

WELWYN HATFIELD BOROUGH COUNCIL
CABINET – 6 AUGUST 2019
REPORT OF THE CORPORATE DIRECTOR (RESOURCES, ENVIRONMENT AND
CULTURAL SERVICES)

QUARTER 1 REVENUE BUDGET MONITORING REPORT 2019-20

1 Executive Summary

- 1.1 This report presents the forecast revenue outturn position as at 30 June 2019 (Month 3) 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 £0.106m (refer to section 3 for details). This is a favourable movement of £39k on the £0.145m drawdown reported in the Current Budget.
- 1.3 There is currently a fundamental review underway of the budget, to reset the baseline position as part of the preparation for 2020/21 budget setting. Any potential 2019/20 underspends identified during this process will be reported in quarter two.
- 1.4 The forecast closing balance on the Housing Revenue Account is £2.622m, which is an adverse movement of £0.167m from the Current Budget (see Section 6.3 for further detail).
- 1.5 Outstanding debts as at 30 June, total £1.449m, with rolling debtor days at 38.91 (refer to section 7).

2 Recommendation(s)

- 2.1 The Cabinet note the revenue forecast outturn position as at Quarter 1.
- 2.2 That Cabinet approve the virements, detailed in section 3.4
- 2.3 That Cabinet note the position on debts set out in sections 6 of this report.

3 General Fund Services

- 3.1 Since the original budget was set forecasted drawdown from balances has increased by £11k. (Please refer to appendix A)
- 3.2 The current budget has been updated to reflect the decision made by Full Council on 19th June 2019 to create a £50k earmarked reserve for Climate Change to be funded from the General Fund reserve. This new earmarked reserve will be used to provide grants to support local organisations to improve their carbon footprint, the criteria will be established by the Climatic Change Group to be recommended to Cabinet for approval.

3.3 As reported in the 2018/19 outturn report after a successful tender exercise savings have been made on bank charges with our credit/debit card provider. A favourable change to the forecast outturn for £40k has been made and because this is an ongoing saving it will be factored into the 2020/21 budget setting process.

3.4 Virements (net nil movements) to be agreed:

3.4.1 The Council estimated it would pay out in excess of £36m in benefit payments during 2019-20 and receive the majority of this sum back in subsidy from the DWP. Due to a reduction in benefits paid by the Council, as claimants migrate to universal credit, income and expenditure have been amended by £7,951k based on the latest forecast.

3.4.2 The income from the extra planning sites has created more work for the planning department. This has also resulted in an increase need to use professional services, consultancy organisations as well as generating legal costs due to the nature of applications. The Development Management income target of £809k has been increased by £300k to £1,109k to fund this increased workload.

3.5 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 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 £896k. 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 £2.622m, which is an adverse movement of £0.167m from the Current Budget.

6.2 There are no Service budget variances.

6.3 There is a forecast increase of £0.167m 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.

- 6.4 Appendix E gives an itemised list of current budgets and forecast outturns for the HRA.

7 Outstanding Debts on Debtors System

- 7.1 At the end of June 2019, debts outstanding totalled £1.449m. This is an increase of £349k on the March position of £1.100m.
- 7.2 Performance is measured using a rolling debtor day ratio. The current target is 38 days and at the end of June 2019 the rolling debtor days totalled 38.91 days. This is an increase on the 35.37days reported at the end of March 2019.
- 7.3 The outstanding debts that range between 91-365 days old have increased from £185k at the end of 2018/19 to £311k at the end of quarter 1 in 2019/20. The increase in debt in this category includes debts totalling £45k which were paid in early July, a debt for £40k which was in dispute at the quarter end and a debt of £44k for which an instalment plan has been agreed.
- 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 and 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 service accountants. 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.

Name of authors *Daniel Williams 01707 357389 Yamini Krishnan 01707 357336*
Title Business Partner/Senior Business Partner
Date 9 July 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 June 2019
D	HRA budget overview and Reserves Summary
E	Earmarked Reserves Summary