



Report to: Policy and Resources Committee, 24th May 2022

Report of: Head of Finance

Subject: Q4 FINANCIAL MONITORING REPORT 2021/22

1. Recommendation

1.1 That the Committee review the financial monitoring details including budget variances and performance indicators for the 4th quarter ended 31 March 2021.

2. Background

2.1 In addition to the report, the following appendices provide further details on the forecast year-end financial position as at Q4:

- Q4 vs Q3 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 actual year-end performance at Q4 is a surplus of £27k.

3.2 The lockdown put in place due to the pandemic had a significant effect on the Council's income for 2020/21 and this has continued into the current year. The actual income from Council Services overall is a budget deficit of £0.868m. This includes a £0.660m income deficit in Parking and £0.150m in Bereavement Services. However, this is partly offset by the £600k income contingency that was built into the 2021/22 budget as a one-off to mitigate the time it would take for income to recover to pre-pandemic levels. This is covered in more detail in para. 4.7.

3.3 This is a significant improvement over the Q3 year-end forecast which was a budget deficit of £441k. The key movements are:

	£'000	
Flexible Housing Services Grant	(251)	Previously an under-spend was put to a reserve but must now be spent in year

Libraries contribution	(160)	Confirmation from County that no payment required for 2020/21 nor 2021/22. The Q3 forecast assumed only one year.
Leisure income	(142)	Higher management fee than provider had predicted
Business Rates income	(153)	Higher surplus for 2020/21 now confirmed than included in last year's accounts
New Burdens grants	(127)	Grants received but not fully spent in year

- 3.4 A summary of the main elements of the year-end forecast surplus as at Q4 and a comparison to Q3 are shown in **Appendix 1**.
- 3.5 In 2020/21 the Government provided funding for 75% of income lost due to the pandemic (compared to 95% of the budget). This scheme was extended to include Q1 of 2021/22 and this Council received a further £0.347m.
- 3.6 The lockdown caused the closure of the Council's leisure facilities. Although these have now re-opened, it is unclear how long it will take for membership income to return to previous levels. No management fee was received for Q1. However, a gradual improvement since then has resulted in £169k being received for Q2-Q3 and a further £148k has been forecast for Q4. This will be confirmed on receipt of the Service provider's actual income and costs for the period. The Q1 element of the management fee formed part of the claim under the 75% Income Compensation Scheme and £82k was received as a result. Further details are shown in para 4.7.6.
- 3.7 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 annual trend with a year-end actual of a budget deficit of £488k compared to the actual cost for previous years. This deficit represents 1.7% of the budgeted payments of £28.0m. The improvement against last year of £(154)k reflects the gradual easing of lockdown restrictions which has seen people returning to work and less reliance on Housing Benefit and temporary accommodation.

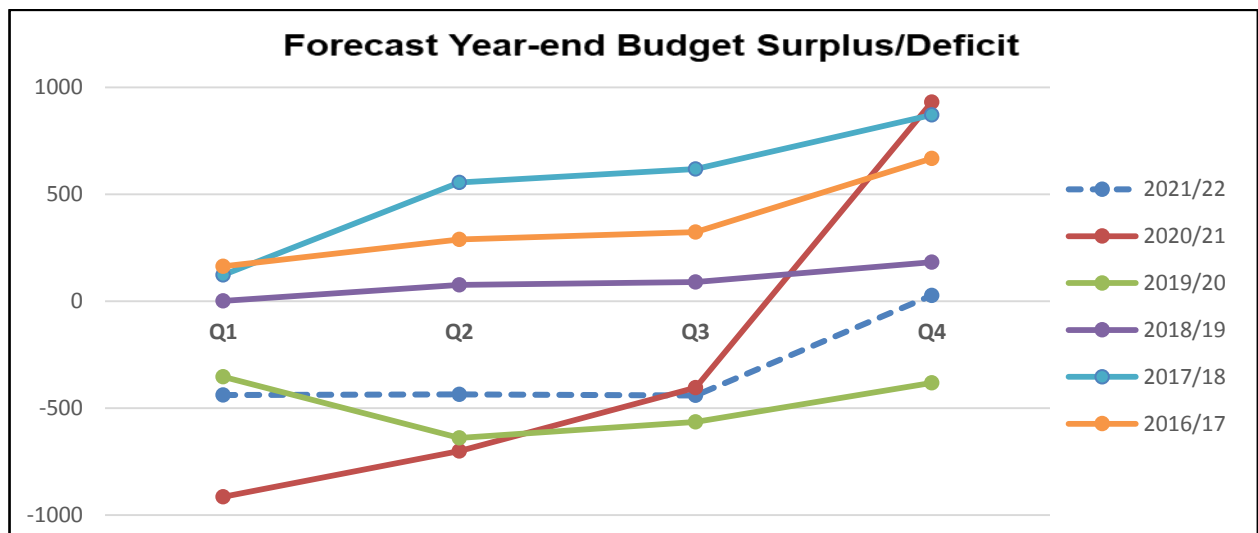
Net Cost of Housing Benefit Subsidy	2018/19 Actual £'000	2019/20 Actual £'000	2020/21 Actual £'000	2021/22 Actual Q4 £'000	21/22 vs. 20/21 £'000
Budget	(32)	(65)	(45)	(32)	13
Actual /Forecast	26	325	597	456	(141)
Variance to Budget	58	389	642	488	(154)

