

# Hertsmere Borough Council Financial Monitoring Report 2020/21

For the Six Months to  
30 September 2020

Revenue Monitoring

## REVENUE MONITORING

### Executive Summary

- 1.1 As at 30<sup>th</sup> September the Revenue Budget 2020/21 shows an **unfavourable year to date** variance of **(£934k)** and a **year-end unfavourable forecast variance (£2,128k)**. This position reflects the ongoing financial impact of Coronavirus on the 2020/21 budget in terms of additional cost pressures and loss of income from fees, charges and rental income.
- 1.2 This position does however also include other budget variances to date and forecasts for the year which actually offset some of the current financial pressures from Covid.
- 1.3 In recognition of the Covid related financial pressures faced by Local Authorities (LA's) and the nationwide lockdown, the Government announced a series of funding measures including emergency funding, new burdens funding, rough sleepers grant and loss of income funding in order to support LA's. **In total Hertsmere are expected to receive Government funding of c.£2,154k** as discussed below **which will meet the current forecast deficit**.
- 1.4 In addition to the Government funding, £290k of Contingency budget has also been set aside to meet any budget pressures due to Covid.
- 1.5 As well as cost pressures and lost income, the purpose of the Government funding is also to address the loss of funding from local taxation due to reduced collection rates and increased claims for Council Tax Support. These funding losses will not however have an immediate impact on the 2020/21 budget due to the accounting treatment of these funding sources, but any resulting deficit in collection this year will be reflected in 2021/22 as discussed below. Any excess of funding in 2020/21, subject to grant terms, will therefore be set aside to meet these funding pressures arising in 2021/22 and future years.

### Financial Pressures

- 1.6 The financial pressures from Covid-19 started to impact the Council during 2019/20 mainly in relation to additional costs such as Rough Sleepers, protective clothing, additional cleaning and IT. During 2019/20 this amounted to around £51k which at the time was funded within the 2019/20 surplus.
- 1.7 Since 2019/20 cost pressures have continued and there has also been a significant decline in income from fees and charges such as parking and leisure and rental income as detailed in this report. There has also been an impact on funding due to a decline in Council

Tax and Business Rate collection with many account holders having requested payment deferrals, which may result in a lower level of collection this year. We have also seen an increase in claims for Council Tax Support which will likely mean a reduction in our Council Tax base for next year affecting the overall level of Council Tax that we can raise in 2021/22 and going forward. Council Tax recovery action was temporarily suspended between April and August and has now recommenced and collection has now shown an upturn, partly due to reminders having been sent and also due to rearranged instalment plans having commenced from June.

- 1.8 Business Rate collection is also down and there is the potential for the overall rateable value to reduce if local businesses were to close due to the current economic pressures which would impact on business rates income in the future. Again recovery action was temporarily suspended but has now also recommenced.
- 1.9 The full financial impact across financial years continues to be captured and reported in the Government income and expenditure returns which are being submitted via their Delta system on a monthly basis.

#### Collection Fund and Cashflow

- 1.10 Council Tax and Business Rates are accounted for through a separate “Collection Fund” which enables budgets for all precepting authorities (MHCLG, Hertfordshire County Council, Hertfordshire Police and Crime Commissioner and Parish and Town Councils) to be set before the start of each year. As such the current downturn in collection rates will not actually impact the budget until the deficit is released through the collection fund in 2021/22. This will need to be addressed through the 2021/22 budget process and potentially be funded (or part funded) from any brought forward funding balance (see below).
- 1.11 However, due to Hertsmere being a collection authority, collecting local taxation on behalf of ourselves and the precepting bodies, the current decline in collection rates does have an immediate impact on Hertsmere’s cashflow position as whilst income has fallen we are still required to pay our preceptors their share of the original budget.
- 1.12 The Government have however recognised this impact on cashflow and have restructured some of their precept payments delaying the payments due to them from LA’s. They have also made some s31 (business rate relief) grant funding payments upfront to boost LA cashflow.
- 1.13 Officers have also discussed the cashflow position with Hertfordshire County Council as the main Council Tax preceptor and it has been agreed that any losses incurred by Hertsmere will be addressed later in the year.
- 1.14 Due to Hertsmere’s healthy cash balances there are currently no cashflow issues.

Funding

- 1.15 To date Hertsmere have received a total of £1.404m in Government funding including: emergency funding, new burdens funding and Rough Sleepers grants, which will contribute towards our cost and funding pressures:

| Funding Scheme                          |                               | Grant Allocation<br>£000's |
|---|-------------------------------|----------------------------|
| <b>Funding Allocations to Date</b>      |                               |                            |
| Emergency Funding                       | Tranche 1                     | 48                         |
|   | Tranche 2                     | 1,036                      |
|   | Tranche 3                     | 160                        |
| Rough Sleepers Grant                    |                               | 5                          |
| New Burdens Funding                     | Business Rate Grant Funds     | 130                        |
|   | Self-Isolation Support Scheme | 25                         |
| <b>Total Funding Allocation to Date</b> |                               | <b>1,404</b>               |

- 1.16 The Emergency Funding is intended to meet the cost and funding pressures arising due to Covid which will arise during 2020/21 as well as in future years. This impact in future years is due to the collection fund accounting requirements whereby recognition of any deficit will be released in the next financial year. It is also due to changes in the Council's Tax Base, which is set to decrease as a result of the current increase in claims of Council Tax Support and the potential reduction in Business Rates should local business close due to the current crisis.
- 1.17 The 2020/21 collection fund deficit will become a one off cost in 2021/22 (although the new Covid legislation does allow this deficit to potentially be spread over three years) whereas the reduced Council Tax Base and potential reduction in business rates will reduce the level of local taxation that can be raised in 2021/22 and in future years whilst the economy recovers. It would therefore be appropriate to carry forward any surplus funding, should there be any, to address this impact in future years.

Compensation for Irrecoverable Income

- 1.18 Further funding was announced by Government that will reimburse Local Authorities 75p in the £1 for losses of income from fees and charges, after the first 5% of losses. Guidance on the income scheme was issued in early September. This funding will provide reimbursement for loss of income from fees and charges in 2020/21 that are not recoverable during the financial year, for example car parking and leisure income that has been permanently lost due to closure of these facilities.

- 1.19 The income scheme does not however cover any commercial income such as rent or investment income although some trading services (i.e. Trade Waste) may be included.
- 1.20 We submitted a compensation claim for the first four months of the financial year (April to July 2020) in early October totalling £465k. The breakdown of the income losses claimed is summarised below:

| <b>Sales, Fees and Charges Income Area</b>        | <b>MHCLG Estimated Compensation (£000)</b> |
|---|--|
| Off-street parking                                | 243  |
| On-street parking                                 | 93   |
| Recreation and Sport (InspireAll management fees) | 73   |
| Regulatory services                               | 33   |
| Waste management                                  | 15   |
| Trade waste                                       | 7  |
| Civic halls                                       | 1  |
| <b>TOTAL</b>                                      | <b>465</b>                                 |

- 1.21 There will be two further claims in January 2021 and April 2021. These claims will require a reconciliation process to ensure any income losses identified in past claims which were recovered by the services to be paid back to government.
- 1.22 It is estimated the total 2020/21 irrecoverable losses claim could provide additional funding of c.£750k based on the currently forecast income losses, mainly in relation to losses in parking and leisure income. Any further losses during the year would increase the potential income funding.

| <b>Potential Irrecoverable Income Funding</b> |                        | <b>£000's</b> |
|---|------------------------|---------------|
| Irrecoverable Lost Income                     | Parking (net position) | 500           |
|   | Leisure Management fee | 200           |
|   | Other                  | 50            |
| <b>Total</b>                                  |                        | <b>750</b>    |

1.23 Central Contingency

The 2020/21 revenue budget includes a £300k contingency. The purpose of this budget is to fund unexpected one off budget pressures. Council agreed in July to set aside the remaining unallocated 2020/21 contingency budget of £290k to fund any remaining budget deficit for 2020/21 after first applying the emergency government funding and any specific grant funding.

