



AGENDA ITEM: 7

SUMMARY

Report for:	Strategic Planning and Environment Overview and Scrutiny Committee
Date of meeting:	10 November 2015
PART:	1
If Part II, reason:	

Title of report:	Budget Monitoring Quarter 2 2015/16
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 2 for the: <ul style="list-style-type: none"> • General Fund • Capital Programme
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 September 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 (HRA).

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 current budget is the original budget approved by Cabinet in February 2015, plus the following approved amendments:

Amendments	£000	Approved
2015/16 Original budget	17,534	
Grant Funded Staff Costs in Revenues and Benefits	70	Council September 2015
Office Accommodation	52	Council September 2015
Reserve Funded Staff Costs	(10)	Council September 2015
Local Development Framework	(50)	Council September 2015
2015/16 Current Budget	17,596	

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		Movement in Forecast since last quarter £000
			£000	%	
Finance & Resources	10,735	10,795	60	0.6%	(419)
Strategic Planning & Environment	5,760	5,969	209	3.6%	(70)
Housing & Community	1,101	1,106	5	0.5%	(22)
Total	17,596	17,870	274	1.6%	(511)

2.6 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		Movement in Forecast since last quarter £000
			£000	%	
Employees	7,963	8,382	419	5.3%	100
Premises	1,312	1,242	(70)	-5.4%	(57)
Transport	1,421	1,538	117	8.2%	(2)
Supplies & Services	4,615	4,583	(32)	-0.7%	38
Third-Parties	117	117	0	0.0%	0
Income	(9,668)	(9,892)	(224)	-2.3%	(149)
	5,760	5,969	209	3.6%	(70)

3.1 Employees - £419k over budget (5.3%)

Pressure of £230k – There is a pressure of £230k in the budget for Employees costs in Waste Services. At Quarter 1 a figure of £195k had been expected.

A 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. The Quarter 1 report set out the impact of 2 additional waste collection rounds being required over and above the anticipated round structure. As at Quarter 2 this has been reduced to 1 additional round.

A specific Waste Performance group has been set up to review productivity and to tackle the issue of high levels of sickness. The quarter 1 projection of £195k

assumed that improvements in productivity would come into effect fairly quickly, but it now seems likely that these will take longer to be realised.

Pressure of £100k – A pressure of £100k is expected in Planning and Building Control. There are a number of vacant posts within the establishment for these services, but the posts have proved very difficult to fill due to county-wide recruitment issues. Agency staff are currently carrying out this work but at a more expensive rate.

Pressure of £90k – A pressure of £124k was reported in the Quarter 1 report as a result of the vacancy provision. This has reduced by £34k as further vacancies within the establishment have arisen.

3.2 Premises - £70k under budget (5.4%)

Underspend of £70k – The budget for Tring Town Development of £100k will only be spent in part in 2015/16. This budget is funded from the Dacorum Development reserve, so the contribution from reserves will be reduced by £70k resulting in no overall impact to the Council's budget. The £70k balance on the approved amount of £100k will be rolled forward into the budget for 2016/17 to fund the necessary works in Tring town.

3.3 Transport - £117k over budget (8.2%)

Pressure of £117k – This pressure has remained fairly constant from Quarter 1 to 2. It has arisen in Waste Services due to the need to hire additional vehicles. As mentioned above there is currently one additional waste collection round 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.

3.4 Supplies & Services - £32k under budget (0.7%)

Underspend of £50k – An underspend of £50k was reported at Quarter 1 in Waste Services. This figure has remained unchanged in Quarter 2. Waste from Housing repairs is no longer being disposed of at Cupid Green depot, 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.

A reduction of £50k in the budget for the Local Development Framework (LDF) funded from the LDF reserve was recommended in the Quarter 1 Cabinet report and this adjustment has been made. This accounts for the majority of the movement between the variance at Quarter 1 and the variance at Quarter 2.

3.5 Income - £224k surplus (2.3%)

Surplus of £100k – A surplus of £100k is expected in Planning Fees. This is due to a high volume of large one-off applications having already been received, and the forecast for the rest of the financial year looking strong for larger applications.

Surplus of £90k – A surplus of £80k was reported at Quarter 1 on car parking income. This has risen slightly to £90k as parking income continues to perform

well in on-street car parking (£35k surplus expected) and off-street car parking (£55k surplus expected).

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	14,474	10,676	(3,145)	(653)	-4.5%
G F Total	14,474	10,676	(3,145)	(653)	-4.5%

4.2 General Fund Major Variances

There is an overall projected underspend of £3,797k on the General Fund. This is a combination of forecast underspending of £653k and slippage of £3,145k into 2016/17.

The projected net underspend of £653k is comprised of:

- Line 149: underspend of £129k 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 £207k rather than the budgeted £336k. A new capital bid will be submitted for works to be carried out to further car parks in 2016/17.
- Line 163: an overspend of £476k on Maylands Phase 1 Improvements. At the time of setting the budget in September 2013, an overall project cost of £1,250k was anticipated. Since this time, costs have been reviewed in greater detail and inflation has also had an impact. The total cost is now expected to be £1.6m. A report has been taken to Cabinet on 20 October 2015, detailing the financial impact of the scheme and requesting additional funding. This report will go on to Council for further approval and budgets will be amended as necessary once this approval has been gained.
- Line 169: an underspend of £1m on the Heart of Maylands project. This scheme was intended to support the provision of highway access and

infrastructure serving DBC's landholding on the Maylands Gateway, however this work is no longer required and the budget will not be spent.

The projected rephasing to future years of £3,145k includes:

- Line 155: slippage of £62k on the Play Area Refurbishment Programme. The programme of work has been reviewed many times, particularly as individual amounts of section 106 funding are being identified that can be used to fund particular sites. The requirements have now been reworked and the anticipated spend for 2015/16 is £62k less than the budgeted £350k. Any unused funds will be slipped into 2016/17 to fund the programme of works for that year.
- Line 159: slippage of £1.63m 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 calendar year, 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 164: 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 167: slippage of £650k on the Water Gardens. The budgets were based on estimates available at the time. More detailed cash flows have now been obtained which suggest that £650k of the £2.85m budget for 2015/16 will be required in 2016/17.
- Line 171: slippage of £500k on Town Centre Access Improvements project. Options for the scheme have been received and are currently being considered. Pre-assessment work of £20k will be carried out in 2015/16, but the majority of the work will now be in 2016/17.