

General Fund Monitor Q3 2017/18



**BOROUGH OF
BROXBOURNE**
2018: Year of Community



General Fund Monitor Quarter Three 2017/18

Introduction

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

The Council's forecast net cost of services is currently £8.4 million compared to a budget of £10.1 million which results in a favourable variance of £1.7 million. Reasons for this variance include £335k from the Council's commercial property portfolio which is virtually fully let, an increase in planning application income by £83k and above expectation take up of the green waste scheme resulting in additional income of £321k. However, these are offset by a reduction in income at Cheshunt Cemetery of £61k and additional temporary accommodation costs of £308k. The overall variance also includes income from the sales of chambers in the Council's second community mausoleum at Cheshunt cemetery of £162k and rental income of £799k from the latest investment property acquisition which will be used to fund capital expenditure. When this additional income is excluded the overall variance is £747k favourable.

Areas of income and expenditure which are demand driven and as such could create a significant budget variance, 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 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 |
|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|--------------------------------|--------------------------|----------------------------------------|
| Commercial property rental income | | | |
| Near 100% occupancy and newly acquired investment property. | (4,088) | (5,224) | (1,136) |
| Nightly paid net cost | | | |
| The budget assumed 75 households in nightly paid accommodation. At the end of December the number of households was 102, an increase of 27. | 292 | 599 | 308 |
| 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 10 are currently vacant. | (155) | (155) | - |

| Risk Area | Revised Budget £000 | Forecast £000 | Variance adv/(fav) £000 |
|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|--------------------------------|--------------------------|----------------------------------------|
| Waste and Recycling, net direct cost Additional income of £321k as a result of higher than expected take-up of the green waste scheme has been offset by a reduction in income from Hertfordshire County Council's (HCC) in respect of Hertfordshire Alternative Financial Model (AFM) (a financial incentive scheme to reduce residual waste) as residual waste is slightly higher than anticipated. | 742 | 475 | (267) |

Major variances by service area

Table 2

| Service Area | Revised Budget £000 | Forecast £000 | Variance adv/(fav) £000 |
|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|--------------------------------|--------------------------|----------------------------------------|
| Economic Development | 257 | 171 | (86) |
| Rental income received from the Ambition Broxbourne Business centre is above expectation. Current occupancy is 53%. | | | |
| Infrastructure, Regeneration and Special Projects | 582 | 374 | (208) |
| A reduction in feasibility costs of £161k and salary savings of £54k as a result of a vacant post. | | | |
| Planning and Building Control | 462 | 344 | (118) |
| Income from planning applications, in particular major schemes, is £83k above expectation, reduced use of specialist consultants will save £10k and a reduction in management fee of £20k for provision of statutory Building Control services. | | | |
| Recycling | 997 | 732 | (265) |
| The income generated from the green waste charging scheme has exceeded the budget by £321k as a result of 18,199 participants in the scheme compared to the 9,600 anticipated in the budget. This is partially offset by an anticipated reduction in AFM income receivable from Hertfordshire County Council (HCC) of £39k as the expected reduction in residual household waste has not happened. Staff costs are forecast to be £22k above budget due to the budgeted vacancy saving not being achieved. | | | |
| Highways | 8 | 38 | 30 |
| The salary saving will not be realised in the current financial year. | | | |
| Cemeteries | 66 | (27) | (93) |
| Unbudgeted sales of mausoleum chambers of £162k (which will be used to fund capital expenditure) are offset by a reduction in burial fee income at Cheshunt cemetery of £61k and increased staff costs of £7k due to the budgeted vacancy saving not being achieved. | | | |
| Environmental Services Administration | 10 | (37) | (47) |
| Salary savings as a result of vacant posts. | | | |

| Service Area | Revised Budget £000 | Forecast £000 | Variance adv/(fav) £000 |
|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|--------------------------------|--------------------------|----------------------------------------|
| Financial Planning and Reporting | 624 | 657 | 33 |
| Additional pension costs. | | | |
| Treasury, Risk and Insurance | 89 | 156 | 67 |
| Annual renewal of insurance policies has led to an increase in premiums, predominantly relating to motor insurance. | | | |
| Temporary Accommodation | 324 | 632 | 308 |
| Nightly paid costs are currently forecast to be £308k above budget, the budget assumed 75 households and at the end of December the number of households was 102, an increase of 27. Net hostel rental costs are currently on budget. | | | |
| Leisure Marketing | 0 | (23) | (23) |
| A restructure has led to salary savings. | | | |
| Parking | (510) | (448) | 63 |
| Staff costs are above budget due to the budgeted vacancy saving not being achieved. | | | |
| Commercial Property | (2,855) | (4,120) | (1,265) |
| Additional rental income of £1,136k, which includes £799k from the acquisition of a new investment property, salary savings of £31k due to vacant posts, utility savings of £36k 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 31 December 2017 76.4% of the council tax due for 2017/18 had been collected and 73.8% of business rates. The equivalent figures for quarter three 2016/17 were 76.7% and 78.2% respectively.

