

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.

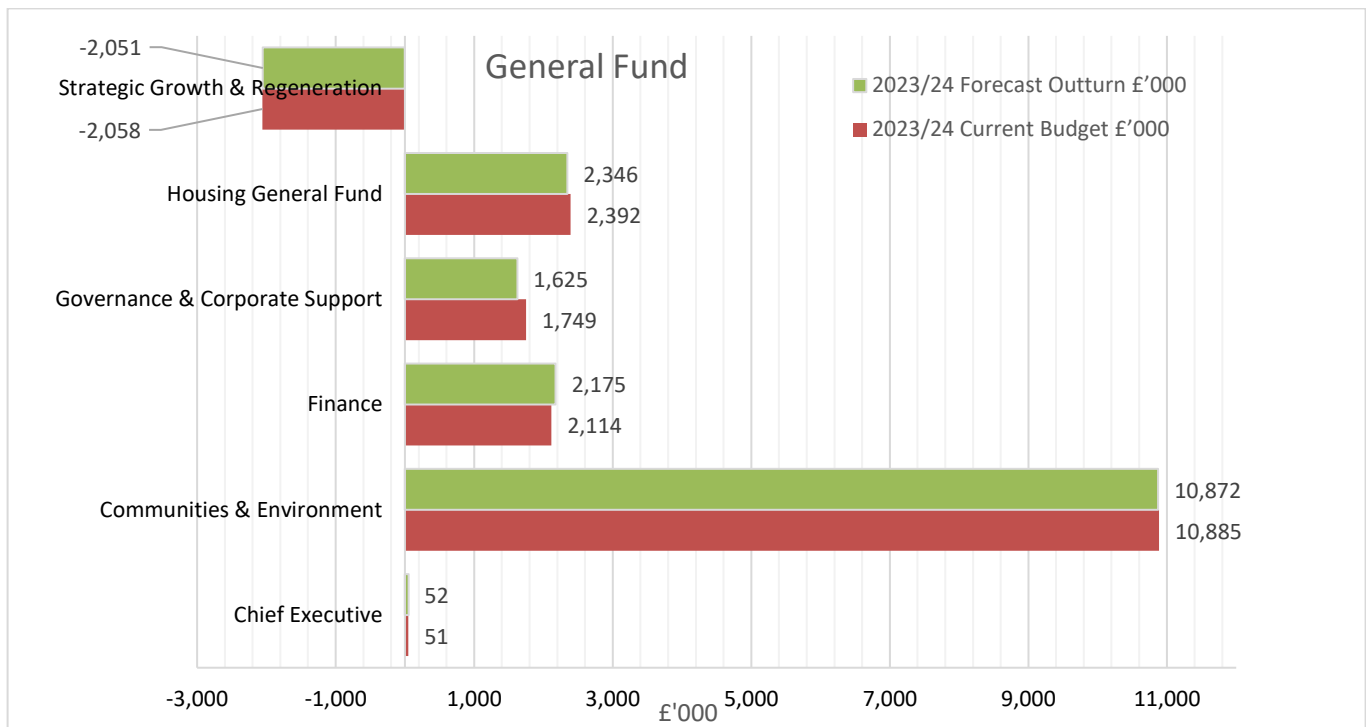
General Fund

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)
<hr/>			
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.