1.24 Current Budget Position

As discussed in this report, the current budget forecast shows an unfavourable year-end variance of £2,128k however this deficit can be met from the various funding measures discussed above. The overall budget position for 2020/21 is summarised as follows:

|   | £000's | £000's         |
|---|--------|----------------|
| <b>Forecast Deficit (pre-funding)</b>   |        | <b>(2,128)</b> |
| Government Funding:   |        |                |
| Emergency Funding   | 1,244  |                |
| Rough Sleepers  | 5      |                |
| New Burdens   | 155    |                |
| Irrecoverable Income (TBC)  | 750    |                |
| Total Government Funding  |        | 2,154          |
| Contingency budget  |        | 290            |
| <b>Net favourable year-end variance<br/>(Surplus funding to be carried forward to fund pressures arising in future years)</b> |        | <b>316</b>     |

**APPENDIX A**
**Financial Monitoring Position to:  
30 September 2020**
**Summary of Performance**

|   | Original Budget 2020/21 | Budget Changes | Revised Budget 2020/21 | Budget Profiled to Date | Actual to Date | Surplus (Deficit) | Previous Month | Year-End Forecast: Surplus (Deficit) | Year-End Forecast: Previous Month |
|---|-------------------------|----------------|------------------------|-------------------------|----------------|-------------------|----------------|--------------------------------------|-----------------------------------|
|   | £'000                   | £'000          | £'000                  | £'000                   | £'000          | £'000             | £'000          | £'000                                | £'000                             |
| Planning & Economic Development             | 1,087                   | 0              | 1,087                  | 544                     | 366            | 178               | 197            | 176                                  | 173                               |
| Housing Services                            | 1,037                   | 0              | 1,037                  | 658                     | 610            | 48                | 43             | 64                                   | 57                                |
| Partnerships & Community Engagement         | 1,224                   | 10             | 1,234                  | 800                     | 765            | 35                | 19             | 18                                   | 9                                 |
| Environmental Health                        | 1,042                   | 0              | 1,042                  | 519                     | 540            | (22)              | (18)           | (25)                                 | (25)                              |
| Street Scene Services                       | 4,374                   | 0              | 4,374                  | 1,838                   | 2,630          | (793)             | (709)          | (1506)                               | (1,210)                           |
| Engineering Services                        | 345                     | 0              | 345                    | 151                     | 198            | (47)              | (60)           | (77)                                 | (81)                              |
| Asset Management                            | (3,666)                 | 0              | (3,666)                | (2,272)                 | (2,166)        | (106)             | (31)           | (491)                                | (450)                             |
| Finance & Business Services                 | 2,539                   | (15)           | 2,524                  | 1,586                   | 1,571          | 16                | 5              | (4)                                  | (6)                               |
| Legal & Democratic Services                 | 1,487                   | 15             | 1,501                  | 760                     | 724            | 36                | 35             | 8                                    | 28                                |
| Human Resources & Customer Services         | 1,216                   | 0              | 1,216                  | 607                     | 587            | 20                | 12             | 4                                    | (1)                               |
| Executive Directors                         | 488                     | 0              | 488                    | 241                     | 184            | 58                | 51             | 61                                   | 53                                |
| Assurance Services                          | 205                     | 0              | 205                    | 101                     | 100            | 0                 | 0              | 0                                    | 0                                 |
| <b>Net Service Operational Expenditure</b>  | <b>11,377</b>           | <b>10</b>      | <b>11,387</b>          | <b>5,532</b>            | <b>6,108</b>   | <b>(576)</b>      | <b>(455)</b>   | <b>(1,771)</b>                       | <b>(1,453)</b>                    |
| General Expenses, Audit Fees & Bank Charges | 275                     | 0              | 275                    | 96                      | 124            | (28)              | (21)           | (40)                                 | (40)                              |
| General Expenses, Exceptional Items         | 0                       | 290            | 290                    | 0                       | 360            | (360)             | (316)          | (470)                                | (457)                             |
| Apprenticeship Levy                         | 31                      | 0              | 31                     | 0                       | 0              | 0                 | 0              | 0                                    | 0                                 |
| Central Contingency                         | 300                     | (300)          | 0                      | 0                       | 0              | 0                 | 0              | 0                                    | 0                                 |
| Minimum Revenue Provision (MRP)             | 242                     | 0              | 242                    | 0                       | 0              | 0                 | 0              | 0                                    | 0                                 |
| Investment Interest                         | (500)                   | 0              | (500)                  | (250)                   | (281)          | 31                | 67             | 154                                  | 120                               |
| <b>Total Service Costs</b>                  | <b>11,725</b>           | <b>0</b>       | <b>11,725</b>          | <b>5,378</b>            | <b>6,312</b>   | <b>(934)</b>      | <b>(725)</b>   | <b>(2,128)</b>                       | <b>(1,830)</b>                    |

1. **Planning and Economic Development** has a **favourable variance of £178k** to date and a **projected year-end favourable variance of £176k**.

## FINANCIAL POSITION TO: 30 SEPTEMBER 2020

| PLANNING & ECONOMIC DEV<br>Budget Holder: Ross Whear | Original Budget<br>2020/21 | Budget Changes | Revised Budget<br>2020/21 | Budget Profiled to<br>Date | Actual to Date | Surplus<br>(Deficit) | Previous Month | Year-End Forecast:<br>Surplus<br>(Deficit) | Year-End Forecast:<br>Previous Month |
|--|----------------------------|----------------|---------------------------|----------------------------|----------------|----------------------|----------------|--|--------------------------------------|
| SUMMARY OF PERFORMANCE                               | £'000                      | £'000          | £'000                     | £'000                      | £'000          | £'000                | £'000          | £'000                                      | £'000                                |
| Employees  | 1,930                      | 0              | 1,930                     | 958                        | 980            | (23)                 | (22)           | (50)                                       | (59)                                 |
| Premises and Related                                 | 0                          | 0              | 0                         | 0                          | 0              | 0                    | 0              | 0  | 0                                    |
| Transport  | 6                          | 0              | 6                         | 3                          | 1              | 2                    | 2              | 3  | 2                                    |
| Supplies and Services                                | 234                        | 0              | 234                       | 120                        | 113            | 7                    | 1              | 2  | 1                                    |
| Third Party Payments                                 | 112                        | 0              | 112                       | 67                         | 96             | (29)                 | (29)           | (30)                                       | (30)                                 |
| Transfer Payments                                    | 0                          | 0              | 0                         | 0                          | 0              | 0                    | 0              | 0  | 0                                    |
| Income   | (1,224)                    | 0              | (1,224)                   | (635)                      | (854)          | 220                  | 246            | 251  | 260                                  |
| Local Development Scheme (LDS)                       | 30                         | 0              | 30                        | 30                         | 113            | (83)                 | (49)           | (90)                                       | (50)                                 |
| LDS Funding  | 0                          | 0              | 0                         | 0                          | 0              | 83                   | 49             | 90   | 50                                   |
|  | <b>1,087</b>               | <b>0</b>       | <b>1,087</b>              | <b>544</b>                 | <b>449</b>     | <b>178</b>           | <b>197</b>     | <b>176</b>                                 | <b>173</b>                           |

- 1.1 **Employees:** There is a **(£23k) over spend** on employee **costs to date**, due to **additional agency staff** employed to cover vacancies and sickness as well as **major applications** such as the new Sky Studios. The additional agency planner recruited to assist with several major applications will be retained for the foreseeable future, offset by additional income from those applications.
- 1.2 **Third Party Payments: Overspent to date (£29k)** as consultants have also been taken on to support the Strategic Planning service but this cost will be offset by additional planning performance agreement (PPA) income.
- 1.3 **Income:** Planning income continues to be above budget but the surplus has dropped this month to **£220k**. This is **due to less planning applications** received in the month than budgeted. As a demand led service income can fluctuate so it is too early to confirm whether this trend will continue. There are a few major applications anticipated later in the year and changes to pre-application advice which may see further increases in income than that projected, but **for the time being a conservative estimate has been shown**.
- 1.4 **LDS:** Spend year on year varies therefore although there is revenue funding of £30k, **additional costs** may be incurred which will need to be funded **from reserves** set aside. Spend this year includes **green belt assessments, conservation area appraisals** as well as **neighborhood plans**.



