



AGENDA ITEM: 6

SUMMARY

Report for:	Strategic Planning and Environment Overview and Scrutiny Committee
Date of meeting:	9 June 2015
PART:	1
If Part II, reason:	

Title of report:	Provisional Outturn 2014/15
Contact:	Cllr Graeme Elliot, Portfolio Holder for Finance and Resources James Deane, Corporate Director (Finance & Operations) Richard Baker, Group Manager (Financial Services)
Purpose of report:	To provide details of the provisional outturn position for the: <ul style="list-style-type: none"> · General Fund · Housing Revenue Account · Capital Programme <p>To provide details of the proposed transfers to and from earmarked reserves.</p>
Recommendations	That Committee note the provisional 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	There are no equality implications.

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 Provisional Outturn for 2014/15, prior to the closure of the accounts. Outturn is reported for the following:

- General Fund
- Capital Programme

1.2 The Accounts and Audit Regulations 2011 require local authorities to have prepared their annual Statement of Accounts, complete with certification from the Section 151 Officer, by 30 June. The Statement of Accounts must be published by 30 September, following an audit to be undertaken by Ernst & Young.

1.3 The Council's outturn position is a primary source of information for the production of the Statement of Accounts. The provisional outturn position detailed in this report is subject to amendment as work continues on the preparation of the Accounts. The final outturn position, along with movements in reserves, will be reported to Cabinet at its meeting of 26 June 2015 if there are any material variances.

2. General Fund Revenue Account

2.1 The General Fund (GF) revenue account records the income and expenditure associated with all Council functions except management of the Council's housing stock. This 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, which 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. The provisional adjustments that have been completed to date are explained in section 4 of this report.

2.4 The table below provides a summary of the provisional outturn for the General Fund by Scrutiny area.

	Original Budget £000	Provisional Outturn £000	Forecast Variance	
			£000	%
Finance & Resources	11,746	11,772	26	0.2%
Strategic Planning & Environment	6,169	5,706	(463)	-7.5%
Housing & Community	1,555	1,538	(17)	-1.1%
Total	19,470	19,016	(454)	-2.3%

2.5 It should be noted that the above variances are measured against the Original Budget as opposed to a Revised Budget. In previous years, the Revised Budget has been approved in February, and the Provisional Outturn has been measured against this Revised Budget. An overall variance of 2.3% in controllable expenditure against the Original Budget represents a significant improvement in financial management across the Council when compared with previous years.

2.6 The following section provides a subjective analysis of provisional outturn and major budget variances shown by Scrutiny area.

3. Strategic Planning and Environment

Strategic Planning and Environment	Controllable Budget £000	Forecast Outturn £000	Forecast Variance	
			£000	%
Employees	8,336	8,291	(45)	-0.5%
Premises	1,204	1,209	5	0.4%
Transport	1,426	1,476	50	3.5%
Supplies & Services	4,684	4,687	3	0.1%
Third-Parties	119	116	(3)	-2.5%
Income	(9,599)	(10,073)	(474)	-4.9%
	6,169	5,706	(463)	-7.5%

3.1 Employees - £45k under budget (0.5%)

Overspend of £120k – This has arisen due to the vacancy factor of 5% not having been met in full across a range of services. The most significant area is Clean, Safe and Green, where the variance is £110k over budget due to low levels of staff turnover.

Underspend of £80k – This relates primarily to Building and Development Control. There have been numerous vacancies in year which, together with county-wide recruitment challenges within the profession, has led to an underspend.

Saving of £85k – This has been achieved from the introduction of the new Waste Service in November 2014. This part-year saving has been captured in the Budget for 2015/16.

3.2 Transport - £50k over budget (3.5%)

Savings of £25k – Savings have been achieved in the Clean, Safe and Green budget for fuel due to a reduction in the price of fuel.

Overspend of £50k – This relates to increased transportation costs following the introduction of the new Waste Service, specifically the cost of transporting recyclable material from the Council's depot to the recycling plant. This cost has been incorporated into the budget for 2015/16.

Overspend of £25k – A more comprehensive programme of servicing has been introduced in the past financial year for grounds maintenance vehicles. Small plant is also being serviced on a regular basis, to ensure that it complies with new Health and Safety legislation.

3.3 Income - £474k over achieved (4.9%)

Surplus of £225k - Car Parking Income has exceeded budget in 2 key areas: off-street car parking has generated an additional £115k, due to increased usage of council car parks, and the income from on-street penalty charge notices has exceeded budget by £85k. An increase of £140k has been factored into the budget for 2015/16 (£90k in off-street car parking and £50k in on-street penalty charge income).

Surplus of £200k – This has been generated in the areas of Building and Development Control due to some large one-off applications, along with a general increase in the number of applications received as the economy shows signs of recovering. An increase of £115k has been incorporated into the budget for 2015/16.

Surplus of £50k - The legal challenge to the adoption of the Local Development Framework Core Strategy has been defeated, which has resulted in unbudgeted income from the recovery of legal expenses.

4 Non-Controllable Expenditure

4.1 Appendix A includes the provisional outturn for non-controllable expenditure. These are largely year-end accounting adjustments. There will be further adjustments as work on the Statement of Accounts continues, but major variances arising to date are shown below:

	£
Bad debt provision	(9,000)
Total	(9,000)

4.2 At the time of writing, the depreciation and recharge calculations for the year have yet to be finalised and included within the non-controllable expenditure section of Appendix A. At this stage, both have been included as on budget.

4.3 The depreciation charge is an accounting adjustment which has no impact on the taxpayer. Any changes resulting from the recharge calculation will be reported to the Audit Committee as part of the Final Outturn report.

5. Provisional Capital Outturn

5.1 The provisional capital outturn position is summarised by Scrutiny area in the table below. Appendix B shows the provisional outturn by scheme.

The 'Rephasing' column refers to those projects where expenditure is still expected to be incurred, but will now be in 2015/16 rather than 2014/15, or conversely, where expenditure planned initially for 2015/16 has been incurred in 2014/15.

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	Provisional Outturn £000	Rephasing £000	Variance	
				£000	%
Strategic Planning & Environment	8,985	7,327	(1,104)	(555)	-6.2%

5.2 General Fund Major Variances

The final position for the General Fund comprises the following elements:

- £555k - underspends on completed projects
- £1.104m - slippage on incomplete projects into 2015/16

The major variances on the General Fund capital programme are as detailed below.

5.3 Net overspend of £555k comprises the following key elements:

- Line 151: an underspend of £176k on the Car Park Refurbishment project relating to two schemes which could not be completed this year due to staff capacity. The schemes will still be undertaken but can be accommodated within the future budget allocations, so there is no requirement to slip the budget.
- Line 160: an underspend of £137k on Waste and Recycling Service Improvements, as wheeled bins were procured more cheaply than expected through a successful tender process.
- Line 170: an underspend of £112k on Neighbourhood Centre improvements now not being undertaken.

5.4 Slippage of £1.104m comprises the following major element:

- Line 172: £720k slippage on Regeneration of the Town Centre. This is due to inaccurate forecasting of council cash flows.