

General Fund Forecast Monitor Q2 2018/19



**BOROUGH OF
BROXBOURNE**

2018: Year of Community

General Fund Forecast Monitor Quarter Two 2018/19

Introduction

This monitor summarises the Council's latest year end forecast as at the end of the second quarter of the year (June to September 2018/19) compared to the approved revised budget and provides explanations for significant variances.

The Council's forecast net cost of services is currently £7.2 million compared to a budget of £8.3 million which results in a favourable variance of £1.1 million. Reasons for this variance include salary savings of £516k from vacant posts and a delay in productivity enhancement which will save £75k. However, these are offset by a substantial fall in the sale value of recycled paper and card resulting in a forecast loss of income of £120k and an increase in expenditure on refuse vehicle hire of £64k. The overall variance also includes rental income of £793k from the latest investment property acquisitions and income from the sales of chambers in the Council's second community mausoleum at Cheshunt cemetery of £55k which will be used to fund capital expenditure. When this additional income is excluded the overall variance is £286k favourable.

Areas of income and expenditure where the Council has little control over, such as those affected by demand for the service, and as such could create a significant budget variance, are shown below in table 1. Other major variances (those over £20k from revised 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 are seen as areas most likely to result in a significant budget variance:

Table 1

Risk Area	Revised Budget £000	Forecast £000	Variance adv/(fav) £000
<p>Commercial property rental income</p> <p>Additional income from new acquisitions of £793k. There are currently 18 empty properties (6%) in the Borough (4 shops, 2 industrial units and 12 offices) which is forecast to reduce income by £150k.</p>	(6,240)	(6,883)	(643)
<p>Waste and Recycling, net direct cost</p> <p>Additional vehicle hire costs of £64k, increased disposal fees of £33k and a reduction in income of £120k due to a decrease in selling price for recycled paper and card.</p>	534	623	204

Major variances by service area

Table 2

Service Area	Revised Budget £000	Full Year Forecast £000	Variance adv/(fav) £000
Infrastructure, Regeneration and Special Projects	558	399	(159)
The budget for project feasibility costs will not be fully utilised saving £60k, Greater Brookfield revenue costs are anticipated to be £27k lower than budget, salary savings of £65k as a result of a vacant post and £7k additional income in respect of sponsorship of Christmas trees and festive lighting.			
Planning and Building Control	489	375	(114)
Salary savings due to vacant posts of £84k, one-off income of £22k from reimbursement of consultants fees, an increase in planning applications of £21k offset by unbudgeted expenditure of £15k relating to statutory building control services (out of hours, dangerous structures) supplied by Hertfordshire Building Control Ltd and Three Rivers District Council.			
Planning Policy	509	341	(168)
Expenditure relating to Local Plan surveys is anticipated to be £129k less than budgeted and salary savings as a result of a vacant post of £39k.			
Refuse	809	858	49
An increase in fuel prices will result in an overspend of £13k and additional waste disposal charges will total £33k.			
Recycling	836	993	157
Additional vehicle hire costs of £64k have been incurred due to the recycling vehicles being taken out of service as they have reached the end of their useful life and are uneconomical to repair. New vehicles have been ordered. Further pressures include additional vehicle and maintenance costs of £19k and a reduction in market rates for the sale of recycled paper and card from £82.50 per ton to £35 per ton which will result in a loss of income of £120k. These pressures are offset by salary savings of £37k due to vacant posts and savings in the cost of the communications campaign of £15k.			
Street Cleaning	1,342	1,275	(67)
Salary savings of £82k as a result of vacant posts and reduced use of subcontractors offset by additional spend on vehicle fuel, repairs and hire of £15k.			
Grounds Maintenance	671	626	(45)
Salary savings as a result of vacant posts.			
Cemeteries	122	73	(50)
Unbudgeted sales of mausoleum chambers of £55k (which, as with all previous sales, will be used to fund capital expenditure) offset by £5k reduced income from no longer selling benches.			
Housing Standards	150	199	50
Use of agency staff to cover resource shortfall.			