- 3.8 The revised annual capital budget is £12.163m with a year-end forecast of £8.184m.

3.9 The collection of Council Tax is just 0.5% below target. The collection of Business Rates is 3.5% lower than the target. This has improved from a 10.0% shortfall at the end of Q2. Write-offs for Q4 are £19k. The timing of write-offs can vary depending on the circumstances of each account.

4. Year-end Revenue Budget Performance

4.1 The actual year-end performance is a budget surplus of £27k. Details are provided at **Appendices 2 - 6**.



Year-end Forecast (£'000)	Q1	Q2	Q3	Q4
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:

- £247k lower expenditure on a budget of £30.8m, which is a variance of 0.7%;
- £58k increased income on a budget of £17.9m. This includes £345k shortfall on Fees and Charges income and £147k management fee waived in respect of Leisure services. This is offset by higher Grants of £313k;
- £290k net deficit from interest payments and housing benefit subsidy. There is a favourable variance on interest and MRP of £199k less the forecast adverse variance on housing benefit subsidy of £488k. 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 £123k, as shown on **Appendix 2**, is made up of the Services' salary costs, which is an underspend of £75k, as detailed on **Appendix 6**, and a further under-spend of £48k on other employee related expenditure, mainly Training costs. Most individual services recorded underspends

due to vacancies, whereas the Planning Service was over-spent by £115k with temporary resource having been added to mitigate the absence of key staff due to illness and to facilitate a service improvement.

4.4 Premises Costs – the actual over-spend of £8k includes:

- £23k over-spend in respect of budgeted savings in security costs that are no longer considered achievable and a further £10k for extra security measures put in place during the pandemic;
- Release of a £74k contingency for Business Rates payable on council properties. This relates to the transitional relief that is being applied to the bills each year to smooth the effect of the 2017 revaluation. It is expected that this will be fully utilised next year.

4.5 Supplies and Services – the over-spend of £162k includes;

- £20k increased cost of software licences including the renewal of a 5 year contract;
- £19k printing costs for Individual Electoral Registration as no Government funding is available for this year;
- £48k unbudgeted costs in Bereavement Services relating to repairs of key pieces of equipment and the cost of webcasts and slideshows that generate additional income;

4.6 Third Party Payments - the under-spend of £(312)k includes:

- £71k over-spend on vehicle maintenance costs (including tyres and hire of replacement hire vehicles) which is due to more vehicles falling out of the warranty period. This is a total full year spend of £499k which is 16% higher than 2020/21.
- £(320)k under-spend as this Council's contribution of £160k to support the operating costs of local libraries in the city has been confirmed by the County Council as not being required for this year nor for 2020/21, for which an accrual had been made in those year-end accounts.

4.7 Income – the forecast income budget surplus of £58k is made up of:

- Fees & Charges (from council services) £345k, see **Appendix 5**.
- Other Income / Grants & Contributions £(390)k

