

Part I

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Executive Member: Duncan Bell

All Wards

WELWYN HATFIELD BOROUGH COUNCIL
CABINET – 5 NOVEMBER 2019
REPORT OF THE EXECUTIVE DIRECTOR (RESOURCES, ENVIRONMENT AND
CULTURAL SERVICES)

QUARTER 2 REVENUE BUDGET MONITORING REPORT 2019-20

1 Executive Summary

- 1.1 This report presents the forecast revenue outturn position as at 30 September 2019 (Month 6) for the financial year 2019-20 and outlines the main variances from the original budget for both the General Fund (GF) and Housing Revenue Account (HRA).
- 1.2 The forecast drawdown from the General Fund working balance is £0.145m (refer to section 3 for details). This is a net nil change on the £0.145m drawdown reported in the Current Budget.
- 1.3 A budget reset exercise has been undertaken following the peer review earlier this year. This has resulted in efficiencies in the region of £500k, which will be contributed to capital to support the councils' capital investment programme.
- 1.4 The forecast closing balance on the Housing Revenue Account is £2.621m, which is an adverse movement of £0.169m from the Current Budget (see Section 6 for further detail).
- 1.5 Outstanding debts as at 30 September, total £1.221m, with rolling debtor days at 40.38 (refer to section 7).

2 Recommendation(s)

- 2.1 The Cabinet note the revenue forecast outturn position as at Quarter 2.
- 2.2 That Cabinet approve the virements, detailed in section 3.6.
- 2.3 That Cabinet note the position on debts set out in sections 6 of this report.

3 General Fund Services

- 3.1 The difference between the Current Budget and the forecast outturn at period 6 is a net nil change on the General Fund working balances (appendix A) compared to the figure reported in the Quarter 1 report.
- 3.2 In January 2019 the Council had a Local Government Association (LGA) Corporate Peer Challenge review. This involved a small team of local government officers and councillors spending time at the council as peers to share learning and make recommendations to the Council. The team recognised the Council's strong financial position but suggested a review of base budget and reset the baseline position as part of the preparation for 2020/21 budget setting.

- 3.3 Consequently this exercise was carried out with £704k of savings identified by resetting the baseline budget for 2020/21. A similar exercise has also resulted in a saving in the region of £500k in the current financial year. These efficiencies in 2019/20 will be used to help fund the capital investment requirement through a revenue contribution to capital.
- 3.4 There has been an increase of £64k in the forecast outturn for Temporary Accommodation, mainly due to higher number of those being housed in Bed and Breakfast (B&B) since the changes to legislation in 2018. However, the average use of B&B has now reduced due to the Council's alternative longer term solutions, such as the purchase of Inspira House. This will either be funded from homelessness grants or earmarked reserves.
- 3.5 Work is ongoing on the council's Local Plan. The complexities of the strategy and public responses have resulted in increased expenditure during 2019/20. The increase in expenditure of £240k will be funded from the earmarked reserve set aside in previous years for this purpose.
- 3.6 In July a fire in the basement at Campus West caused damage to some of the electrics in the building which had an impact on the air conditioning in two of the three cinema screens. The current estimate for remedial works is around £50k, with a £20k contribution from Buildings insurance. A net £30k variance has been reported.
- 3.7 Virements (net nil movements) to be agreed:
- As part of the Homelessness Reduction Act the Council has received £230k further grant funding which will be used to help meet the requirements of the new legislation. The Service intend on spending this grant on schemes such as Spend to Save which focuses on preventing homelessness by supporting those in financial difficulty; working with Drug Link to manage the Council's Housing First property in Hatfield which houses rough sleepers who have barriers to securing more permanent accommodation; and working with Resolve to run an outreach programme which responds to reports of rough sleepers.
- 3.8 For information on other minor movements please refer to appendices B1-B8.

4 General Fund - Budget Monitoring Process and Risk Management

- 4.1 Appendix C highlights the budgets identified as more volatile than other budgets where the outturn can vary due to demand. Variances to the forecast outturn in these areas can contribute significantly to outturn variances which can be both adverse and favourable.
- 4.2 The detailed statements in the appendix provide information on the budget and spend to date to highlight any potential budgets that may need review. Some of the data is service specific, but some information are given at a corporate level including spending on external printing, car allowances, utilities and employee costs for the General Fund.
- 4.3 The appendix shows a net potential favourable variance of £261k. This has not been reported in the forecast at this time as there is a degree of uncertainty as to

whether the variances will continue in the same way. These areas will continue to be monitored closely with the budget managers.