Service Area	Revised Budget £000	Full Year Forecast £000	Variance adv/(fav) £000
Financial Planning and Reporting	1,010	928	(82)
Budgeted productivity enhancement expenditure of £75k will not happen until later in the year.			
Personnel	0	(68)	(68)
Salary savings as a result of a post that has been deleted.			
Housing Department Administration	491	452	(39)
Salary savings as a result of vacant post that has been deleted.			
Benefits Administration	(161)	(69)	93
Commission due to Sopra Steria as part of contract.			
Local Tax	579	626	47
Commission due to Sopra Steria as part of contract.			
Commercial Property	(4,629)	(5,229)	(600)
Additional income of £793k received from two new investment properties and salary savings of £53k due to vacancies, offset by £113k additional property running costs and £134k reduction in income due to empty units.			
Operational Property	(233)	(343)	(110)
Additional net income of £142k is expected from Ambition Broxbourne Business centre based on current occupancy levels, however, unoccupied office space at Bishops College old building will reduce rent by £16k and service charge income by £16k.			

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 2018 51.9% of the council tax due for 2018/19 had been collected and 52.5% of business rates. The equivalent figures for quarter two 2017/18 were 51.6% and 51.3% respectively.

Head of Financial Planning and Reporting October 2018

Appendix 1

General Fund Variance Summary for 2018/19 as at 30 September 2018 By Service Area

NB Explanations for variances in the highlighted cells are can be found in table 2 above	Revised Budget 2018/19	Forecast Outturn 2018/19	Variance
	£	£	£
EXPENDITURE			
Chief Executive			
Communications and Community Liaison	8,000	8,000	0
Graphic Design	0	(1,000)	(1,000)
Economic Development	169,944	152,398	(17,546)
Infrastructure, Regeneration and Special Projects	557,879	399,330	(158,549)
Corporate Management	733,984	733,984	0
Democratic Representation and Management	463,788	463,788	0
Elections	286,055	297,113	11,059
Land Charges	(25,372)	(19,331)	6,041
Licensing	(11,131)	(11,131)	0
Grants	103,722	103,722	0
Planning and Building Control	489,566	375,276	(114,290)
Planning Policy	508,873	341,184	(167,689)
Total Chief Executive	3,285,307	2,843,333	(441,975)
Environmental Services			
Refuse	809,478	858,268	48,790
Recycling	836,248	993,469	157,221
Street Cleansing	1,341,941	1,274,487	(67,454)
Markets	(53,262)	(47,611)	5,651
Dog Collection	14,035	14,035	0
Highways	20,646	24,501	3,855
Community Safety	116,769	119,393	2,624
Town Centres	184,856	184,856	0
Parks	1,065,167	1,062,216	(2,951)
Grounds Maintenance	671,452	626,262	(45,190)
Cemeteries	122,422	72,737	(49,685)
Environmental Health	316,517	311,467	(5,050)
Environmental Health Licensing	(5,364)	(5,864)	(500)
Housing Standards	149,728	199,278	49,550
Environmental Services Administration	(21,768)	(27,768)	(6,000)
Total Environmental Services	5,568,865	5,659,726	90,861
Total Environmental Services excl Mausoleum income	5,568,865	5,714,740	145,875

Finance			
Financial Planning and Reporting	1,010,393	928,087	(82,306)
Treasury, Risk and Insurance	97,141	97,141	0
Internal Audit	0	0	0
Computer Services	37,001	34,501	(2,500)
Personnel	(1)	(67,910)	(67,909)
Business Management Admin	(82,491)	(82,491)	0
Customer Services	(16,765)	(32,882)	(16,117)
Office Services	(18,935)	(31,335)	(12,400)
Community Development	401,860	401,860	0
Homelessness	594,922	594,922	0
Temporary Accommodation	637,609	653,271	15,662
Housing Department Admin	490,777	451,723	(39,054)
Housing Options	13,432	2,548	(10,884)
Community Planning	132,254	132,254	0
Benefits Administration	(161,370)	(68,750)	92,620
Rent Allowance	144,145	144,145	0
Local Taxes	579,105	626,375	47,270
Sports Facilities	941,309	947,076	5,767
Community Halls	292,881	296,663	3,782
Sports - Leased Facilities	3,339	3,634	295
Lowewood Museum	149,170	151,877	2,707
Leisure Marketing	(1)	(1)	0
BLMSO Management Fee	(519,851)	(519,851)	0
Parking	(439,587)	(449,447)	(9,861)
Commercial Property	(4,629,279)	(5,229,111)	(599,832)
Operational Property	(233,263)	(343,428)	(110,165)
Total Finance	(575,756)	(1,358,681)	(782,925)
Total Finance excl investment property acquisition income	(575,756)	(565,477)	10,279
Legal Services			
Legal Services	6,501	6,455	(46)
Total Legal Services	6,501	6,455	(46)
Total General Fund	8,284,918	7,150,833	(1,134,085)
Total General Fund excluding mausoleum and property acquisition income	8,284,918	7,999,051	(285,867)