



Worcester
CITY COUNCIL

POLICY AND RESOURCES COMMITTEE

SUPPLEMENTARY AGENDA

Date: Tuesday, 26th July, 2022

Time: 7.00 pm

Venue: The Guildhall

POLICY AND RESOURCES COMMITTEE

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**Policy and Resources Committee
Tuesday, 26 July 2022**

Members of the Committee:-

Chair: Councillor Marjory Bisset (G)

Vice-Chair: Councillor Lynn Denham (L) and Councillor James Stanley (C)

Councillor Patricia Agar (LCo)

Councillor Mel Allcott (LD)

Councillor Marc Bayliss (C)

Councillor Adrian Gregson (L)

Councillor Mrs. Lucy Hodgson (C)

Councillor Steve Mackay (C)

Councillor Chris Mitchell (C)

Councillor Jabbar Riaz (L)

Councillor Andy Stafford (C)

Councillor Louis Stephen (G)

C = Conservative

G = Green

L = Labour

LCo = Labour and Co-operative

LD = Liberal Democrat

AGENDA

Part 1

(ITEMS FOR DISCUSSION AND DECISION IN PUBLIC)

6. Quarter 1 Financial Monitoring Report 2022/23

Page(s): 1 - 20

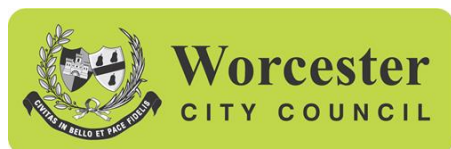
Ward(s): All Wards

Contact Officer: Mark Baldwin, Head of Finance

Tel: 01905 722007

1. That the Committee reviews the financial monitoring details including budget variances and performance indicators for the 1st quarter ended 30 June 2022; and
2. That the Committee approves the write-offs of Council Tax and Business Rates for the quarter.

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Report to: Policy and Resources Committee, 26th July 2022

Report of: Head of Finance

Subject: Q1 FINANCIAL MONITORING REPORT 2022/23

1. Recommendation

- 1.1 That the Committee reviews the financial monitoring details including budget variances and performance indicators for the 1st quarter ended 30 June 2022; and**
- 1.2 That the Committee approves the write-offs of Council Tax and Business Rates for the quarter.**

2. Background

2.1 In addition to the report, the following appendices provide further details on the forecast year-end financial position as at Q1:

- Q1 vs Budget year-end forecast - **Appendix 1**
- Revenue budget summary - **Appendix 2**
- Revenue budget summary for gross income and expenditure – **Appendix 3**
- Service variances analysis - **Appendix 4**
- Fees & Charges income generation - **Appendix 5**
- Salaries by Service – **Appendix 6**
- Capital Programme summary - **Appendix 7**
- Earmarked Reserves– **Appendix 8**
- Debt collection/supplier payment performance – **main body of report**

3. Executive Summary

- 3.1 The forecast year-end performance at Q1 is to meet the balanced budget with no surplus or deficit. However, this will only be achieved through a transfer from the Business Rates Risk Reserve of £0.477m leaving a forecast balance in the reserve of £2.487m (see note 9.3).
- 3.2 The lockdown put in place due to the Covid -19 pandemic had a significant effect on the Council's income for 2020/21 and 2021/22 and this has continued through into the current year, which suggests that there may be some longer-term impacts. The forecast for income from Council Services overall is a budget deficit of £0.444m. This includes a £0.111m income deficit in Parking, £0.124m in Leisure Services and £0.094m in Bereavement Services. This is covered in more detail in para. 4.7.
- 3.3 The global economy is facing a number of challenges particularly those caused by the war in Ukraine. Inflation in the UK is now over 9% with fuel and energy prices rising sharply. This year-end forecast therefore includes the following cost pressures:

- Pay award – now forecast to be 4% compared to the budget of 2%, an extra cost of £200k;
- Gas and electricity – the budget of £330k allowed for a 20% price increase, this is now likely to be exceeded and a further £64k has been added to the forecast;
- Diesel – prices have increased by 30% since the budget was set in February, hence the budget of £373k is now forecast to be £470k.

3.4 The economic downturn has prompted an increase in interest rates. However, the City Council’s borrowing is at the fixed rates agreed at the date when the loans were taken out, hence the recent increases have no effect. Conversely the surplus funds which the Council is able to invest are now earning a higher rate of interest than at the time the budget was set. The interest forecast has therefore improved by £356k.

3.5 In respect of Housing Benefit subsidy, previous reports have noted the large volumes involved and the potential for small changes of, say, 1% to create changes of circa £300k. The table below summarises the year-end forecast of a budget deficit of £445k compared to the actual cost for previous years. This deficit represents 2.1% of the budgeted payments of £21.1m. The forecast for the full year is a small decrease of £43k from the previous year. This is covered in more detail in para. 4.8.

Net Cost of Housing Benefit Subsidy	2018/19 Actual £'000	2019/20 Actual £'000	2020/21 Actual £'000	2021/22 Actual £'000	2022/23 Forecast £'000	22/23 vs. 21/22 £'000
Budget	(32)	(65)	(45)	(32)	(32)	0
Actual /Forecast	26	325	597	456	413	(43)
Variance to Budget	58	389	642	488	445	(43)

3.6 A summary of the main elements of the year-end forecast deficit as at Q1 are shown in **Appendix 1**.

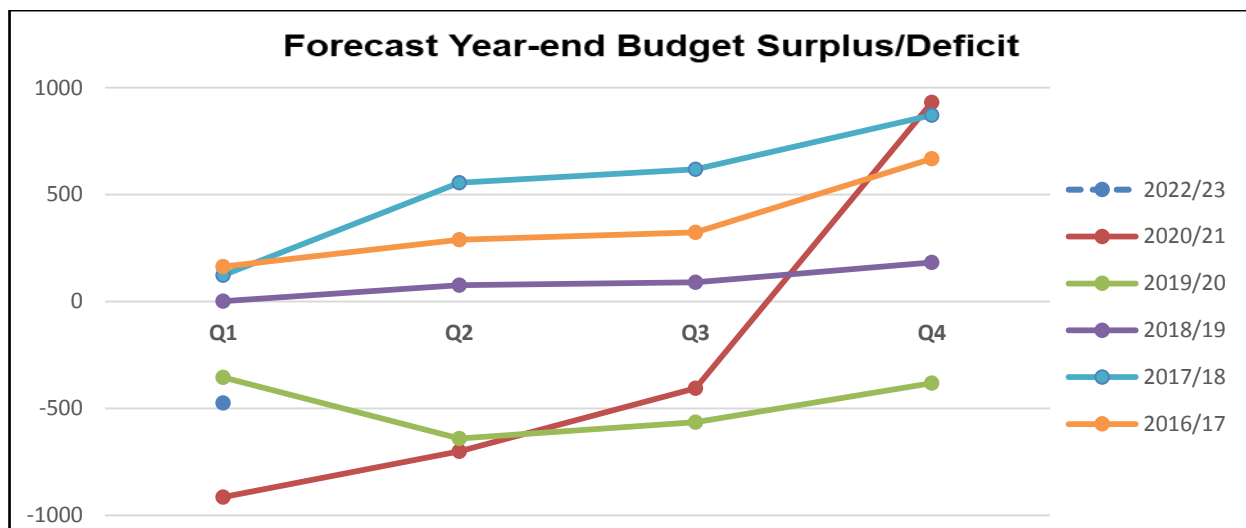
The year-end forecast meets the balanced budget through transferring £0.477m from the Risk Reserves. This is on account of the deficit in income from Services’ being £0.444m and additional unbudgeted costs.