4.7.1 The income from car parking at the year-end was a budget deficit of £660k which comprises:

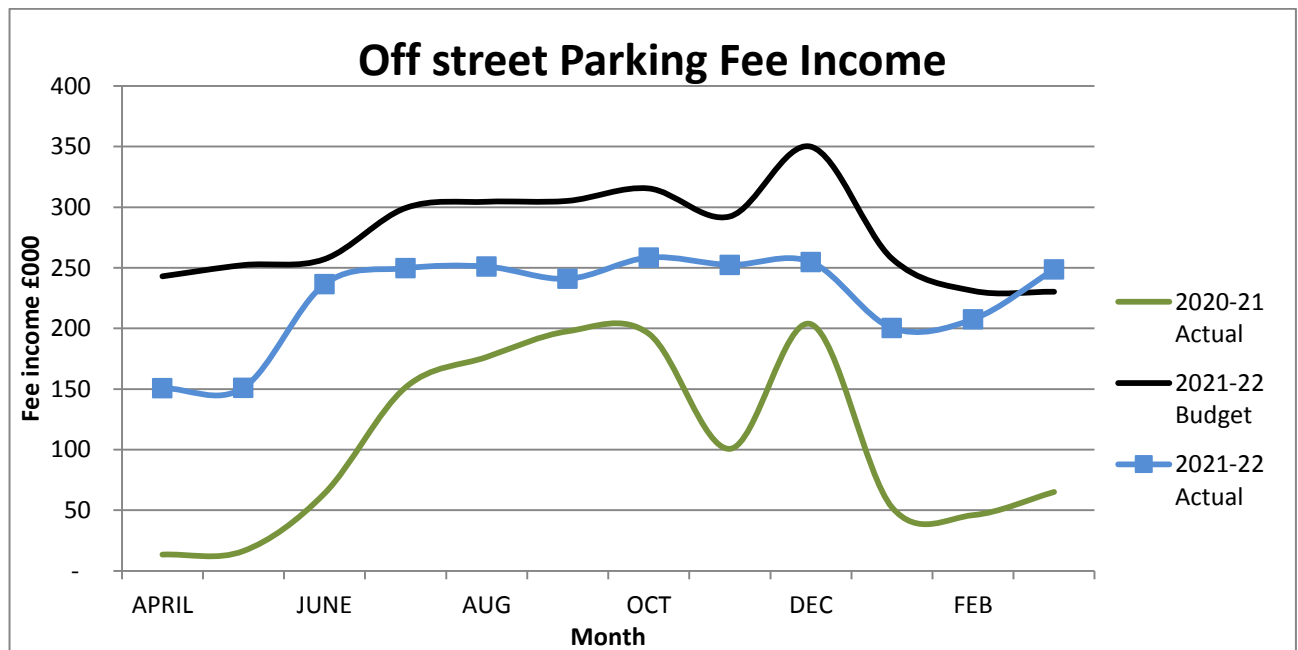
- Income from the car parks: £565k below budget
- PCN income: £95k below budget.

The income from car parks remained steady during the year dipping during the periods of lockdown. However, this has been consistently below budget which is based on the income received in the years prior to the pandemic. In July/August income was 82% of budget and rose to 87% of budget in October/November, finishing in March at 108% of budget. The result is a year-end actual of £2.765 against a budget of £3.330m, which is a shortfall of £0.565m. The budget is the

average of the three years pre-pandemic and has been reduced by £50k to fund the parking concessions made to residents over the Christmas period.

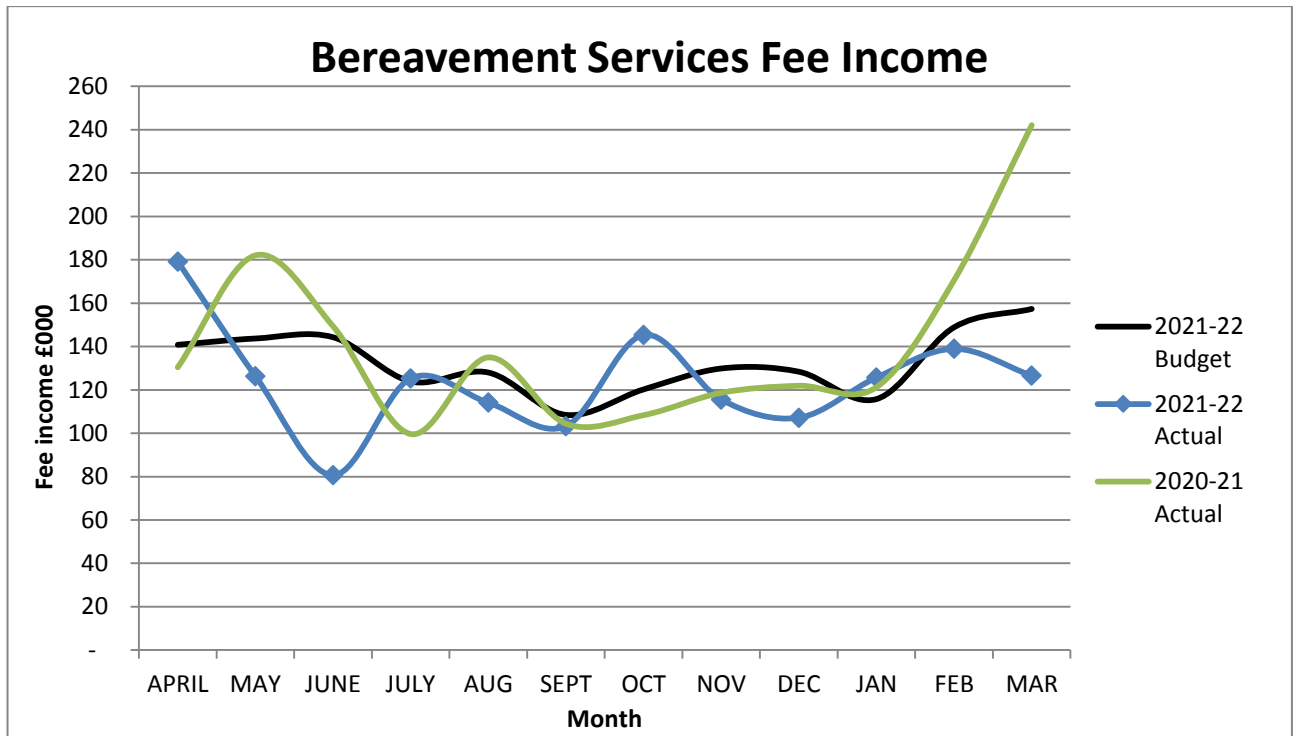
The PCN income followed a similar pattern generating an income of £425k against a budget of £520k.

