

<b>Report of</b>	<b>Assistant Director Policy &amp; Corporate</b>	<b>Author</b>	<b>Paul Cook</b> ☎ 505861 <b>Darren Brown</b> ☎ 282891
<b>Title</b>	<b>Financial Monitoring Report – End of Year 2018/19</b>		
<b>Wards affected</b>	Not applicable		

## 1. Executive Summary

- 1.1 This report sets out the financial performance of General Fund Services and the Housing Revenue Account (HRA) for the year 2018/19.

## 2. Action required

- 2.1 The Panel is asked to note the financial performance of General Fund Services and the Housing Revenue Account (HRA) for the year 2018/19.

## 3. Reason for scrutiny

- 3.1 Monitoring of financial performance is important to ensure that:
- Service expenditure remains within cash-limited budgets.
  - Potential variances at year-end are identified early so that remedial action can be taken to recover the position or 'recycle' any surplus budgets.
  - Performance targets are being met.
- 3.2 This report also gives the Panel the opportunity to hold Service Managers and Portfolio Holders accountable for their budgets.

## 4. Background

- 3.1 The revenue budget position was last considered by Governance and Audit Committee on 7th March 2019. This was as at Quarter 3, and showed a projected net overspend of £267k against the General Fund, although it recognised that there remained a number of potential changes to the forecast, meaning that it was expected the outturn would be "within the budget". The Housing Revenue Account was being forecast to be on budget.
- 3.2 The accounts for 2018/19 have been signed and this report has been prepared using these figures, which are still subject to external audit.
- 3.3 All the information presented in respect of General Fund Services shows the position based on net 'direct costs'. The review of the Housing Revenue Account is different in that it shows all costs, both direct and indirect.

## 5. General Fund – End of Year Position

5.1 In total the General Fund outturn shows a net surplus after carry forwards of £0.263m. A number of the factors contributing to this position have been identified and reported during the year, but some of the key messages behind this figure are that:-

- There have been one-off unforeseen/unbudgeted costs (e.g. redundancy costs) and service-demand cost pressures that have contributed to the outturn position.
- The main service income lines show £0.904m more income compared to the budget. The main gains being in planning, licensing and food safety, along with one-off income of £0.518m relating to land wayleaves.
- There are a number of one-off technical items which have mitigated the cost pressures in-year, including a gain from a reduction in the level of bad debts provision required, and miscellaneous Government Grants.

5.2 The following table summarises the outturn position for each Service, the effect of the approved requests for carry forward into 2019/20, and a breakdown of the outturn position against the main non-service areas.

	<b>Actual</b>	<b>Budget</b>	<b>Variance</b>	<b>c/f</b>	<b>Net</b>
	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>
Corporate & Democratic Core	(407)	(503)	96	-	96
Policy & Corporate	9,323	10,024	(701)	499	(202)
Executive Management Team	657	655	2	-	2
Community	1,674	2,075	(401)	401	-
Customers	4,091	4,177	(86)	280	194
Environment	4,673	4,615	58	218	276
<b>Sub-Total Services</b>	<b>20,011</b>	<b>21,043</b>	<b>(1,032)</b>	<b>1,398</b>	<b>366</b>
<i>Net Recharge Movement</i>					
NEPP	(115)	(110)	(5)	5	-
CIMS	1,035	1,019	16	(16)	-
Benefits	(709)	(727)	18		18
General Fund / HRA	7,179	7,368	(189)	-	(189)
HRA Contingency (cost shown above)		84	(84)		(84)
<b>Total Services</b>	<b>27,401</b>	<b>28,677</b>	<b>(1,276)</b>	<b>1,387</b>	<b>111</b>
Pensions	725	715	10		10
CLIA	538	630	(92)	92	-
Provision for Bad Debts	(347)	-	(347)		(347)
Misc	99	-	99		99
Misc Gov't grants	(86)	-	(86)	18	(68)
General service related items		422	(422)	352	(70)
Business Rates	(6,295)	(5,262)	(1,033)	1,033	-
Business Rates Pool	(645)	-	(645)	645	-
Collection Fund	(607)	(609)	2		2
<b>Total</b>	<b>20,783</b>	<b>24,573</b>	<b>(3,790)</b>	<b>3,527</b>	<b>(263)</b>