## 1a. Planning and Economic Development - Income Analysis

| PLANNING & ECONOMIC DEV<br>Income Analysis | Original<br>Budget<br>2020/21 | Budget<br>Changes | Revised<br>Budget<br>2020/21 | Budget<br>Profiled to<br>Date | Actual to Date | Surplus<br>(Deficit) | PREVIOUS<br>MONTH | Year-End<br>Forecast:<br>Surplus<br>(Deficit) | Year-End<br>Forecast:<br>Surplus<br>(Deficit) |
|--|-------------------------------|-------------------|------------------------------|-------------------------------|----------------|----------------------|-------------------|---|---|
| SUMMARY OF PERFORMANCE                     | £'000                         | £'000             | £'000                        | £'000                         | £'000          | £'000                | £'000             | £'000   | £'000   |
| Planning Applications                      | (762)                         | 0                 | (762)                        | (381)                         | (320)          | (61)                 | (26)              | (60)  | (40)  |
| Plan Applications - RIA*                   | 0                             | 0                 | 0                            | 0                             | (219)          | 219                  | 219               | 219   | 219   |
| Pre Applications                           | (125)                         | 0                 | (125)                        | (63)                          | (97)           | 34                   | 40                | 45  | 40  |
| PPAs - DM                                  | (30)                          | 0                 | (30)                         | (15)                          | 0              | (15)                 | (8)               | 0   | 10  |
| Other Income                               | (4)                           | 0                 | (4)                          | (2)                           | (1)            | (1)                  | (2)               | (1)   | (2)   |
| PPAs - Strategic (RIA)                     | (75)                          | 0                 | (75)                         | (75)                          | (122)          | 47                   | 17                | 47  | 27  |
| Reserve Funding                            | (78)                          | 0                 | (78)                         | (24)                          | (25)           | 1                    | 1                 | 1   | 3   |
| CIL Admin Funding                          | (150)                         | 0                 | (150)                        | (75)                          | (69)           | (6)                  | 3                 | 0   | 3   |
|  | <b>(1,224)</b>                | <b>0</b>          | <b>(1,224)</b>               | <b>(635)</b>                  | <b>(854)</b>   | <b>219</b>           | <b>245</b>        | <b>251</b>                                    | <b>260</b>                                    |

\* Sky Studios £181K RIA

2. **Housing Services** has an overall **favourable** variance of **£48k to date** and a **favourable projected year-end** variance of **£64k**

## FINANCIAL POSITION TO: 30 SEPTEMBER 2020

| HOUSING SERVICES<br>Budget Holder: Hilary Shade | Original<br>Budget<br>2020/21 | Budget<br>Changes | Revised<br>Budget<br>2020/21 | Budget<br>Profiled to<br>Date | Actual to Date | Surplus<br>(Deficit) | Previous<br>Month | Year-End<br>Forecast:<br>Surplus<br>(Deficit) | Year-End<br>Forecast:<br>Previous<br>Month |
|---|-------------------------------|-------------------|------------------------------|-------------------------------|----------------|----------------------|-------------------|---|--|
| SUMMARY OF PERFORMANCE                          | £'000                         | £'000             | £'000                        | £'000                         | £'000          | £'000                | £'000             | £'000   | £'000                                      |
| Employees                                       | 874                           | 0                 | 874                          | 437                           | 427            | 9                    | 10                | 0   | 0  |
| Premises and Related                            | 0                             | 0                 | 0                            | 0                             | 0              | 0                    | 0                 | 0   | 0  |
| Transport                                       | 3                             | 0                 | 3                            | 2                             | 0              | 1                    | 1                 | 1   | 1  |
| Supplies and Services                           | 90                            | 0                 | 90                           | 43                            | 44             | (0)                  | 0                 | (1)   | 0  |
| Third Party Payments                            | 25                            | 0                 | 25                           | 25                            | 26             | (1)                  | (1)               | (1)   | (1)  |
| Transfer Payments                               | 0                             | 0                 | 0                            | 0                             | 0              | 0                    | 0                 | 0   | 0  |
| Income  | (285)                         | 0                 | (285)                        | (14)                          | (9)            | (5)                  | (4)               | (6)   | (4)  |
| <b>Homelessness:</b>                            |                               |                   |                              |                               |                |                      |                   |   |  |
| Temporary Accommodation                         | 1,200                         | 0                 | 1,200                        | 600                           | 432            | 168                  | 137               | 275   | 260  |
| Income  | (870)                         | 0                 | (870)                        | (435)                         | (311)          | (124)                | (100)             | (205)   | (200)                                      |
|   | <b>1,037</b>                  | <b>0</b>          | <b>1,037</b>                 | <b>658</b>                    | <b>610</b>     | <b>48</b>            | <b>43</b>         | <b>64</b>                                     | <b>57</b>                                  |

- 2.1 **Employees** has a **year-to date under spend of £9k**, however this is partly due to the deferral of **homelessness prevention projects** being carried out by agency staff which will recommence after shielding restrictions are lifted. The **year-end projection** is that employee costs will be **on budget**.
- 2.2 **Homelessness:** has a **year-to-date net under spend of £44k**, with future funding being secured to continue support for those housed under the covid-19 emergency arrangements. The **year-end projection** is for **net Temporary Accommodation spending** to be **£70k under budget** although the magnitude of increase in demand once restrictions on evictions are lifted, and financial support schemes are ended, is uncertain.
- 2.3 **Income:** is **projected to be (£6k) less than budgeted** for the year mainly due to restrictions on inspections and enforcements due to covid-19.

3. **Partnerships & Community Engagement** has an overall **year-to-date favourable variance of £35k** and is projected to have a **favourable year-end variance of £18k**.

## FINANCIAL POSITION TO: 30 SEPTEMBER 2020

| <b>PARTNERSHIPS &amp; COMM<br/>ENGAGEMENT</b><br>Budget Holder: Hilary Shade | Original<br>Budget<br>2020/21 | Budget<br>Changes | Revised<br>Budget<br>2020/21 | Budget<br>Profiled to<br>Date | Actual to Date | Surplus<br>(Deficit) | Previous<br>Month | Year-End<br>Forecast:<br>Surplus<br>(Deficit) | Year-End<br>Forecast:<br>Previous<br>Month |
|--|-------------------------------|-------------------|------------------------------|-------------------------------|----------------|----------------------|-------------------|---|--|
| <b>SUMMARY OF PERFORMANCE</b>  | £'000                         | £'000             | £'000                        | £'000                         | £'000          | £'000                | £'000             | £'000   | £'000                                      |
| Employees  | 658                           | 0                 | 658                          | 329                           | 330            | (1)                  | (5)               | (5)   | (11)                                       |
| Premises and Related   | 0                             | 0                 | 0                            | 0                             | 2              | (1)                  | (1)               | (1)   | (1)  |
| Transport  | 3                             | 0                 | 3                            | 2                             | 0              | 1                    | 1                 | 1   | 1  |
| Supplies and Services  | 738                           | 10,000            | 748                          | 577                           | 540            | 37                   | 24                | 23  | 20   |
| Third Party Payments   | 63                            | 0                 | 63                           | 9                             | 9              | 0                    | 0                 | 0   | 0  |
| Transfer Payments  | 15                            | 0                 | 15                           | 0                             | 0              | 0                    | 0                 | 0   | 0  |
| Income   | (253)                         | 0                 | (253)                        | (117)                         | (117)          | 0                    | 0                 | 0   | 0  |
|  | <b>1,224</b>                  | <b>10</b>         | <b>1,234</b>                 | <b>800</b>                    | <b>765</b>     | <b>35</b>            | <b>19</b>         | <b>18</b>                                     | <b>9</b>                                   |

- 3.1 **Employees:** has a **year-to-date overspend (£1k)**, which will lead to a **projected year-end overspend of (£5k)**, due to maternity cover provision.
- 3.2 **Supplies and Services:** has a **year-to-date underspend of £37k** and a **projected year-end underspend of £23k** due to **postponement / cancellation of sporting events £5k**, reduced **Corporate Communications spend £11k** including the postponement of the summer Hertsmere News edition, and **£3.5k on the Partnerships Unit** due to delayed projects, along with minor underspends in other areas.

4. Environmental Health has an overall unfavourable year to date variance (£22k) and a projected year-end variance of (£25k).