3.7 The revised annual capital budget is £26.553m with a year-end forecast of £21.230m.

3.8 The collection of Council Tax is 0.7% behind the target. The collection of Business Rates is 1.7% lower than the target. Write-offs for Q1 are £122k. The timing of write-offs can vary depending on the circumstances of each account.

4. Q2 Revenue Budget Performance

4.1 The forecast year-end performance at Q1 is to achieve a balanced budget by drawing £474k from the Risk Reserve. Details are provided at **Appendices 2 - 7**.



Year-end Forecast £'000	Surplus/(Deficit)			
	Q1	Q2	Q3	Q4
2022/23	(477)			
2021/22	(439)	(436)	(441)	27
2020/21	(915)	(701)	(405)	932
2019/20	(354)	(640)	(565)	(382)
2018/19	2	76	90	183
2017/18	123	556	618	872
2016/17	163	289	323	668

4.2 At a headline level, the year-end forecast, as shown in **Appendix 2**, is comprised as follows:

- £41k higher expenditure on a budget of £25.2m, which is a variance of 0.1%;
- £444k reduced income on a budget of £13.8m. This includes £320k shortfall on Fees and Charges income and £124k lower management fee in respect of Leisure services;
- £8k net surplus from interest payments and housing benefit subsidy. There is a favourable variance on interest and MRP of £(453)k less the forecast adverse variance on housing benefit subsidy of £445k. The latter includes the loss of subsidy on the cost of temporary accommodation.

Explanations for the key budget variances are provided below.

4.3 Employee Costs – the forecast under-spend of £6k, as shown on **Appendix 2**, is made up of the Services' salary costs, which is a forecast underspend of £17k, as detailed on **Appendix 6**, and other employee related expenditure. Whilst individual services are forecasting underspends due to vacancies, others are showing a forecast over-spend with temporary resource having been added to mitigate the absence of key staff due to illness or pending the completion of a recruitment exercise. The forecast includes the anticipated increased pay award of 4% which has been mitigated by the short-term vacancies in each service.

4.4 Premises Costs – the forecast over-spend of £48k includes a £64k over-spend in respect of energy costs reflecting the significant price increases at present. The Council is proposing to increase its use of solar panels as some mitigation against this.

4.5 Supplies and Services – the forecast under-spend of £21k includes;

- £97k increased cost of fuel for the Council's vehicles. Diesel is purchased from the County Council taking benefit from their contract arrangement. However, this is still incurring the same level of price increases being seen in the retail market.
- £(35)k lower cost of insurance than budgeted. The insurance provider had provided an estimated increase in the premium of £107k, which in the event was only £72k;
- £(25)k reduction in cost of collecting cash from the pay and display machines in the car parks reflecting the increased use of credit cards as a means of payment.

4.6 Income – the forecast income budget deficit of £444k is made up of:

- Fees & Charges (from council services) £320k, see **Appendix 5**.
- Other Income / Grants & Contributions £124k

4.7 Details of the position in relation to key income streams are given below.

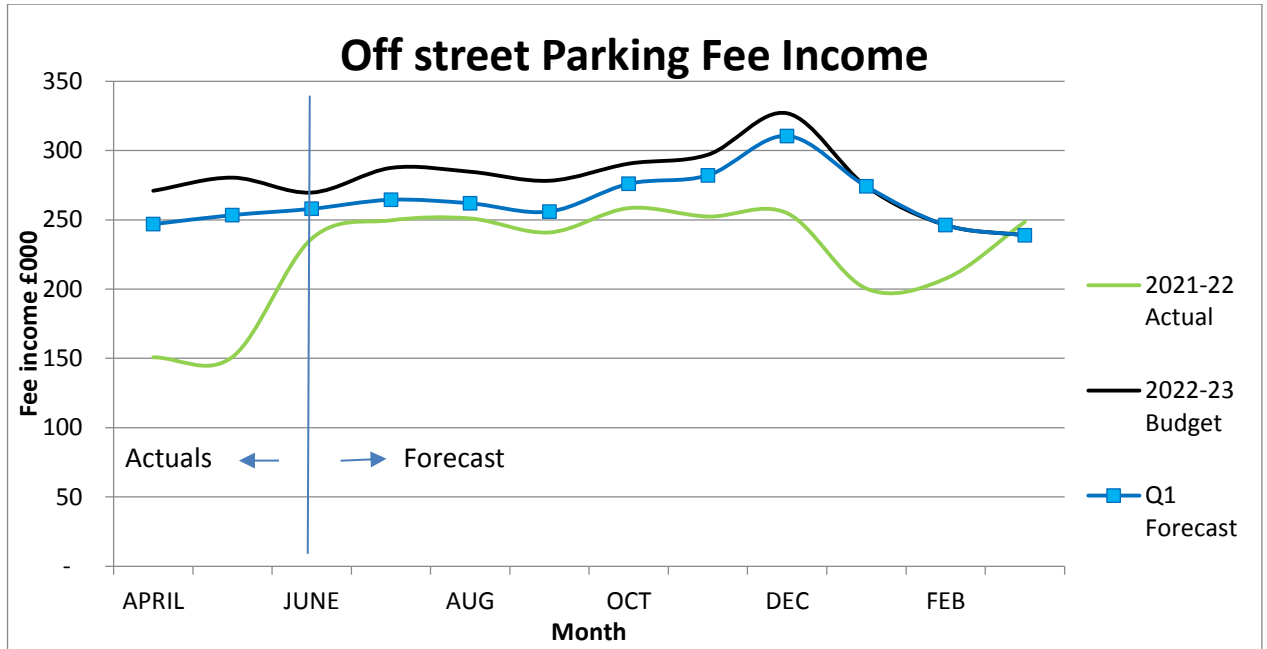
4.7.1 The income from car parking is forecast for a year-end budget deficit of £111k which comprises:

- Forecast income from the car parks: £203k below budget
- Forecast PCN income: £(92)k above budget.

At the end of Q1, income from car parks is £63k lower than budget and PCN income is £51k higher.