At the time of setting the budget, a £600k contingency was added to the Corporate section in the overall budget to cover a potential shortfall in income from car parking and other services. In addition, the Government extended the 75% Income Compensation scheme to include Q1 of 2021/22, which delivered £155k in respect of car parking income.



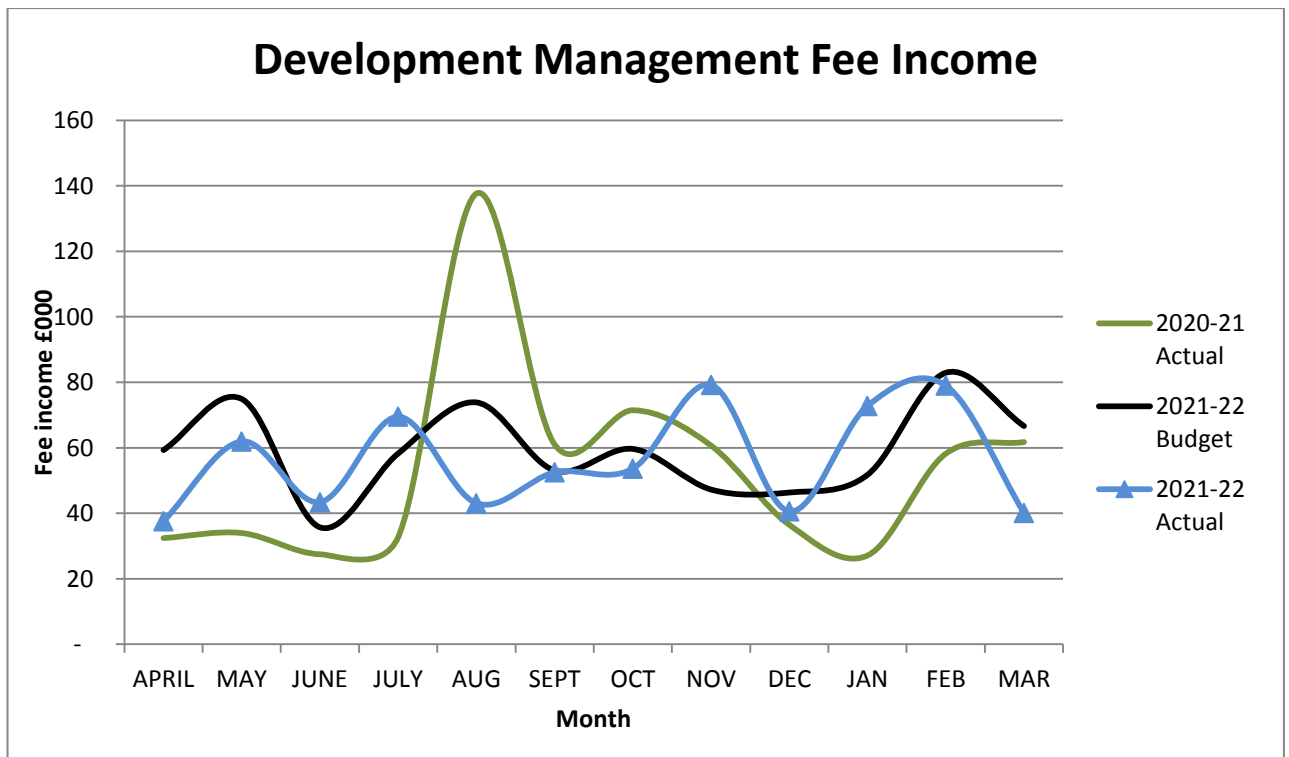
4.7.2 Bereavement income was £1.440m for the year, which is £0.244m lower than last year and a full-year budget deficit of £0.150m.