- 5.3 The above table shows approved carry forward requests and other technical accounting adjustments totalling £3.527m. The key items include:-
- £755k in respect of specific 2018/19 Strategic Plan Priorities items within services
  - £352k Strategic Plan Priorities 2018/19 funding (of which £302k already agreed by Cabinet to be carried forward to provide support for projects in 2019/20)
  - £1.678m in respect of business rates (including £645k in respect of the pooling gain).
  - £87k in respect of funding allocated for Local Development Framework (Core Strategy) and Community Infrastructure Levy (CIL)
  - £186k in respect of the New Homes Bonus Affordable Housing element.
  - £113k in respect of Arcus implementation, and the back-scanning and indexing project.
  - £167k linked to various on-going projects within Customer, including £43k for welfare reform.
- 5.4 The following table provides an alternative view of the outturn position, and gives a breakdown by major expenditure and income variances.

<b>Draft Outturn Summary:-</b>	<b>£'000</b>	<b>£'000</b>
<i>Cost Pressures:-</i>		
• Redundancy costs absorbed within Customer Experience	212	
• Increased Amphora management fee for year-end impact of company pension liability costs	174	
• Net Waste (Recycling credits/Employee & Contractor costs/Materials)	381	
• Finance (recruitment & agency costs / management and consultancy costs)	70	837
<i>Less income:-</i>		
• Council Tax Sharing Agreement	98	
• Sport & Leisure <i>net</i> shortfall in income	252	350
<i>Underspends / income gains:-</i>		
• Planning income	(177)	
• Commercial Properties/Lettings income (net), including one-off income from land wayleaves	(602)	
• Housing (net underspend on B&B/Homelessness Initiatives, more income than assumed in budget from Homeless Persons Units)	(41)	
• Zones (Grounds Mtce underspend / more income from Zones service fees & FPN's)	(52)	
• Net Licensing and Food Safety (Future Review one-off costs/Prosecution costs/more income from Licensing and Food & Safety)	(46)	
• Net Customer Business	(44)	
• Bereavement (Employees/Grounds Mtce/Materials/Income)	(67)	
• Corporate Asset Mgt (R&M, Premises costs, Backdated County Broadband income, CBH SLA income)	(110)	(1,139)
<i>Corporate / technical items</i>		
• Net Benefits gain	(321)	
• Various service related and misc. technical items	78	
• Misc Govt grants	(68)	(311)
<b>Total</b>	<b>(263)</b>	<b>(263)</b>

### *Service Budget Position*

- 5.5 **Appendix A** details final direct expenditure and direct income for each service (excluding Benefits, NEPP & the Joint Museums Committee (JMC)), and **Appendix B** breaks this down by subjective group.
- 5.6 **Appendix C** details all budget variances analysed between expenditure and income, including the agreed carry forwards against each area to provide some context. The majority of the more significant variances have been reported to the Panel during the year.
- 5.7 The overall position on services shows a lower net overspend from the forecast reported at Period 9. The largest changes include less income from the Council Tax sharing agreement, more income than forecast from Bereavement services, Zones, Planning and Commercial & Investment properties. There has been less expenditure within Bereavement services and Corporate Asset Management than forecast, with more net expenditure than forecast on Customer Solutions, Sport and Leisure, Car Parking, ICT & Client-Commercial Company.
- 5.8 Appendix B highlights there is a total underspend of £0.128m with more income of £0.904m. Additional income received primarily relates to planning, licensing and food safety, some of which had been forecast and reported during the year, along with a one-off income of £0.518m relating to land wayleaves.

