

**SUPPLEMENTARY REPORT FOR
CABINET
Thursday, 7 September 2023 at 7.30 pm
Council Chamber, Civic Centre**

The attached documents are due to be considered at the meeting listed above and were unavailable for circulation when the agenda for the meeting was published. The agenda items to which the documents relate is noted below.

AGENDA

10. Financial Performance Report, Quarter 1 2023/24 (Pages 2 - 24)

Financial Performance Report, Quarter 1 2023/24



Report to:	Cabinet
Date:	7 September 2023
Portfolio Holder:	Councillor James Leppard, Portfolio Holder for Finance and Governance
Lead Officer:	Simon Freeman, Deputy Chief Executive and Director of Finance (01279) 446228
Contributing Officers:	Senior Management Board (01279) 446004 Jacqueline Van Mellaerts, Assistant Director – Finance (01279) 44651
Key Decision:	No
Forward Plan:	Forward Plan Number I015970
Call In:	This item is not subject to call in procedures because the recommendations are within the scope of Corporate Strategy and the original budget approved by Full Council in February 2022
Corporate Priorities:	All priorities
Wards Affected:	None Specifically

Recommended that the Cabinet:

- A** Notes the forecast outturn position set out within the report in respect of the General Fund as at the end of quarter 1 (April – June) of 2023/24 with a projected favourable variance of £114,000.
- B** Notes the forecast outturn position set out within the report in respect of the Housing Revenue Account as at the end of quarter 1 (April – June) of 2023/24 with a projected adverse variance of £750,000.

- C** Notes the forecast outturn position set out within the report in respect of the Non-Housing Capital Programme as at the end of quarter 1 (April – June) of 2023/24 with a projected adverse variance of £3.781 million.
- D** Notes the forecast outturn position set out within the report in respect of the Housing Capital Programme as at the end of quarter 1 (April – June) of 2023/24 with a projected favourable variance of £12.116 million.
- E** Notes the Earmarked Reserve Table Summary position as at 31st March 2023 included within Appendix F.
- F** Approves the virements for the Housing Capital Programme identified within the table included in paragraph 20 of the report.
- G** Approves the Period 3 reprofiling into 2024/25 within the Housing and Non-Housing Capital Programmes included within Appendix D & E.

Reason for decision

- A** To ensure Cabinet reviews financial performance against the approved 2023/24 budgets for General Fund, Housing Revenue Account and Capital Programmes and to ensure corporate priorities are fully funded to enable a timely delivery.

Other Options

- A** This report notes the current financial position of Quarter 1 (April – June). It also asks to approve the current Capital Programme position, which includes a number of virements and reprofiling into 2024/25.
- B** Cabinet could consider not to approve the recommendations F and G set out above. The current budget of the Housing and Non-Housing Capital Programmes would not be updated to reflect the latest known position and would also mean priorities are not fully funded. Members would have another opportunity to review the Capital Programme at the Quarter 2 position (April – September) in November.

Background

1. On 23 February 2023, Full Council set a Medium-Term Financial Strategy, (MTFS) which reported the General Fund Budget, Housing Revenue Account (HRA) and Capital Programmes for Housing and Non-Housing for 2022/23.
2. On 13 July 2023, Cabinet noted the 2022/23 financial outturn, and approved carry forwards of £190,000 for General Fund, £241,000 for HRA, £9.971 million for Non

Housing Capital programme (NHCP) and £4.001m for Housing Capital programme (HCP). As well as the movement on 2022/23 Earmarked Reserves.

3. In the previous financial year, Financial Performance information was combined with the Council's Key Performance Indicators and Complaints data. Monthly finance reports are now taken to joint Cabinet/SMB meetings for regular monitoring as well as monthly performance reports. The performance data is now reported separately on the Council's website monthly: <https://www.harlow.gov.uk/your-council/spending-and-performance/performance>.
4. This report provides a financial update for 2023/24, based on operational and financial impacts for the period April to June 2023 (Quarter 1).

Issues/Proposals

5. The General Fund, Housing Revenue Account and Capital programmes summaries are included within this report. An Overview and Commentary from Services and Directors is reported in Appendix A, and individual breakdown of variances from each fund is included within the additional appendices.

