



Report for:	Strategic Planning and Environment Overview and Scrutiny Committee
Date of meeting:	2nd November 2021
PART:	1
If Part II, reason:	

Title of report:	Budget Monitoring Quarter 2 2021/22
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 financial outturn position for the: <ul style="list-style-type: none"> • General Fund • Capital Programme
Recommendations	That Committee note the financial position for the Council for 2021/22 as at Quarter 2.
Corporate objectives:	Delivering an efficient and modern council.
Implications:	<u>Financial</u> This report outlines the financial position for the Council for 2021/22 and so summarises the financial implications for service decisions 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 2021/22 and in so doing quantifies the financial risk associated with service decisions 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 HCC – Herts County Council AFM – Alternative Financial Model
---	---

1. Executive Summary

- 1.1 General Fund revenue outturn – General Fund revenue budgets are forecasting a deficit of c. £1m. This pressure is consistent with the Quarter 1 forecast, and is a combination of £0.7m that is attributable to the ongoing effects of Covid-19, and £0.3m which is non-Covid related. The Covid pressures of £0.7m can be funded from the Economic Recovery Reserve which was specifically set up for this purpose.
- 1.2 Strategic Planning and Environment Capital budgets are forecasting slippage of £1.7m at Quarter 2.

2. Introduction

- 2.1 The purpose of this report is to present the Council's forecast outturn for 2021/22 as at 30th September 2021. The report covers the following budgets with associated appendices:
- General Fund - Appendix A. A pressure against budget of c. £1m is forecast.
 - Capital Programme - Appendix B. £1.7m of slippage is forecast.

3. General Fund Revenue Account

- 3.1 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).
- 3.2 Appendix A provides an overview of the General Fund forecast outturn position.
- 3.3 The table below provides an overview by Scrutiny area of the current forecast outturn for controllable budgets within the General Fund.

Table 1	Current Budget £000	Forecast Outturn £000	Variance	
			£000	%
Finance & Resources	7,457	7,368	(89)	(1.2%)
Strategic Planning and Environment	10,871	11,556	685	6.3%
Housing & Community	1,779	2,087	308	17.3%
Total Operating Cost	20,107	21,011	904	4.5%
Core Funding	(20,107)	(20,052)	55	(0.3%)
Contribution (to)/ from General Fund Working Balance	0	959	959	

3.4 Core Funding - £55k pressure against budget

Government grant income has been received as follows:

- £325k of additional government grant income has been received as follows:

£250k of support relating to the administration of Covid-19.

£75k of new burdens funding to meet new Local Authority statutory requirements.

- Pressure of £250k in Investment Income. A pressure on the budget is anticipated, as interest rates remain very low following Bank of England base-rate reduction in March 2020.
- Pressure of £130k in additional costs incurred from the costs of repairs to void Temporary Accommodation properties. The higher than budgeted cost reflects the current high usage of properties for Temporary Accommodation. A revised schedule and scope of works is being undertaken given the current demand levels.

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

4. Strategic Planning and Environment

Table 2 - Strategic Planning & Environment	Current Budget	Forecast Outturn	Variance	
	£0	£0	£0	%
Neighbourhood Delivery	9,954	10,572	618	6.2%
Planning, Development and Regeneration	899	957	58	6.5%
Finance & Resources	18	27	9	50.0%
Total	10,871	11,556	685	6.3%

4.1 Neighbourhood Delivery - £618k pressure against budget

- A pressure of £360k relates to Waste services employees' costs and vehicle hire costs. This is due to ongoing access issues from residents continuing to work from home and staffing challenges.
- A supplementary budget will be requested in the report to Cabinet of 23rd November to seek formal approval for a budget of £200k to fund a salary supplement to Waste and Clean, Safe and Green drivers, to recognise the nationwide shortage of HGV drivers at the present time and ensure staff retention in order to maintain delivery of the services.
- A pressure of £120k relates to income from the Alternative Financial Model (AFM). No income is expected from the AFM due to high levels of residual waste (loss of £260k income). This is partially offset by additional income from

recycling credits which is expected to over-achieve budget by £140k from increased tonnage.

- A pressure of £50k related to the Commercial Waste service where income has not yet returned to pre-pandemic levels.
- A pressure of 40k relates to the cost of fly-tipping clearances. This carries a high cost, particularly when asbestos disposal is required.

4.2 Planning, Development and Regeneration - £58k pressure against budget

- This pressure relates to legal costs arising from the planning appeals process and staffing budgets due to agency requirement for specialist posts.

5. Capital Programme

5.1 Appendix B 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 2021, plus approved amendments.

The 'rephasing' column refers to projects where expenditure is still expected to be incurred, but will now be in 2022/23 rather than 2021/22 ('slippage'), or conversely, where expenditure planned initially for 2022/23 has been incurred in 2021/22 ('accelerated spend').

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

Table 3	Current Budget £000	Rephasing £000	Revised Budget £000	Forecast Outturn £000	Variance	
					£000	%
Strategic Planning and Environment	4,665	(1,700)	2,965	2,972	7	0.1%

5.2 General Fund Major Variances

General Fund capital budgets are reporting slippage of £1.7m. This includes:

- Line 151: Slippage of £1.5m on Fleet Replacement Programme. This slippage is predominantly due to the delays in the supply of orders. The service is experiencing delays of approximately 9-12 months between order and supply. These delays are due to a shortage of raw materials which is impacting production. An element of the slippage (circa £0.25m) is related to planned purchases of fleet being slipped to future years to ensure the vehicles purchased fully meet the requirements of the service going forward.

- Line 156: Slippage of £134k on Durrants Lakes. This project has not progressed to date as further studies on the existing structures and ecological area are being undertaken.

6. Conclusions and recommendations

- 6.1** As at Quarter 2 2021/22, there is a forecast pressure of c. £1m against General Fund budgets.
- 6.2** As at Quarter 2 2021/22, Strategic Planning and Environment capital budgets are reporting £1.7m of slippage.
- 6.3** Members are asked to note the financial position for the Council for 2021/22 as at Quarter 2.