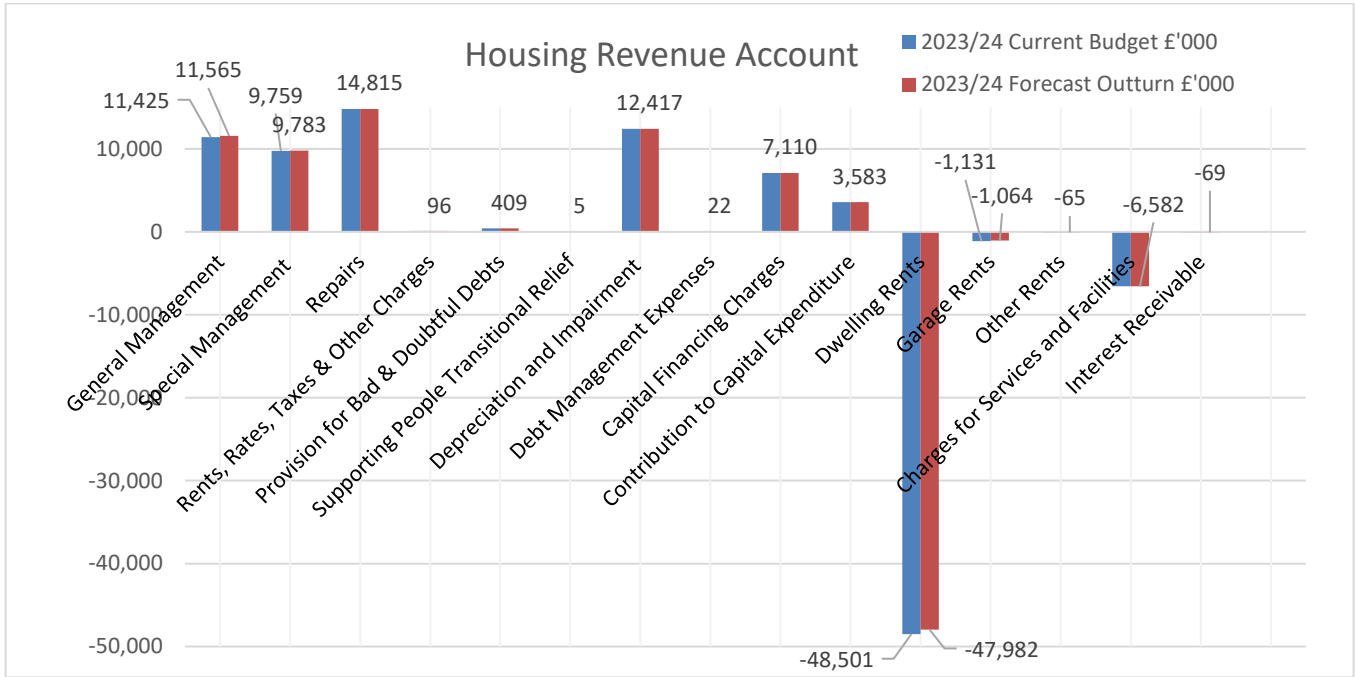
Housing Revenue Account (HRA)

9. 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.
10. 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.