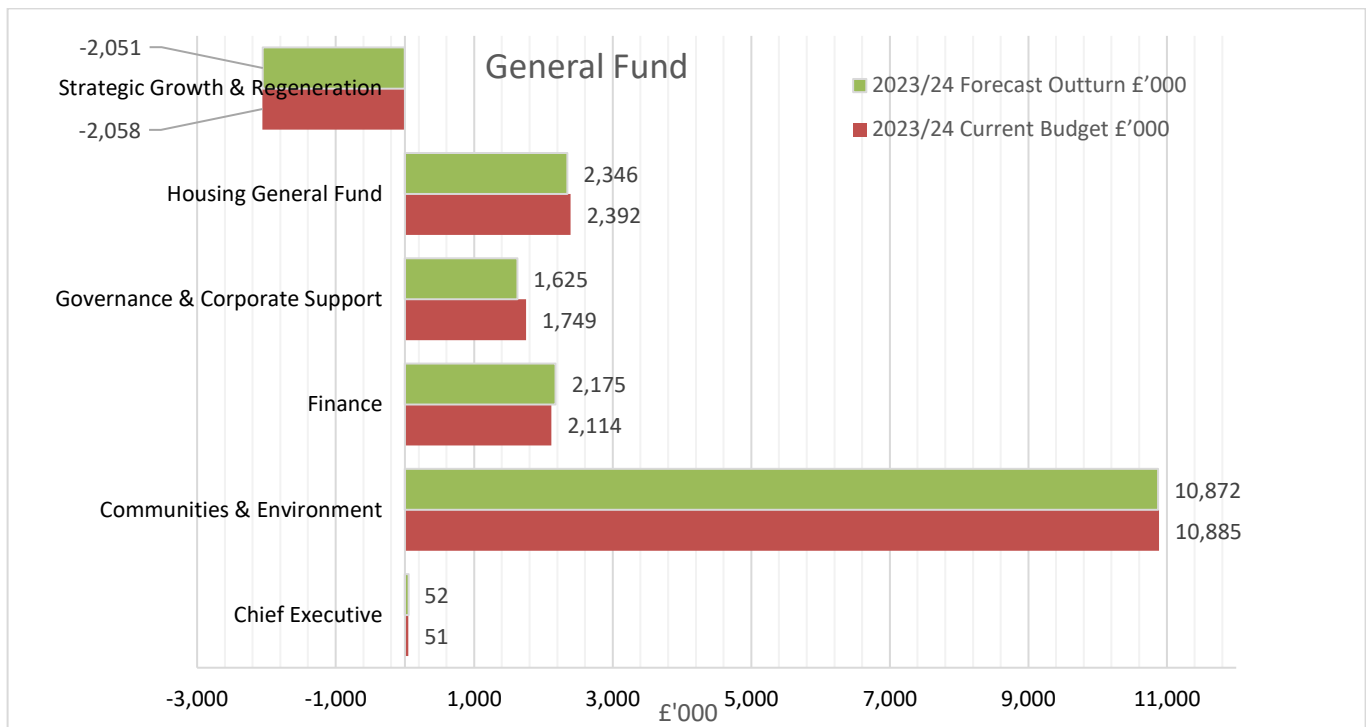
General Fund

6. The General Fund summary position and working balances is reported in the table below. Overview and Commentary from Services and Directors is reported in Appendix A.
7. Based on the activity to the end of June 2023, the General Fund revenue forecast is in a favourable position of £114,000. Appendix B provides a breakdown of major key variances and explanation of the position set out in the table below.

	2023/24 Current Budget £'000	2023/24 Forecast Outturn £'000	2023/24 Variance £'000
Chief Executive	51	52	1
Communities & Environment	10,885	10,872	(12)
Finance	2,114	2,175	62
Governance & Corporate Support	1,749	1,625	(124)
Housing General Fund	2,392	2,346	(47)
Strategic Growth & Regeneration	(2,058)	(2,051)	6

Total Service Specific Expenditure	15,133	15,019	(114)
Non Service Specific & Funding	(15,133)	(15,133)	0
General Fund (Surplus)/Deficit	0	(114)	(114)
Working Balance as at March 2023			
Working Balance as at March 2023	3,233	3,233	0
Surplus/(Deficit) in Year	0	114	114
Working Balance C/fwd	3,233	3,347	114

8. The data is also displayed in a bar chart below, showing the current budget (Red) compared to forecast outturn (Green) by departmental service plan.



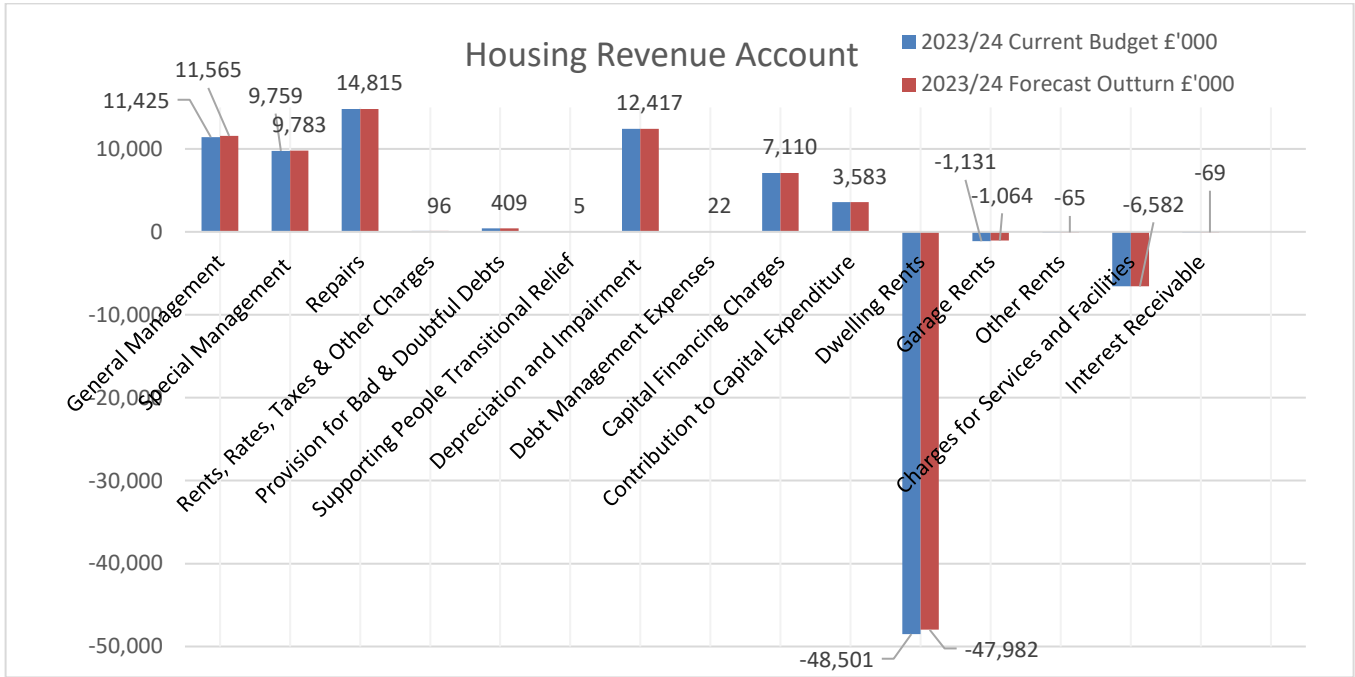
Housing Revenue Account (HRA)

- The Council approved a HRA budget and net deficit of £3.293 million for 2023/24, including the approved carry forwards in July 2023, thus reducing the forecasted working balance as at 31 March 2024 to £11.255 million.
- The HRA summary position for Quarter 1 of 2023/24 are summarised in the table below and explanation of the variances within Appendix C. The forecast outturn is expected to

increase to £4.043 million, reporting an adverse variance of £750,000 with a revised working balance of £10.505 million.

