



**AGENDA ITEM:
SUMMARY**

Report for:	Strategic Planning & Environment Overview and Scrutiny Committee
Date of meeting:	15 March 2016
PART:	1
If Part II, reason:	

Title of report:	Budget Monitoring Quarter 3 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 3 for the: <ul style="list-style-type: none"> • General Fund • Housing Revenue Account • 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 Implications	There are no health and safety 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 31 December 2015. The report covers the following budgets:

- General Fund
- Housing Revenue Account (HRA)
- 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	53	Council September 2015
Reserve Funded Staff Costs	(10)	Council September 2015
Local Development Framework	(50)	Council September 2015
Ambassadors' Programme	36	Council July 2015
Grant Funded Costs in Electoral Registration	42	Council January 2016
Reserve Funded Election Budget	(30)	Council January 2016
2015/16 Current Budget	17,645	

2.5 This report has been prepared using the newly aligned Scrutiny & Portfolio Holder roles and responsibilities, as approved by Cabinet on 24 November 2015.

2.6 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	7,365	7,341	(24)	-0.3%
Strategic Planning & Environment	7,748	7,999	251	3.2%
Housing & Community	2,532	2,538	6	0.2%
Total	17,645	17,878	233	1.3%

2.7 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	9,199	9,642	443	4.8%
Premises	1,065	1,040	(25)	-2.3%
Transport	1,445	1,470	25	1.7%
Supplies & Services	3,932	3,976	44	1.1%
Third-Parties	131	130	(1)	-1.0%
Income	(8,024)	(8,259)	(235)	-2.9%
	7,748	7,999	251	3.2%

3.1 Employees - £443k over budget (4.8%)

Pressure of £230k – There is a pressure of £230k in the budget for Employee costs in Waste Services. The budgeted efficiencies to be delivered through the new waste service (£420k budget reduction) have not been fully achieved throughout the full year, as the new structure took time to bed in.

A specific Waste Performance group was set up to address why productivity was below the anticipated level, and consequently why there was an overspend. During the first quarter of the financial year, two additional waste collection rounds were being utilised over and above the anticipated round structure. As at Quarter 2 this had been reduced to one additional round, and by the end of Quarter 3 this last additional round had been removed, to leave the service

operating within budget at no additional resource or cost. Whilst the budget pressure cannot be reversed for this financial year, it is expected that the service will operate within budget for financial year 2016/17.

Pressure of £150k – A pressure of £150k is expected in Planning and Building Control. There are a number of vacant posts within the establishment for these services. Agency staff are currently carrying out this work, but at a more expensive rate. A service review is being undertaken with a view to improving processes within the service and making efficiency savings going forward.

Pressure of £60k – A pressure of £60k is linked to the vacancy provision across services.

3.2 Income - £235k surplus (2.9%)

Surplus of £200k – A surplus of £200k is expected in Planning Fees. This is due to a high volume of large one-off applications having been received, and the forecast for the last quarter of the financial year looking strong.

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.

	Current Budget £000	Forecast Outturn £000	Rephasing £000	Variance	
				£000	%
Strategic Planning & Environment	14,630	8,082	(4,742)	(1,806)	-12.3%
G F Total	14,630	8,082	(4,742)	(1,806)	-12.3%

4.2 General Fund Major Variances

There is an overall projected underspend of £6,548k on the General Fund within year 2015/16. This is a combination of forecast underspending of £1,806k and slippage of £4,742k into 2016/17.

The projected net underspend of £1,806k is comprised of:

- Line 162: an underspend of £142k on Home Improvement Loans budget. Uptake to this scheme has been low and the budget is not expected to be spent. It is proposed that the budgets allocated for this scheme in future years be removed from the capital programme during the next budget round.

- Line 171: an underspend of £700k on the Bus Interchange project. Following the works at the Marlowes Shopping Zone, many issues were identified including previously unidentified underground utilities and changes made by Herts County Council to the design and materials, which had a substantial impact on the time and budget for this project. To this end a large contingency was put in to the Bus Interchange project to cover this and other elements/lessons learnt from the MSZ, with a high expectation that there may be a similar issue in this area. Fortunately this did not turn out to be the case and therefore a large saving will be made.
- Line 172: 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 £4,742k includes:

- Line 153: slippage of £106k 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 £106k less than the budgeted £397k. Any unused funds will be slipped into 2016/17 to fund the programme of works for that year.
- Line 154: slippage of £75k on Waste & Recycling Service Improvements. This budget was slipped forward from 2014/15 and was intended to be used for new bins for the second phase of the new waste service which is the roll out to communal properties. The project has been delayed due to the complexities of dealing with a variety of communal properties but it is expected that this funding will be required in 2016/17.
- Line 159: slippage of £1.72m on the Fleet Replacement Programme. The requirements of the service for communal properties are still being scoped out.
- Line 166: slippage of £744k on Maylands Phase 1. A revised project cost was approved at Cabinet 20 October 2015, and approval was given to award the contract for the construction of the project. It is expected that £300k will be spent in 2015/16 with the balance now being spent in 2016/17.
- Line 167: 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 169: slippage of £335k on Maylands Business Centre. Initial bids on this scheme were received earlier in the financial year, but were in excess of the allocated budget. A request to increase the level of budget was approved at Cabinet on 24 November, and revised quotes are currently being evaluated, with the aim of awarding the contract prior to the end of the financial year.

- Line 170: slippage of £950k 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 £950k of the £2.85m budget for 2015/16 will be required in 2016/17.
- Line 174: 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.