### *Technical / corporate items*

- 5.9 In addition to Service budgets it is necessary to review the corporate and technical items in the budget. A number of these are one off such as:-
- Net saving of c70k from general service related items, such as the non-consolidated pay award where the 18/19 actual cost was less than the allowance made in the budget, and the Local Authority Carbon Management (LACM) savings target not met.
  - £92k gain from net interest earned/paid, as a result of a lower level of new borrowing required for the capital programme and higher average interest rates achieved on investments. This will be carried forward to provide a one-off contingency for any potential adverse effects on investment income rates post-Brexit.
  - £347k gain from a decrease in provision for bad debts. This was shown in services in previous years, but accounting code changes now require us to show this separately.
  - Income of c£68k from ad hoc Government grants.
- 5.10 In respect of business rates, provisional pooling figures show we will receive £645k from the business rates pool and it is assumed that this will be carried forward. The Medium-Term Financial Forecast assumes that £200k of this will be used to support the 2020/21 budget. The other gain shown in respect of business rates primarily relates to accounting arrangements whereby there are differences in timing of business rate income and some specific government grants. The gain in year will therefore be carried forward and held in the business rates reserve.

### *Summary and impact on future years*

- 5.11 Outturn variances are discussed with relevant service managers and the overall position is considered by the Senior Management Team. One important issue is to consider the extent to which any budget variance is likely to be a recurring issue, and if so, whether the 2019/20 budget has been adjusted to reflect this. For example, one of the largest income variances is in respect of a shortfall in Council Tax sharing agreement income and the 2019/20 budget was decreased in this area. Service managers are reviewing all

outturn variances and any recurring issues will be reported alongside the emerging 2020/21 budget strategy.

- 5.12 The 2019/20 budget was based on the assumption that the 2018/19 outturn would be “on-budget”. The final position therefore reflects an improvement and the additional surplus will therefore be added to balances and will be considered by Cabinet.

## **6. Housing Revenue Account**

- 6.1 **Appendix D** sets out the pre-audit revenue outturn for the Housing Revenue Account (HRA).
- 6.2 The outturn position is showing a net surplus of £660k compared to a budgeted deficit of £189k for the year, a favourable variance of £849k. However, there are carry forwards that reduce this variation to a favourable variance of £658k. The outturn variance needs to be considered in the context of the forecast outturn position at Period 9, which was predicting that the outturn position would be on budget, and also the predicted underspend for 2018/19 contained within the 2019/20 HRA budget-setting papers considered by the Panel at its meeting on 29 January 2019.
- 6.3 The revenue outturn position also needs to be considered alongside the outturn position for the Housing Investment Programme (Capital) shown elsewhere on the agenda. Given the slippage of capital expenditure into 2019/20, less revenue resources are required to fund the 2018/19 Housing Investment Programme (Capital), therefore the revenue underspend will be carried forward within the HRA balance and be used to fund the Housing Investment Programme in 2019/20 when the expenditure is incurred. The outturn position has arisen as a result of variances in several areas, and has been split between service and non-service elements.

### *Service Areas*

- 6.4 We received £563k more income than budgeted. This primarily reflects the net impact of less rental & service charge income being lost from dwellings and garages than assumed within the budget, through a combination of voids and the level of Right to Buy sales. In addition, the HRA earned more interest on its balances and reserves, similarly to the gain by the General Fund reported in paragraph 5.9.
- 6.5 There was less expenditure than anticipated in a number of areas, the major ones being as follows; There was a net underspend on Premises costs, primarily due to less expenditure on void repairs and servicing contracts than assumed in the repairs and maintenance budget, higher utility costs, less expenditure on Council Tax on void properties, along with underspends on other CBH delegated budgets such as contract cleaning and grounds maintenance work. There was a general underspend across most Supplies and Services budgets, which was primarily due to a lower contribution to our Bad Debts Provision than budgeted, reflecting the amount of write-offs during the year and the level of rent arrears at year-end. The HRA receives recharges from a number of services and, given the outturn within these areas, there is a resultant impact upon the HRA. Carry forward requests of £191k have been approved.