Housing Revenue Account	2023/24 Current Budget £'000	2023/24 Forecast Outturn £'000	2023/24 Variance £'000
<u>Expenditure</u>			
General Management	11,425	11,565	140
Special Management	9,759	9,783	24
Repairs	14,815	14,815	0
Rents, Rates, Taxes & Other Charges	96	96	0
Provision for Bad & Doubtful Debts	409	409	0
Supporting People Transitional Relief	5	5	0
Depreciation and Impairment	12,417	12,417	0
Debt Management Expenses	22	22	0
Capital Financing Charges	7,110	7,110	0
Contribution to Capital Expenditure	3,583	3,583	0
Total Expenditure	59,641	59,805	164
<u>Income</u>			
Dwelling Rents	(48,501)	(47,982)	519
Garage Rents	(1,131)	(1,064)	67
Other Rents	(65)	(65)	0
Charges for Services and Facilities	(6,582)	(6,582)	0
Interest Receivable	(69)	(69)	0
Total Income	(56,348)	(55,762)	586
Balance at 1 April (pre-Audit)	14,548	14,548	0
Surplus / (Deficit) for year	(3,293)	(4,043)	750
Balance as at 31 March	11,255	10,505	750

11. The data is also displayed in a bar chart below, showing the current budget (Red) compared to forecast outturn (Green) by HRA Expenditure and Income lines.

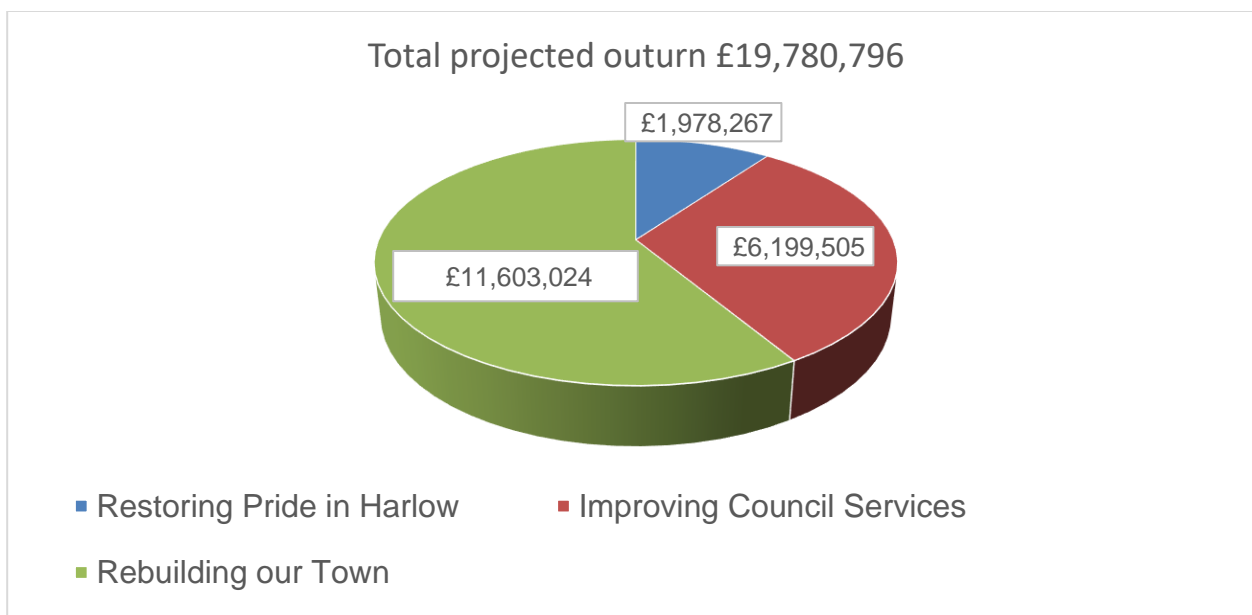


Capital Programme – Non-Housing

12. A summary of the Non-Housing Capital Programme (NHCP) is shown in the table below. The Council approved a budget of £13.471 million in Feb 2023, and subsequently £9.971 million of carryovers in July 2023. The total NHCP Programme for 2023/24 is £23.562 million, which includes a Cyber awareness Grant that has been received and allocated to Civic Centre.

NON HOUSING CAPITAL PROGRAMME QUARTER 1 2023/24							
Schemes	Approved Budget 2023/24	2022/23 Carry overs	Budget Allocation & Virements	Current Budget	Projected Outturn	Variance: Outturn to current budget	Period 3 Re-profiling
	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Latton Bush Centre	845	519	-	1,364	1,433	69	-
Commercial Properties	128	822	-	950	1,011	61	-
Highways & Car Parks	185	0	90	275	275	-	-
Drainage Works	50	165	-	215	130	(85)	85
Community Buildings	491	831	(90)	1,232	517	(715)	-
Other Public Schemes	110	380	-	490	251	(239)	238
Civic Centre	866	387	120	1,373	1,412	39	-
Garages	143	0	-	143	143	-	-
Contingency	50	50	-	100	100	-	-
TOTAL ASSET MANAGEMENT	2,868	3,154	120	6,142	5,272	(870)	323
Communities and Environment	1,225	1,445	-	2,670	3,087	417	-
Governance and Corporate Services	139	11	-	150	150	-	-
Strategic Growth & Regeneration	897	0	-	897	897	-	-
OTHER SERVICES	2,261	1,456	-	3,717	4,134	417	-
New Build	3,310	118	-	3,428	100	(3,328)	3,328
Town Centre Ltd Liability Partnership	0	5,000	-	5,000	5,000	-	-
Towns Fund	5,032	243	-	5,275	5,275	-	-
OTHER SCHEMES	8,342	5,361	-	13,703	10,375	(3,328)	3,328
TOTAL NON-HOUSING CAPITAL PROGRAMME	13,471	9,971	120	23,562	19,781	(3,781)	3,651
Requested Reprofiling as at Quarter 1						3,651	
Quarter 1 Variance (Favourable)/Adverse						(130)	

13. Since April, a review of the Non-Housing Capital programme has been carried out with Officers and Cabinet members to align the programme to Harlow District Council's five priorities for 2023/24.
14. The graphic below shows the breakdown of how the total NHCP has been reprioritised and aligned with the five priorities for 2023/24. It should be noted that the Fixing Council Housing priority is included within the Housing Capital Programme and the Securing Investment into Harlow priority is predominately funded from revenue resources.

