

WELWYN HATFIELD BOROUGH COUNCIL
CABINET – 10 AUGUST 2021
REPORT OF THE CHIEF EXECUTIVE

QUARTER 1 REVENUE BUDGET MONITORING REPORT 2021-22

1 Executive Summary

- 1.1 This report presents the forecast revenue outturn position as at 30 June 2021 (quarter 1) for the financial year 2021-22 and outlines the main variances from the original budget for both the General Fund (GF) and Housing Revenue Account (HRA).
- 1.2 There is a forecast adverse variance on the General Fund net cost of services of £2.325m (see section 3 for further detail). A summary showing the General Fund position is contained in **Appendix A1**. Of the cost of service variances forecast:
- £1.999m relates to variances directly attributable to the impact of the COVID-19 pandemic.
 - £0.326m relates to other variances.
- 1.3 After additional reserve drawdowns of £1.367m (see **Appendix A2**) and other variances of £0.300m, this leaves a net additional drawdown from the General Fund Reserve of £658k.
- 1.4 The £658k drawdown includes the net pandemic impact position, which is £664k (£1.999m of pandemic related service variances, partially offset by Sales, Fees and Charges (SFC) losses compensation scheme estimated income of £0.300m and additional drawdowns from earmarked reserves of £1.035m).
- 1.5 These variances exclude any potential council tax or business rates losses, as these will lead to a collection fund deficit which would impact on future year’s budget setting. An update to the funding of the current years budgeted deficit is set out in this report (see 3.3.2).
- 1.6 The forecast closing balance on the Housing Revenue Account is £2.641m, which is an adverse movement of £0.081m from the Current Budget (see Section 4 for further detail).
- 1.7 Outstanding debts as at 30 June total £2.024m, with rolling debtor days at 50.65 (refer to section 5).

2 Recommendation(s)

- 2.1 That Cabinet note the revenue forecast outturn position as at Quarter 1.
- 2.2 That Cabinet approve the virements, detailed in section 3.2.
- 2.3 That Cabinet note the position on debts set out in section 5 of this report.

3 General Fund Monitoring

3.1 General Fund Budgets

3.1.1 Since the original budget was set there are no additional approved drawdowns from balances. A summary of General Fund reserves are shown in **Appendix A2**.

3.2 Virements

3.2.1 Virements recommended to Cabinet

The following virement is recommended to Cabinet for the re-alignment of budgets within Environmental Services relating to the waste management contract and Tewin Road Depot. The overall budget for 2021/22 was based on the cost of the new contract, but an updated apportionment of costs is required to be reflected in the budget, which this virement addresses.

Debit/Credit	Budget line	Value £
Credit	Grounds Maintenance	(450,150)
Debit	Domestic Refuse	79,440
Debit	Recycling	193,430
Debit	Trade waste	7,300
Debit	Street Cleaning	102,890
Debit	Tewin Road Depot	67,090

3.2.2 Summary of virements

A table showing a summary of approved virements and realignment of services between Heads of Service since the budget is included in **appendix A3**.

3.3 General Fund Cost of Service Variances:

3.3.1 The table below summarises the year to date variances and forecast variances by Head of Service. The year to date variances shown in the "Other" column represents the risks and opportunities within the monitoring report, where a year to date variance has been identified for which no year-end forecast has been made. (Each variance listed in Appendices B1 to B8 are marked a, b or c for cross referencing to the table below).

Service	Year to Date				Forecast
	(a) Forecast provided £'000	(b) Profiling / Grants £'000	(c) Other £'000	Total £'000	Total £'000
Resources	307	(1,262)	(122)	(1,078)	651
Environment	171	(987)	(120)	(936)	538
Policy and Culture	216	0	(70)	146	1,217
Law and Administration	14	0	59	73	14
Planning	(37)	0	(26)	(63)	(22)
Public Health and Protection	0	0	(16)	(16)	(3)
Community and Housing Strategy	0	(407)	(89)	(496)	5
Corporate Management Team	0	0	(45)	(45)	0
Total	671	(2,657)	(429)	(2,415)	2,399

3.3.2 Explanation for all key year to date variances and forecast variances are included in the Head of Service breakdowns **Appendices B1 to B8**.

3.3.3 **Appendix F** contains a savings tracker to measure agreed budgeted savings against forecasts. Most of the savings are currently anticipated to be delivered, but there are key three items to note:

- Long stay car parking (Red) – this additional income is unlikely to be achieved during 2021/22 due to the impact of the pandemic but will remain in the base budget position for future years.
- Reduction in GLL management fee (Amber) – it is anticipated there may be a need to provide additional support for leisure provision. It is not known at this stage whether the grant received from the government will be sufficient to cover the additional costs, which may impact on the ability to deliver the saving this year, but the saving will remain in the baseline budget.
- Campus west fees and charges (Red) – this additional income is unlikely to be achieved during 2021/22 due to the impact of the pandemic but will remain in the base budget position for future years.

3.4 Other General Fund Variances

3.4.1 In response to COVID-19, the Government has provided four tranches of funding to local authorities during 2020/21. The council agreed to add an additional £610k to an earmarked reserve during 2021/22 to be used to support ongoing COVID-19 related costs and lost income. The council will submit a final claim under the SFC Losses compensation scheme for the period April – June 2021 for an estimated £300k towards income losses for the first quarter of the financial year.

3.4.2 The forecast includes a drawdown of £1.035m from the COVID-19 pandemic reserve which was set up in 2019/20 to support the council meet the demands of the pandemic in 2020/21 and beyond. A drawdown of £332k from the Modernisation reserve is included for approved modernisation projects such as revenues and benefits transformation and software solutions.