## FINANCIAL POSITION TO: 30 SEPTEMBER 2020

| ENVIRONMENTAL HEALTH<br>Budget Holder: Paul Sawyer | Original<br>Budget<br>2020/21 | Budget<br>Changes | Revised<br>Budget<br>2020/21 | Budget<br>Profiled to<br>Date | Actual to Date | Surplus<br>(Deficit) | Previous<br>Month | Year-End<br>Forecast:<br>Surplus<br>(Deficit) | Year-End<br>Forecast:<br>Previous<br>Month |
|--|-------------------------------|-------------------|------------------------------|-------------------------------|----------------|----------------------|-------------------|---|--|
| SUMMARY OF PERFORMANCE                             | £'000                         | £'000             | £'000                        | £'000                         | £'000          | £'000                | £'000             | £'000   | £'000                                      |
| Employees  | 1,046                         | 0                 | 1,046                        | 521                           | 521            | (0)                  | (1)               | 0   | (3)  |
| Premises and Related                               | 1                             | 0                 | 1                            | 0                             | 1              | (1)                  | (0)               | (1)   | (1)  |
| Transport  | 8                             | 0                 | 8                            | 4                             | 2              | 2                    | 1                 | 2   | 1  |
| Supplies and Services                              | 198                           | 0                 | 198                          | 97                            | 87             | 11                   | 9                 | 11  | 9  |
| Third Party Payments                               | 44                            | 0                 | 44                           | 15                            | 11             | 4                    | 6                 | 7   | 7  |
| Transfer Payments                                  | 3                             | 0                 | 3                            | 0                             | 0              | 0                    | 0                 | 0   | 0  |
| Income   | (257)                         | 0                 | (257)                        | (119)                         | (82)           | (37)                 | (33)              | (44)  | (38)                                       |
|  | <b>1,042</b>                  | <b>0</b>          | <b>1,042</b>                 | <b>519</b>                    | <b>540</b>     | <b>(22)</b>          | <b>(18)</b>       | <b>(25)</b>                                   | <b>(25)</b>                                |

4.1 **Income** is showing a **deficit** of (£37k) with a current projected year end deficit of (£44k).

4.1.1 **Licence applications** were **adversely affected** during the **Covid19 lock down** as well as **food courses** which could not be undertaken. Licensing income is starting to pick up but it is too soon to know the long term impact on businesses therefore **an overall reduction is expected**.

4.2 Due to service suspension **there have been savings realised under supplies and services** as well as **third party contractor payments across the service**.

4a. Environmental Health Income Analysis

| ENVIRONMENTAL HEALTH<br>Misc Services<br>Income Analysis | Original<br>Budget<br>2020/21 | Budget<br>Changes | Revised<br>Budget<br>2020/21 | Budget<br>Profiled to<br>Date | Actual to Date | Surplus<br>(Deficit) | Previous<br>Month | Year-End<br>Forecast:<br>Surplus<br>(Deficit) | Year End<br>Previous<br>Month |
|--|-------------------------------|-------------------|------------------------------|-------------------------------|----------------|----------------------|-------------------|---|-------------------------------|
| SUMMARY OF PERFORMANCE                                   | £'000                         | £'000             | £'000                        | £'000                         | £'000          | £'000                | £'000             | £'000   | £'000                         |
| Vehicle Licencing  | (103)                         | 0                 | (103)                        | (51)                          | (30)           | (21)                 | (20)              | (28)  | (25)                          |
| Alcohol & Entertainment Licensing                        | (85)                          | 0                 | (85)                         | (28)                          | (23)           | (5)                  | (6)               | (5)   | (7)                           |
| Other Licensing  | (30)                          | 0                 | (30)                         | (17)                          | (14)           | (3)                  | (2)               | (3)   | (3)                           |
| Pollution Control (inc Contaminated Land)                | (8)                           | 0                 | (8)                          | (8)                           | (5)            | (2)                  | (0)               | (3)   | 0                             |
| Food Safety (incl Primary Authority)                     | (22)                          | 0                 | (22)                         | (11)                          | (5)            | (6)                  | (4)               | (5)   | (3)                           |
| Other Misc Income  | (10)                          | 0                 | (10)                         | (5)                           | (3)            | (1)                  | (1)               | (2)   | (1)                           |
|  | <b>(257)</b>                  | <b>0</b>          | <b>(257)</b>                 | <b>(119)</b>                  | <b>(81)</b>    | <b>(38)</b>          | <b>(34)</b>       | <b>(46)</b>                                   | <b>(39)</b>                   |

5. **Street Scene Services** has an overall unfavourable year to date variance of **(£793k)** with a projected year-end variance **(£1,506k)**.

## FINANCIAL POSITION TO: 30 SEPTEMBER 2020

| STREET SCENE SERVICES<br>Budget Holder: Paul Sawyer | Original Budget<br>2020/21 | Budget Changes | Revised Budget<br>2020/21 | Budget Profiled to<br>Date | Actual to Date | Surplus<br>(Deficit) | Previous Month | Year-End Forecast:<br>Surplus<br>(Deficit) | Year-End Forecast:<br>Previous Month |
|---|----------------------------|----------------|---------------------------|----------------------------|----------------|----------------------|----------------|--|--------------------------------------|
| SUMMARY OF PERFORMANCE                              | £'000                      | £'000          | £'000                     | £'000                      | £'000          | £'000                | £'000          | £'000                                      | £'000                                |
| Employees   | 4,470                      | 0              | 4,470                     | 2,211                      | 2,103          | 108                  | 83             | 140  | 141                                  |
| Premises and Related                                | 415                        | 20             | 435                       | 330                        | 360            | (30)                 | (30)           | (30)                                       | (32)                                 |
| Transport   | 966                        | 0              | 966                       | 437                        | 485            | (49)                 | (18)           | (71)                                       | (17)                                 |
| Supplies and Services                               | 1,047                      | 0              | 1,047                     | 347                        | 293            | 54                   | 45             | 56   | 50                                   |
| Third Party Payments                                | 1,255                      | 0              | 1,255                     | 586                        | 708            | (122)                | (92)           | (206)                                      | (190)                                |
| Transfer Payments                                   | 534                        | 0              | 534                       | 0                          | 0              | 0                    | 0              | 0  | 0                                    |
| Income  | (4,312)                    | (20)           | (4,332)                   | (2,073)                    | (1,319)        | (754)                | (697)          | (1,396)                                    | (1,163)                              |
|   | <b>4,374</b>               | <b>0</b>       | <b>4,374</b>              | <b>1,838</b>               | <b>2,630</b>   | <b>(793)</b>         | <b>(709)</b>   | <b>(1,506)</b>                             | <b>(1,210)</b>                       |

5.1 **Income:** The major unfavourable variance under Street Scene Services is income which is showing a deficit of **(£754k)** to date and a year-end forecast deficit of **(£1,396)** based on current projected impact of the lock down and beyond.

The **September deficit** can be broken down as follows:

- **Waste Services (£121k)** – this is predominantly due to the continued suspension of the paper recycling service. However there are savings under operational costs as a result. There has been a reduction in clinical waste collections due to some clients, such as dentists, being non-operational.
- **HCC Waste Diversion Grant** – Due to the lock down and people continuing to work from home there has been an increase in both residual waste and recycling tonnages. This is because waste disposed of at work or from eating at restaurants is now being placed in the domestic waste stream. This has meant that the grant paid by HCC for the reduction in residual waste has been adversely affected, with a projection based on quarter 1 figures, of only £19k against the budgeted £270k. For this reason a **(£250k) deficit** has been included in the year end forecast deficit, however we may see an improvement in the figures as people return to work so this forecast may decrease.
- **Trade Waste (£25k)** – many customers have cancelled or suspended their collections as they are unable to trade during lock down. Some businesses have resumed and their accounts adjusted, however many still remain closed so the deficit is expected to increase by year end. However this is offset by savings under trade waste disposal costs as tonnages collected have been reduced.

- **Parking Services (£639k)** – this is **due to the previous suspension of all parking charges and PCNs**. The suspension was lifted mid-June and income such as permits & PCNs has recovered. However car park income, although up on last month's figures continues to be lower than that budgeted. This is probably due to **people still working from home and changes in peoples shopping behaviour**. The year-end income deficit forecast therefore includes an estimated 50% reduction in car park income till December. This forecast will be closely monitored and adjusted accordingly. **There is a saving offsetting this of £44k under employee costs due to vacancies that were not covered during the lock down.**
  - This income deficit has been partially offset by increased income from **Cemeteries of £35k** which has seen an **increase in demand**.
- 5.2 **Transport costs** are **over spent by (£49k)** due to **remedial repairs** required to the fleet on inspection by the new contractor as well as insurance costs in the year end forecast due to **increased premiums** on renewal.
- 5.3 **Third party payments** are **over spent (£122k)** due a **higher recycling processing charge** as well as **increased tonnages** from the transfer of paper into the mixed recycling (brown) bin. Due to the global impact of the pandemic on the recycling market the processing rate is in flux. Although the rate has improved, Hertsmere are currently paying a charge of £61 a tonne compared to the budgeted £40. For this reason a year end over spend of £200k has been included in the forecast figures.

