



**AGENDA ITEM:
SUMMARY**

Report for:	Strategic Planning and Environment Overview and Scrutiny Committee
Date of meeting:	24 September 2019
PART:	1
If Part II, reason:	

Title of report:	Budget Monitoring Quarter 1 2019/20
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 2019/20 as at Quarter 1 for the: <ul style="list-style-type: none"> • General Fund • Capital Programme
Recommendations	That Committee note the financial position for the Council for 2019/20 as at Quarter 1.
Corporate objectives:	Delivering an efficient and modern council.
Implications:	<u>Financial</u> This report outlines the financial position for the Council for 2019/20 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 2019/20 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 MRP- Minimum Revenue Provision

1. Introduction

1.1 The purpose of this report is to present the Council's forecast outturn for 2019/20 as at the 30 June 2019. The report covers the following budgets with associated appendices:

- General Fund - Appendix A. A pressure against budget of £121k is forecast.
- Strategic Planning and Environment Capital Programme - Appendix B. An underspend of £79k against budget is forecast.

2. General Fund Revenue Account

2.1 The General Fund revenue account records the income and expenditure associated with all Council functions, except the 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. The forecast position includes areas of both under and overspend. There is a net overall pressure of £121k, less than 1% of the net cost of services budget.

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

Scrutiny Committee	Key Financial Pressure	Description
Housing and Community	£190k	Garage Income
Finance and Resources	£130k	Fleet vehicle Maintenance
Strategic Planning and Environment	£105k	Planning
Strategic Planning and Environment	£90k	Commercial Waste Income

2.3 Corporate items

There is a combination of additional government grant income and a reduction in expenditure forecast to yield a benefit of £332k against core funding budgets. These include:

- Increased new burdens funding of £117k, including £100k relating to the Revenues and Benefits service. This funding is not ring-fenced for a specific use and has therefore been treated as core funding.
- The Minimum Revenue Provision (MRP) is a minimum amount which a Council must charge against its revenue budget each year for the financing of capital expenditure which has been initially funded by borrowing. The MRP is £165k lower than budgeted. This is as a result of a combination of

reduced capital spend against budget in financial year 2018/19 and a technical review of accounting treatment. This is a one- off benefit in 2019/20.

- Additional income from the HRA of £50k. This arises from work on void garden clearances previously carried out by Osborne and now undertaken by Clean, Safe and Green. As such, there is no resulting additional cost to the HRA.

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	16,382	16,364	(18)	(0.1%)
Housing & Community	537	614	77	14.3%
Strategic Planning and Environment	8,467	8,850	383	4.5%
Total	25,386	25,828	442	1.7%
Investment Property	(4,317)	(4,306)	11	(0.3%)
Core Funding	(21,070)	(21,402)	(332)	1.6%
Contribution (to)/ from General Fund Working Balance	(1)	120	121	

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	Current Budget £000	Forecast Outturn £000	Variance	
			£000	%
Employees	10,234	10,558	324	3.2%
Premises	948	960	12	1.3%
Transport	1,187	1,326	139	11.7%
Supplies & Services	2,286	2,252	(34)	(1.5%)
Third-Parties	84	84	0	0.0%
Income	(6,064)	(6,122)	(58)	1.0%
Earmarked Reserves	(208)	(208)	0	0.0%
Total	8,467	8,850	383	4.5%

3.1 Employees - £324k pressure against budget

The forecast pressure against employee budgets includes:

- £180k relating to the use of agency staff within Planning. Vacant posts are being backfilled by agency at a higher rate than the cost of permanent staff. Work on the LA3 (Local Allocation 3 - West Hemel Hempstead) development is also requiring a permanent member of staff to be backfilled in order to

meet required timescales. The overspend is partially mitigated by planning income, which is forecast to exceed budget by £75k due to additional pre-application advice fees.

- £100k of Development employee costs, showing as a variance in the table above, are offset by grant funding. Grant funding has been received from the Ministry of Housing, Communities and Local Government to support the South West Hertfordshire Joint Strategic Plan. A supplementary budget of £100k funded by grant has been requested to create a staffing budget to allow this work to be completed.

3.2 Transport - £139k pressure against budget

This pressure relates to the maintenance of ageing fleet vehicles in Waste Services, including additional short term hire costs and repair costs. The procurement of the new waste fleet has been completed and new vehicles are expected to be operational from November 2019.

3.3 Income - £58k surplus against budget

In addition to the forecast surplus on Planning fees of £75k, and the £100k of strategic planning grant income, included within this variance is a pressure of £90k relating to the Commercial Waste service. Income from Commercial Waste has been under budget due to the ongoing effect of loss of customers. A full review of the service including marketing and charging structure is currently underway. Resulting actions and financial benefits will be disclosed in future reports.

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 by Scrutiny committee area.

The current budget is the original budget approved by Cabinet in February 2019, plus approved amendments.

The 'rephasing' column refers to projects where expenditure is still expected to be incurred, but will now be in 2020/21 rather than 2019/20 ('slippage'), or conversely, where expenditure planned initially for 2020/21 has been incurred in 2019/20 ('accelerated spend'). There is currently no in-year rephasing expected for Strategic Planning and Environment capital schemes.

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 £000	Rephasing £000	Revised Budget £000	Forecast Outturn £000	Variance	
					£000	%
Strategic Planning and Environment	4,648	0	4,648	4,569	(79)	(1.7%)
GF Total	4,648	0	4,648	4,569	(79)	(1.7%)

4.2 General Fund Major Variances

There is a forecast underspend of £79k against budget for Strategic Planning and Environment capital schemes. This represents a variance of 1.7% against budget.

5. Conclusions and recommendations

- 5.1 As at Quarter 1 2019/20, there is a forecast pressure of £121k against General Fund revenue budgets. Included within this figure is a pressure of £383k against Strategic Planning and Environment.
- 5.2 As at Quarter 1 2019/20, against Strategic Planning and Environment General Fund capital schemes an underspend of £79k is forecast.
- 5.3 Members are asked to note the financial position for the Council for 2019/20 as at Quarter 1.