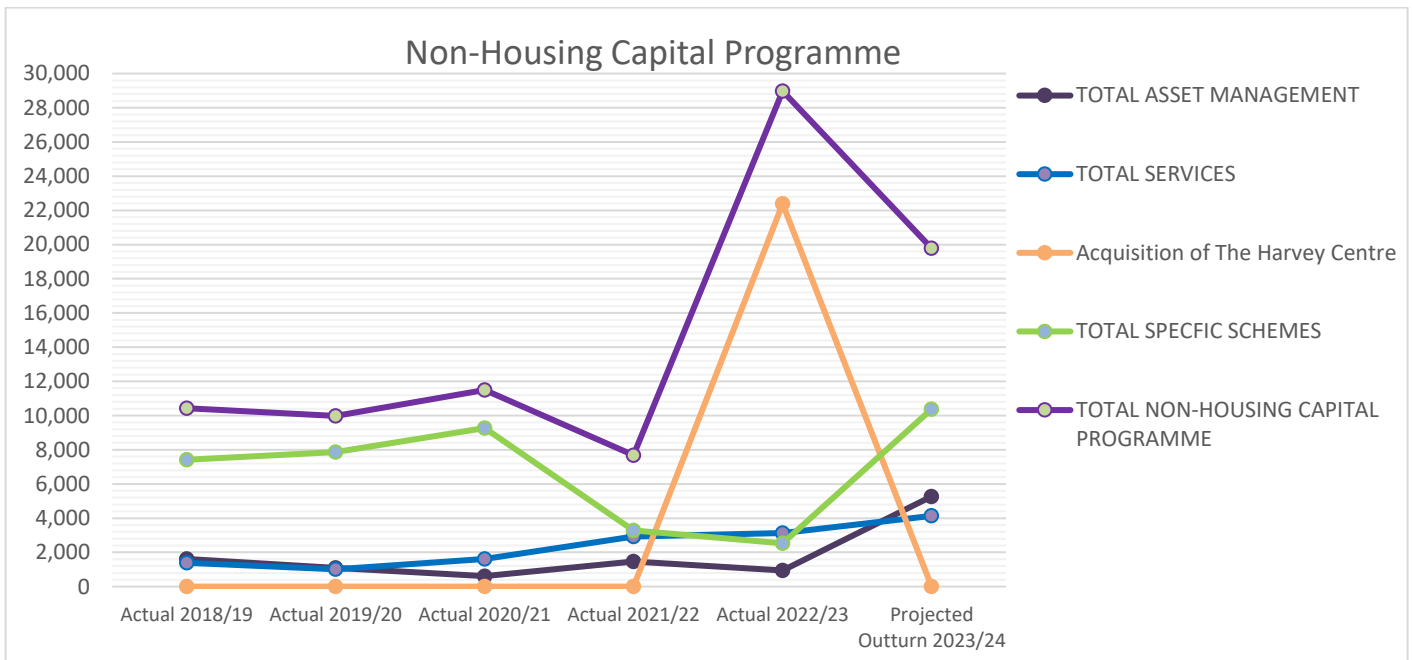


15. Following this review, approximately £1.2m has been identified and reprioritised within the Non-Housing Capital Programme matching the 2023/24 five priorities. Some projects have ceased, some existing schemes require additional or less resources than originally projected and, in some cases, new projects have been identified.
16. When a Budget is transferred to another budget service heading it is called a virement. All virements carried out, do not need Cabinet approval. Two key virements have been agreed with the Chief Executive that are within financial regulations of the constitution. These are:

Virement from	Amount £'000	Virement to	Reason
Osler House Re-Roofing	40	Roundabout Improvements	NEW PROJECT – Osler House Re-roofing scheme has ceased allowing budget to be established for roundabout improvements. Scoping works are ongoing. Sites predominately for Edinburgh Way and Howard Way to align against 2023/24 priorities.
Osler House Re-Roofing	50	Street Signage Enhancement	NEW PROJECT - Osler House Re-roofing scheme has ceased allowing budget to be established for street name signage replacement project.

17. As at Quarter 1 the projected outturn of the full programme is expected to have a favourable variance of £3.781 million. A full list of variances and commentary is included within Appendix D.

18. Included within the projected outturn, £3.652 million of scheme's are requested to be re-profiled into the 2024/25 programme. For clarification, this expenditure and therefore financing is still required for the scheme, but the expenditure will be committed in a future year. By reprofiling the budget into a later year, means that no additional future financing for the scheme will be required. A breakdown of the schemes requested to be reprofiled into 2024/25 are included within Appendix D.
19. Not including the schemes that are requested to be reprofiled, the review has identified a net favourable variance £130,000 which could be reprioritised as the review of the programme progresses. The programme will continue to be monitored and the Quarter 2 position will be reported at the next financial update.
20. A line chart has also been produced to show actual data for the last 5 years of the Non-Housing Capital Programme. The graph shows the ongoing investment within the Programme with a specific peak in 2022/23 following the acquisition of the Harvey Centre.