### *One-Off/Technical Items*

- 6.6 Members will be aware from the 2019/20 Budget Report considered by the Panel at its meeting of 29 January 2019, that as a direct result of the additional income this financial year, we have been able to use some of these additional revenue resources to make an additional revenue contribution to fund the 2018/19 Housing Capital Programme. This

has meant we have been able to minimise new borrowing, and therefore forego additional interest costs.

- 6.7 The HRA balance at 31 March 2019 is £4,564k. However, £2,964k of this balance is currently committed to future years in order to fund revenue expenditure committed to during 2018/19, together with future contributions to the Housing Investment Programme (Capital). This leaves the uncommitted HRA balance at £1,600k, which is the recommended minimum prudent level of balances. The level of balances at the year-end is in line with the estimate used when the 30-year HRA Business Plan was agreed by Cabinet in January 2019.
- 6.8 The HRA is a “ring-fenced” account which means that any underspend or overspend in a given year must be retained within the HRA. The effect of the 2018/19 outturn position will need to be reflected within the Medium-Term Financial Forecast (MTFF) for the HRA to establish the level of resources for future years. This will be reviewed as part of the forthcoming budget process for 2020/21.

## **7. Strategic Plan references**

- 7.1 The priorities within the Strategic Plan are reflected in the Budget and Medium-Term Financial Forecast.

## **8. Financial implications**

- 8.1 As set out above.

## **9. Risk management implications**

- 9.1 Risk management is used throughout the budget cycle, and this is reflected in the strategic risk register. The 2018/19 revenue budget report that was approved by Council in February 2018 detailed a number of potentially significant risk areas that had been identified during the budget process. In addition, Assistant Directors identify a number of both positive and negative risk areas during the year.

## **10. Other Standard References**

- 10.1 Having considered consultation, publicity, equality, diversity and human rights, community safety, and health and safety implications, there are none that are significant to the matters in this report.

## **11. Background Papers**

- 11.1 None

## **12. Appendices**

- 12.1 Appendix A: Actual Outturn Expenditure and Income by Service Area – Direct Costs only
- 12.2 Appendix B: End of Year – Subjective Analysis
- 12.3 Appendix C: Major Outturn Variances
- 12.4 Appendix D: End of year financial position

**Actual Outturn Expenditure and Income by Service Area – Direct Costs only**

		Actual Outturn		
	Area	Spend	Income	Net
		£'000	£'000	£'000
	<b>Corporate &amp; Democratic Core</b>	295	(702)	(407)
	<b>Total</b>	<b>295</b>	<b>(702)</b>	<b>(407)</b>
	<b>Executive Management Team</b>			
	EMT	659	(2)	657
	<b>Total</b>	<b>659</b>	<b>(2)</b>	<b>657</b>
	<b>Community Services</b>			
	Assistant Director - Communities	138	-	138
	Licensing & Food Safety	620	(598)	22
	Community Safety	123	(25)	98
	Environmental Health Services	491	(62)	429
	Building Control	396	(398)	(2)
	Community Initiatives	1,015	(371)	644
	Private Sector Housing	339	(64)	275
	Cultural Services	628	(119)	509
	Colchester Museums	60	(499)	(439)
	<b>Total</b>	<b>3,810</b>	<b>(2,136)</b>	<b>1,674</b>
	<b>Customer Services</b>			
	Assistant Director - Customer	137	-	137
	Customer Business	1,027	(575)	452
	Local Taxation & NNDR	440	(740)	(300)
	Customer Solutions	1,388	(205)	1,183
	Customer Experience	2,551	(347)	2,204
	Electoral Services	472	(57)	415
	<b>Total</b>	<b>6,015</b>	<b>(1,924)</b>	<b>4,091</b>
	<b>Environment Services</b>			
	Assistant Director - Environment	147	(7)	140
	Recycling & Fleet	6,363	(2,368)	3,995
	Zones	5,172	(1,151)	4,021
	Bereavement Services	797	(1,450)	(653)
	Car Parking	1,080	(3,910)	(2,830)
	<b>Total</b>	<b>13,559</b>	<b>(8,886)</b>	<b>4,673</b>

