

WELWYN HATFIELD BOROUGH COUNCIL  
CABINET – 7 AUGUST 2018  
REPORT OF THE CORPORATE DIRECTOR (RESOURCES, ENVIRONMENT AND  
CULTURAL SERVICES)

REVENUE BUDGET QUARTER 1 MONITORING REPORT FOR THE FINANCIAL  
YEAR 2018-19

**1 Executive Summary**

- 1.1 This report presents the forecast revenue outturn position as at 30 June 2018 (Quarter 1) for the financial year 2018-19 and outlines the main variances from the original budget for both the General Fund (GF) and Housing Revenue Account (HRA).
- 1.2 The forecast contribution to the General Fund working balance is now £0.063m (refer to section 3 for details). This is a favourable movement of £0.163m on the £0.100m drawdown reported in the Original Budget.
- 1.3 The forecast Housing Revenue Account balance is £3.239m, which is a favourable movement from original budget of £0.574m, of which £0.565m relates to a higher opening HRA balance than anticipated in the Original Budget
- 1.4 Outstanding debts, total £1.036m, with rolling debtor days at 37.79 (refer to section 6).

**2 Recommendation(s)**

- 2.1 The Cabinet note the revenue forecast outturn position as at Quarter 1.
- 2.2 That Cabinet approve the following virements, as detailed in section 3.2:
  - £105k increase to grant income in Council Tax
  - £105k decrease to Localised Council Tax Support grant line shown outside of the net cost of services
- 2.3 The Cabinet are asked to note the position on debts set out in section 6 of this report.

**3 General Fund Services**

- 3.1 The difference between the Original Budget and the forecast at Quarter 1 is an increase to the working balances of £163k. Key variances against Original Budget are set out in paragraph 3.2 - 3.3, and a summary of the General Fund position is shown in appendix A.

- 3.2 Resources: £262k favourable variance (see appendix B1);
- 3.2.1 £135k Favourable variance on property income: Income has increased in the estates management property portfolio, mainly due to the rental of several flats within Hatfield Town Centre. This increase is ongoing and will be factored into the proposed 2019/20 budget setting process.
- 3.3 £126k Favourable variance in Council Tax Grant Income: The Council currently shows the Council Tax Support Administration Grant outside of the cost of services, as shown separately in appendix A. However upon the review of the conditions of the grant, it was identified that the grant should be treated as income within services. It is therefore recommended that a virement is approved by Cabinet to move the budget to the correct area. As the amount of grant actually received is higher, there will be a £21k variance between the actual grant received and the original budgeted amount.
- 3.4 For information on other minor variances 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 is 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 £12k. 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 Housing Revenue Account**

- 5.1 The forecast contribution from the Housing Revenue Account working balance is now £3.239m. This is a favourable movement of £574k against the original budget, mainly due to additional balances rolled forward of £565k.
- 5.2 £50k Favourable variance on Repairs and Maintenance: The budget requirement for professional fees within Property Services has decreased following recent restructuring and staff appointments. In 2017/18, the total spend was £91k against an original budget of £220k. Spend during the first quarter of 2018/19 indicates that this budget will not be fully utilised, and the forecast has been reduced by £50k. This will be closely monitored throughout the year.
- 5.3 £41k Adverse variance on Supervision and Management: The Council has seen an increase in costs relating to Council Tax on void properties. The bulk of this variance arises from properties purchased under the open market purchases element of the Affordable Housing Programme, which are held vacant whilst works are undertaken to bring them to Council standard.

- 5.4 Appendix E gives an itemised list of current budget and forecast outturn for the HRA.

## **6 Outstanding Debts on Debtors System**

- 6.1 At the end of Quarter 1, debts outstanding totalled £1.036m. This is a reduction of £146k on the Quarter 4 position of £1.182m.
- 6.2 Performance is measured using a rolling debtor day ratio, with a target of 38 days. At the end of Quarter 1 the rolling debtor days had improved to 37.79 days, compared to 40.17 reported at Quarter 4.
- 6.3 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.
- 6.4 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**

## **7 Legal Implication(s)**

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

## **8 Financial Implication(s)**

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

## **9 Risk Management Implications**

- 9.1 The risks related to this proposal are:
- 9.2 These are set out within the report.

## **10 Security & Terrorism Implication(s)**

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

## **11 Procurement Implication(s)**

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

## **12 Climate Change Implication(s)**

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

## **13 Link to Corporate Priorities**

- 13.1 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".

## **14     Equality and Diversity**

- 14.1    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.

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Date                                        11<sup>th</sup> July 2018

Background papers to be listed (if applicable)

N/A

Appendices to be listed

<b>A</b>	<b>General Fund revenue budget overview by Director and Head of Service</b>
<b>B1-8</b>	<b>Variance analysis by Head of Service for direct and support services</b>
<i>B1</i>	<i>Head of Resources</i>
<i>B2</i>	<i>Head of Environment</i>
<i>B3</i>	<i>Head of Policy &amp; 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 &amp; Protection</i>
<i>B7</i>	<i>Head of Housing &amp; Community</i>
<i>B8</i>	<i>Executive Board</i>
<b>C</b>	<b>Activity and Risk Budgets</b>
<b>D</b>	<b>Age debt profile for debts outstanding at the end of June 2018</b>
<b>E</b>	<b>HRA budget overview and Reserves Summary</b>