



**AGENDA ITEM:
SUMMARY**

Report for:	Strategic Planning & Environment Overview and Scrutiny Committee
Date of meeting:	22 November 2016
PART:	1
If Part II, reason:	

Title of report:	Budget Monitoring Quarter 2 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 2 for the: <ul style="list-style-type: none"> • General Fund • Capital Programme
Recommendations	That Committee note the forecast outturn position.
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

1. Introduction

1.1 The purpose of this report is to outline the Council's forecast outturn for 2016/17 as at 30 September 2016. 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 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 £80k 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 current budget is the original budget approved by Cabinet in February 2016, plus the following approved amendments:

Amendments	£000	Approved
2016/17 Original budget	16,946	
Corporate Graduates	18	Council July 2016
Reserve Funded Staff Costs	(46)	Council September 2016
Digitalisation of Planning Microfiche data	100	Council September 2016
2016/17 Current Budget	17,018	

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	7,773	7,693	(80)	-1.0%
Strategic Planning & Environment	7,479	7,845	366	4.9%
Housing & Community	1,766	1,765	(1)	-0.1%
Total	17,018	17,303	285	1.7%

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	9,362	9,610	248	2.6%
Premises	970	923	(47)	-4.8%
Transport	1,479	1,430	(49)	-3.3%
Supplies & Services	4,085	4,078	(7)	-0.2%
Third-Parties	88	82	(6)	-6.8%
Income	(8,505)	(8,278)	227	2.7%
	7,479	7,845	366	4.9%

4.1 Employees - £248k over budget (2.6%)

Pressure of £50k – There is a pressure of £50k in the budget for Employee costs in Waste Services. An additional round for hard to access properties costing £90k was not factored in to the last budget setting round. The service has reviewed the

overall round structure in detail to optimise each round and ensure that crews are working as productively as possible, and some efficiencies have been made in the Commercial Waste rounds, which has reduced this pressure by £40k to a net pressure of £50k.

Pressure of £130k – A pressure of £130k 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 £68k – A pressure of £68k is linked to the vacancy provision across services.

4.2 **Income - £227k under-achievement of budget (2.7%)**

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.

Over-achievement of income of £70k – In Waste Services an additional £70k of income has been generated as a result of an incentive payment from Hertfordshire County Council to reward Dacorum for improvements in the rate of recycling as a result of the co-mingled waste service.

Under-achievement of income of £180k – A pressure of £180k has arisen in the Planning service, due to current uncertainty in the housing and development markets following the EU referendum in June.

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.

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.

The current budget is the original budget approved by Cabinet in February 2016, plus approved amendments, including re-phasing of the slippage identified at Quarter 1 into 2017/18.

	Current Budget £000	Projected Outturn £000	Rephasing £000	Variance	
				£000	%
Strategic Planning & Environment	6,605	6,828	(90)	313	4.7%
G F Total	6,605	6,828	(90)	313	4.7%

4.2 General Fund Major Variances

There is an overall projected overspend of £223k on the General Fund. This is a combination of forecast overspend of £313k, and slippage of £90k into 2017/18.

The projected net overspend of £313k includes:

- Line 156: overspend of £238k on the Disabled Facilities Grants budget. The current budget on this scheme is £542k, with an estimated total spend of £780k. This will give rise to a budget overspend of £238k. The grant funding on this scheme increased from £366k in 2015/16 to £675k in 2016/17, however the budget was set in February 2016 in advance of the grant being awarded to the Council in April 2016. It is therefore proposed that the budget be increased to the level of the grant funding, £675k, which would give rise to a projected overspend of £105k.
- 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.
- Line 165: overspend of £100k on the Water Gardens. £50k is expected to be incurred due to footpath works agreed at Waterhouse Street. There is also the possibility that delays in the project will necessitate additional costs in the region of £50k.
- Line 166: underspend of £200k on the Bus Interchange. £300k was carried forward from 2015/16 as slippage, in anticipation of the final costs on this project. Given the complexities of previous projects such as the Marlowes Shopping Zone, where a number of unforeseen expenses were incurred, a prudent estimate of the final costs was made, however this estimate has subsequently proved to be £200k too high.

The projected rephasing to future years includes:

- Line 161: slippage of £50k on Maylands Urban Realm project. Landscaping works are now expected to take place in 2017/18. These are seasonal works, which will need to take place in the spring.

- Line 169: slippage of £60k on Hemel Street Furniture. Reprogramming of work to help manage the Water Gardens project will cause a delay in delivery of this project.