		Actual Outturn		
	Area	Spend	Income	Net
		£'000	£'000	£'000
	<b>Policy and Corporate</b>			
	Assistant Director Policy & Corporate	161	-	161
	Finance	937	(104)	833
	ICT and Communications	3,114	(449)	2,665
	People and Performance	858	(190)	668
	Governance	2,944	(330)	2,614
	Place Strategy	1,608	(472)	1,136
	Planning	1,000	(1,369)	(369)
	Housing	2,559	(1,646)	913
	Garden Communities	2,267	(1,555)	712
	<b>Sub-Total</b>	<b>15,448</b>	<b>(6,115)</b>	<b>9,333</b>
	<i>Company Related:-</i>			
	Client - Commercial Company	2,166	(286)	1,880
	Corporate Asset Management	2,246	(447)	1,799
	Commercial & Investment	612	(3,822)	(3,210)
	Sport & Leisure	4,453	(4,932)	(479)
	<b>Total</b>	<b>24,925</b>	<b>(15,602)</b>	<b>9,323</b>
	<b>Total (all)</b>	<b>49,263</b>	<b>(29,252)</b>	<b>20,011</b>



## End of Year – Subjective Analysis

<b>Account Description</b>	<b>Actual £'000</b>	<b>Budget £'000</b>	<b>Variance (fav) / adv £'000</b>
<b>By Subjective Group</b>			
Employees	24,006	23,617	389
Premises Related	7,868	7,698	170
Transport Related	1,890	1,920	(30)
Supplies & Services	10,124	11,030	(906)
Third Party Payments	5,087	4,986	101
Transfer Payments	248	100	148
Capital Financing Costs	40	40	-
<b>Subtotal Expenditure</b>	<b>49,263</b>	<b>49,391</b>	<b>(128)</b>
Government Grant	(2,907)	(2,896)	(11)
Other Grants & Reimbursements	(4,530)	(4,429)	(101)
Customer & Client Receipts	(21,664)	(20,870)	(794)
Income-Interest	(151)	(153)	2
<b>Subtotal Income</b>	<b>(29,252)</b>	<b>(28,348)</b>	<b>(904)</b>
<b>Total General Fund Services</b>	<b>20,011</b>	<b>21,043</b>	<b>(1,032)</b>

## Major Outturn Variances

Note: Underspends and additional income variances are shown in brackets.

Service Area	Variance			Carry Forwards	Comment
	Spend £'000	Income £'000	Net £'000	£'000	
<b>Executive Management Team</b>					
EMT	3	-	3		<ul style="list-style-type: none"> <li>Overspend due to pension strain and recruitment costs offset by underspend on salaries due to vacant post (2.8%)</li> </ul>
<b>Community Services</b>					
Assistant Director Communities	1	-	1		<ul style="list-style-type: none"> <li>Small overspend relating to subscriptions.</li> </ul>
Licensing and Food Safety	79	(123)	(44)		<ul style="list-style-type: none"> <li>Overspend on employee costs of £39k due to redundancy costs following the Futures Review (8%) There has been a £44k overspend on supplies and services (91%) relating to legal fees to support current prosecutions and costs associated with the Colchester Hackney Carriage Unmet Demand Survey.</li> <li>We have received additional Licencing income of £80k (17.6%) and Food &amp; Safety income of £22k (110%).</li> </ul>
Community Safety	(342)	-	(342)	<b>333</b>	<ul style="list-style-type: none"> <li>The underspend primarily relates to a Spending Priorities funding carry forward of £330k for additional resource to the Police, and £3k towards Windrush Celebrations. There is £9k (41%) underspend in Equality and Safeguarding salaries</li> </ul>
Environmental Health Services	(16)	(5)	(21)		<ul style="list-style-type: none"> <li>The underspend relates to Consultancy &amp; Support expenditure (100%) and General Services expenditure (64%)</li> <li>£6k income received as recovered costs were awarded by the courts following an appeal case.</li> </ul>