The income level has been affected by the increased number of deaths arising from the pandemic, particularly towards the end of 2020/21. This aside, the monthly income has broadly followed the budget profile, which is based on the monthly average of the last 5 years.



4.7.3 Income for 2021/22 from Environmental Health and Licensing was £343k which is £23k below budget but £28k greater than last year, a 9% increase.

4.7.4 The income in Development Management for the year was £656k which is £58k below budget but £13k higher than last year. This is despite last year including the one-off receipt, in August, in respect of the planning application for Lowesmoor Wharf.



4.7.5 The Trade Waste service operated for most of the lockdown albeit on a reduced scale. Income was reduced with many businesses closed or producing significantly less waste. The full year income of £736k is £102k below the budget of £836k. However, this is still 12% higher than the pre-pandemic income in 2019/20 of £659k. The budget includes the addition of income from the surcharge for excess weight and the two new large accounts opened at the start of the pandemic, which have yet to record a true full-year income.

4.7.6 Other Income – the year-end actual is a budget surplus of £77k. This includes the following:

- Leisure Services - £117k lower than budget. This is offset by the Government's 75% compensation scheme which was extended to include Q1 of 2021/22 and amounts to £82k. The quarterly management fee that is received improved during the year as the lockdown restrictions eased with Q4 achieving the budget.

Freedom Leisure management fee	Actual £'000	Budget £'000	Variance £'000	75% Compensation
Q1	0	(86)	86	(82)
Q2 – Q3	(169)	(232)	63	0
Q4	(148)	(116)	(32)	0
Total	(317)	(434)	117	(82)

- In light of the progress to date officers have requested the Service provider's revised forecast for 2022/23 and the management fee payable to the Council. This is shown below:

Freedom Leisure forecast for 2022/23	£'000
Forecast Management fee payable	(343)
Budgeted management fee payable	(473)
Potential deficit	130

This forecast was prepared before the recent large increases in utility costs. The service provider has confirmed that they have a fixed price energy contract in place until the autumn, thereafter a new contract will be at the new higher rate. They estimate the additional cost for 2022/23 to be £77k and for 2023/24 £175k, see table below.

SITE NAME	Type	2019/20 Cost	2022/23 Increase	Full Year Increase	Contract Total (Full Year)
Perdiswell Leisure Centre (DU)	Gas	£ 77,519	£ 18,217	£ 36,434	£ 175,654
	Electricity	£ 102,863	£ 39,431	£ 94,634	
St Johns Sports Centre (DU)	Gas	£ 5,814	£ 1,366	£ 2,733	
	Electricity	£ 28,869	£ 11,066	£ 26,559	
Nunnery Wood Sports Centre (DU)	Gas	£ 5,469	£ 1,285	£ 2,570	
	Electricity	£ 13,830	£ 5,302	£ 12,724	

- City centre - £58k lower income arising from the Tourist information Centre being closed for much of Q1, less income received from the Christmas Fayre and the reduced income from the new markets contract;
- Environmental Operations – the contract with the County Council for jetting services ended in 2020/21. However, requests for ad hoc work were still received resulting in unbudgeted income of £96k.
- Property rental income – a budget surplus of £50k due to rents from properties purchased as part of the council’s city centre regeneration programme, better than expected rent reviews and income from the EV chargers installed in St. Martins gate car park.

4.8 Housing Benefit Subsidy – actual year-end over-spend £488k.

In prior years the recovery of earlier over-payments of housing benefit exceeded the current year subsidy costs. Hence the annual budget is for a small surplus of £32k.