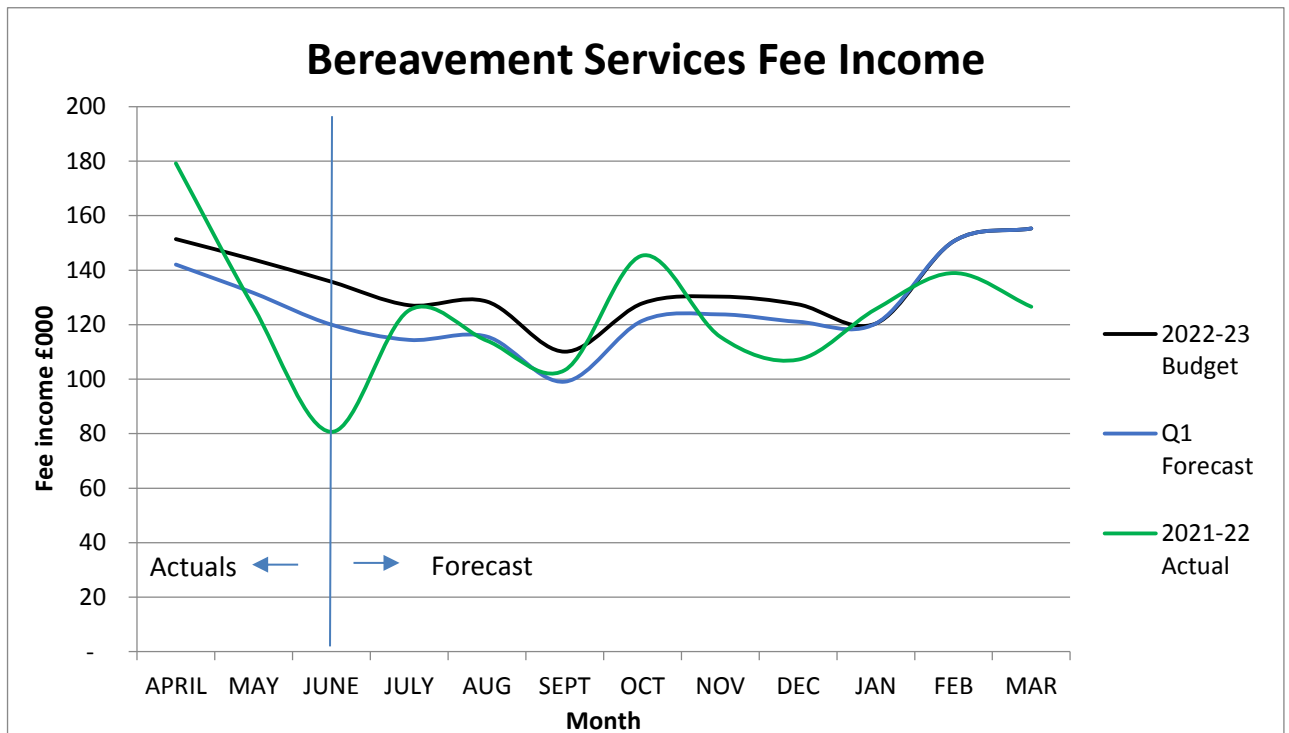
The income from car parks has gradually increased during the last 3 months. In April and May income was 90% of budget and this rose to 96% of budget in June. The forecast for Q2 assumes a rate of 92% of budget, rising to 95% in Q3 and 100% in Q4. The result is a year-end forecast of £3.177m against a budget of £3.380m, which is a shortfall of £0.203m. The monthly budget is based on the average of the three years pre-pandemic.

The PCN income for Q1 has been a monthly average of £53k and is forecast to be an average of £50k per month for the rest of the year, generating a forecast income of £612k against a budget of £520k.



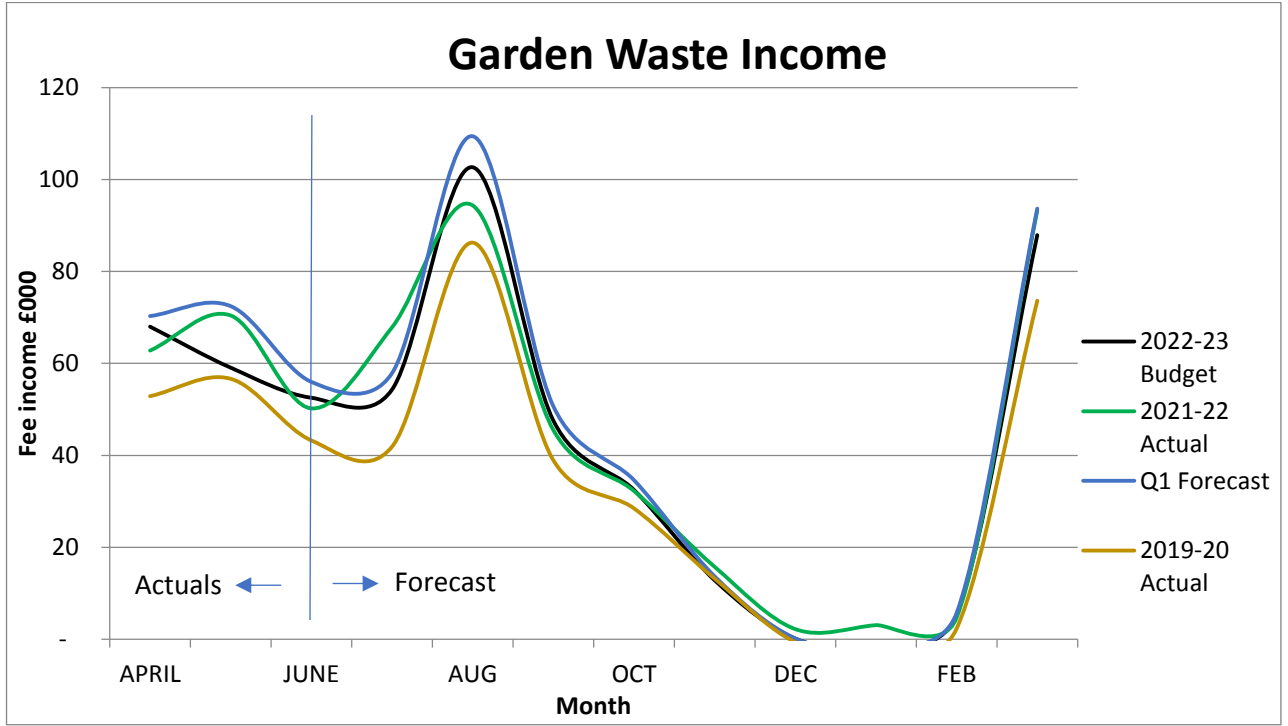
4.7.2 Bereavement income is forecast to be £1.515m for the year, which is £75k higher than last year and a full-year budget deficit of £94k.

At the end of Q1, income from Bereavement Services is £37k short of budget and £8k higher than this time last year. The forecast assumes that this recent trend will continue with a gradual improvement culminating in achieving budget in Q4.