Capital Programme – Housing

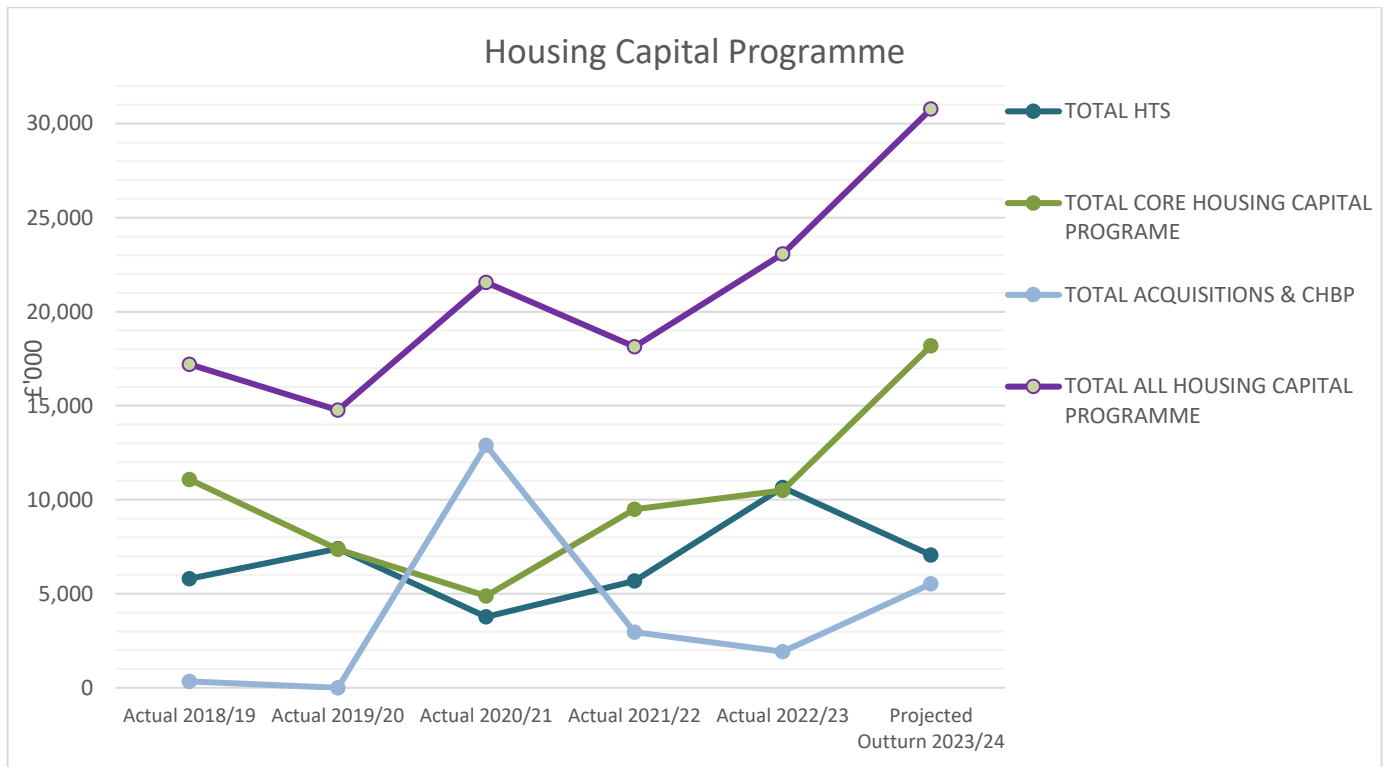
21. A summary of the Housing Capital Programme (HCP) is shown in the table below. The Council approved a budget of £38.891 million in February 2023, (including the New Council House Building Programme) and subsequently £4.001 million of carryovers in July 2023. The total HCP Programme for 2023/24 is £42.892 million.
22. The favourable variance is largely due to a number of New Build projects, that either require to be reprofiled into the 2024/25 programme or no further expenditure is required. A full list of variances and commentary is included within Appendix E.

HOUSING CAPITAL PROGRAMME QUARTER 1 2023/24							
Schemes	Approved	2022/23	Budget			Variance:	Period 3 Re- profiling £'000
	Budget	Carry	Allocation	Current	Projected	Outturn to	
	2023/24	overs	& Virements	Budget	Outturn	current budget	
	£'000	£'000	£'000	£'000	£'000	£'000	
HTS Internal Works - ASC	1,090	0	-	1,090	1,090	-	-
HTS Internal Works - Compliance	1,460	168	309	1,937	1,937	-	-
HTS Internal Works - Energy Efficiency	0	175	-	175	175	-	-
HTS Internal Works - Environmental Estates Work	0	0	-	0	0	-	-
HTS Internal Works - Aids & Adaptations	0	24	-	24	24	-	-
HTS Internal Works - Roofing	0	0	-	0	0	-	-
HTS Internal Works - Internal	4,355	0	(771)	3,584	3,384	(200)	-
HTS Internal Works - Garages	195	149	-	344	344	-	-
HTS Internal Works - Sumners Farm Close	342	57	3	402	102	(300)	300
TOTAL HTS	7,442	573	(459)	7,555	7,055	(500)	300
External Works	7,106	328	59	7,493	7,143	(350)	350
Damp & Structural Works	1,600	0	-	1,600	1,600	-	-
Other Works	1,000	0	-	1,000	1,000	-	-
Fire Safety & Compliance	6,840	325	400	7,565	6,965	(600)	600
Energy Efficiency Works	1,103	49	-	1,152	1,152	0	-
Housing IT	400	71	-	471	326	(145)	145
TOTAL CORE HOUSING CAPITAL PROGRAMME	25,491	1,345	-	26,836	25,241	(1,595)	1,395
Council House Building Programme	13,400	2,656	-	16,056	5,535	(10,521)	5,736
TOTAL CHBP	13,400	2,656	-	16,056	5,535	(10,521)	5,736
TOTAL ALL HOUSING CAPITAL PROGRAMME	38,891	4,001	-	42,892	30,776	(12,116)	7,131
Requested Reprofiling as at Quarter 1						7,131	
Quarter 1 Variance (Favourable)/Adverse						(4,985)	

23. As at period 3, it is requested that £7.131 million will be reprofiled into 2024/25, reporting a Quarter 1 favourable variance of £4.985 million. Some projects need further review in Quarter 2, to quantify if further reprofiling is required.
24. Sometimes reprioritisation of schemes are required within the programme to ensure the Council adheres to its compliance requirements. The HTS Internal works programme currently meets statutory decent homes standards and has funds available to allocate to necessary compliance works. There are two virements within the programme that exceed officer limits and require Cabinet approval.

Virement from	Amount £'000	Virement to	Reason
HTS works – Internal	400	Fire Safety & Compliance	Requirement to ensure Electrical Infrastructure is compliant.
HTS works – Internal	309	HTS Compliance	Requirement to ensure stock is compliant and decent.

25. A line chart has also been produced to show actual data for the last 5 years of the Housing Capital Programme. The Graph shows increased investment within the total Programme with a specific peak in 2020/21 following the acquisition of house purchases.



Earmarked Reserves

26. The detailed earmarked reserve balances following the approval of 2022/23 movements in July 2023 Cabinet, is included within Appendix F. A summary is provided in the table below for information only, no further decision is currently required.

	Balance as at 31 March 2021 £'000	Balance as at 31 March 2022 £'000	Balance as at 31 March 2023 £'000
Capital	750	358	42
Mitigation	9,782	9,470	10,263
Service	12,324	12,192	5,576
Total General Fund	22,857	22,020	15,881
Mitigation (HRA)	4,555	4,709	6,033
Total Earmarked Reserves	27,412	26,729	21,914

27. The General Fund has a number of Earmarked Reserves set aside for specific purposes, endorsed by the Section 151 Officer. The mitigation reserves are set aside to specially mitigate financial risks to the Council; Service reserves are set aside to be used on specific investment initiatives or projects; Capital reserves are set aside to make contributions to the Capital Programme.

Statement of Accounts

28. The Council's Statement of Accounts 2022/23 has been published and is available on the Council's website. The public inspection period for the accounts is available for 30 working dates between 30th August 2023 and 11th October 2023.