The over-spend of £488k is 1.6% of the £28m budgeted payments and an improvement over last year of £(154)k but nevertheless an increase over 2019/20 of £98k.

During 2020/21, the pandemic caused more people to claim housing benefit and to seek temporary accommodation. During 2021/22 the lockdown has been lifted and people have returned to work reducing the claims for Housing Benefit. The costs incurred for temporary accommodation have also been lower than for 2020/21 but the proportion borne by the council has increased to 70% continuing the trend of recent years.

The total debtor of over-payments receivable that is held by the City Council is £1.7m, which has reduced from £2.0m at 31 March 2021. Against this, there is a provision for non-payment of £0.9m, which is 54%. The reduction in the overall debt has afforded a corresponding reduction in the provision of £0.11m which is included in the total over-spend of £459k noted above.

5. **Capital Programme and Financing**

- 5.1 The capital programme forecast is shown at **Appendix 6**. The revised annual budget is £12.163m, with a year-end actual of £8.184m. The original budget approved in February was £24.952m and the decrease is summarised below:

	£'000	
Published Budget 2021/22	24,952	
Slippage from 2020/21	2,180	
Green Homes projects	1,553	Ref the BEIS green Homes grants
54-56 Foregate Street (Arches Project)	418	
Leisure centre floor tiles	182	
Cromwell Crescent Park	135	
Disabled Facilities grants	93	
Litter Bins Project	80	
Towns Fund	74	
Riverside Project	70	
Play Area Projects	60	
Accelerated Towns Fund	22	
Other	160	
Diglis Project	-135	
Astwood Driveway Resurfacing	-100	
Slippage to future years:		
Future High Streets Fund	-14,972	
Green Homes projects	-867	
Sansome Walk Site Demolition	-718	
Hostile Vehicle Mitigation	-217	
Housing	-360	Temporary Accommodation for vulnerable adults
Leisure centre floor tiles	-160	
Vehicle Replacement	-105	
Landscaping at Perdiswell	-59	
Other	-123	
Reported Budget Q4	12,163	

5.2 In summary, the main details are as follows:

- Future High Streets Fund (Original Budget £17.412m) – 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 actual spend for the year was £2.683m;
- Sports development (Original 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. No loans were transacted in 2021/22 and the budget has been carried forward;

- Sansome Walk (Original Budget £1.468m) – demolition of former swimming pool to prepare the site for disposal and for eventual housing development. This is progressing, is due to be completed next year and within budget;
- Arches (Original Budget £1.368m) – 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 actual spend in the year was £0.911m;
- Accelerated Towns Fund (Original Budget £1.120m) – property improvements at 4 Copenhagen St. and Warndon Community Centre. Installation of EV chargers at St. Martins Gate car park;
- Green homes project – insulation of homes owned by low-income households and funded by Government grants of £1.553m. Spend in 2021/22 was £0.361m;

6. Treasury Management

- 6.1 The net position on Treasury Management at Q4 is a forecast year-end surplus of £(199)k.
- 6.2 There is a favourable budget variance on interest payable and receivable of £(125)k, arising from the loan for £7.0m that was taken out in March 2021 being at a lower rate of interest than had been budgeted for. No further borrowing was taken out this year.
- 6.3 Minimum Revenue Provision (MRP) also has a favourable year end forecast variance of £(83)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 Q4 the year-to-date performance was 92.3% paid on time.
- 7.2 The Council’s target to pay local suppliers within 10 days is 90%. At the end of Q4 the year-to-date performance was 87.1%, which is a small improvement over Q3.

8. Council Tax and Business Rates

- 8.1 The percentage of Council Tax and Business Rates debt collected during 2021/22 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	29.4%	57.7%	84.4%	97.5%
Target	29.4%	57.3%	84.9%	98.0%

NNDR	Q1	Q2	Q3	Q4
Actual	21.7%	48.1%	76.7%	94.8%
Target	28.4%	58.1%	83.2%	98.3%

The collection of Council Tax is only 0.5% below target whilst Business Rates is 3.5% lower than the target but 3.1% greater than last year. However, this is better than the position at Q2 when Business Rates were 10.0% below target. Amounts remaining unpaid at the year-end can still be recovered next year and thereafter.

With a number of businesses in the city having been closed and an uncertain economic outlook, the future collection of Council Tax and Business Rates represents a risk to the Council's finances. This is being closely monitored and will continue to be reported to the committee on a quarterly basis.

- 8.2 The amount of write-offs of Council Tax and Business Rates during 2021/22 is shown below.