3.4.3 There are likely to be variances on interest income and borrowing interest, relating to changes in the Councils cashflow, arising from the COVID-19 pandemic. The cashflows are being closely monitored, and we anticipate a need to borrow before the end of the calendar year.

3.4.4 The COVID-19 pandemic is expected to continue to impact on collection rates, council tax support and business rates reliefs provided during 2021/22. These will all impact on the collection fund surplus or deficit, but due to regulations and accounting practice, any impact in the current financial year will be reversed out from the General Fund and will instead impact in future years.

3.4.5 The 2021/22 budget included a drawdown from general balances to support the collection fund deficit forecast of £670k. Due to the impact being slightly less than anticipated, and additional government grant being received to support these specific losses, as part of the closedown for 2020/21, enough funds were set aside in the Business Rates Retention Reserve to fund this deficit. The Q1 monitoring includes the adjustment to drawdown from the earmarked reserve rather than general balances.

4 Housing Revenue Account

4.1 Housing Revenue Account Balances

4.1.1 Since the original budget was set there are no additional approved drawdowns from balances.

4.2 Virements

4.2.1 There have been no officer approved virements between Head of Service areas since the approved budget, and no recommended virements for Cabinet to consider for the Housing Revenue Account.

4.3 Housing Revenue Account Variances:

4.3.1 The forecast closing balance on the Housing Revenue Account is £2.641m, which is an adverse movement of £81k from the Current Budget. **Appendix C1** provides the HRA Income and Expenditure Statement with forecast variances. **Appendix C2** provides the same information, but in Head of Service format, along with forecast balances for the Housing Revenue Account.

4.3.2 Explanation for all key year to date variances and forecast variances are included in the Head of Service breakdowns **Appendices D1 to D4**.

4.3.3 The table below summarises the year to date variances and forecast variances by Head of Service/Corporate Director.

4.3.4 The year to date variances shown in the "Other" column represents the risks and opportunities within the monitoring report, where a year to date variance has been identified for which no year-end forecast has been made. (Each variance listed in Appendices B1 to B8 are marked a, b or c for cross referencing to the table below).

Service	Year to Date Variance				Forecast Variance
	(a) Forecast provided £'000	(b) Profiling / Grants £'000	(c) Other £'000	Total £'000	Total £'000
Community and Housing Strategy	84	0	9	93	120
Housing Operations	11	(242)	(444)	(675)	(79)
Property Services (Housing)	(2)	0	431	429	159
Corporate Director	15	(1,500)	(16)	(1,516)	0
Total	92	(1,742)	(19)	(1,669)	200

4.4 Other Housing Revenue Account Variances

4.4.1 There is a forecast decrease of £119k to Revenue Contribution to Capital. This has been adjusted due to the service variances identified to ensure the HRA maintains a minimum balance of 5% of total income, as set out in in the Medium-Term Financial Strategy.

5 Outstanding Debts on Debtors System

- 5.1 At the end of June 2021, debts outstanding totalled £2.024m. This is an increase of £64k on the March 2021 position of £1.960m.
- 5.2 Performance is measured using a rolling debtor day ratio. The current target is 50 days and at the end of June 2021 the rolling debtor days totalled 50.65 days. This is a decrease on the 52.82 days reported at the end of March 2021.
- 5.3 The outstanding debts that range between 91-365 days old have remained the same at £550k as at the end of quarter 4 2020/21. The debt in this category includes £61k which is in dispute and two debts totalling £10k for which an instalment plan has been agreed.
- 5.4 One of largest areas of debtors relates to commercial property. For the majority of tenants which have not been able to pay, deferments and payments plans have been agreed and are being closely monitored. Additional legislation was brought in by the Government during 2020/21 which prevented some usual recovery action being taken, and this has been extended for 2021/22.
- 5.5 The debtors system does not include debts for housing rents, council tax and business rates. **Appendix D** analyses the outstanding debt by age and across services.
- 5.6 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 service accountants. A pro-active approach is taken in managing debts by finance, legal and services.

Implications

6 Legal Implication(s)

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

7 Financial Implication(s)

- 7.1 The financial implications are set out within this report.

8 Risk Management Implications

- 8.1 The risks related to this proposal are set out within the report where appropriate.

9 Security & Terrorism Implication(s)

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

10 Procurement Implication(s)

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

11 Climate Change Implication(s)

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

12 Link to Corporate Priorities

- 12.1 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".

13 Equality and Diversity

- 13.1 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.

14 Health and Wellbeing

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

15 Human Resources Implications

- 15.1 There are no direct human resources implications arising from this report.

16 Communication and Engagement

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

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Appendices:

A1	General Fund Revenue Budget Summary
A2	General Fund Reserves Summary
A3	General Fund – Virement summary by Head of Service
B1-8	Variance analysis by Head of Service / CMT
<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>Corporate Management Team</i>
C1	HRA Budget Summary
C2	HRA Budget Summary by Head of Service and Reserves
D1-4	Variance analysis by Head of Service / Corporate Director
<i>D1</i>	<i>Head of Community and Housing Strategy</i>
<i>D2</i>	<i>Head of Housing Operations</i>
<i>D3</i>	<i>Head of Property Services (Housing)</i>
<i>D4</i>	<i>Corporate Director (Housing and Communities)</i>
E	Aged Debt for debts outstanding at the end of June 2021
F	Savings Tracker