## 5a. Street Scene Services - Income Analysis

| STREET SCENE SERVICES<br>Income Analysis | Original<br>Budget<br>2020/21 | Budget<br>Changes | Revised<br>Budget<br>2020/21 | Budget<br>Profiled to<br>Date | Actual to Date | Surplus<br>(Deficit) | Previous<br>Month | Year-End<br>Forecast:<br>Surplus<br>(Deficit) | Year End<br>Previous<br>Month |
|--|-------------------------------|-------------------|------------------------------|-------------------------------|----------------|----------------------|-------------------|---|-------------------------------|
| SUMMARY OF PERFORMANCE                   | £'000                         | £'000             | £'000                        | £'000                         | £'000          | £'000                | £'000             | £'000   | £'000                         |
| Waste - Recycling Income                 | (545)                         | 0                 | (545)                        | (273)                         | (192)          | (81)                 | (71)              | (159)   | (159)                         |
| Waster - Clinical/Bulky Waste etc        | (237)                         | 0                 | (237)                        | (119)                         | (79)           | (40)                 | (34)              | (50)  | (48)                          |
| HCC Grant (AFM)                          | (270)                         | 0                 | (270)                        | 0                             | 0              | 0                    | 0                 | (250)   | 0                             |
| Trade Waste                              | (595)                         | 0                 | (595)                        | (298)                         | (272)          | (25)                 | (36)              | (50)  | (50)                          |
| Cleansing (incl Pest Control)            | (55)                          | 0                 | (55)                         | (38)                          | (33)           | (5)                  | (5)               | (8)   | (12)                          |
| Parks & Allotments                       | (92)                          | 0                 | (92)                         | (57)                          | (57)           | 0                    | (1)               | (11)  | (10)                          |
| Cemeteries                               | (84)                          | 0                 | (84)                         | (43)                          | (78)           | 35                   | 34                | 40  | 35                            |
| Parking - PCN                            | (255)                         | 0                 | (255)                        | (128)                         | (94)           | (33)                 | (39)              | (33)  | (39)                          |
| Parking - TRDC                           | (378)                         | 0                 | (378)                        | (189)                         | (187)          | (2)                  | (2)               | (15)  | (8)                           |
| Parking - Car Parks                      | (1,410)                       | (20)              | (1,430)                      | (705)                         | (165)          | (540)                | (488)             | (783)   | (794)                         |
| Parking - Permits etc                    | (391)                         | 0                 | (391)                        | (227)                         | (163)          | (63)                 | (56)              | (78)  | (78)                          |
|  | <b>(4,312)</b>                | <b>(20)</b>       | <b>(4,332)</b>               | <b>(2,073)</b>                | <b>(1,319)</b> | <b>(754)</b>         | <b>(697)</b>      | <b>(1,397)</b>                                | <b>(1,162)</b>                |



6. **Engineering Services** has an **unfavourable variance to date of (£47k)** projected **unfavourable year-end variance of (£77k)**.

## FINANCIAL POSITION TO: 30 SEPTEMBER 2020

| ENGINEERING SERVICES<br>Budget Holder: Malcolm<br>Greaves | ORIGINAL<br>BUDGET<br>2019/20 | BUDGET<br>CHANGES<br>2019/20 | REVISED<br>BUDGET<br>2019/20 | PROFILED<br>BUDGET | ACTUAL TO<br>DATE | YEAR TO<br>DATE<br>SURPLUS<br>/(DEFICIT) | PREVIOUS<br>MONTH | FORECAST<br>YEAR END<br>VARIANCE<br>FAV/(ADV) | FORECAST<br>YEAR END<br>VARIANCE<br>PREVIOUS<br>MONTH |
|---|-------------------------------|------------------------------|------------------------------|--------------------|-------------------|--|-------------------|---|---|
| SUMMARY OF PERFORMANCE                                    | £'000                         | £'000                        | £'000                        | £'000              | £'000             | £'000                                    | £'000             | £'000   | £'000   |
| Employees   | 335                           | 0                            | 335                          | 167                | 164               | 2  | 1                 | 2   | 1   |
| Premises and Related                                      | 25                            | 0                            | 25                           | 15                 | 14                | 0  | 0                 | 1   | 1   |
| Transport   | 33                            | 0                            | 33                           | 15                 | 14                | 1  | 1                 | 2   | 2   |
| Supplies and Services                                     | 17                            | 0                            | 17                           | 7                  | 5                 | 2  | 1                 | 2   | 2   |
| Third Party Payments                                      | 196                           | 0                            | 196                          | 85                 | 56                | 29                                       | 19                | 47  | 46  |
| Transfer Payments   | 15                            | 0                            | 15                           | 0                  | 0                 | 0  | 0                 | 1   | 0   |
| Income  | (275)                         | 0                            | (275)                        | (138)              | (56)              | (82)                                     | (82)              | (130)   | (132)   |
|   | <b>345</b>                    | <b>0</b>                     | <b>345</b>                   | <b>151</b>         | <b>198</b>        | <b>(47)</b>                              | <b>(60)</b>       | <b>(77)</b>                                   | <b>(82)</b>   |

- 6.1 **Income:** This service has a projected **unfavourable year end variance of (£130k)**. Borehamwood Street Market (**£10k deficit**) recommenced on Saturday **5<sup>th</sup> September** with the current operator with social distancing measures in place; it is not certain yet if this will impact on the income going forward.
- 6.2 **Engineering income** is still showing a year- end **deficit of (£120k)** as although they have undertaken some works in-house such as resurfacing of Kemp Place car park, general drainage works are down due to the pandemic.
- 6.3 **Third Party Payments:** As reported, private drainage and contract works continue to be below budget **with an estimated year-end surplus of £60k** due to savings on contractor costs especially as works will be undertaken by the in-house engineering crew where possible. Offsetting this is the increase in cost of **revenue maintenance (£10k)** which will be reflected in the budget setting for 2021/22.

6a. Engineering Services - Income Analysis

| ENGINEERING<br>Income Analysis | Original<br>Budget<br>2020/21 | Budget<br>Changes | Revised<br>Budget<br>2020/21 | Budget<br>Profiled to<br>Date | Actual to Date | Surplus<br>(Deficit) | PREVIOUS<br>MONTH | Year-End<br>Forecast:<br>Surplus<br>(Deficit) | Previous Year<br>End Forecast:<br>Surplus<br>(Deficit) |
|--------------------------------|-------------------------------|-------------------|------------------------------|-------------------------------|----------------|----------------------|-------------------|---|--|
| SUMMARY OF PERFORMANCE         | £'000                         | £'000             | £'000                        | £'000                         | £'000          | £'000                | £'000             | £'000   | £'000  |
| Borehamwood Market             | (25)                          | 0                 | (25)                         | (12)                          | (2)            | (11)                 | (10)              | (10)  | (12)   |
| Engineering - Contract Works   | (250)                         | 0                 | (250)                        | (125)                         | (53)           | (72)                 | (72)              | (120)   | (120)  |
| TWA Leased Land                | (0)                           | 0                 | (0)                          | (0)                           | (0)            | 0                    | 0                 | 0   | 0  |
|                                | <b>(275)</b>                  | <b>0</b>          | <b>(275)</b>                 | <b>(138)</b>                  | <b>(56)</b>    | <b>(82)</b>          | <b>(82)</b>       | <b>(130)</b>                                  | <b>(132)</b>   |

7. **Asset Management** has an overall unfavourable year to date variance (**£106k**) with a projected unfavourable year end variance (**£491k**).

