

WELWYN HATFIELD BOROUGH COUNCIL
CABINET – 9 AUGUST 2022
REPORT OF THE CHIEF EXECUTIVE

QUARTER 1 REVENUE BUDGET MONITORING REPORT 2022-23

1 Executive Summary

- 1.1 This report presents the forecast revenue outturn position as at 30 June 2022 for the financial year 2022-23 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 £2.117m (see Section 3 for further detail). A summary showing the General Fund position is contained in **Appendix A1**.
- 1.3 After additional reserve drawdowns of £0.736m (see **Appendix A2**) this leaves a net additional drawdown from the General Fund Reserve of £1.381m.
- 1.4 The forecast closing balance on the Housing Revenue Account is £2.775m, which is a favourable movement of £0.069m from the Current Budget (see Section 4 for further detail).
- 1.5 Outstanding debts as at 30 June total £1.927m, with rolling debtor days at 37.49 (refer to Section 5).

2 Recommendation(s)

- 2.1 That Cabinet note the revenue forecast outturn position as at Quarter 1 (30 June 2022).
- 2.2 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**.

3.2 General Fund Cost of Service Variances:

- 3.2.1 The table below summarises the year to date variances and forecast variances by Head of Service. 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 B8 are marked a, b, c, d or e for cross referencing to the table below.

Service	Year to Date Variance						Forecast Outturn Variance
	(a) To be offset by contributions from reserves £'000	(b) To be offset by grants received £'000	(c) Timing Differences £'000	(d) Variance with year end forecast £'000	e) Variance but no year end forecast £'000	Total £'000	Total £'000
Resources	(12)	0	(3,695)	21	(26)	(3,713)	341
Environment	0	0	(385)	(553)	0	(938)	350
Policy and Culture	0	0	0	179	0	179	641
Law and Administration	0	0	0	192	0	192	94
Planning	0	0	(759)	85	0	(674)	84
Public Health and Protection	0	73	16	16	8	113	587
Community and Housing Strategy	0	(453)	(85)	0	(36)	(574)	21
Corporate Management Team	0	0	0	0	(23)	(23)	0
Total	(12)	(381)	(4,908)	(60)	(77)	(5,438)	2,117

3.2.2 Explanations for all key year to date variances and forecast variances are included in the Head of Service breakdowns **Appendices B1 to B8**. Key variances to highlight in Quarter 1 are summarised below:

	£'000
Price rises in utilities	704
Income shortfall predicted for Campus West	200
Parking income lower than budgeted	190
Delays in crematorium project causing shortfall of income	157
COVID related expenditure, to be funded from vaccine champions grant	485
Other smaller changes	381
Net controllable income and expenditure forecast variance as at end of Quarter 1	2,117
Expenditure to be funded by grant	(485)
Net forecast variance after grant income	1,632

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

- Decarbonisation projects (Red) – these savings are unlikely to be achieved during 2022/23 due to the increasing costs of utilities putting pressure on service budgets (see Section 3.3.2 below).
- Crematorium (Red) – the budgeted saving of £60k will not be achieved in year. The project has been delayed so savings will not be achieved until 2023/24 when the crematorium becomes operational. The delays are due

to a lorry transporting materials needed for the project overturning, resulting in those materials needing to be manufactured again offsite.

3.3 Other General Fund Variances

- 3.3.1 Increases in costs of living are expected to continue to impact on collection rates, council tax support and business rates reliefs provided during 2022/23. 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.

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 £2.775m, which is a favourable movement of £0.069m 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 Explanations for all key year to date variances and forecast variances are included in the Head of Service breakdowns **Appendices D1 to D4**. Key variances to highlight in Quarter 1 are summarised below:

	£'000
Price rises in utilities	297
Mears contract – price rises in materials and inflation higher than predicted	1,478
Firewatch at Queensway House	300
Other smaller changes	(8)
Net controllable income and expenditure forecast variance as at end of Quarter 1	2,067

- 4.3.3 The table below summarises the year to date variances and forecast variances by Head of Service/Corporate 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 D4 are marked a, b, c, d or e for cross referencing to the table below.

Service	Year to Date Variance					Forecast Outturn Variance	
	(a) To be offset by contributions from reserves £'000	(b) To be offset by grants received £'000	(c) Timing Differences £'000	(d) Variance with year end forecast £'000	e) Variance but no year end forecast	Total £'000	Total £'000
Community and Housing Strategy	0	0	0	(18)	(2)	(20)	64
Housing Operations	0	0	(187)	33	(171)	(325)	74
Property Services (Housing)	0	0	(47)	(163)	(340)	(550)	1,929
Corporate Director	0	0	(531)	0	13	(518)	0
Total	0	0	(766)	(147)	(500)	(1,413)	2,067

4.4 Other Housing Revenue Account Variances

4.4.1 There is a forecasted decrease of £2.246m 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 June 2022, debts outstanding totalled £1.927m. This is a decrease of £0.164m on the May position of £2.091m.

5.2 Performance is measured using a rolling debtor day ratio. The current target is 40 days and at the end of June 2022 the rolling debtor days totalled 37.49 days. This is a decrease on the 38.46 days reported at the end of May 2022.

5.3 The outstanding debts that range between 91-365 days old have increased from £547k as at the end of May 2022 to £623k at the end of June. The debt in this category includes £10k which is in dispute.

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 There has been a marked improvement in the payment of commercial rental income since COVID restrictions have lifted, as demonstrated by the general reduction in debtor days each month.

- 5.6 The debtors system does not include debts for housing rents, council tax and business rates. **Appendix E** analyses the outstanding debt by age and across services.
- 5.7 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 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 14 July 2022

Appendices:

A1	General Fund Revenue Budget Summary
A2	General Fund Reserves Summary
B1-8	Variance analysis by Head of Service
<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 2022