

Budget Monitor

Q2 2017/18



**BOROUGH OF
BROXBOURNE**
2017: Year of the Environment



General Fund Monitor Quarter Two 2017/18

Introduction

This monitor summarises the Council's current year end forecast as at the end of the second quarter of the year (April to September 2017/18) compared to the approved revised budget and provides explanations for significant variances.

The Council's forecast cost of services is currently £9.2 million compared to a budget of £10.1 million which results in a favourable variance of £0.9 million. Reasons for this variance include the near 100% occupancy of the Council's Commercial Property portfolio, resulting in additional income of £230k and above expectation take up of the green waste scheme resulting in additional income of £317k. However, these are offset by a reduction in income at Cheshunt Cemetery of £146k and additional temporary accommodation costs. The overall variance also includes income from the sales of chambers in the Council's second community mausoleum at Cheshunt cemetery of £133k and rental income of £799k from the latest investment property acquisition, when this additional income is excluded the overall variance is £37k adverse.

Areas of income and expenditure which, if not achieved, could have a major effect on the achievement of the budget are shown below in table 1. Other major variances (those over £20k from budget) are set out in table 2. Appendix 1 shows a complete listing of all variances by service area.

Risks to the budget

The following areas are seen as a risk of the Council achieving its budget:

Table 1

Risk Area	Revised Budget £000	Forecast £000	Variance adv/(fav) £000
Commercial property rental income			
Near 100% occupancy and newly acquired investment property.	(4,109)	(5,148)	(1,039)
Nightly paid net cost			
The budget assumed 75 households in nightly paid accommodation. At the end of June the number of households was 96, an increase of 21.	292	645	353
Hostels, net income			
The budget assumed 95 rooms would be available, a new hostel has been leased which provides an additional 24 rooms. Of the 119 Council owned rooms available 6 are currently vacant.	(156)	(135)	21

Risk Area	Revised Budget £000	Forecast £000	Variance adv/(fav) £000
Waste and Recycling, net direct cost Due to an increase in residual waste in the first quarter, income from Hertfordshire County Council's (HCC) Alternative Financial Model (AFM) (a financial incentive scheme to reduce residual waste) was presumed to be £130k below budget. As residual waste has reduced in quarter two it is expected this position will significantly improve, however the revised year end projection is still awaited from HCC. This has been offset by additional income of £317k as a result of higher than expected take-up of the green waste scheme.	739	592	(147)

Major variances by service area

Table 2

Service Area	Revised Budget £000	Forecast £000	Variance adv/(fav) £000
Infrastructure, Regeneration and Special Projects	582	528	(54)
Salary savings as a result of a vacant post that is not going to be filled.			
Recycling	941	782	(159)
The income generated from the green waste charging scheme has exceeded the budget by £317k as a result of 17,874 participants in the scheme compared to the 10,642 anticipated in the budget. This is partially offset by an anticipated reduction in AFM income receivable from Hertfordshire County Council (HCC) of £130k as the expected reduction residual household waste has not happened. Although this is expected to improve by the end of the financial year the final revised projections are still awaited from HCC. Staff costs are forecast to be £36k above budget due to the budgeted vacancy saving not being achieved.			
Highways	5	42	37
The salary saving will not be realised in the current financial year.			
Cemeteries	(27)	4	31
Unbudgeted sales of mausoleum chambers of £135k are offset by a reduction in burial fee income at Cheshunt cemetery of £146k and Hoddesdon cemetery of £5k. Staff costs are forecast to be £17k above budget due to the budgeted vacancy saving not being achieved.			
Environmental Health	326	283	(43)
Salary savings of £25k as a result of vacant posts and a reduction in planned consultancy fees of £13k.			
Housing Standards	726	703	(23)
Expenditure on external consultancy is unlikely to occur in this financial year.			
Environmental Enforcement	9	(55)	(64)
Salary savings as a result of vacant posts.			

Service Area	Revised Budget £000	Forecast £000	Variance adv/(fav) £000
Environmental Services Administration	2	(30)	(32)
Salary savings as a result of vacant posts.			
Financial Planning and Reporting	639	684	45
Additional pension costs.			
Treasury, Risk and Insurance	89	161	72
Annual renewal of insurance policies has led to an increase in premiums, predominantly relating to motor insurance.			
Temporary Accommodation	324	698	374
Nightly paid costs are currently forecast to be £353k above budget, the budget assumed 75 households and at the end of September the number of households was 96, an increase of 21. Net hostel rental costs are currently £21k above budget.			
Leisure Marketing	0	(23)	(23)
A restructure has led to salary savings.			
Parking	(510)	(461)	49
Staff costs are above budget due to the budgeted vacancy saving not being achieved.			
Commercial Property	(2,855)	(3,952)	(1,097)
Additional rental income of £1,030k, which includes £799k from the acquisition of a new investment property, and a reduction of £40k in the non domestic rates paid on empty properties.			

