

Part I
Item No:
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Executive Member: Cllr Astrid Scott
All Wards

WELWYN HATFIELD BOROUGH COUNCIL
CABINET – 4 FEBRUARY 2025
REPORT OF THE EXECUTIVE DIRECTOR (FINANCE AND TRANSFORMATION)

QUARTER THREE REVENUE BUDGET MONITORING REPORT 2024-25

1 Executive Summary

- 1.1 This report presents the forecast revenue outturn position as at 31 December 2024 for the financial year 2024-25 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 controllable income and expenditure of £1.534m (see Section 3 for further detail). A summary showing the General Fund position is contained in **Appendix A1**.
- 1.3 This leaves a net contribution from the General Fund Reserve of £0.327m which is an increase in the planned use of balances by £0.318m (see **Appendix A2**).
- 1.4 The forecast closing balance on the Housing Revenue Account is £3.215m, which is an adverse movement of £0.061m from the Current Budget (see Section 4 for further detail).
- 1.5 Outstanding debts as at 31 December total £1.779m, with rolling debtor days at 61.65 (refer to Section 5).

2 Recommendation(s)

- 2.1 That Cabinet note the revenue forecast outturn position as at Quarter Three (31 December 2024).
- 2.2 That Cabinet approve the virements set out in Section 4.1.3 of this report.
- 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 general balances. A summary of General Fund reserves is shown in **Appendix A2**. A summary of virements is shown in **Appendix A3**.

3.2 General Fund Cost of Service Variances:

3.2.1 The table below summarises the year-to-date variances and forecast variances for the net controllable income and expenditure. The columns show whether the variances are expected to be offset by contributions from reserves, funded from grants, due to a timing difference, or remain as a forecast outturn variance. Each variance listed in Appendices B1 to B13 are marked a to f, cross referencing to the table below.

	Analysis of year-to-date variance compared to forecast	Year to Date Variance £000	Forecast Variance £000
a)	Variations to be offset by earmarked reserve use	105	75
b)	Variations associated with grant income	(519)	0
c)	Timing differences/profiling	(170)	(2)
d)	Variations with a year-end forecast	(1,096)	1,461
e)	Variations with no year-end forecast	266	0
f)	No year to date variance but forecast variance	0	0
	Total	(1,414)	1,534

3.2.2 Explanations for all key year-to-date variances and forecast variances are included in the Assistant Director breakdowns in **Appendices B1 to B13**. Key variances to highlight since Quarter 2 are summarised below.

	£'000
Net controllable income and expenditure outturn variance Q2	1,515
Crematorium income expected to be lower than forecast at Q2	73
Net of vacancies and agency staff - higher saving than forecast in Q2	(174)
Recycling income expected to be higher than forecast at Q2	(36)
Housing benefit pressures increasing	125
ICT subscription and contract payments expected to be lower than forecast at Q2	(56)
Overspend on temporary accommodation, to be funded from reserve	40
Higher costs expected than at Q2 for planning legal challenges	24
Rental income expected to be less than forecast at Q2	88
Parking income pressures reducing	(175)
Maintenance costs expected to be higher than forecast at Q2	22
Campus East NNDR refunds received relating to prior years	(97)
Other small variances	185
Net controllable income and expenditure outturn variance Q3	1,534

3.2.3 **Appendix F** contains a savings tracker to measure agreed budgeted savings against forecasts. Updates to whether savings are expected to be achieved will be reported in this section throughout the year.

- The saving for additional income generation at Oakhill Crematorium is not currently expected to be achieved based on income trends since the crematorium opened.
- The University of Hertfordshire have reviewed their finances and have decided they will no longer provide the £15k of additional funding for the PAL scheme as previously agreed. This saving will therefore not be achieved.
- The saving for increased income from garden waste fees is not expected to be achieved due to lower uptake of the service than expected. The service still has well over 21k subscribers and price elasticity impacts have been reviewed when setting the 2025/26 budget.
- The saving from decreased stationery and printing is not likely to be achieved due to printing requirements of the Council remaining high, despite other methods being encouraged where suitable.

Other General Fund Variances

3.2.4 Increases in costs of living are expected to continue to impact on collection rates, council tax support and business rates reliefs provided during 2024/25. 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.