## FINANCIAL POSITION TO: 30 SEPTEMBER 2020

| ASSET MANAGEMENT:<br>Budget Holder: Simon Payton | Original Budget<br>2020/21 | Budget Changes | Revised Budget<br>2020/21 | Budget Profiled to<br>Date | Actual to Date | Surplus<br>(Deficit) | Previous<br>Month | Year-End<br>Forecast:<br>Surplus<br>(Deficit) | Year-End<br>Forecast:<br>Previous<br>Month |
|--|----------------------------|----------------|---------------------------|----------------------------|----------------|----------------------|-------------------|---|--|
| SUMMARY OF PERFORMANCE                           | £'000                      | £'000          | £'000                     | £'000                      | £'000          | £'000                | £'000             | £'000   | £'000                                      |
| Employees  | 571                        | 0              | 571                       | 286                        | 326            | (40)                 | (28)              | (42)  | (42)                                       |
| Premises and Related                             | 1,332                      | 15             | 1,347                     | 663                        | 663            | 0                    | 0                 | 0   | 0  |
| Transport  | 2                          | 0              | 2                         | 1                          | 1              | 1                    | 0                 | 1   | 1  |
| Supplies and Services                            | 79                         | 0              | 79                        | 50                         | 53             | (3)                  | (1)               | 4   | (0)  |
| Third Party Payments                             | 11                         | 0              | 11                        | 0                          | (1)            | 1                    | (5)               | 1   | 0  |
| Transfer Payments                                | 60                         | 10             | 70                        | 0                          | 0              | 0                    | 0                 | 0   | 0  |
| Income   | (5,722)                    | (25)           | (5,747)                   | (3,271)                    | (3,207)        | (64)                 | 2                 | (455)   | (408)                                      |
|  | <b>(3,666)</b>             | <b>0</b>       | <b>(3,666)</b>            | <b>(2,272)</b>             | <b>(2,166)</b> | <b>(106)</b>         | <b>(31)</b>       | <b>(491)</b>                                  | <b>(450)</b>                               |

7.1 **Employees:** There is an **estimated year-end overspend (£42k)**, due to a vacant post which had been filled by an agency staff. This post has now been recruited to permanently.

7.2 **Income to date** has a **(£64k) deficit and a forecast year-end deficit of (£455k)**.

7.2.1 **The year-end figure** comprises;

- **£280k** InspireAll contract, **£97k** commercial properties, **£67k** houses and **£12k** garages.
- **InspireAll** – The Leisure industry have been significantly affected by Covid-19 and officers are working closely with InspireAll in respect of this and the financial difficulties they are experiencing. The management fee will be partly recoverable (75p in the £) through the government income scheme and the first claim has now been submitted.
- **Commercial Properties** – This is based on information to 30 September and may alter when the rents for September are included. Officers have made good headway with agreeing payment plans for the deferred rent, and all are to be repaid within this financial year.
- **Garage rents** deficit increased by £3k. Demand is still reasonably high for garages and this deficit is not expected to increase greatly.

7.3 Edwintree Court has 19 units filled (out of 28) at the 7 October. Some occupants have been moved in then offered permanent places. The Housing Department continue to house families subject to suitable clients needing accommodation.

7a. Asset Management - Income Analysis

| ASSET MANAGEMENT<br>Income Analysis | Original<br>Budget<br>2020/21 | Budget<br>Changes | Revised<br>Budget<br>2020/21 | Budget<br>Profiled to<br>Date | Actual to Date | Surplus<br>(Deficit) | PREVIOUS<br>MONTH | Year-End<br>Forecast:<br>Surplus<br>(Deficit) | Forecast Year-<br>End Variance<br>Previous<br>Month |
|-------------------------------------|-------------------------------|-------------------|------------------------------|-------------------------------|----------------|----------------------|-------------------|---|---|
| SUMMARY OF PERFORMANCE              | £'000                         | £'000             | £'000                        | £'000                         | £'000          | £'000                | £'000             | £'000   | £'000   |
| Commercial Properties               | (3,517)                       | 0                 | (3,517)                      | (2,317)                       | (2,298)        | (20)                 | 6                 | (97)  | (95)  |
| InspireAll                          | (306)                         | 0                 | (306)                        | (25)                          | (25)           | 2                    | 2                 | (280)   | (280)   |
| Residual Houses                     | (851)                         | (25)              | (876)                        | (346)                         | (307)          | (39)                 | (2)               | (67)  | (24)  |
| Garages                             | (698)                         | 0                 | (698)                        | (349)                         | (342)          | (7)                  | (4)               | (12)  | (9)   |
| Civic Offices                       | (335)                         | 0                 | (335)                        | (229)                         | (229)          | 0                    | 0                 | 0   | 0   |
| Asset Management Unit               | (10)                          | 0                 | (10)                         | (2)                           | (2)            | 0                    | 0                 | 0   | 0   |
| Community Centre                    | (6)                           | 0                 | (6)                          | (3)                           | (3)            | 0                    | (1)               | 0   | 0   |
|                                     | <b>(5,722)</b>                | <b>(25)</b>       | <b>(5,748)</b>               | <b>(3,271)</b>                | <b>(3,206)</b> | <b>(64)</b>          | <b>2</b>          | <b>(455)</b>                                  | <b>(409)</b>  |

**8. Finance & Business Services - overall favourable year to date variance of £16k with a projected year-end unfavourable variance (£4k).**

FINANCIAL POSITION TO: 30 SEPTEMBER 2020

| FINANCE & BUSINESS SERVICES<br>Budget Holder: Matthew Bunyon | Original Budget 2020/21 | Budget Changes | Revised Budget 2020/21 | Budget Profiled to Date | Actual to Date | Surplus (Deficit) | Previous Month | Year-End Forecast: Surplus (Deficit) | Year-End Forecast: Previous Month |
|--|-------------------------|----------------|------------------------|-------------------------|----------------|-------------------|----------------|--------------------------------------|-----------------------------------|
| SUMMARY OF PERFORMANCE                                       | £'000                   | £'000          | £'000                  | £'000                   | £'000          | £'000             | £'000          | £'000                                | £'000                             |
| Employees  | 2,578                   | 0              | 2,578                  | 1,279                   | 1,319          | (40)              | (23)           | (90)                                 | (91)                              |
| Premises and Related   | 0                       | 0              | 0                      | 0                       | 0              | 0                 | 0              | 0                                    | 0                                 |
| Transport  | 9                       | 0              | 9                      | 5                       | 1              | 4                 | 3              | 4                                    | 3                                 |
| Supplies and Services  | 743                     | 0              | 743                    | 547                     | 540            | 7                 | 5              | 8                                    | 8                                 |
| Third Party Payments   | 123                     | (5)            | 118                    | 94                      | 92             | 3                 | 1              | 3                                    | 2                                 |
| Transfer Payments  | 38,800                  | 0              | 38,800                 | 20,232                  | 20,232         | 0                 | 0              | 0                                    | 0                                 |
| Income   | (39,714)                | (10)           | (39,724)               | (20,570)                | (20,613)       | 43                | 18             | 73                                   | 73                                |
|  | <b>2,539</b>            | <b>(15)</b>    | <b>2,524</b>           | <b>1,586</b>            | <b>1,571</b>   | <b>16</b>         | <b>5</b>       | <b>(4)</b>                           | <b>(6)</b>                        |

8.1 **Employees: To date there is an overspend (£40k)** as agency staff have been employed in Revenues and Benefits to cover vacant posts and to effect additional work required by central government. **This has also resulted in a year-end forecast deficit (£90k) however this will be met from additional funding from DWP and the planned use of reserves.**

8.2 **Income: The year-end forecast is a surplus £73k. Of this £126k relates to the additional DWP grant funding and planned use of reserves. There is however a reduction (£89k) in court costs income for council tax and non-domestic rates (NNDR) due to the current lockdown situation. Also a (£7K) reduction in Government grant for NNDR collection. This is partially offset by £22k increased benefit administration grant. Unbudgeted income £16k from IT services provided to Hertfordshire Building Control and £7k income from Hertsmere Development Ltd for internal services provided.**

9. **Legal & Democratic Services** has an overall favourable year-to-date variance of £36k with a projected year-end favourable variance £8k.