Service Area	Variance			Carry Forwards	Comment
	Spend £'000	Income £'000	Net £'000	£'000	
Building Control	3	(3)	-		<ul style="list-style-type: none"> <li>Additional income (0.79%) offsets an employee overspend (2.9%)</li> </ul>
Community Initiatives	(19)	50	31	<b>27</b>	<ul style="list-style-type: none"> <li>There are carry forwards for Spending Priorities funding of £12.8k, and base budget carry forwards of £14.1k for Locality Grants, addition to Startwell and welfare grants.</li> <li>£27k savings target and some vacancy factor targets not met.</li> <li>Overspend in Lion Walk following the transition of the service to Age Concern and payment of grant to support new offer to residents and existing members.</li> </ul>
Private Sector Housing	51	(20)	31		<ul style="list-style-type: none"> <li>£16k overspend on Legal Fees, as these costs were unbudgeted but are recoverable subject to the outcome of the appeal case. There are overspends on recruitment and employee costs as a result of legislative changes affecting the regulation of houses of multiple occupancy (HMOs) and the significant increase in demand on the team (3.76%)</li> <li>£10k more income relating to the introduction of the Redress Penalty Scheme (22%) Additionally, £8k more income was achieved on Licence Fees (49%)</li> </ul>
Cultural Services	(34)	(3)	(37)	<b>33</b>	<ul style="list-style-type: none"> <li>There are carry forwards for Spending Priorities funding of £33k for Lighting Scheme and Arts Centre.</li> <li>£4k more income from solar panels.</li> </ul>
Colchester Museums	(13)	(6)	(19)	<b>8</b>	<ul style="list-style-type: none"> <li>There is a carry forward of £8k for the Roman Circus.</li> <li>£12k (2.6%) more income relates to £3k unbudgeted solar panels income, small income for Heritage Guide books and £8k (1.8%) more income in admissions and lettings.</li> </ul>
Colchester and Ipswich Museums Service (CIMS)	136	(120)	16		<ul style="list-style-type: none"> <li>CIMS is a ring-fenced budget. Net overspend of £16k (1.6%) relates to purchase of a new contact management system of £39k (£10k</li> </ul>

Service Area	Variance			Carry Forwards	Comment
	Spend £'000	Income £'000	Net £'000	£'000	
					<p>covered by Arts Council NPO funding). The vacancy factor has been fully absorbed. Salary savings target offset by salary underspend due to maternity leave.</p> <ul style="list-style-type: none"> <li>• There has been an upgrade to the Castle intruder alarm of £8k.</li> <li>• More income received in Activities of £15k for both venues.</li> <li>• £12k (8%) more income in Retail offset by £12k (14%) overspend on Material and general supplies.</li> <li>• Small amount of extra income from interest and re-imbursements.</li> </ul>
<b>Customer Services</b>					
Assistant Director - Customer	2	-	2		<ul style="list-style-type: none"> <li>• Small variance relating to subscriptions and hospitality (1%).</li> </ul>
Customer Business	(40)	(46)	(86)	<b>40</b>	<ul style="list-style-type: none"> <li>• Underspends relate to DWP funded posts that were not filled in 2018/19 within the Income team. A carry forward request has been made to allow these posts to be filled in 2019/20 (4%).</li> <li>• Additional £32k income contribution towards overheads from MacMillan and £10k unbudgeted BID income (9%).</li> </ul>
Local Taxation & Business Rates	(77)	(20)	(97)	<b>28</b>	<ul style="list-style-type: none"> <li>• Underspends relate to a reduction in Magistrates court fee costs (£23k), £5k on search fee costs and £4k on banking costs. There was also a £40k underspend on employee costs, of which £28k related to a DWP-funded post, within the Council Tax team, that was not filled in 2018/19. <i>A carry forward request has been made to allow this post to be filled in 2019/20. (15%)</i></li> <li>• £23k of additional court fees income recovered (3%).</li> </ul>
Customer Solutions	10	(23)	(13)	<b>88</b>	<ul style="list-style-type: none"> <li>• Overspends relate to employee costs (£39k) which includes £63k of unexpected severance costs that have to be accounted for in 2018/19. £23k on print and postage costs (<i>the overall costs in this area are reducing year on year</i>) and unbudgeted security costs at the</li> </ul>