Implications

Equalities and Diversity

This report is to note the financial position of Harlow Council and does not require an Equality Assessment as the recommendations will not have a disproportionate adverse impact on anybody with a protected characteristic.

Climate Change

This report has no direct impact on climate change, however individual projects and service will have an impact and would have been considered within the commentary of the report.

Communities and Environment

The report sets out the current financial performance of the services within Community and Environment and highlights any specific matters that require the attention of the Cabinet. At this stage the report highlights that the service is operating within both the revenue and capital allocations approved by Council for the 2023/24 financial year.

Author: Simon Freeman, Deputy Chief Executive and Director of Finance

Finance

The financial implications are implicit within the report

Author: Simon Freeman, Deputy Chief Executive and Director of Finance

Governance and Corporate Services

The Cabinet, under the terms of Part 3 (iii) of the Constitution is responsible for Review the use and allocation of assets and resources within approved budgets. Article 14 of the Council's Financial Regulations places the responsibility of officers reporting on income, expenditure and resources along with its progress on its Capital Programme with the Cabinet.

Author: Simon Hill, Director of Governance and Corporate Services

Housing

The report sets out the financial performance for the Housing service for Quarter 1. The Financial data is shown within the Summaries for General Fund, HRA, Non-Housing and Housing Capital Programmes, with specific narrative included within the Appendices.

Author: Neil Euesden, Interim Director of Housing

Strategic Growth and Regeneration

The report sets out the financial performance for Strategic Growth and Regeneration service for Quarter 1. The Financial data is shown within the Summaries for General Fund, HRA and Non-Housing Capital Programme with specific narrative included within the Appendices.

Author: Andrew Bramidge, Chief Executive

Appendices

Appendix A – Overview and Commentary Q1

Appendix B – General Fund Variances Q1

Appendix C – Housing Revenue Account Variances Q1

Appendix D – Capital Programme Non-Housing Variances Q1

Appendix E – Capital Programme Housing Variances Q1

Appendix F – Earmarked Reserve Summary

Background Papers

Budget 2023/24 and Medium Term Financial Strategy – Council 23rd February 2023
2022/23 Financial Outturn - Cabinet 13th July 2023

Glossary of terms/abbreviations used

MTFS – Medium Term Financial Strategy

GF – General Fund

HRA – Housing Revenue Account

NHCP - Non Housing Capital Programme

HCP – Housing Capital Programme.

CHBP – Council House Building Programme

SMB – Senior Management Board

Housing

HRA Revenue:

The HRA is currently operating within our budget variances and is anticipated to be within budget at year end. The key variables are staff vacancies and recruitment, the rise in disrepair claims (and the effect on legal costs), the rent loss due to voids and the increased pressure on rent collection. However, we are not expecting any major fluctuations or variations apart from any additional costs to deliver the administration's key priorities and any additional resources to implement the new legislation arising from the Social Housing (Regulation) Act. Our intention is to use and redirect where possible existing resources and budgets to achieve any additional spending requirements. We are currently identifying both costs and resources and will update our forecasts as they become available.

We are also in discussions with HTS to review both their cost base and performance to achieve the key priorities. This will include the additional use of sub-contractors and the anticipated cost of the housing repairs backlog/WIP reduction, improved void performance and tackling the outstanding disrepair claims. We will have revised forecasts by the end of August and will update our budget forecast at the end of quarter 2.

Capital:

Although there is a fully committed Housing Capital programme of works and many schemes are on site, not all will conclude within this financial year. Therefore, the projected outturns against the known project timetables have been updated, resulting in a requirement as per Appendix E of the report to commit to carryover monies against the following work streams into 24/25:

HTS – Sumners Farm Close

Although refurbishment and conversion works have commenced to the barn, due to the complex nature of the rebuild because of its listed status, the programme will now extend into the early part of the 24/25 Housing Capital Programme.

External works - External works associated with the Housing Investment programme continue to be delivered aligned to the original programme with no priority changes having been required. However due to the delays encountered as a result of the requirements to completely review the Major Works process and the subsequent requirement to retender schemes, has set the programme back. Due to commence in the autumn are four large projections which will now not complete until late Spring of 2024, budgets projections have therefore been reviewed and updated to reflect these changes.

Compliance and Energy Efficiency - There is a fully committed programme of works with a number of schemes already on site, not all of the schemes will complete within the financial year therefore there is a requirement to carry monies over to the 24/25.

Housing IT - Work continues at a pace with delivery of the new Orchard upgrades and launch of the new Housing Asset Management system, the budget is fully committed, however there is a requirement to carry monies over into 24/25 as not all works will conclude within this financial year.

Regeneration

Revenue:

The revenue budget for Strategic Growth and Regeneration shows a minimal adverse variance of £6,000 at Quarter 1. However, it is expected that that this will be within budget by the year end.

The most significant factor in the Quarter 1 variances is the large reduction in income from the Watergardens car park. Income forecasts for the year had already been reduced, in line with post-Covid trends. However, income has fallen short of these reductions largely, it is believed, to greater use of free parking availability provided by some retailers. This issue is to be explored with the Watergardens management to ensure that practices in this regard are compliant with the contract. One positive development though is that income projections from the Harvey Centre have been exceeded with slightly better occupancy than forecast and also higher income from the cinema.

The variance relating to the street lighting agreement is the additional energy costs that have been incurred by Essex County Council. This should decrease over time as ECC roll out the conversion to LED lighting during the course of this year, which will result in lower energy consumption to be recharged to Harlow.

Capital:

The Regeneration element of the capital programme consists of the following items – works to the Harvey Centre, house-building projects, Estate Renewal Fund and delivery of the Towns Fund and Levelling Up Fund programmes. The Harvey Centre works comprise completion of the car park resurfacing and internal works to enable the occupation of a new tenant (Shoe Zone), all of which are on track. Housebuilding projects are also on track for phase 1 schemes with starts on site planned within this financial year. The Elm Hatch development has been through a major re-design and a revised planning application has now been submitted. Some expenditure will take place this year, but the bulk of the project costs will be incurred in 2024/25. The Estate Renewal Programme will continue to deliver a programme of upgrades to local hatches and neighbourhoods and full expenditure is expected within this year. Equally, the Towns Fund and Levelling Up Fund projects are all commencing this year, with the demolition of Occasio House underway and the demolition of the Terminus House bridge expected in Quarter 3.