## FINANCIAL POSITION TO: 30 SEPTEMBER 2020

| LEGAL & DEM SERVICES<br>Budget Holder: Harvey Patterson | Original Budget<br>2020/21 | Budget Changes | Revised Budget<br>2020/21 | Budget Profiled to<br>Date | Actual to Date | Surplus<br>(Deficit) | Previous Month | Year-End Forecast:<br>Surplus<br>(Deficit) | Year-End Forecast:<br>Previous Month |
|---|----------------------------|----------------|---------------------------|----------------------------|----------------|----------------------|----------------|--|--------------------------------------|
| SUMMARY OF PERFORMANCE                                  | £'000                      | £'000          | £'000                     | £'000                      | £'000          | £'000                | £'000          | £'000                                      | £'000                                |
| Employees   | 1,043                      | 14             | 1,056                     | 525                        | 507            | 19                   | 20             | (3)  | 16                                   |
| Premises and Related                                    | 1                          | 0              | 1                         | 1                          | 0              | 1                    | 0              | 1  | 0                                    |
| Transport   | 10                         | 0              | 10                        | 2                          | 1              | 2                    | 2              | 2  | 1                                    |
| Supplies and Services                                   | 670                        | 0              | 670                       | 327                        | 312            | 15                   | 19             | 10   | 18                                   |
| Third Party Payments                                    | 9                          | 1              | 10                        | 6                          | 2              | 4                    | 3              | 4  | 3                                    |
| Transfer Payments                                       | 34                         | 0              | 34                        | 0                          | 0              | 0                    | 0              | 0  | 0                                    |
| Income  | (280)                      | 0              | (280)                     | (101)                      | (97)           | (4)                  | (10)           | (5)  | (10)                                 |
|   | <b>1,487</b>               | <b>15</b>      | <b>1,501</b>              | <b>760</b>                 | <b>724</b>     | <b>36</b>            | <b>35</b>      | <b>8</b>                                   | <b>29</b>                            |

- 9.1 **Employees:** has a year-to-date underspend of £19k with a projected year-end overspend of (£3k) due to recruitment and agency costs and the regrading of the Monitoring and Deputy Returning Officer post in the Legal Unit (£8k) and additional resources in Land Charges (£5k) Some of this is offset by unused agency and salary variations in Democratic Services £8k and by smaller savings in other units.
- 9.2 **Supplies and Services:** has a year-to-date underspend of £15k with a projected year-end underspend of £10k consisting mainly of reduced costs for Land Charges £4k due to the earlier suspension of the property market; and reduced printing and postage costs in several areas, although the printing and postage of agendas for council meetings along with recent legal fees has reduced the year-end projection.
- 9.3 **Income:** shows an unfavourable year-to-date variance of (£4k) and an unfavourable projected year-end variance of (£5k) due to the reduction in income from Land Charges due to the suspension of the property market. This has shown considerable recovery since the property market reopened.

**10. HR & Customer Services overall has a favourable year to date variance of £20k with a projected favourable year-end variance of £4k.**

FINANCIAL POSITION TO: 30 SEPTEMBER 2020

| HR & CUSTOMER SERVICES<br>Budget Holder: Judith Fear | Original Budget<br>2020/21 | Budget Changes | Revised Budget<br>2020/21 | Budget Profiled to Date | Actual to Date | Surplus (Deficit) | Previous Month | Year-End Forecast: Surplus (Deficit) | Year-End Forecast: Previous Month |
|--|----------------------------|----------------|---------------------------|-------------------------|----------------|-------------------|----------------|--------------------------------------|-----------------------------------|
| SUMMARY OF PERFORMANCE                               | £'000                      | £'000          | £'000                     | £'000                   | £'000          | £'000             | £'000          | £'000                                | £'000                             |
| Employees  | 1,213                      | 0              | 1,213                     | 605                     | 582            | 23                | 21             | 26                                   | 24                                |
| Premises and Related                                 | 0                          | 0              | 0                         | 0                       | 0              | 0                 | 0              | 0                                    | 0                                 |
| Transport  | 2                          | 0              | 2                         | 1                       | 0              | 1                 | 0              | 1                                    | 0                                 |
| Supplies and Services                                | 109                        | 0              | 109                       | 58                      | 56             | 2                 | 1              | 6                                    | 4                                 |
| Third Party Payments                                 | 112                        | 0              | 112                       | 56                      | 43             | 14                | 12             | 14                                   | 13                                |
| Transfer Payments                                    | 0                          | 0              | 0                         | 0                       | 0              | 0                 | 0              | 0                                    | 0                                 |
| Income   | (220)                      | 0              | (220)                     | (114)                   | (94)           | (20)              | (21)           | (42)                                 | (42)                              |
|  | <b>1,216</b>               | <b>0</b>       | <b>1,216</b>              | <b>607</b>              | <b>587</b>     | <b>20</b>         | <b>12</b>      | <b>4</b>                             | <b>(1)</b>                        |

10.1 **Employees:** To date are **underspent £23k** due to vacancies in HR and Customer Services. The **year-end forecast is an underspend £26k**

10.2 **Supplies & Services.** The **forecast year-end underspend £6k** relates to savings in Print Services due to a reduction in demand for printed material.

10.3 **Third Party Payments.** The **£14k forecast year-end underspend** is due to savings in Print Services as the demand for external design and finishing is expected to reduce.

10.4 **Income.** To date there is a **(£20k) deficit, (£16k)** relating to Print Services due to reduced demand and **(£4k)** non letting of Committee Rooms and vending machine income. The **year-end forecast deficit (£42k)** comprises **(£35k)** Print Services and **(£7k)** Customer Services.

**11 Executive Directors overall has a favourable year to date variance of £58k with a projected favourable year- end variance of £61k.**

**FINANCIAL POSITION TO: 30 SEPTEMBER 2020**

| EXECUTIVE DIRECTORS<br>Budget Holder: Sajida Bijle | Original Budget<br>2020/21 | Budget Changes | Revised Budget<br>2020/21 | Budget Profiled to Date | Actual to Date | Surplus (Deficit) | Previous Month | Year-End Forecast: Surplus (Deficit) | Year-End Forecast: Previous Month |
|--|----------------------------|----------------|---------------------------|-------------------------|----------------|-------------------|----------------|--------------------------------------|-----------------------------------|
| SUMMARY OF PERFORMANCE                             | £'000                      | £'000          | £'000                     | £'000                   | £'000          | £'000             | £'000          | £'000                                | £'000                             |
| Employees  | 468                        | 0              | 468                       | 232                     | 176            | 57                | 48             | 60                                   | 50                                |
| Premises and Related                               | 0                          | 0              | 0                         | 0                       | 0              | 0                 | 0              | 0                                    | 0                                 |
| Transport  | 2                          | 0              | 2                         | 1                       | 0              | 1                 | 1              | 1                                    | 1                                 |
| Supplies and Services                              | 17                         | 0              | 17                        | 8                       | 8              | 0                 | 2              | 0                                    | 2                                 |
| Third Party Payments                               | 0                          | 0              | 0                         | 0                       | 0              | 0                 | 0              | 0                                    | 0                                 |
| Transfer Payments                                  | 0                          | 0              | 0                         | 0                       | 0              | 0                 | 0              | 0                                    | 0                                 |
| Income   | 0                          | 0              | 0                         | 0                       | 0              | 0                 | 0              | 0                                    | 0                                 |
|  | <b>488</b>                 | <b>0</b>       | <b>488</b>                | <b>241</b>              | <b>184</b>     | <b>58</b>         | <b>51</b>      | <b>61</b>                            | <b>53</b>                         |

**11.1 Employees are underspent £57k to date** due the vacant Executive Director post and a Personal Assistant vacancy. Both posts are now occupied, the Executive Director on a permanent basis and the PA on a temporary basis. **The year-end forecast is estimated to be an underspend £60k.**



12. **General Expenses** has an overall unfavourable year to date variance of **(£28k)** with a projected year-end unfavourable variance of **(£40k)**.