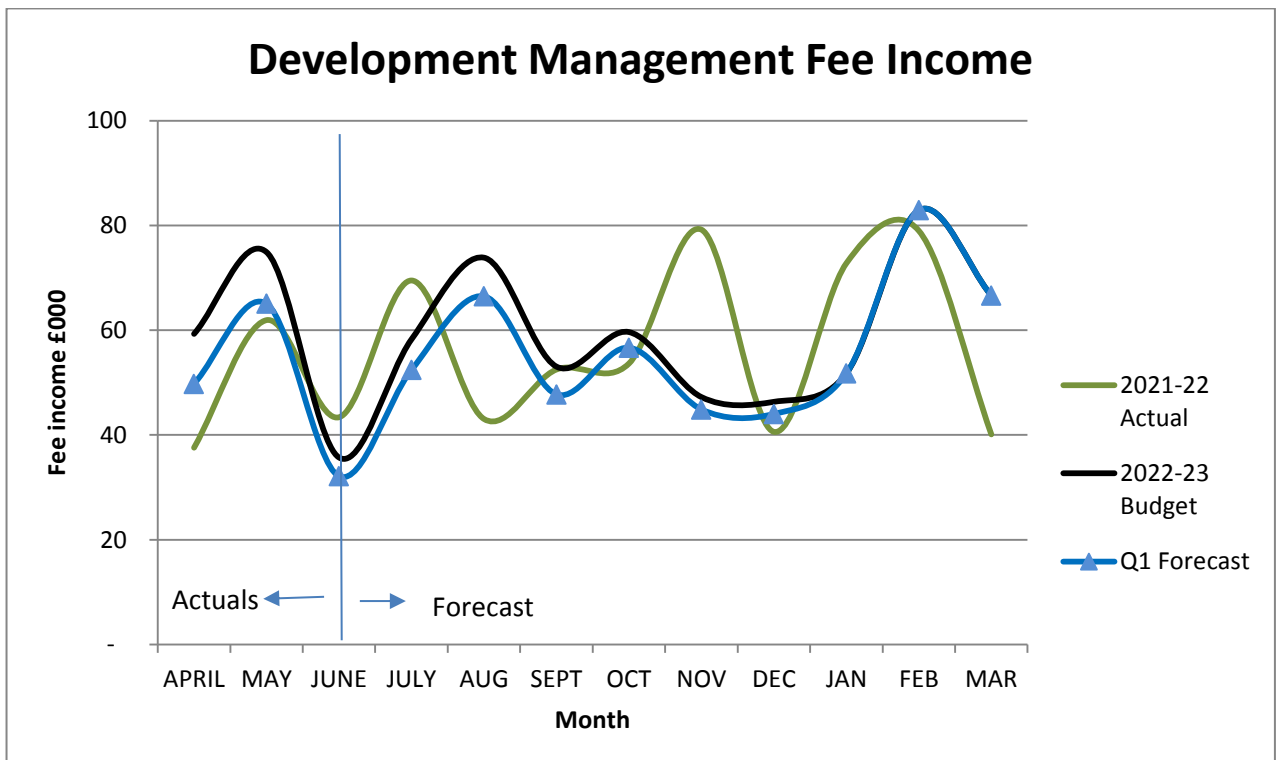


4.7.3 Income for 2022/23 from Environmental Health and Licensing is forecast to be £337k which is £26k below budget and £9k less than last year. The forecast is based on Q1 having been 90% of budget, Q2 being forecast at 90%, Q3 increasing to 95% and Q4 achieving budget.

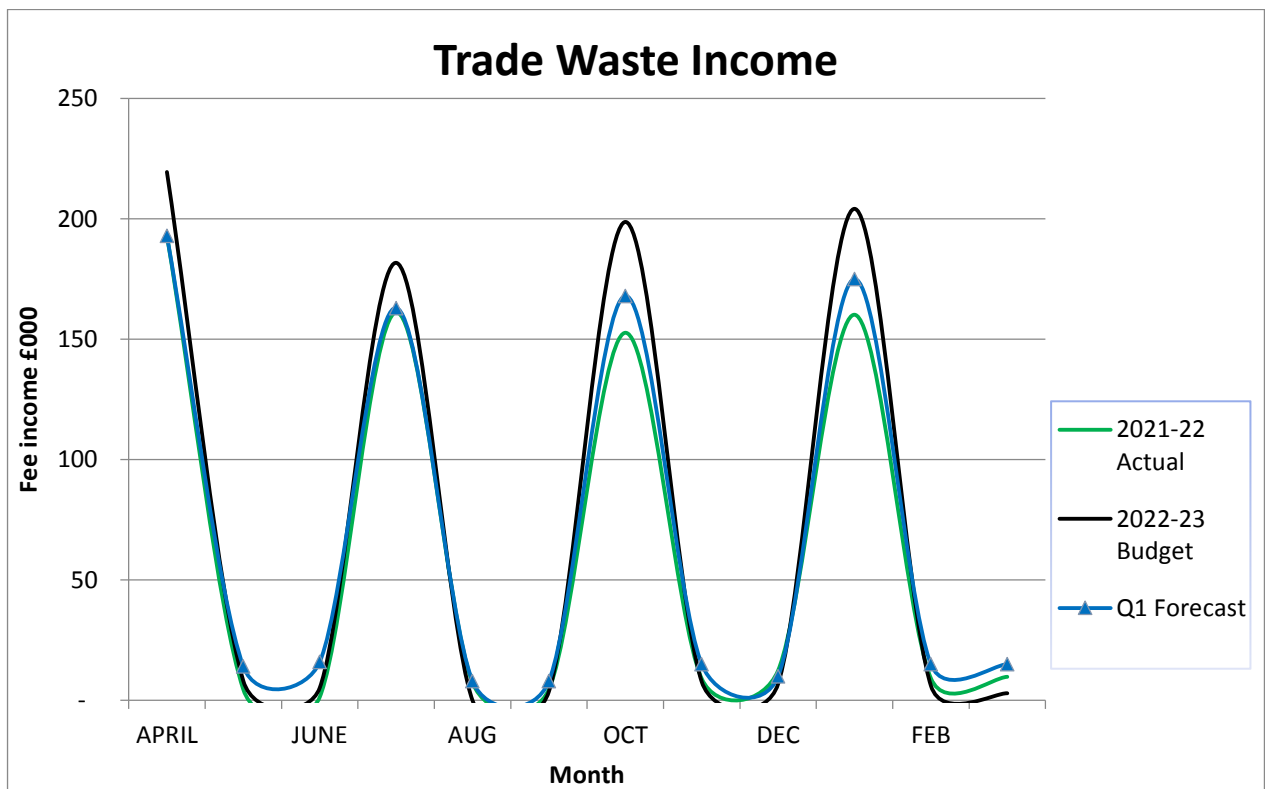
4.7.4 Income from the collection of Garden Waste continues to exceed budget. Q1 was 1.6% below the same period last year, suggesting that most of the new accounts opened during the Covid-19 lockdowns are being renewed. The forecast assumes a full year income of £562k, which is 3.7% greater than last year, including the 2.4% price increase and £41k above budget.



4.7.5 The income in Development Management has a year-end forecast of £660k which is £49k below budget. At the end of Q1 income was 87% of budget, a shortfall of £23k. The forecast assumes income will improve slightly during the year culminating in achieving budget for Q4.



4.7.6 Income from the collection of Trade Waste was reduced by the effects of the lockdown with many businesses closed or producing significantly less waste. With most businesses and the University now re-opened, the service is generating record levels of income. The full year forecast is for an income budget deficit of £45k against a budget of £845k. This will be offset by forecast disposal costs being £14k lower than budget. The invoices are issued quarterly, hence the income pattern shown in the graph below.



4.7.7 Other Income – the year-end forecast is for a budget deficit of £182k. This includes the management fee received in respect of Leisure Services being £124k lower than budget. This is the combined effect of reduced income and increased energy costs.

- Income – income is currently 84% of pre-pandemic levels with memberships at 75% and swimming lessons at 133%. The forecast assumes that this will improve as the year progresses and represents an income loss of £47k.
- Energy costs – the energy contract for the leisure centres is due for renewal in the autumn. Current guidance is that this will result in an unbudgeted cost increase for this year of £77k and £176k for 2023/24.

The City Council has a contract to receive income from advertising placed on roundabouts in the city. The budget is for income of £30k. however the operator is predicting a shortfall of £15k reflecting the difficulty of generating advertising revenue in the current economic climate.