5 General Fund – Savings Monitoring

- 5.1 Appendix F shows the approved efficiency savings incorporated into the budget for 2019/20, and progress against these savings. This shows that the savings are on track for delivery with no variances to report.

6 Housing Revenue Account

- 6.1 The forecast closing balance on the Housing Revenue Account is £2.621m, which is an adverse movement of £0.169m from the Current Budget.
- 6.2 An itemised list of current budgets and forecast outturns for the HRA and minor budget variances are shown in Appendix E.
- 6.3 There is a forecast increase of £0.235m to Revenue Contribution to Capital Outlay (RCCO). This has been adjusted due to higher opening balances than anticipated, and increasing the contribution minimises borrowing costs. The HRA is to maintain a minimum balance of 5% of total income, as agreed in the Medium Term Financial Strategy.

7 Outstanding Debts on Debtors System

- 7.1 At the end of September 2019, debts outstanding totalled £1.221m. This is a reduction of £228k on the June position of £1.449m.
- 7.2 Performance is measured using a rolling debtor day ratio. The current target is 38 days and at the end of September 2019 the rolling debtor days totalled 40.38 days. This is an increase on the 38.91 days reported at the end of June 2019. The increase in debtor days relates to the invoices raised to Broxbourne Borough Council in respect of the Steria contract where the council acts as an agent between the two. There were some delays in these being paid over the summer and without these the rolling debtor days would have been lower by 3 days.
- 7.3 The debts outstanding for range between 91-365 days have reduced from £311k at the end of quarter 1 to £171k at the end of quarter 2 in 2019/20. In quarter one, a number of first set of invoices were raised to the tenants of the Stonehills building that had just hit the 91-365 day outstanding time period. Most of these invoices have been cleared and the majority of tenants are now paying promptly which has resulted in reduction of outstanding.
- 7.4 The debtors system does not include debts for housing rents, council tax and business rates. Appendix D analyses the outstanding debt by age across services.
- 7.5 Detailed information on outstanding debts is sent to Directors and Heads of Services for action where appropriate and discussed at the regular budget monitoring meetings with the Business Partners. A pro-active approach is taken in managing debts by finance, legal and services.

Implications

8 Legal Implication(s)

8.1 There are no legal implications arising as a result of this report.

9 Financial Implication(s)

9.1 The financial implications are set out within this report.

10 Risk Management Implications

10.1 The risks related to this proposal are:

10.2 These are set out within the report.

11 Security & Terrorism Implication(s)

11.1 There are no security & terrorism implications arising as a result of this report.

12 Procurement Implication(s)

12.1 There are no procurement implications arising as a result of this report.

13 Climate Change Implication(s)

13.1 There are no climate change implications arising as a result of this report.

14 Link to Corporate Priorities

14.1 The subject of this report is linked to the Council's Corporate Priority "Engage with our communities and provide value for money", and specifically to the achievement of "Demonstrate Value for Money".

15 Equality and Diversity

15.1 An EqIA was not completed because this report does not propose changes to existing service-related policies or the development of new service-related policies.

16 Health and Wellbeing

16.1 There are no direct implications in relation to health and wellbeing arising from this report.

17 Communication and Engagement

17.1 There are no direct requirements for communication and engagement arising from this report.

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Date *7 October 2019*

Background papers to be listed (if applicable)

N/A

Appendices to be listed

A	General Fund revenue budget overview by Director and Head of Service
B1-8	Variance analysis by Head of Service for direct and support services
<i>B1</i>	<i>Head of Resources</i>
<i>B2</i>	<i>Head of Environment</i>
<i>B3</i>	<i>Head of Policy & Culture</i>
<i>B4</i>	<i>Head of Law and Administration</i>
<i>B5</i>	<i>Head of Planning</i>
<i>B6</i>	<i>Head of Public Health & Protection</i>
<i>B7</i>	<i>Head of Housing & Community</i>
<i>B8</i>	<i>Executive Board</i>
C	Age debt profile for debts outstanding at the end of September 2019
D	HRA budget overview and Reserves Summary
E	Earmarked Reserves Summary