**FINANCIAL POSITION TO: 30 SEPTEMBER 2020**

| <b>GENERAL EXPENSES</b><br>Budget Holder: Matthew Bunyon | Original Budget<br>2020/21 | Budget Changes | Revised Budget<br>2020/21 | Budget Profiled to Date | Actual to Date | Surplus (Deficit) | Previous Month | Year-End Forecast: Surplus (Deficit) | Year-End Forecast: Previous Month |
|--|----------------------------|----------------|---------------------------|-------------------------|----------------|-------------------|----------------|--------------------------------------|-----------------------------------|
| <b>SUMMARY OF PERFORMANCE</b>                            | £'000                      | £'000          | £'000                     | £'000                   | £'000          | £'000             | £'000          | £'000                                | £'000                             |
| Employees  | 59                         | 0              | 59                        | 18                      | 18             | 0                 | 0              | 0                                    | 0                                 |
| Premises and Related                                     | 0                          | 0              | 0                         | 0                       | 0              | 0                 | 0              | 0                                    | 0                                 |
| Transport  | 0                          | 0              | 0                         | 0                       | 0              | 0                 | 0              | 0                                    | 0                                 |
| Supplies and Services                                    | 216                        | 0              | 216                       | 79                      | 107            | (28)              | (21)           | (40)                                 | (40)                              |
| Third Party Payments                                     | 0                          | 0              | 0                         | 0                       | 0              | 0                 | 0              | 0                                    | 0                                 |
| Transfer Payments  | 0                          | 0              | 0                         | 0                       | 0              | 0                 | 0              | 0                                    | 0                                 |
| Income   | 0                          | 0              | 0                         | 0                       | 0              | (0)               | 0              | 0                                    | 0                                 |
|  | <b>275</b>                 | <b>0</b>       | <b>275</b>                | <b>96</b>               | <b>124</b>     | <b>(28)</b>       | <b>(21)</b>    | <b>(40)</b>                          | <b>(40)</b>                       |

12.1 **Supplies & Services: The (£40k) forecast year-end overspend** relates to merchant charges for payments by credit and bank cards. It was envisaged that discussions with Barclaycard, would reduce the charges significantly however this has not materialised.

12.2 Both the Banking and Merchant Charges contracts were due for renewal this year and an independent report from “Focus on Banking” (FOB) an industry expert in assessing the value of such contracts was commissioned.

12.3 In relation to the merchant charges the FOB report confirmed there had been an increase in industry fees generally, however the proposal from Barclaycard could be improved through a direct award from a Crown Commercial Services framework. The FOB report recommended that the Council try and negotiate a better deal with Barclaycard, failing that, the Council should appoint “Global Payments” via the CCS framework to provide its merchant services. This was approved by Executive in September and officers are in the process of managing this change in provider. The new contract will save £19k per annum compared to the best alternative option from Barclaycard.

12.4 The FOB report recommended that the Council continue with Barclays as its main bankers for a further three years as their proposal continued to offer good value.



13. General Expenses Exceptional Items- has an overall unfavourable year to date variance of (£360k) with a projected year-end unfavourable variance of (£470k).

| EXCEPTIONAL ITEMS: COVID 19<br>(HB101 GE001) | ORIGINAL BUDGET | BUDGET CHANGES | REVISED BUDGET | PROFIED BUDGET | ACTUAL TO DATE | ACCRUALS | TOTAL SPEND | YEAR TO DATE SURPLUS / (DEFICIT) | PREVIOUS MONTH | FORECAST YEAR END VARIANCE FAV/(ADV) | FORECAST YEAR END VARIANCE PREVIOUS MONTH |
|--|-----------------|----------------|----------------|----------------|----------------|----------|-------------|----------------------------------|----------------|--------------------------------------|---|
| HB101  |                 |                |                |                |                |          |             |                                  |                |                                      |   |
|  | £               | £              | £              | £              | £              | £        | £           | £                                | £              | £                                    | £   |
| Employees' Expenses                          | 0               | 0              | 0              | 0              | 81             | 4        | 85          | (85)                             | (89)           | (91)                                 | (101)                                     |
| Premises and Related                         | 0               | 0              | 0              | 0              | 60             | 15       | 74          | (74)                             | (61)           | (138)                                | (100)                                     |
| Transport                                    | 0               | 0              | 0              | 0              | 44             | 0        | 44          | (44)                             | (35)           | (44)                                 | (35)                                      |
| Supplies and Services                        | 0               | 0              | 0              | 0              | 93             | 26       | 119         | (119)                            | (94)           | (159)                                | (184)                                     |
| Third Party Payments                         | 0               | 0              | 0              | 0              | 12             | 26       | 37          | (37)                             | (37)           | (37)                                 | (37)                                      |
| Transfer Payments                            | 0               | 0              | 0              | 0              | 0              | 0        | 0           | 0                                | 0              | 0                                    | 0   |
| Contingency Funding                          | 0               | 290            | 290            | 0              | 0              | 0        | 0           | 0                                | 0              | 0                                    | 0   |
|  | 0               | 290            | 290            | 0              | 290            | 70       | 360         | (360)                            | (316)          | (470)                                | (457)                                     |

13.1 This (£360k) deficit to date is due to COVID 19 lockdown items and these include;

- Employees costs – **Overtime** (Revenues & IDS Sections), **agency staff** (Street Scene & Revenues Sections) and **training** (IDS & Democratic Services),
- Premises and Related – Protective screens and the installation thereof, additional cleaning for offices and refuse vehicle cabs
- Transport – Additional refuse vehicle hire.
- Supplies and Services – Protective equipment, signage, IT hardware and software and temporary accommodation
- Third Party Payments – Increased refuse gate fee and the increased cost of property valuations.

The above cost pressures are to be funded from government grant. Contingency budget £290k has also been set aside to fund any deficit arising due to the Covid-19 crisis after first applying any government emergency funding and specific grants.

The year-end forecast on General Expenses is a deficit of (£470k)

#### 14. Investment Income

14.1 For the second quarter of 2020/21 income is £31k above budget. The year-end forecast is favourable £154k.

14.2 Whilst Covid has had a significant impact on investment returns, due to the current state of the economy and the UK base rate at an all-time, modern day, low of just 0.10%, this only impacts the Council's short term, liquid, investments. The Council had already made and/or committed to some longer term investments prior to Covid at favourable rates in excess of 1% as well as the Inspire All loan at 4.5%. Due to Covid, balances are also higher due to delays in Capital spending.

#### 15. Central Contingency

15.1 The central contingency budget of £300k exists to cover areas of exceptional, one-off expenditure arising throughout the year that are outside the control of managers and could not have been reasonably budgeted for at the time of setting the revenue budget.

15.2 As this resource is limited it is only to be used in exceptional circumstances.

15.3 This budget has been fully allocated as below.

#### BUDGET ADJUSTMENTS 2020-21

| CONTINGENCY                       | £'000       | SERVICE AREAS                                  | AUTHORISED BY   |
|-----------------------------------|-------------|--|-----------------|
| Central Contingency               | 300         |  |                 |
| <b>Covid-19 Grant</b>             | <b>-10</b>  | <b>Partnerships &amp; Community Engagement</b> | <b>EX/20/44</b> |
| <b>Covid-19 Exceptional Items</b> | <b>-290</b> | <b>Budget Deficit</b>                          | <b>C/20/31</b>  |
| <b>Total Allocated</b>            | <b>300</b>  |  |                 |

The report to the full Council in July has recommended that the remaining contingency budget be set aside to fund any deficit arising due to the Covid-19 crisis after first applying any government emergency funding and specific grants.

## 16. Funding the Budgetary Gap

- 16.1 Whilst the September Monitor shows a net deficit position of £2,128k, the Government have announced various additional funding measures to support Local Authorities in relation to additional costs arising due to Covid and to date Hertsmere has received £1,404k from emergency funding, Rough Sleepers Grant and New Burdens Funding:
- 16.2 This funding is also to address losses in respect of Council Tax which will not be realised until 2021/22 as such any remaining grant not utilised in 2020/21 should be carried forward to meet ongoing pressures (such as increased Council Tax Support payments and deficits on collection of council tax and business rates) in future years.
- 16.3 Government funding has also been announced in relation to loss of irrecoverable income which will provide compensation for the **net** loss of fees and charges income where this cannot be recovered in year at a rate of 75p in the £1 (after the first 5%). This scheme does not however cover loss of commercial income, such as rents (incl. housing), or investment income. For Hertsmere this compensation will mainly be in relation to loss of Parking income and the Leisure Management fee.
- 16.4 In addition to the above Government funding, £290k of contingency funding has also been set aside to fund pressures arising due to Covid.
- 16.5 In total funding amounting to £2,444k may be available to meet the current funding gap of £2,128k with any remaining funding proposed to be carried forward to address any ongoing pressures (i.e. from increased Council Tax Support and deficits carried forward in respect of council tax and business rates collection).

| <b>Funding Source</b>  | <b>£000's</b> |
|--|---------------|
| Emergency Funding  | 1,244         |
| Rough Sleepers   | 5             |
| New Burdens  | 155           |
| Irrecoverable Income (TBC)   | 750           |
| Contingency budget   | 290           |
| <b>Total funding</b>   | <b>2,444</b>  |
| Current Deficit  | (2,128)       |
| <b>Funding to be carried forward to fund pressures arising in future years</b> | <b>316</b>    |