4.8 Housing Benefit Subsidy – forecast year-end over-spend £445k.

In prior years the recovery of earlier over-payments of housing benefit exceeded the current year subsidy costs. More recently, there has been a consistent over-spend against the budget. However, the budget has not been re-set in order to recognise that this is a situation that (i) is a demand-led cost which arises from multiple factors and (ii) needs to be addressed in year as far as possible. Hence the annual budget has remained as a small surplus of £32k.

The forecast over-spend of £445k is 2.1% of the £21.1m budgeted payments and an improvement over last year of £(43)k.

During 2020/21 and 2021/22, the pandemic caused more people to claim housing benefit and to seek temporary accommodation. Although still contributing to the forecast deficit, the costs incurred for temporary accommodation have started to ease as the lockdown has lifted and people have returned to work.

The other key element of Housing Benefit Subsidy is the recovery from claimants of previous over-payments. As noted above, in prior years this contributed to a surplus. However, continuing the trend over the last two years, the amount recovered in Q1 was lower than expected. This is due to individuals transferring to Universal Credit, whereby they receive the payments gross and are expected to make any repayments themselves. This contrasts with the over-payment being deducted from Housing Benefit prior to it being paid over.

The total value of over-payments receivable held by the City Council is £1.6m, which has reduced from £1.7m at 31 March 2022. Against this, there is a provision for non-payment of £0.9m.

5. **Capital Programme and Financing**

5.1 The capital programme forecast is shown at **Appendix 6**. The revised annual budget is £26.553m, with a year-end forecast of £21.230m. The original budget approved in February was £22.013m and the increase is summarised below:

	£'000	
Published Budget 2022/23	22,013	
Slippage from 2021/22	3,881	
BEIS Green Homes Insulation	(297)	Projects nearing completion
BEIS Sustainable Warmth	880	New grant received, see below
BEIS Homes Upgrade Grant	170	New grant received, see below
Cromwell Crescent Park	15	Funded by Natural Networks for Bio-diversity
Riverside Project	75	
Landscaping at Perdiswell	168	Overspend funded by additional grant
Other	64	
Slippage to 2023/24	(316)	
Reported Budget Q1	26,553	

5.2 In summary, the main details are as follows:

- Future High Streets Fund (Budget £7.434m) – the regeneration of the northern part of the city centre through the purchase and renovation of key commercial properties.

Properties have been purchased, more are under negotiation and plans for renovation are being drawn up. The forecast spend for this year is now £5.897m;

- Towns Improvement Plan (Budget £8.354m) – a joint project which includes a number of initiatives to regenerate areas the city and boost the local economy. The forecast spend for 2022/23 is £4.859m;
- Sports development (Budget £2.100m) – the council is supporting initiatives by third parties for improving sports facilities in the city. This is in the form of long-term loans which will be repaid from the ongoing income generated by each project. At its meeting of 5 February 2019 this Committee approved a limit of £4m for loans to charitable organisations;
- Sansome Walk (Budget £0.718m) – demolition of former swimming pool to prepare the site for disposal and for eventual housing development. This is progressing and is due to be completed this year at a cost of £0.726m;
- Arches (Budget £1.126m) – refurbishment of the city’s railway arches and creation of a cultural arts quarter in the city. A substantial amount of work has been completed, the forecast spend this year is £1.126m;
- BEIS Sustainable Warmth Grant (Budget £0.880m) – grant funding to improve domestic energy efficiency for fuel poor households;
- BEIS Homes Upgrade Grant (HUG) (Budget £0.170m) - to support low income households by upgrading the energy efficiency of properties off the gas network.

6. Treasury Management

- 6.1 The net position on Treasury Management at Q1 is a forecast year-end surplus of £(453)k.
- 6.2 There is a favourable budget variance on interest payable of £(37)k. The forecast assumes no further borrowing will be needed this year. Interest receivable, which is earned on short-term deposits of surplus funds, is forecast to be £334k compared to a budget of £5k. This is due to the recent increases in interest rates that were not expected at the time of setting the budget.
- 6.3 Minimum Revenue Provision (MRP) also has a favourable year end forecast variance of £(97)k due to the implementation of some elements of the capital programme being delayed compared to the budget assumptions.

7. Supplier Payments

- 7.1 The Council’s target for paying invoices within 30 days is 100%. At the end of Q1 the year-to-date performance was 94.5% paid on time.
- 7.2 The Council’s target to pay local suppliers within 10 days is 90%. At the end of Q1 the year-to-date performance was 88.1%.

8. Council Tax and Business Rates

- 8.1 The percentage of Council Tax and Business Rates debt collected during 2022/23 is shown below, together with a quarterly target based on the average of the last two years (pre-pandemic).

Council Tax	Q1	Q2	Q3	Q4
Actual	28.7%			
Target	29.4%	57.3%	84.9%	98.0%
Variance	(0.7)%			

NDR	Q1	Q2	Q3	Q4
Actual	27.0%			
Target	28.4%	58.1%	83.2%	98.3%
Variance	(1.4)%			

The collection of Council Tax is 0.7% lower than the target whilst Business Rates is 1.4% lower than the target. It is too early in the year to draw any conclusions from this. However, the Business Rates % is a significant improvement compared to the same period last year.

- 8.2 The amount of write-offs of Council Tax and Business Rates during 2022/23 is shown below.

	2018/19		2019/20		2020/21		2021/22		2022/23	
Council Tax	No. of Cases	£'000	No. of Cases	£'000	No. of Cases	£'000	No. of Cases	£'000	No. of Cases	£'000
Q1	104	£78k	25	£21k	124	£99k	57	£44k	78	£79k
Q2	57	£38k	32	£17k	46	£24k	21	£20k		
Q3	64	£37k	8	£5k	22	£18k	8	£8k		
Q4	24	£19k	25	£18k	32	£23k				
Total	249	£172k	65	£61k	224	£164k	86	£72k		

	2018/19		2019/20		2020/21		2021/22		2022/23	
NDR	No. of Cases	£'000	No. of Cases	No. of Cases	No. of Cases	£'000	No. of Cases	£'000	No. of Cases	£'000
Q1	11	£78k	5	£19k	1	£4k	14	£80k	18	£43k
Q2	17	£117k	13	£197k	8	£47k	4	£23k		
Q3	24	£142k	6	£27k	3	£12k	6	£44k		
Q4	9	£56k	7	£83k	1	£3k				
Total	61	£393k	24	£326k	13	£66k	24	£147k		

Write-offs	C. Tax £'000	B. Rates £'000	Total £'000
2015/16	122	366	488
2016/17	116	183	299
2017/18	122	316	438
2018/19	172	393	565
2019/20	61	326	387
2020/21	164	66	228

2021/22	88	150	238
2022/23 (to date)	79	43	122

- 8.3 The Q1 £122k of write-offs includes; £55k from 81 cases have been approved by the Revenues & Benefits Shared Service management, £31k from 11 cases have been approved by the S151 Officer. £36k from 4 cases require the approval of this committee. Of the total £122k written-off, insolvency accounts for £43k.
- 8.4 The write-offs for the year to date reflect the total amount payable which includes the City Council's share of 11% for Council Tax and 40% for Business Rates, a combined value of £26k, which is fully budgeted.

