



**AGENDA ITEM:
SUMMARY**

Report for:	Strategic Planning & Environment Overview and Scrutiny Committee
Date of meeting:	14 March 2017
PART:	1
If Part II, reason:	

Title of report:	Budget Monitoring Quarter 3 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 3 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 31 December 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 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
Sports Review	40	Council January 2017
Arts Funding	15	Council January 2017
2016/17 Current Budget	17,073	

2.3 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.

2.4 The table below provides an overview by Scrutiny area of the current forecast outturn for controllable and non-controllable budgets within the General Fund.

	Current Budget £000	Forecast Outturn £000	Variance	
			£000	%
Finance & Resources	7,773	6,895	(878)	-11.3%
Strategic Planning & Environment	7,479	7,560	81	1.1%
Housing & Community	1,821	1,733	(88)	-4.8%
Total	17,073	16,188	(885)	-5.2%
Non-controllable budgets	(9,913)	(10,155)	(242)	2.4%
Earmarked Reserve movements	(7,160)	(6,295)	865	-12.1%
Contribution (to)/from General Fund Working Balance	0	(262)	(262)	

2.5 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 £130k, along with an adjustment of £6k to prior year New Homes Bonus grants, provide an additional £136k of unallocated grants. Included in these grants is £73k towards the cost of meeting welfare reforms and benefit cap changes. The work involved with these reforms has been absorbed within the Revenues and Benefits service, with no additional budget having been required.

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.

The Contribution from Earmarked Reserves line shows a reduced contribution of £865k. This is predominantly due to an under-spend of £900k following the triennial review of pensions, in which the one off payment that was forecast to be made, is no longer required. The corresponding funding from the Pensions Reserve is also no longer required.

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	9,471	109	1.2%
Premises	970	931	(39)	-4.0%
Transport	1,479	1,375	(104)	-7.0%
Supplies & Services	4,085	4,022	(63)	-1.5%
Third-Parties	88	73	(15)	-17.0%
Income	(8,505)	(8,312)	193	2.3%
	7,479	7,560	81	1.1%

3.1 Employees - £109k over budget (1.2%)

Pressure of £30k – There is a pressure of £80k in the budget for Employee costs in Waste Services, due to an additional round for hard to access properties costing £80k which 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 £50k to a net pressure of £30k.

Pressure of £120k – A pressure of £120k 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.

3.2 Transport – £104k under budget (7%)

Underspend of £90k – An underspend of £60k is forecast in Environmental Services in the budgets for fuel. Despite recent increases in the price of fuel, the budgets in Clean, Safe and Green and in Waste are expected to underspend by £60k. A further saving of £30k is forecast in the budget for vehicle hire in Waste Services, where the procurement of suitable second-hand vehicles has removed the need to hire vehicles.

3.3 Supplies and Services - £63k under budget (1.5%)

Underspend of £40k – An underspend is forecast in the Commercial Waste service related to the disposal of waste. This is linked to a reduction in the volume of waste collected, due to a loss in the number of customers (see paragraph 3.4 below).

Underspend of £40k – An underspend of £40k is expected in the Waste Transfer Site budget for waste disposal. This is due to an increase in waste being diverted to recycling facilities.

3.4 Income - £193k under-achievement of budget (2.3%)

Under-achievement of income of £120k – A pressure of £120k is expected in the Commercial Waste service, due to a reduction in the number of customers. 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 £115k – In Waste Services an additional £70k of income has been generated as a result of an incentive payment from Hertfordshire County Council (HCC) to reward Dacorum for improvements in the rate of recycling as a result of the co-mingled waste service. A surplus of £45k is also expected in recycling credits, following improved co-mingled and green waste tonnages.

Under-achievement of income of £190k – A pressure of £190k is currently forecast in the Planning service, due to 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	6,765	6,125	(831)	191	2.8%
G F Total	6,765	6,125	(831)	191	2.8%

4.2 General Fund Major Variances

There is an overall projected underspend of £640k on the General Fund. This is a combination of forecast overspend of £191k, and slippage of £831k into 2017/18.

The projected net overspend of £191k includes:

- Line 165: 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 167: overspend of £235k on the Water Gardens project. An additional £50k is expected to be incurred due to additional footpath works agreed at Waterhouse Street. Due to complexities with the project, delays are being experienced, which will necessitate additional professional fees of £50k, with an additional £30k to cover the Extension of Time claim from the contractor. Additional costs of £30k have been incurred for drainage issues and some additional planting, £20k for increased cost in utility provision, and £15k for additional fencing to manage the geese.
- Line 168: 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 138 and 139: accelerated spend on Hemel Sports Centre heat and power system. On receipt of the tenders for the required work, additional funding of £75k was required, which has necessitated funding from the Hemel Sports Centre roof scheme, currently programmed for 2019/20, to be brought forward to 2016/17.
- Line 163: 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 166: slippage of £335k on Maylands Business Centre. There was a delay in granting planning permission on the site until October. When works commenced on site, an unforeseen issue with one of the main drainage pipes was discovered, which has led to a delay in the scheme.
- Line 167: slippage of £517k on the Water Gardens project. As mentioned in paragraph 7.2, there has been significant delay on this scheme which has led to rephasing of the cash flows.