



**AGENDA ITEM:
SUMMARY**

Report for:	Strategic Planning & Environment Overview and Scrutiny Committee
Date of meeting:	13 September 2016
PART:	1
If Part II, reason:	

Title of report:	Budget Monitoring Quarter 1 2016/17
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 2016/17 as at Quarter 1 for the: <ul style="list-style-type: none"> • General Fund • Housing Revenue Account • Capital Programme
Recommendations	1) That Committee note the forecast outturn position. 2) That Committee note the re-phasing of the capital programme to move slippage identified at Quarter 1 into financial year 2017/18.
Corporate objectives:	Delivering an efficient and modern council
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 HCC – Herts County Council

1. Introduction

1.1 The purpose of this report is to outline the Council's forecast outturn for 2016/17 as at 30 June 2016. 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 Variances on non-controllable and corporate items

The charge made to the HRA for properties owned by the General Fund, but utilised by the HRA for dwelling purposes is forecast to be £40k higher. This is due to a lower amount of repairs and improvements at these properties.

Additional new burdens grants totalling £85k, along with an adjustment of £6k to prior year New Homes Bonus grants provide an additional £91k of unallocated grants. Included in these grants is £73k towards the cost of meeting welfare reforms and benefit cap changes. It is unknown at this stage how much of these grants may need to be utilised. The remaining grants are small in value and it is not anticipated that additional budgets will need to be given to services. Section 31 grants are retained corporately unless there is evidence of a significant new burden.

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	
			£000	%
Finance & Resources	7,801	7,763	(38)	-0.5%
Strategic Planning & Environment	7,379	7,969	590	8.0%
Housing & Community	1,766	1,827	61	3.5%
Total	16,946	17,559	613	3.6%

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	
			£000	%
Employees	9,362	9,749	387	4.1%
Premises	965	961	(4)	-0.4%
Transport	1,479	1,451	(28)	-1.9%
Supplies & Services	3,984	4,088	104	2.6%
Third-Parties	88	88	0	0.0%
Income	(8,499)	(8,368)	131	1.5%
	7,379	7,969	590	8.0%

3.1 Employees - £387k over budget (4.1%)

Pressure of £115k – There is a pressure of £115k in the budget for Employee costs in Waste Services. There has been an increase in the number of roads in the borough that are proving difficult to access, which is necessitating an additional narrow access round to collect the waste. The service is reviewing the overall round structure in detail to optimise each round and ensure that crews are working as productively as possible.

The introduction of a third wheeled bin and a food waste caddy has meant that the waste service is dealing with an increased number of containers. This has increased the potential for a rise in the number of missed bins. The service is closely monitoring this situation to ensure that waste crews only return to justified missed bins, not unjustified (ie bins which were either not accessible or not

presented at the boundary of the property at the time that the crew attempted to collect).

The increase in the number of containers has also led to an increase in breakages of containers, which requires additional resource to replace the bins. Detailed work is ongoing to identify why bins are breaking, whether this is due to operator error or damage from the vehicle, with a view to minimising breakages.

Pressure of £200k – A pressure of £200k is expected in Building Control. There are a number of vacant posts within the establishment and agency staff are currently carrying out this work, but at a more expensive rate. Work is ongoing to improve processes within the service and make efficiency savings going forward. In addition the challenges in staff recruitment and retention are being addressed and options are being appraised as to the best way of ensuring the correct levels of staffing are in place and succession planning is considered.

Pressure of £72k – A pressure of £72k is linked to the vacancy provision across services.

3.2 Supplies & Services - £104k over budget (2.6%)

Pressure of £100k – A pressure of £100k has been identified in the Planning service. The data currently held on microfiche requires a more sustainable and digitally-enabled solution, to support the new ways of working in preparation for the move to the Forum. It is proposed that this expenditure be funded from the Management of Change reserve. This will be proposed in the 20 September Cabinet report.

3.3 Income - £131k under-achievement of budget (1.5%)

Under-achievement of income of £100k – A pressure of £100k has been identified in the Commercial Waste service. In recent months the service has seen a reduction in the number of customers, due to more aggressive sales strategy of competitors, which can draw customers away from the Council. Work is taking place to understand why customers have left and highlight the benefits of the Council's local, flexible Commercial Waste service.

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 2017/18 rather than 2016/17, or conversely, where expenditure planned initially for 2017/18 will now be in 2016/17.

A revised capital programme for 2016/17 is being taken to Cabinet, and schemes that are slipping into 2017/18 will be re-profiled into the correct financial year.

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	Projected Outturn £000	Rephasing £000	Variance	
				£000	%
Strategic Planning & Environment	8,142	6,871	(1,669)	398	4.9%
G F Total	8,142	6,871	(1,669)	398	4.9%

4.2 General Fund Major Variances

There is an overall projected underspend of £1,271k on the General Fund. This is a combination of forecast overspend of £398k, and slippage of £1,669k into 2017/18.

The projected net overspend of £398k includes:

- Line 156: overspend of £238k on the Disabled Facilities Grants budget. The grant funding allocated to the Council on this scheme has increased considerably from £366k in 2015/16 to £672k in 2016/17. The forecast overspend is based on the year to date run rate.
- Line 163: overspend of £200k on Regeneration of the Town Centre. This project is almost at a close, however there are still some issues to be resolved regarding the power supply to the town centre. An overspend of £93k was reported last financial year on the project, however some further costs are expected, which at this stage are estimated to be £200k. This would bring the total overspend on the project to £293k, which is approximately 6% of the overall budget. Unbudgeted grant and S106 funding has been received to the value of £105k, which offsets some of the overspend.

The projected rephasing to future years includes:

- Line 146: slippage of £151k on Play Area refurbishment programme. The programme of work has been reviewed many times, as individual amounts of section 106 funding were identified to fund particular sites. This gave rise to slippage into 2016/17, however it has now been decided that only sites on the original list will be refurbished in 2016/17 and the remaining budget will form part of the play area improvements at Gadebridge Park.
- Line 148: slippage of £75k on Waste & Recycling Service Improvements. This budget was slipped forward from the 2014/15 budget for the roll-out of the new co-mingled waste service. It is intended to be used for the roll-out of the new service to flats and communal properties, however the project has been delayed and at this stage it is unlikely any expenditure will be incurred this financial year.
- Line 152: slippage of £485k on Fleet Replacement Programme. The programme of vehicles is kept under constant review to ensure vehicles are not replaced before they have reached the end of their useful life, and at this

stage of the year it is expected that a number of vehicles will now be purchased in 2017/18.

- Line 168: slippage of £458k on Town Centre Access Improvements. The scope of the project has not yet been confirmed and at this stage, no major spend is expected in 2016/17.
- Line 170: slippage of £500k on Gadebridge Park. This budget is intended for the creation of a splash park, play area and access improvements in the park including the White Bridge. There is a further £1m budget in 2017/18. Discussions are still ongoing as to the exact nature of the work and it is unlikely that any significant spend will take place in 2016/17.