9. **Earmarked Reserves**

- 9.1 The summary of earmarked reserves at the end of Q1 is shown on **Appendix 8**. The year-end forecast is for there to be reserves of £9.573m of which £0.056m (net) is yet to be committed to a specific project or use and £3.080m is forecast to be in income and business rates risk reserves. In addition, there is a forecast of a further £1.415m of funds relating to S106 schemes.
- 9.2 The movements in the City Plan Fund in 2022/23 are as follows:

City Plan Fund	£'000
Reserves b/fwd from 2021/22	2,545
Add: transfer from Risk Reserve	492
Less:	
Armed Forces	(1)
Arterial routes	(30)
Business Start-up and Growth programme	(25)
City Masterplan	(36)
City Gateways	(4)
Environmental Strategy Enabling	(80)
Guildhall	(9)
Cultural Development Fund (Arches)	(173)
Housing for vulnerable tenants	(140)
Riverside Project	(108)
Tourism Strategy - phase 3	(7)
Museums Development projects	(24)
Museums National Promotion projects	(25)
Perdiswell Landscaping	(47)
Disability Sports grant	(11)
Place Based Working	(10)
Commonwealth Games	(30)
Platinum Jubilee	(30)
Tourism Officer 2022/23	(50)
Miscellaneous Grants	(15)
Community Safety project	(30)
Forecast Balance at year-end	2,152

The transfer from the Risk Reserve was approved by Council in February 2022 as part of the Budget setting process. The forecast balance at 31 March 2023 of £2.152m includes projects to that value.

- 9.3 The City Council holds a Risk Reserve which is forecast to have a year-end value of £3.080m. This comprises the following:
- Worcester County Hardship grant £418k
 - Income Contingency £75k (after £320k partial funding of the replacement floor tiles at Perdiswell)
 - Business Rates Risks £2.487m (of which £1.500m is intended to mitigate for two years a full re-set back to the 2015 valuation)

The budget for 2022/23 that was approved by Council in February 2022 included a transfer from the Risk Reserve to the Revenue Budget of £0.558m.

The year-end revenue forecast is for a budget deficit of £0.477m, this will be addressed by drawing on the Business Rates Risks reserve. This will mean that the Council will then meet its balanced budget for 2022/23.

In 2020/21 the Council received Section 31 grants of £13.3m to cover the Business Rates deficit that arises from the significant reliefs given during the pandemic. £8.99m of this was used during 2021/22 and the remaining £4.3m will be used to offset the deficit forecast for 2022/23.

The year-end forecast value of the Risk Reserves at 31 March 2023 is therefore £3.080m.

- 9.4 The forecast balance on the Transformation Fund of £105k includes commitments of £32k which, if realised as expected, will leave a balance of £73k unallocated.

10. Opportunities and Risks for 2022/23

- 10.1 Housing Benefit Subsidy / Recovery of Overpayments – the Q1 year-end forecast shows £495k deficit to budget. The large amounts involved in this area and the current uncertainty around the economic recovery mean that a 1% swing on performance in this area would cause a disproportionate impact, adverse or favourable, of +/- £300k on the Council's bottom line.
- 10.2 The year-end forecast includes income and expenditure estimates that are subject to considerable change during the current economic environment. The trends will be closely monitored and forecasts updated during the year. These will be reported to Members on a quarterly basis as in previous years.

Ward(s): All
Contact Officer: Mark Baldwin – Tel 01905 722007
Email – mark.baldwin@worcester.gov.uk
Background Papers: None

2022/23 Year-end Revenue Budget forecast	Q1 £'000	
Housing Benefit subsidy	445	Increased cost of temporary accommodation and reduction in overpayments recovered
Leisure Service management fee	124	Membership levels still below pre-pandemic level. Increase in energy costs.
Car parking income and PCN's	111	Q1 was 92% of budget, forecast assumes a gradual improvement to 100% in Q4
Bereavement Services income	94	Q1 was 90% of budget, forecast assumes a gradual improvement to 100% in Q5
Guildhall – reduced income from letting fees	70	Fewer booking enquiries being received
Garden Waste Collection income	(41)	Continuing year on year growth in number of accounts
Electricity and gas	64	Anticipated price increase
Fuel for vehicles	97	30% increase in price of diesel since budget was set in February 2022.
Increase in insurance premium less than expected	(35)	Premiums increased by £72k but budget had included a £107k rise.
Interest Payable	(37)	No further borrowing anticipated this year
Interest Receivable	(319)	Higher interest rates on deposits
MRP	(97)	Rescheduling of capital projects to later in the year
Salaries - annual increase	200	Forecast now based on a 4% pay increase (Budget 2%)
Salaries - vacancies / agency	(223)	Vacancies arising in Q1 with an allowance for a recruitment period.
Other	24	Various small overspends across all services
Year-end Forecast (Surplus)/Deficit	477	

Revenue Performance as at Quarter 1 2022/23

	Annual Budget 2022/23	Year End Forecast	Year End Forecast Variance	
DETAIL BY TYPE	£000	£000	£000	%
Employees	13,387	13,381	(6)	(0%)
Premises	3,164	3,212	48	2%
Transport	681	696	15	2%
Supplies and Services	2,783	2,762	(21)	(1%)
Third Party Payments	5,228	5,232	4	0%
Expenditure	25,243	25,284	41	0%
Recharges	0	(6)	(6)	0%
Grants and Contributions	(2,003)	(2,055)	(52)	(3%)
Fees and Charges	(8,638)	(8,318)	320	4%
Other Income	(3,185)	(3,003)	182	6%
Income	(13,826)	(13,383)	444	3%
Capital Charges / Interest / MRP	1,079	626	(453)	(42%)
Housing Benefit - net subsidy	(32)	413	445	(1391%)
General Fund transfer	150	150	0	0%
To Earmarked Reserves	282	282	0	0%
From Earmarked Reserves	(884)	(884)	0	0%
NET BUDGET	12,011	12,488	477	4%

	Annual Budget 2022/23	Year End Forecast	Year End Forecast Variance	
NET DETAIL BY SERVICE	£000	£000	£000	%
Internal Audit SS	52	51	(1)	(2%)
Policy and Strategy	1,683	1,704	20	1%
Finance Service	1,065	1,034	(31)	(3%)
Revs & Bens exc HB	597	597	0	0%
Property and Assets	549	599	50	9%
Corporate - Costs & Income	1,149	1,147	(3)	(0%)
Net Total - Finance and Resources	5,095	5,131	36	1%
City Operations	143	361	218	152%
Homes and Communities	1,801	1,904	103	6%
Net Total - Operations, Homes & Communities	1,945	2,265	321	16%
Governance Services	1,631	1,669	38	2%
Planning Services	563	653	91	16%
Net Total - Planning & Governance	2,194	2,322	128	6%
Museums	676	648	(28)	(4%)
Economic Development	852	837	(15)	(2%)
CLT & Corporate Services	654	662	8	1%
Net Total - Corporate & Managing Director	2,183	2,148	(35)	(2%)
Capital Charges/Interest/MRP	1,079	626	(453)	(42%)
Housing Benefit - net subsidy	(32)	413	445	(1391%)
General Fund transfer	150	150	0	0%
Transfer from Risk Reserve	(558)	(1,035)	(477)	85%
To Earmarked Reserves	282	282	0	0%
From Earmarked Reserves	(884)	(884)	0	0%
NET BUDGET	11,453	11,418	(35)	(0%)
New Homes Bonus	(890)	(890)	0	0%
Council Tax	(6,566)	(6,566)	0	0%
Business Rates	(3,769)	(3,769)	0	0%
Revenue Support Grant	0	0	0	0%
Section 31 Grants and other Govt. Grants	(228)	(228)	0	0%
Section 31 Grants / Grants / Other Govt. Grants	0	0	0	100%
SOURCES OF FINANCE	(11,453)	(11,453)	0	0%