Community and Environment

Revenue:

The service area is broadly on target to remain within the approved service budgets at Quarter 1. There is a small inflationary pressure being forecast in the waste service budget but this is more than offset by other savings identified elsewhere as reflected in Appendix B.

The service will remain focussed on the delivery within the budget for the remainder of the financial year.

Good progress is being made with the work to improve the grounds maintenance performance. Working with HTS the roll out of those improvements and new ways of working from the pilot areas is expected to be town wide prior to the end of the summer works programme. This is ahead of the expected town wide roll out which had originally been planned for the start of the new summer programme in 2024.

Capital:

Good progress has been made with the grant funded project to scope out the options for the development of the Harlow Museum.

The requirement to replace and modernise the sound system within the Playhouse was originally programmed for the 2024/25 financial year. However this has been brought forward in to 2023/24 as the equipment is no longer fit for purpose and could have a detrimental effect on the operation of the service and the performances if it is not replaced urgently.

Otherwise, good progress is being made across the services capital schemes.

Governance

Revenue:

The Governance Service has no significant financial variations in quarter 1. Underspending has occurred from vacancies that exist within two teams, IT and Legal Services. A vacancy within IT has been created by internal promotion into the IT Manager position following the initial vacancy created in January. Within Legal, a vacancy exists for a Principal Solicitor – Litigation, this vacancy has proven difficult to recruit to given current market conditions. Both positions being addressed via recruitment shortly. The vacancies have had limited immediate impacts although ongoing pressures will need to be resolved. Work within legal has continued to be supported using an external framework where specialisms and capacity have been an issue. Staffing within Legal has been strengthened by investment in staff development, further administrative support, and the appointment of two apprentices. Carry forwards previously approved by Cabinet ([detailed here in the year report made in July](#)) are being utilised to further project work.

Capital:

At this stage it is anticipated that all Capital sums within Governance for project works will be completed and expended by the end of the financial year. Capital projects include:

Webcasting – This is on target to be completed and begin with an initial soft launch in September.

Capitalised refresh/replacement of desktop IT equipment – This is an annual budget allowing end of life equipment to be replaced and will be expended this year.

IT Hardware upgrades – As above – This budget covers server and other associated hardware refresh/replacement projects.

Cloud migration costs enabling hybrid and flexible working and decommissioning of on-site server infrastructure – Expenditure to date has been the designing the process for cloud migration and first tranche of server upgrades and decommissioning to ensure cloud readiness. This will continue on target for the remainder of the year and continue into 24/25. This programme is in line with the Councils IT Strategy.

Finance

Revenue:

Insurance premium costs have exceeded the original estimates made when the 2023/24 budget was set. This is largely being driven by the increased costs of materials required to carry out insured repairs being passed on or factored into the costs of premia.

Otherwise, the overall service is currently operating well and within the approved budget.

Capital Programme:

The finance service has no projects within the capital programme for 2023/24 financial year.

General Fund Major Variances - Period 3, 2023-24

Service	Adverse £000s	Favourable £000s	Net £000s	Main Contributing Factors to Variations
Finance				
Insurance	100		100	Increased cost of premiums offset by reduced staffing costs
Minor Service variances		-38	-38	Staffing vacancies
Total Finance			62	
Chief Executive				
Chief Executive	1		1	Net employee costs
Housing GF				
Supporting People		-31	-31	Reduced employee costs and increased recharges to HRA
Other Minor Variations		-16	-16	
Total Housing General Fund			-47	
Governance & Corporate Services				
Legal		-96	-96	Staffing vacancies
ICT		-20	-20	Vacant posts
Other Minor Variations		-8	-8	
Total Governance Service			-124	
Communities & Environment				
Refuse & Recycling	18		18	Increased inflation, offset by increased income in respect of green waste
Car Parks		-50	-50	Better than projected income from pay and display car parks
Other Minor Variations	20		20	
Total Communities & Environment			-12	
Strategic Growth & Regeneration				
Highways	61		61	Cost of part night street lighting agreement
Water Gardens Car Park	170		170	Reduced income currently projected for Q1, discussions ongoing with third parties for review.
Civic Centre		-60	-60	Reduced staffing costs
The Harvey Centre		-50	-50	Projected net income for Q1
Occasio House	58		58	Mothballing costs that can not be funded by Grant Income
Property & Facilities Team		-22	-22	Vacant posts
Director of Strategic Growth & Regeneration		-73	-73	Vacant post
Other Minor Variations		-78	-78	
Total Strategic Growth & Regeneration			6	
Service Specific Variations			-114	Sub-total
Total Other Variations			0	Sub-total
Total General Fund Budget Variations			-114	

Appendix C - Latest Financial Performance (Budget Variations / Exceptions):

Housing Revenue Account Major Variances - Period 3, 2023-24

Service	Adverse £000s	Favourable £000s	Net £000s	Main Contributing Factors to Variations
General Management				
Employee costs		-123	-123	Net staffing costs due to vacancies
Consultancy costs	27		27	Increased cost of consultants
Support Costs		-38	-38	Reduced cost of support services
Insurance	275		275	Increased cost of insurance premiums
Minor Service variances		-1	-1	
Total General Management			140	
Special Management				
Support Costs	25		25	Reduced cost of support services
Minor Service variances		-1	-1	
Total Special Management			24	
Dwelling Rents				
Dwelling rents	519		519	Reduced income based on Q1 forecast; Voids turnaround time has reduced to 26 days, However number of voids are above the business plan assumptions of 116. Reduction is currently 1% of total Rents budget within the HRA.
Total Dwelling Rents			519	
Garage Rents				
Garage rents		67	67	Reduced income based on Q1 forecast
Other Minor Variations			0	
Total Garage Rents			67	
Total Housing Revenue Account Budget Variations			750	