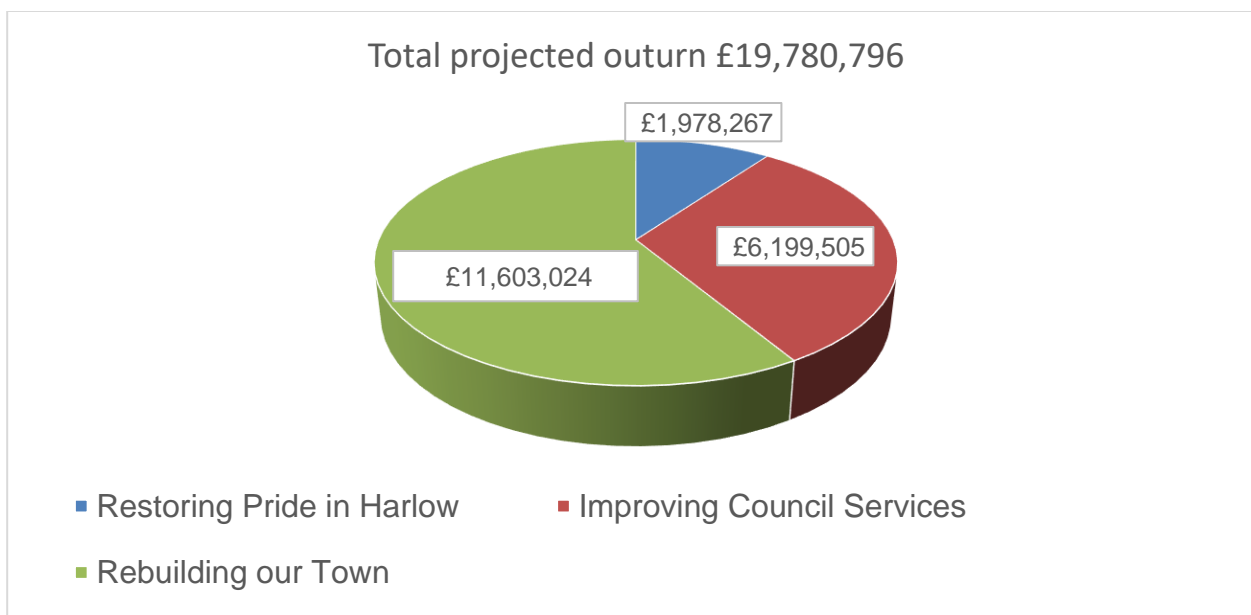


Capital Programme – Non-Housing

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.

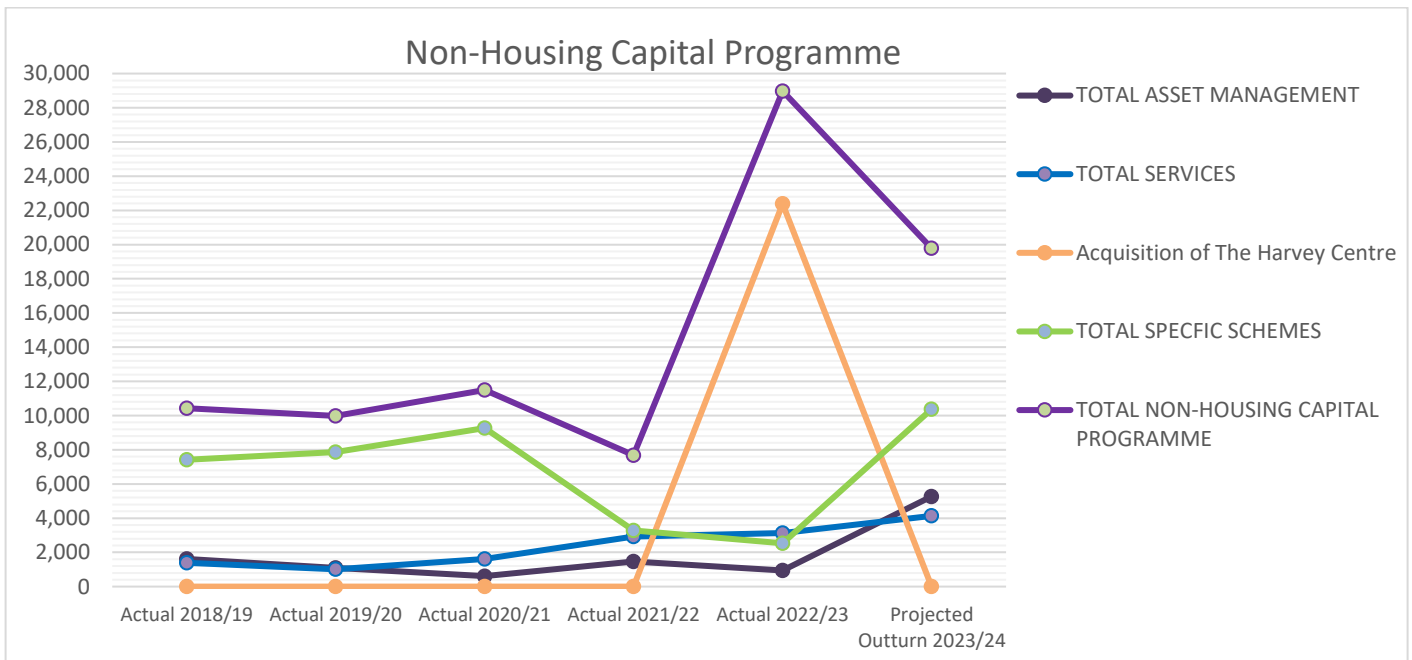


15. Following this review, approximately £1.2m has been identified and reprioritised within the Non-Housing Capital Programme matching the 2023/24 five priorities. Some projects have ceased, some existing schemes require additional or less resources than originally projected and, in some cases, new projects 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