Net Budget (Surplus)/Deficit (0)

Q3 Services Gross Expenditure & Income	Exp. Budget £'000	Exp. Actual £'000	Exp. Variance £'000		Income Budget £'000	Income Actual £'000	Income Variance £'000		Net Variance £'000
Internal Audit Shared Service	412	404	(7)		(360)	(353)	6		(1)
Policy & Strategy	1,686	1,706	19	IT licence costs	(3)	(2)	1		20
Finance Service	1,079	1,048	(31)	Lower insurance cost than budgeted	(14)	(14)	0		(31)
Revenues & Benefits Service	1,315	1,325	10		(719)	(729)	(10)		0
Property and Assets	1,887	1,947	60	Higher utility costs	(1,339)	(1,349)	(10)		50
Corporate Costs	1,311	1,307	(4)		(162)	(160)	1		(3)
Net Total - Finance and Resources	7,690	7,738	48		(2,595)	(2,607)	(12)		36
Environmental Operational Service	7,620	7,651	30		(7,477)	(7,289)	188	Car Parking £111k, Bereavement income £94k	218
Homes and Communities	3,438	3,397	(41)		(1,637)	(1,493)	144	Reduced Leisure income £124k	103
Net Total - Operations, Homes & Communities	11,058	11,048	(11)		(9,114)	(8,782)	331		321
Governance Services	1,761	1,716	(45)		(130)	(47)	83	Lower Guildhall lettings income £70k	38
Planning	1,255	1,295	41	Increase in agency staff to cover vacancies	(692)	(642)	50	Fewer planning applications received	91
Net Total - Planning & Governance	3,016	3,012	(4)		(822)	(689)	133		128
Museum Service	1,577	1,584	7		(900)	(901)	(0)		7
Economic Development	1,247	1,241	(6)		(395)	(403)	(9)		(15)
CLT & Corporate Services	654	662	8		0	0	0		8
Net Total - Corporate & Managing Director	3,478	3,487	8		(1,295)	(1,304)	(9)		(0)
Services - Gross Expenditure & Income	25,243	25,284	41		(13,826)	(13,383)	444		485
Capital Charges/Interest/MRP	1,415	1278	(137)	No further borrowing planned this year and lower MRP	(336)	(762)	(316)	Higher interest rates on deposits	(453)
Housing Benefit/Subsidy	20,290	21,455	1,165	Payments reduced as claimants transfer to Universal Credit	(20,322)	(21,042)	(720)	Fewer claimants and reduced recovery of over-payments	445
General Fund transfer	150	150	-		0	0	0		-
Transfer from Risk Reserve	(558)	(1,035)	(477)	To offset operational deficit					(477)
To Earmarked Reserves	282	282	0		0	0	0		-
From Earmarked Reserves					(884)	(884)	-		-
New Homes Bonus					(890)	(890)	-		-
Section 31 Grants / Grants / Other Govt. Grants					(228)	(228)	-		-
NET BUDGET	46,822	47,415	593		(36,487)	(37,190)	(593)		(0)

Worcester City Council

Revenue Performance as at Quarter 1 2022/23

Appendix 4

Service	2022/23 Q1 Year-end Forecast	Comments
Governance Services	Deficit £38k	Reduced income from Guildhall room hire due to the lockdown
Internal Audit Shared Service	Surplus £1k	
Revenues & Benefits Service	Deficit £0k	
Finance Services	Surplus £31k	Insurance under-spend £35k due to lower than expected increase
Property and Assets	Deficit £50k	Significant increase in cost of gas and electricity
Corporate	Surplus £3k	
Policy & Strategy	Deficit £20k	Higher than expected increase in cost of IT software licences
Environmental Operations	Deficit £218k	Pressure on income streams, mainly Car Parking £111k and Bereavement Services £94k.
Planning	Deficit £91k	Increased salaries cost of £39k to cover short-term vacancies and forecast income deficit £49k.
Economic Development	Surplus £15k	Salaries under-spend £6k
Museum Services	Deficit £7k	
Homes & Communities	Deficit £103k	Mainly due to reduced income from Leisure services provider £124k
Corporate Directors and MD	Deficit £8k	
Sub Total	Deficit £485k	
Net Interest / MRP / Capital charges	Surplus £453k	Interest receivable increased by £295k as higher interest rates now operating. MRP reduced by £97k following rescheduling of capital programme.
Housing Benefit Subsidy	Deficit £445k	Higher temporary accommodation costs and reduction in recovery of HB over-payments.
General Fund transfer	Surplus £0k	
Transfer from Risk Reserve	Surplus £477k	Extra transfer from Risk Reserve to offset the operational deficit
Section 31 Grants / Grants / Other Govt. Grants	Surplus £0k	
Total	Surplus £0k	

Fees & Charges - 2022/23

Service	Annual Budget	Year End Actual	Year End Variance
	£000	£000	£000
Facilities - Room Letting Fees	(102)	(32)	70
Museums	(83)	(83)	(0)
Revs & Bens - Court Fees/Summonses	(252)	(232)	20
- Environmental Health and Licencing	(363)	(337)	26
- Housing - Licence Income	(144)	(189)	(45)
- Leisure Services	0	0	0
Homes & Community Services	(507)	(526)	(19)
- Garden Waste Collection **	(521)	(562)	(41)
- Trade Waste Collection	(845)	(800)	45
- Open Spaces	(84)	(84)	(0)
- Other Fees and Charges	(25)	(35)	(10)
- Bereavement Services *	(1,609)	(1,515)	94
- Parking Income	(3,900)	(3,788)	111
Environmental Operational Services	(6,984)	(6,785)	199
- Planning Application Fees	(425)	(412)	13
- Local Land Charges	(113)	(92)	21
- Pre-Application Fees	(35)	(17)	18
- Permitted Development Fees	(4)	(4)	0
- Street Naming and Numbering	(10)	(15)	(5)
- Other Fees and Charges	(14)	(8)	6
Development Management	(600)	(546)	53
Building Control - Fees	(110)	(114)	(4)
Fees & Charges - Existing Services	(8,637)	(8,317)	320
Corporate - F & C Contingency	0	0	0
Fees & Charges - All Services	(8,637)	(8,317)	320