Non Housing Capital programme Major Variances - Period 3, 2023-24

Service	Adverse £000s	Favourable £000s	Net £000s	Main Contributing Factors to Variations
Financial Asset Management				
Latton Bush Centre				
Boiler House	68		68	Project expected to require additional funds
Commercial Properties				
Mead Park Boiler	134		134	Project expected to require additional funds
Cannons Cottages		-73	-73	Project amended Full funds not required
Drainage Works:				
Oxleys Drainage		-85	-85	REPROFILE REQUESTED for 24/25. Project deferred.
Community Buildings:				
Harlow Museum Walled Garden		-73	-73	Reflects tender costs
Osler House - Reroofing		-390	-390	Not Required - Project Ceased
Osler House - Internal		-144	-144	Not Required - Project Ceased
Potter Street Neighbourhood		-108	-108	Not Required - Project to be redeveloped
Other Public Schemes:				
PV Panels		-226	-226	REPROFILE REQUESTED for 24/25. Project deferred.
River Stort Tow Path		-12	-12	REPROFILE REQUESTED for 24/25. Project deferred.
Civic Centre				
Fire Safety	39		39	Project expected to require additional funds
Total Financial Asset Management			-870	
Communities & Environment				
The Playhouse Sound System	192		192	Project brought forward from 24/25
playhouse/Museum Water Contingency	200		200	Additional funds required for Water Treatment for Playhouse and Museum
UKSPF - Museum Feasibility & Implementation	25		25	Forecast cost. 100% offset by external grant funding
Total Communities & Environment			417	
New Build				
Elm Hatch		-3,328	-3,328	REPROFILE REQUESTED for 24/25. The planning application for the revised scheme was submitted in August.
Total New Build			-3,328	
Total Non Housing Capital Programme Budget Variations			-3,781	

Housing Capital programme Major Variances - Period 3, Quarter 1 2023-24

Service	Adverse £000s	Favourable £000s	Net £000s	Main Contributing Factors to Variations
HTS				
Internal Works		-200	-200	Programme currently requires £3.384m of resources to deliver decent homes standards. Budget requires continued monitoring before further reprioritisation is available
Property Conversion		-300	-300	HTS on site set up as from August. Schedule of works extended programme timetable extended to 9 months. 23/24 projection now £100k, 23/24 carry over required £300k
Total HTS			-500	
External Works				
Hare Street Springs		-350	-350	In design stage - works to commence late 23 Q4 projection revised to £150k therefore carryover required of £350k
Total External Works			-350	
Other Works				
Fire Safety - Tower Blocks		-300	-300	Fully committed programme of works current spend plus commitments = £3.3m - Morley Grove tenders currently being evaluated circa £1m on site Oct November estimated spend 70% of budget by March 24. £500k Supported Housing scheme fire safety works on site from October therefore projected outturn for Q4 is now £300k less than projected outturn but will be subject to a committed carryover.
Joyners Field cladding		-300	-300	On site works due to concluded 24 - Projected outturn for Q4 is £1.4 min. Committed carryover £300K
Total Other Works			-600	
Housing IT				
Housing IT Development		-145	-145	Current commitments are £245K associated with the upgrades and new programmes on the Orchard management system expenditure against the projects will be shown in Q2 and Q3. A further £200K has been allocated to the Housing Options review which commences in Q3. Total expenditure against the projects for 23/24 is £321K with the remaining budget of £145 being a committed carryover into 24/25
Total Housing IT			-145	
Total Core Programme			-1,595	Sub-total
New Builds				
Bushey Croft		-100	-100	Scheme finished and no further expenditure expected
Lister House		-5,736	-5,736	Scheme in planning stage and likely to be on site December 2023. Budget carryover into 24/25 will be required.
4 The Hill		-200	-200	Scheme finished and no further expenditure expected
Woodleys		-1,000	-1,000	Currently out to tender
Red Lion Lane		-600	-600	Scheme has been withdrawn on viability grounds
Pytt Field		-750	-750	Currently awaiting planning permission
Sherards House		-2,135	-2,135	Planning consent obtained August 2023
Total New Builds			-10,521	
Total New Builds Programme			-10,521	Sub-total
Total Housing Capital Programme Budget Variations			-12,116	

Appendix F - Summary of Earmarked Reserve as at 31 March 2023

		Balance as at 31 March 2022	Transfer In 2022/23	Transfer Out 2022/23	Balance as at 31 March 2023
		£'000	£'000	£'000	£'000
General Fund:					
Bush Fair Capital Improvements Reserve	Capital	42	-	-	42
Splash Parks Reserve	Capital	316	-	(316)	-
Perpetuity Reserves	Mitigation	956	18	(127)	847
Audit Fees	Mitigation	-	166	-	166
Budget Stabilisation Reserve	Mitigation	147	672	(600)	219
Covid-19 Reserve	Mitigation	239	-	(81)	158
Debt Financing Reserve	Mitigation	3,177	238	-	3,415
Housing Benefits Subsidy Reserve	Mitigation	693	-	(501)	192
Housing TA Reserve	Mitigation	150	-	-	150
Insurance claims - GF	Mitigation	806	50	-	856
Insurance Fund - GF	Mitigation	1,828	152	(26)	1,954
Pensions Reserve	Mitigation	-	1,255	-	1,255
Risk Management Reserve - GF	Mitigation	353	-	(54)	299
Severance Reserve	Mitigation	1,120	-	(368)	752
Discretionary Services Fund	Service	2,945	67	(1,008)	2,005
Enterprise Zone	Service	-	338	-	338
Environment Reserve (previously Energy Fund)	Service	33	-	(6)	27
Environmental Urgent Works & Improvement Reserve	Service	1,436	-	(145)	1,291
Estates Renewal Reserve	Service	-	363	(176)	187
Hardship Fund	Service	155	-	-	155
Invest To Save & Improve Reserve	Service	231	3	(126)	108
New Burdens Grant Reserve	Service	223	-	-	223
Partnership Fund	Service	200	-	-	200
Planning Reserve	Service	179	-	(100)	79
Regeneration & Enterprise Reserve	Service	6,089	-	(5,289)	800
Regeneration Reserve	Service	103	-	(78)	24
Residual Land Transfer	Service	131	-	(131)	-
Standards Committee Contingency Reserve	Service	50	-	(50)	-
The Harlow & Gilston Garden Town Funding Reserve	Service	418	-	(278)	140
Total General Fund		22,020	3,322	(9,460)	15,881
HOUSING REVENUE ACCOUNT RESERVES					
Perpetuity Reserves	Mitigation (HRA)	1,053	307	(467)	893
Housing Insurance Property Reserve	Mitigation (HRA)	60	10	-	70
Insurance claims	Mitigation (HRA)	746	50	-	796
Insurance Fund	Mitigation (HRA)	2,282	259	(174)	2,366
Risk Management Reserve	Mitigation (HRA)	568	60	(54)	574
Pensions Reserve	Mitigation (HRA)	-	1,333	-	1,333
Total Housing Revenue Account		4,709	2,019	(695)	6,033