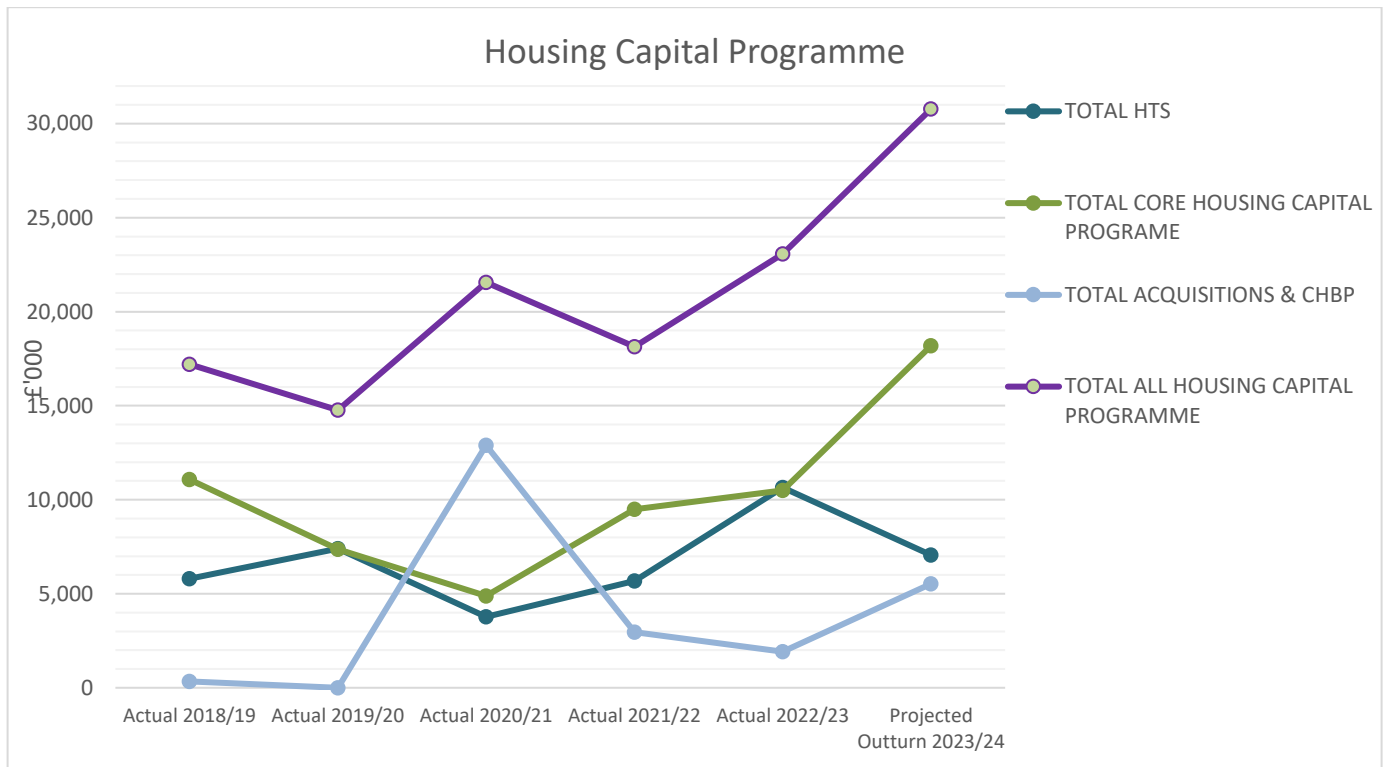
21. A summary of the Housing Capital Programme (HCP) is shown in the table below. The Council approved a budget of £38.891 million in February 2023, (including the New Council House Building Programme) and subsequently £4.001 million of carryovers in July 2023. The total HCP Programme for 2023/24 is £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