	2017/18		2018/19		2019/20		2020/21		2021/22	
Council Tax	No. of Cases	£'000	No. of Cases	£'000	No. of Cases	£'000	No. of Cases	£'000	No. of Cases	£'000
Q1	56	£32k	104	£78k	25	£21k	124	£99k	57	£44k
Q2	61	£40k	57	£38k	32	£17k	46	£24k	21	£20k
Q3	38	£24k	64	£37k	8	£5k	22	£18k	8	£8k
Q4	50	£26k	24	£19k	25	£18k	32	£23k	22	£16k
Total	205	£122k	249	£172k	65	£61k	224	£164k	108	£88k

	2017/18		2018/19		2019/20		2020/21		2021/22	
NNDR	No. of Cases	£'000	No. of Cases	£'000	No. of Cases	No. of Cases	No. of Cases	£'000	No. of Cases	£'000
Q1	11	£64k	11	£78k	5	£19k	1	£4k	14	£80k
Q2	33	£105k	17	£117k	13	£197k	8	£47k	4	£23k
Q3	10	£33k	24	£142k	6	£27k	3	£12k	6	£44k
Q4	23	£114k	9	£56k	7	£83k	1	£3k	3	£3k
Total	77	£316k	61	£393k	24	£326k	13	£66k	27	£150k

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

- 8.3 The Q4 £19k of write-offs includes; £12k from 22 cases have been approved by the Revenues & Benefits Shared Service management, £7k from 3 cases have been approved by the S151 Officer. There were no cases requiring the approval of this committee.
- 8.4 The write-offs for the year to date reflect the total amount payable. The Council's share of the loss is 11% for Council Tax and 40% for Business Rates, giving a combined value of £70k, which is fully budgeted.

8.5 The year-end actual for Council Tax is a Collection fund deficit of £661k, of which the City Council's share is £71k. This is based on the higher than budgeted levels of Council Tax Support.

9. Business Rates

- 9.1 For 2021/22, as in previous years, the City Council has been part of a countywide Business Rates pool. The benefit of doing so for 2021/22 has been £0.349m. The increases in rates relief for businesses, that were granted to mitigate the economic effects of the pandemic, were continued in 2021/22. However, these were gradually reduced during the year to facilitate a return to the normal level of payments.
- 9.2 Payments received at 94.8% of the total billed were higher than the 91.7% in 2020/21 but remain lower than the 98.0% target which is the average of the 3 years prior to the pandemic. At present, it is not known whether this is simply a timing issue as businesses try to manage their cashflow through the pandemic and the related lockdowns or a greater problem that will ultimately result in write-offs. In the meantime, for year-end purposes, the same methodology used for the provision for bad debts in previous years has been applied and the value of the provision increased accordingly.
- 9.3 There are also changes to the levels of provisions for appeals against the valuations provided by the Valuation Office Agency (VOA). For the valuations provided in 2010, the deadline for submitting appeals has passed. However, there are still a few appeals to be finalised and a provision continues to be held against these.
- 9.4 A new set of valuations was provided in 2017. The new valuations were issued in 2018 and although there was only a small overall net increase, there were many significant individual increases. Following a change to the appeals process, which places a greater onus on the appellant to justify the reason for the appeal, the number of appeals received prior to 2020 reduced significantly. However, the pandemic prompted a significant increase with many of these appeals citing a Material Change in Circumstances (MCC) as the justification. However, the Government subsequently rejected all MCC appeal claims. The year-end appeals provision is therefore based on these known appeals with a further general provision against the valuations in sectors which our advisors consider to be likely to yield further appeals.
- 9.5 At 31 March 2022, the balance of the Business Rates Risk reserve was £8.560m, which was held pending the outcome of the Government's review of business rates funding and the Fair Funding review. This has been postponed again due to the Covid-19 pandemic and will now not take place until 2023 at the earliest. The reserve balance includes;
- £4.820m in respect of Section 31 grants that are intended to cover the Business Rates deficits that we are expecting to declare in 2022/23 and 2023/24. Payment has been received in advance to cover the payments that will need to be made to preceptors during the year. It is therefore a cashflow issue and does not represent funds that are available to this council.
 - The approval of the 2022/23 budget included the transfers from the Risk Reserve to the Revenue Budget of £558k and £492k to the City Plan Fund.

The total balance of the reserve at 31 March 2022 is £8.560m, which net of the items above leaves £2.690m uncommitted.

