

General Fund Revenue Outturn position 2022/23

1. Net Cost of Services

An underspend of £96k is reported against the net cost of services budget, the main areas of variance against budget are detailed across the following paragraphs:

- A national shortage in planning staff has adversely impacted on recruiting to vacant posts, these are being filled by agency staff which attracts a higher cost, net £449k in 2022/23.
- Grant income from central government received in respect of the revenues and benefits service of £200k above the budgeted income amount was received in year, £100k of this has been transferred to earmarked reserves to fund future schemes in line with the grant determinations.
- Income received from the County Council as part of the calculation for diverting waste from landfill, the calculation is based on tonnages for all districts and can therefore vary significantly. In recent years East Herts have received very small amounts and no longer budget for this income. In 2022/23 we are forecast to receive £200k.

2. Net use of reserves

In 2022/23 there was budgeted to be a contribution to reserves of £265k, the outturn position is a contribution from reserves of £2.618m, a movement of £2.88m there are several factors affecting the reserves position, as detailed below:

- When the 2021/22 budget was set in March 2021 it was anticipated that a contribution to reserves of £3.1m in respect of the NNDR compensation would be made with this being released over the following 2 years, this £1.555m was included in the 2022/23 MTFP. However, following the pandemic's impact on Business rates collection and accounting guidance from central government, a contribution to reserves of £10.8m was made in 2020/21 instead of 2021/22, therefore in line with regulations a third of this was drawn down from reserves both 2021/22 and 2022/23. This accounts for a movement of £1.98m
- At the time of setting the 2022/23 budget there was no contributions from reserves were forecast. However as a result of pressures in year

£600k is to be drawn from reserves. This includes £113k to fund the transformation project, £162k to fund the performance bond and increased insurance cost at Hertford Theatre during the building works and £300k to smooth the impact of Business rates, it is anticipated that this will be repaid in future years.

- As detailed in the Net Cost of Services section contributions to reserves of £100k have been made from income to be utilised in future years

3. Funding

The funding budgets approved as part of the MTFP in March 2022 totalled £5.2m, these were based on information available at the time of setting the budget.

- Business rates income was significantly lower than budgeted. This was partially offset through Section 31 grants received from central government to compensate local government for mandatory business rate reliefs granted. The deficit on the collection fund was significantly higher than forecast when the budget was set. This is partially offset by the drawdown from reserves of £3.536m mentioned in the reserve commentary.
- General grants of £713k and New Homes Bonus of £1.38m were received in line with budget, the general reserves were utilised in the year and New Homes Bonus was transferred to the priority spend reserve.