quarter 3 2018/19
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 3 for the: <ul style="list-style-type: none"> • General Fund • Capital Programme
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 Council's forecast outturn for 2018/19 as at the 31st December 2018. The report covers the following budgets with associated appendices:

- General Fund - Appendix A
- Capital Programme - 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 overspend which broadly offset each other. The net overall pressure of £113k, less than 1% of the net cost of services budget, is an improvement on the quarter 2 position of £249k with a reduction of £136k in the overall pressure. The most significant pressure is attributable to 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

The actual income received from government grants and treasury investments compared to core funding budgets is projected to be exceeded by £325k. This is related to:

- Increased new burdens funding of £180k, including £72k relating to the Revenues and Benefits service, and £64k relating to the Strategic Planning service. New Homes Bonus is also £24k over the budgeted amount due to a higher volume of properties completed in 2017/18 than projected by MHCLG.
- Investment income from treasury management activities is over performing by £139k, due to higher than anticipated cash balances and a rise in the Bank of England base rate.
- A minor increase in the forecast recharge to the HRA of £6k.

2.4 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	13,376	13,467	91	0.7%
Housing & Community	345	293	(52)	-15.1%
Strategic Planning & Environment	7,717	8,168	451	5.8%
Total	21,438	21,928	490	2.3%
Investment Property	(4,103)	(4,155)	(52)	1.3%
Core Funding	(17,342)	(17,667)	(325)	1.9%
Contribution (to)/from General Fund Working Balance	(7)	106	113	

2.5 The following sections provide an analysis of the projected outturn and major budget variances shown within Strategic Planning and Environment Scrutiny area.

3. Strategic Planning and Environment

Strategic Planning and Environment	Current Budget £000	Forecast Outturn £000	Variance	
			£000	%
Employees	9,778	9,976	198	2.0%
Premises	884	965	81	9.2%
Transport	1,201	1,361	160	13.3%
Supplies & Services	1,914	2,387	473	24.7%
Third-Parties	88	72	(16)	(18.2%)
Income	(5,918)	(6,191)	(273)	4.6%
Earmarked Reserves	(230)	(402)	(172)	74.8%
	7,717	8,168	451	5.8%

3.1 Employees - £198k over budget

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

There is a forecast overspend of £80k on the employees budget for the Local Development Framework budget, due to fixed term staff being employed to support the delivery of the local plan. This will be funded from the Local Development Framework reserve if the pressure cannot be met from within the Local Development Framework revenue budgets as part of the year-end process.

3.2 Premises - £81k over budget

There is a one off pressure of £25k from geographical survey work required to maintain public health and safety. This is forecast to be offset by a drawdown of £25k from the Dacorum Development reserve.

There are other minor pressures against the Premises category in this area.

3.3 Transport - £160k 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 delivery is expected from midway through 2019.

3.4 Supplies and Services - £473k over budget

There is a continued pressure of £450k relating to the cost of disposal of co-mingled waste due to the recent decline in the global market for recycled material. This is an ongoing pressure and a budget realignment is proposed as part of the 2019/20 budget proposals.

A one-off pressure of £30k has been incurred in the Waste Service department from independent consultancy support to deliver service improvements going

forward. This is forecast to be funded from a drawdown from the Invest to Save reserve.

A further one-off pressure of £25k has been incurred in the Strategic Planning budget for feasibility work regarding The Bury project. This is forecast to be funded from the Planning and Regeneration Project Reserve.

3.5 Income - £273k 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 Planning and Waste Services.

The Waste Service overall income is in line with the budgeted levels of income, with the commercial waste service underachieving its income by £150k, but £150k of additional 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 has been sought on how to improve the financial performance of the service.

Across Building Control and Land Charges a shortfall of £100k is forecast, as a result of reduced customer numbers, in the first two quarters of 2018/19. 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 £375k 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 B 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 2 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 & Environment	2,791	(1,014)	1,777	1,750	(27)	-1.0%
G F Total	2,791	(1,014)	1,777	1,750	(27)	-1.0%

4.2 General Fund Major Variances

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

- Line 61: slippage of £200k on Gadebridge Park renovation of white bridge. The contract for this work is expected to be tendered in quarter 4 of 2018/19 with the expenditure now falling into 2019/20.
- Lines 63 and 64: slippage of £779k on Fleet Replacement Programme. There have been delays in the procurement of new vehicles and equipment for the Vehicle Repair Shop. Tenders for vehicles are being closely examined to ensure that the correct vehicles are purchased. Further layout proposals and quotations have been requested on the workshop equipment, which will push installation into the new financial year.

5. Conclusions and recommendations

5.1 As at Quarter 3 2018/19, there is a forecast pressure of £113k against General Fund revenue budgets and a forecast pressure of £451k against Strategic Planning and Environment budgets.

5.2 As at Quarter 3 2018/19, against Strategic Planning and Environment capital budgets there is slippage of £1.014m and a forecast underspend of £27k.

5.3 Members are asked to note the forecast outturn position for 2018/19. The next financial monitoring report to be brought before Committee for consideration will be the provisional outturn for 2018/19.