10. **Earmarked Reserves**

10.1 The summary of earmarked reserves at the end of Q4 is shown on **Appendix 8**. The year-end actual has reserves of £17.433m of which £0.086m (net) is yet to be committed to a specific project or use and £4.147m in income and business rates risk reserves. In addition, there is a further £1.565m of funds relating to S106 schemes.

10.2 The movements in the City Plan Fund in 2022/23 are as follows:

City Plan Fund	£'000
Reserves b/fwd from 2020/21	2,729
Add: transfer from Risk Reserve	305
Add: Armed Forces – replenish reserve	5
Less:	
Armed Forces	-1
Arterial Routes Improvements	-8
Boating / Riverside safety	-7
Business Development initiatives	-34
Business Start-up and Growth programme	-8
City Gateways	-2
City Masterplan	-109
Disability Sports grant	-10
Environmental Enabling Strategy	-20
Guildhall energy improvements	-6
Housing for vulnerable tenants	-30
Museums Development projects	-38
Place Based Working	-45
PSPO Enforcement Officers	-27
Riverside Project	-13
Tourism Strategy – phase 3	-41
Transport Strategy	-95
Balance at year-end	2,545

The transfer from the Risk Reserve was approved by Council in February 2021 as part of the Budget setting process. The balance at 31 March 2022 of £2.545m includes projects to that value.

10.3 The City Council holds a Risk Reserve which has a year-end value of £9.504m. This comprises the following:

- Worcester County Hardship grant £0.435m
- Cold Weather Prevention Service £0.013m
- Income Contingency £0.495m
- Business Rates Risks £8.560m

After allowing for the commitments included in the Business Rates Risk Reserve (see para 9.5 above), the balance of the Risk Reserve not committed is £3.633m.

10.4 The forecast balance on the Transformation Fund of £116k includes commitments of £78k which, if realised as expected, will leave a balance of £38k unallocated.

10.5 The 2021/22 year-end out-turn has produced a budget surplus of £27k. It is proposed to create the following reserves;

- Training reserve – the pandemic and associated lockdowns restricted the number of training courses that could be held. As a result the training budget was underspent by £48k. It is planned to hold extra training courses in 2022/23 to implement the training agreed in the revised People Strategy published in 2021. It is therefore proposed to create a reserve of £35k to cover the costs of doing so;
- Arts and cultural events reserve – the meeting of the Policy and Resources Committee in December 2021 approved the creation of a £50k reserve to fund applications for one-off support towards arts and cultural events in the city;
- Equalities Officer post – to create a reserve of £100k to fund for 3 years a new post to support the delivery of the Equalities Strategy.

10.6 If these three proposed reserves are approved, the resulting year-end out-turn will be a budget deficit of £158k, which will be funded by a transfer from the Business Rates Risk Reserve.

11. Opportunities and Risks for 2022/23

11.1 The 2022/23 Budget was approved on 22 February 2022. Since then, the outlook for the UK economy has changed considerably:

- Utility costs have increased significantly and are expected to rise again in the autumn, estimated budget variance for the Council's properties £75k. This will also affect the Leisure Services contract, see para 11.3 below;
- Diesel prices have increased by 13% since 1 February 2022, estimated budget variance £40k
- General inflation is now running at over 6% and the annual pay settlement is now expected to be 4% compared to the budgeted 2%, a budget variance of £200k.

11.2 The 2022/23 Budget 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.

- 11.3 The Council's Leisure Services provider has reported that memberships have yet to return to the pre-pandemic level. Their forecast for 2022/23 (see para 4.7.6) shows a £130k budget deficit for the management fee payable to the council. In addition, the recent rise in utility costs will increase their cost base by £77k in 2022/23 and by £175k in 2023/24. The budgeted management fee receivable in 2022/23 is £473k and based on this information the current forecast is £266k, a shortfall of £207k.
- 11.4 Officers have begun a review of certain employee salary grades in conjunction with West Midlands Employers. Although this is at an early stage, it is likely to lead to a budget pressure and could have an effect in 2022/23.
- 11.5 Housing Benefit Subsidy / Recovery of Overpayments – The large amounts involved in this area and the current uncertainty around the economy 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.
- 11.6 In summary, 2022/23 is looking like a challenging year from a financial perspective. The budget includes a transfer from the Risk Reserve of £558k and the early indications are that this proposed transfer will be insufficient. The financial position will be monitored on a quarterly basis, as usual, and any requirements for supplementary estimates will be brought to the Committee as these arise in line with Financial Regulations.

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