Collection Fund

The Council collects council tax on behalf of Hertfordshire County Council and the Police and Crime Commissioner as well as on its own behalf and non domestic rates on behalf of Hertfordshire County Council, central Government and itself. These transactions are accounted for within the Collection Fund, which is a separate ring fenced account.

The Council monitors the percentage of council tax and business rates it collects within the year it is due. At the quarter ended 30 September 2017 51.6% of the council tax due for 2017/18 had been collected and 51.3% of business rates. The equivalent figures for quarter two 2016/17 were 51.8% and 54.0% respectively.

Head of Financial Planning and Reporting November 2017

Appendix 1

General Fund Variance Summary for 2017/18 as at 30 September 2017 By Service Area

	Revised Budget 2017/18	Forecast Outturn 2017/18	Variance
	£	£	£
EXPENDITURE			
Chief Executive			
Communications and Community Liaison	0	(5,712)	(5,712)
Graphic Design	0	5,006	5,006
Economic Development	256,769	242,765	(14,004)
Infrastructure, Regeneration and Special Projects	581,631	528,085	(53,545)
Corporate Management	732,525	744,196	11,671
Democratic Representation and Management	455,861	447,361	(8,500)
Elections	174,780	182,012	7,232
Land Charges	(27,748)	(12,748)	15,000
Licensing	(17,611)	(25,621)	(8,010)
Grants	123,086	133,533	10,447
Planning and Control	461,918	457,924	(3,995)
Planning Policy	392,672	403,851	11,179
Total Chief Executive	3,133,883	3,100,652	(33,231)
Environmental Services			
Refuse	879,824	885,824	6,000
Recycling	941,390	782,143	(159,246)
Street Cleansing	1,071,122	1,090,793	19,671
Public Conveniences	9,839	6,631	(3,208)
Markets	(39,601)	(32,511)	7,090
Dog Collection	16,314	12,818	(3,496)
Highways	5,184	42,268	37,084
Community Safety	126,914	136,601	9,687
Town Centres	214,679	215,634	955
Parks	1,056,903	1,038,586	(18,317)
Grounds Maintenance	753,774	736,479	(17,295)
Cemeteries	(26,578)	4,308	30,886
Environmental Health	325,552	282,463	(43,089)
Environmental Health Licensing	(1,972)	(9,884)	(7,912)
Housing Standards	726,331	703,171	(23,160)
Environmental Enforcement	9,148	(54,603)	(63,751)
Environmental Services Administration	2,305	(29,652)	(31,957)
Total Environmental Services	6,071,128	5,811,069	(260,059)
Total Environmental Services excl Mausoleum income	6,071,128	5,944,474	(126,654)

	Revised Budget 2017/18	Forecast Outturn 2017/18	Variance
	£	£	£
Finance			
Financial Planning and Reporting	638,613	684,194	45,581
Treasury, Risk and Insurance	89,301	160,809	71,508
Internal Audit	(0)	(0)	0
Computer Services	0	5,000	5,000
Personnel	(0)	(422)	(422)
Business Management Admin	0	2,050	2,050
Customer Services	0	(6,344)	(6,344)
Office Services	0	(13,944)	(13,944)
Community Development	450,072	444,502	(5,570)
Homelessness	646,145	642,994	(3,151)
Hostels	324,322	698,625	374,303
Housing Department Admin	161,932	151,529	(10,403)
Housing Options	173,337	187,091	13,754
Community Planning	114,552	117,040	2,488
Transport	485	485	0
Benefits Administration	(183,668)	(189,563)	(5,895)
Rent Allowance	144,145	144,145	0
Revenue Services	0	(15,229)	(15,229)
Local Tax	630,791	641,869	11,078
Sports Facilities	1,050,747	1,049,430	(1,317)
Community Halls	293,216	293,203	(13)
Sports - Leased Facilities	(1,236)	3,946	5,182
Lowewood Museum	155,857	157,177	1,320
Leisure Marketing	(1)	(23,001)	(23,000)
Broxbourne Sport Management Fee	(355,680)	(355,680)	0
Parking	(510,360)	(461,604)	48,756
Commercial Property	(2,855,203)	(3,951,827)	(1,096,624)
Operational Property	(106,785)	(118,408)	(11,623)
Total Finance	860,581	248,066	(612,515)
Total Finance excl investment property acquisition income	860,581	1,046,833	186,252
Legal Services			
Legal Services	12,854	23,863	11,009
Total Legal Services	12,854	23,863	11,009
Total General Fund	10,078,446	9,183,651	(894,796)
Total General Fund Excluding Mausoleum and investment property acquisition Income	10,078,446	10,115,823	37,376