Annual Trend						
2015/16 Actual	2016/17 Actual	2017/18 Actual	2018/19 Actual	2019/20 Actual	2020/21 Actual	2021/22 Actual
£000	£000	£000	£000	£000	£000	£000
(50)	(59)	(62)	(65)	(72)	(8)	(53)
0	0	0	0	(64)	(12)	(80)
(289)	(250)	(244)	(271)	(267)	(170)	(229)
(292)	(339)	(348)	(372)	(325)	(315)	(346)
(66)	(84)	(120)	(162)	(159)	(148)	(178)
(407)	0	0	0	0	0	0
(765)	(423)	(467)	(534)	(484)	(463)	(524)
(279)	(315)	(366)	(225)	(404)	(470)	(536)
(576)	(611)	(596)	(624)	(659)	(546)	(736)
(49)	(11)	(19)	(54)	(69)	(39)	(68)
(42)	(39)	(26)	(27)	(28)	(47)	(46)
(1,656)	(1,726)	(1,932)	(2,022)	(1,542)	(1,684)	(1,440)
(3,650)	(3,681)	(3,771)	(3,811)	(3,642)	(1,610)	(3,190)
(6,252)	(6,383)	(6,710)	(6,763)	(6,342)	(4,396)	(6,015)
(460)	(344)	(465)	(453)	(315)	(419)	(389)
(166)	(158)	(145)	(146)	(91)	(94)	(110)
(24)	(22)	(33)	(26)	(20)	(17)	(18)
(5)	(3)	(4)	(2)	(2)	(7)	(4)
0	0	0	0	(16)	0	(14)
(28)	(13)	(10)	(16)	(13)	(15)	(7)
(683)	(540)	(657)	(644)	(457)	(552)	(542)
(93)	(86)	(87)	(90)	(97)	(91)	(114)
(8,131)	(7,741)	(8,227)	(8,399)	(7,784)	(5,692)	(7,557)
0	0	0	0	0	0	0
(8,538)	(7,741)	(8,227)	(8,399)	(7,784)	(5,692)	(7,557)

* - Breavement income for 2018/19 increased by £140k for the accrual of March funerals billed in April 2019.

** - Garden Waste collection income for 2018/19 reduced by £155k following the deferral of income received to 2019/20 when the service was delivered.

Salary Performance - 2022/23

Service	Annual Budget 2021/22	Year-end Forecast	Year-end Forecast Variance		Comments
	£000	£000	£000	%	
Governance	1,071	1,061	(10)	(1%)	
Internal Audit SS	395	390	(5)	(1%)	
Museums	799	805	6	1%	
Finance Services	399	396	(3)	(1%)	
Property & Assets	503	484	(19)	(4%)	
Policy & Strategy	701	707	6	1%	
Homes & Communities	1,429	1,384	(44)	(3%)	
Environmental Operational Services	4,679	4,659	(20)	(0%)	
Economic Development	660	654	(6)	(1%)	
Planning Services	931	971	39	4%	Agency staff to cover sickness absence of key staff
Corporate & Managing Director	646	654	9	1%	
TOTAL SALARIES	12,213	12,163	(49)	(0%)	
Corporate Savings - Vacancy Factor	(107)	(80)	27	(25%)	Budgeted in Corporate but achieved in respective services
Other incl. Pensions back-funding	1,043	1,048	5	1%	
TOTAL	13,148	13,131	(17)	(0%)	

Worcester City Council
Capital programme 2022/23

Appendix 7

Scheme	2022-23 Revised Budget	2022-23 Forecast	Memo: reprofiled to/(from) Future Years (23-24 MTF) £000
	£000	£000	£000
	Accelerated Towns Fund - Community centre	192	242
Towns Fund - Overall Project	8,354	4,859	-
Arches Project	1,126	1,126	-
Arterial and Strategic Routes	31	31	-
Astwood Graves	19	24	-
BEIS Insulation 1b	517	517	-
BEIS Insulation 2	278	278	-
BEIS-Sustainable Warmth	880	880	-
BEIS-HUG1	171	171	-
City Centre compactor bins	13	13	-
Commandery Project	29	26	-
Cromwell Crescent Park Improvements	42	42	-
Customer Service Hub	4	13	-
Disabled Facilities Grants	1,070	1,070	-
Future High Streets Fund - Overall Project	7,434	5,897	-
Hostile Vehicle Mitigation	-	-	223
Housing - Temporary Accommodation for vulnerable adults	485	140	-
Perdiswell Flooring	309	309	-
ICT Projects	16	16	-
Infrastructure Replace	247	247	-
Landscaping at Perdiswell	222	222	-
Loans to Third Parties	2,100	2,100	-
Ops Vehicle Replacement	743	743	-
Pocket Park - Sanctuary Close/Hopton Street	29	29	-
Property 5-Year Plan	253	253	-
Riverside Project	132	132	-
Public Realm	50	50	-
Cycle Facilities for Staff	50	50	-
Comer Gardens Institute Facility Area	140	140	-
EV Charging Points - Car Parks	200	200	-
Gorse Hill/Elbury Mount Nature Reserve	50	50	-
Land off Cotswold Way	100	100	-
BMX and Skate Park at St Peters	60	60	-
Storage Units	15	15	-
Power Park Play Equipment St Peters	12	12	-
Sansome Walk Site Demolition	726	726	-
7 Sheffield Close - 50% share	40	40	-
Litter Bins Project	331	323	-
Wheelie Bin Replacements	85	85	-
	26,553	21,230	223

Budgeted Financing 2021-22					
External Grants	Reserves & Revenue	S106	Capital Receipts	Borrowing (MRP)	Total Financing
£000	£000	£000	£000	£000	£000
-	-	-	192	-	192
7,448	-	-	906	-	8,354
1,126	-	-	-	-	1,126
-	31	-	-	-	31
-	19	-	-	-	19
517	-	-	-	-	517
278	-	-	-	-	278
880	-	-	-	-	880
171	-	-	-	-	171
-	-	-	13	-	13
-	29	-	-	-	29
15	-	27	-	-	42
-	-	-	4	-	4
1,037	32	-	-	-	1,070
5,987	-	-	265	974	7,434
-	-	-	-	-	0
-	485	-	-	-	485
-	-	-	-	309	309
-	16	-	-	-	16
-	-	-	247	-	247
91	121	10	-	-	222
-	-	-	-	2,100	2,100
-	-	-	-	743	743
-	-	12	-	17	29
-	24	-	229	-	253
-	132	-	-	-	132
-	50	-	-	-	50
-	-	-	-	50	50
-	-	-	-	140	140
-	-	-	-	200	200
-	-	-	-	50	50
-	-	-	-	100	100
-	-	-	-	60	60
-	-	-	15	-	15
-	-	-	12	-	12
-	-	-	-	726	726
11	29	-	-	-	40
-	-	-	331	-	331
-	-	-	85	-	85
17,560	1,176	49	2,298	5,470	26,553

Worcester City Council

Earmarked Reserves - Forecast as at 31st March 2023

Appendix 8

Reserve	Balance at 31 March 2022 £000's	Transfer to Reserves £000's	Transfer from Reserves £000's	Reclassifications between Reserves £000's	Forecast Balance at 31 March 2023 £000's	Uncommitted Reserves £000's
TRANSFORMATION FUND	116	0	(11)	0	105	32
INCOME GENERATION FUND	216	0	(52)	0	164	24
SERVICE SPECIFIC EARMARKED RESERVES	4,324	662	(1,649)	135	3,472	0
SMALL PROJECTS DEVELOPMENT FUND	62	0	0	0	62	0
CITY PLAN FUND	2,545	0	(885)	493	2,152	0
RISKS FUND	9,504	0	(5,796)	(628)	3,080	2,640
CITY DELIVERY FUND	367	0	(100)	0	267	0
MUSEUM RESERVE	298	0	(29)	0	269	0
TOTAL RESERVES	17,433	662	(8,523)	0	9,573	2,695

s106 Agreements	Balance at 31 March 2021 £000's	Transfer to Reserves £000's	Transfer from Reserves £000's	Balance at 31 March 2022 £000's
S106 SCHEMES	1,565	0	(150)	1,415