Head of Financial Planning and Reporting January 2018

Appendix 1

General Fund Variance Summary for 2017/18 as at 31 December 2017 By Service Area

| | Revised Budget 2017/18 | Forecast Outturn 2017/18 | Variance |
|-----------------------------------------------------------|---------------------------|-----------------------------|------------------|
| | £ | £ | £ |
| EXPENDITURE | | | |
| Chief Executive | | | |
| Communications and Community Liaison | 0 | 3,016 | 3,016 |
| Graphic Design | 0 | 5,040 | 5,040 |
| Economic Development | 256,769 | 170,626 | (86,144) |
| Infrastructure, Regeneration and Special Projects | 581,631 | 374,105 | (207,526) |
| Corporate Management | 732,525 | 749,315 | 16,790 |
| Democratic Representation and Management | 455,861 | 451,083 | (4,778) |
| Elections | 174,780 | 182,012 | 7,232 |
| Land Charges | (27,748) | (7,820) | 19,928 |
| Licensing | (17,611) | (22,724) | (5,113) |
| Grants | 123,086 | 138,580 | 15,494 |
| Planning and Building Control | 461,918 | 343,977 | (117,942) |
| Planning Policy | 392,672 | 375,249 | (17,423) |
| Total Chief Executive | 3,133,883 | 2,762,458 | (371,425) |
| Environmental Services | | | |
| Refuse | 829,032 | 826,914 | (2,118) |
| Recycling | 997,438 | 732,296 | (265,142) |
| Street Cleansing | 1,103,138 | 1,118,036 | 14,898 |
| Public Conveniences | 5,789 | 5,789 | 0 |
| Markets | (36,203) | (34,997) | 1,206 |
| Dog Collection | 12,018 | 12,018 | 0 |
| Highways | 7,982 | 37,972 | 29,990 |
| Community Safety | 146,344 | 144,890 | (1,454) |
| Town Centres | 208,200 | 205,418 | (2,782) |
| Parks | 1,026,109 | 1,014,197 | (11,912) |
| Grounds Maintenance | 729,226 | 734,268 | 5,042 |
| Cemeteries | 66,152 | (26,833) | (92,985) |
| Environmental Health | 302,530 | 298,292 | (4,238) |
| Environmental Health Licensing | (9,745) | (8,815) | 930 |
| Housing Standards | 727,088 | 707,913 | (19,174) |
| Environmental Enforcement | (39,710) | (36,496) | 3,214 |
| Environmental Services Administration | 10,442 | (36,742) | (47,185) |
| Total Environmental Services | 6,085,830 | 5,694,119 | (391,710) |
| Total Environmental Services excl Mausoleum income | 6,085,830 | 5,855,624 | (230,205) |

| | | | |
|------------------------------------------------------------------|-------------------|------------------|--------------------|
| Finance | | | |
| Financial Planning and Reporting | 623,911 | 656,638 | 32,727 |
| Treasury, Risk and Insurance | 89,301 | 156,160 | 66,859 |
| Internal Audit | (0) | (19,676) | (19,676) |
| Computer Services | 0 | 7,625 | 7,625 |
| Personnel | (0) | 4,430 | 4,430 |
| Business Management Admin | 0 | (10,967) | (10,967) |
| Customer Services | 0 | (5,481) | (5,481) |
| Office Services | 0 | (11,379) | (11,379) |
| Community Development | 450,072 | 434,365 | (15,707) |
| Homelessness | 646,145 | 661,295 | 15,150 |
| Temporary Accommodation | 324,322 | 632,152 | 307,830 |
| Housing Department Admin | 161,932 | 152,024 | (9,908) |
| Housing Options | 173,337 | 105,154 | (68,183) |
| Community Planning | 114,552 | 117,040 | 2,488 |
| Transport | 485 | 485 | 0 |
| Benefits Administration | (183,668) | (178,693) | 4,975 |
| Rent Allowance | 144,145 | 144,145 | 0 |
| Revenue Services | 0 | (15,229) | (15,229) |
| Local Tax | 630,791 | 640,119 | 9,328 |
| 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) |
| BLMSO Management Fee | (355,680) | (355,680) | 0 |
| Parking | (510,360) | (447,727) | 62,633 |
| Commercial Property | (2,855,203) | (4,120,371) | (1,265,168) |
| Operational Property | (106,785) | (122,902) | (16,117) |
| Total Finance | 845,879 | (95,718) | (941,598) |
| Total Finance excl investment property acquisition income | 845,879 | 703,049 | (142,831) |
| Legal Services | | | |
| Legal Services | 12,854 | 10,409 | (2,445) |
| Total Legal Services | 12,854 | 10,409 | (2,445) |
| Total General Fund | 10,078,446 | 8,371,268 | (1,707,178) |
| Total General Fund Excluding Mausoleum Income | 10,078,446 | 9,331,540 | (746,906) |