3.2.5 The pay award for 2024/25 is now reflected in the budget monitoring. An offer of an increase of £1,290 per employee has been accepted by the National Employers for pay points 2 to 43. This will result in an additional budget requirement of £29k over a provision that has been made for salary increases. Some areas of the Council will be more adversely impacted by the pay award than others, such as Leisure, Community and Cultural Services. An offer of 2.5% on pay points above this and below chief officer level has also been accepted and revised forecasts for this are also now reflected in budget monitoring.

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.

4.1.2 A summary of HRA virements is shown in Appendix D4.

4.1.3 It is recommended that the following virements be approved:

- That £0.400m from the External Decorations budget be vired to pay for a new service being commissioned for outstanding damp and mould cases.

4.2 Housing Revenue Account Variances:

4.2.1 The forecast closing balance on the Housing Revenue Account is £3.215m, which is an adverse movement of £0.061m from the Current Budget. **Appendix C1** provides the HRA Income and Expenditure Statement with forecast variances. **Appendix C2** provides the same information, but in Executive Director format, along with forecast balances for the Housing Revenue Account.

4.2.2 The table below summarises the year-to-date variances and forecast variances by Executive Director. The columns show whether the variances are expected to be offset by contributions from reserves, funded from grants, due to a timing difference, or remain as a forecast outturn variance. Each variance listed in Appendices D1 to D3 are marked a to f, cross referencing to the table below.

	Analysis of year-to-date variance compared to forecast	Year to Date Variance £000	Forecast Variance £000
a)	Variances to be offset by earmarked reserve use	0	0
b)	Variances associated with grant income	0	0
c)	Timing differences/profiling	0	0
d)	Variances with a year-end forecast	(7,385)	(3,774)
e)	Variances with no year-end forecast	0	0
f)	No year-to-date variance but forecast variance	0	0
	Total	(7,385)	(3,774)

4.2.3 Explanations for all key year-to-date variances and forecast variances are included in the Executive Director breakdowns **Appendices D1 to D3**. Key variances to highlight are summarised below:

	£'000
Net controllable income and expenditure outturn variance Q2	(1,732)
Overspend on hostels water and council tax charges	79
Net of vacancies and agency staff	(247)
Increased damp and mould costs than expected at Q2	40
Increased council tax costs since Q2 due to void properties	17
Compensation and legal fees due from disrepair cases	23
Underspend expected for housing works due to lower run rate than budgeted	(94)
Other small variances	95
Net controllable income and expenditure outturn variance Q3	(1,819)

4.3 Other Housing Revenue Account Variances

4.3.1 There is a forecasted increase of £3.836m in the 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 December 2024, debts outstanding totalled £1.78m. This is a decrease of £0.4m on the September position of £2.18m.

- 5.2 Performance is measured using a rolling debtor day ratio. The current target is 40 days and at the end of December 2024 the rolling debtor days totalled 61.65 days. This is a slight increase on the 58.76 days reported at the end of September 2024. As the target is a rolling target it is influenced by two large outstanding invoices. Without these two invoices, the debtor days would be 44.03 days.
- 5.3 The outstanding debts that range between 91-365 days old have increased from £109k as at the end of September 2024 to £137k at the end of December.
- 5.4 One of the largest areas of debtors relates to commercial property. For the majority of tenants which have not been able to pay, deferments and payment plans have been agreed and are being closely monitored.
- 5.5 The debtors system does not include debts for housing rents, garages, council tax and business rates. **Appendix E** analyses the outstanding debt by age and across services.
- 5.6 Detailed information on outstanding debts is sent to Executive Directors for action where appropriate and discussed at regular budget monitoring meetings. A pro-active approach is taken in managing debts by finance, legal and services.

Implications

6 Legal Implication(s)

- 6.1 There are no direct 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 and Terrorism Implication(s)

- 9.1 There are no security and 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 Equality Impact Assessment (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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Date *7 January 2025*

Appendices:

A1	General Fund Revenue Budget Summary
A2	General Fund Reserves Summary
A3	General Fund Virements
B1-13	Variance analysis by Assistant Director
C1	HRA Budget Summary
C2	HRA Budget Summary by Executive Director and Reserves
D1-3	Variance analysis by Executive Director
D4	HRA Virements
E	Aged Debt for debts outstanding at the end of December 2024
F	Savings Tracker