Service Area	Variance			Carry Forwards	Comment
	Spend £'000	Income £'000	Net £'000	£'000	
					<p>Hub of £23k which have been partially reimbursed. These overspends have been largely offset by an underspend on IT costs totalling £64k (1%).</p> <ul style="list-style-type: none"> <li>• A carry forward request has been made for the unspent Welfare Reform monies (£43k) to allow the function to continue, £25k for slippage in e-claim installation and DWP funding for a post (£20k).</li> <li>• Unbudgeted income from partial reimbursement of security costs of £18k, and additional DWP income of £6k (13%).</li> </ul>
Customer Experience	43	67	110	124	<ul style="list-style-type: none"> <li>• Following the Customer Futures 2 review there was a £212k overspend on severance and pension strain payments, this overspend was reduced by £25k due to vacancies in the year (9%)</li> <li>• The employee overspend has been largely offset by a £116k underspend on budgets for implementing digital transformation, largely due to delays in replacing our current regulatory services and built environment IT applications (and mapping work to support this).</li> <li>• Carry forward requests have been made for the majority of the unspent IT monies to assist in the delivery of the replacement systems (above), with a further request to carry forward unspent (one-off) budget monies allocated to support the development of online processes built using Microsoft Dynamics (£10k)</li> <li>• Underspends on multi-function device (MFD) printing costs (25%) and Land Charges Search Fees (20%) helped to further mitigate salary overspends.</li> <li>• Less Land Charges income of £87k (25%) was slightly offset by commissioned web development work.</li> </ul>
Electoral Services	5	(6)	(1)		<ul style="list-style-type: none"> <li>• Small overspends (1%) offset by additional income within Elections and Electoral Registration. (11%).</li> </ul>

Service Area	Variance			Carry Forwards	Comment
	Spend £'000	Income £'000	Net £'000	£'000	
Benefits – Payments & Subsidy	(835)	853	18		<ul style="list-style-type: none"> <li>Housing Benefit (HB) payments and the main DWP subsidies were lower than the budget set for both private sector &amp; housing tenants producing a net underspend of £252k.</li> <li>The cost of homelessness was overspent by £176k, but this is offset by £169k funding from CBC Housing (Policy &amp; Corporate Services).</li> <li>Increased levels of recovery of HB overpayments have resulted in £350k more income collected than assumed in the budget. The overall level of debt is falling because of Universal Credit. This lower level of income due is reflected on the revenue account and has resulted in a net deficit of £262k.</li> </ul>
<b>Environmental Services</b>					
Assistant Director Environment	8	(7)	1		<ul style="list-style-type: none"> <li>Consultancy work conducted in relation to the Waste and Zones Futures Review was offset by grant funding. Small overspend on Supplies and services. (0.8%)</li> </ul>
Recycling & Fleet	412	(31)	381		<ul style="list-style-type: none"> <li>Owing to increased Recycling activity, Recycling Credits achieved £90k more income than budgeted (7%) This has been partially offset with a shortfall on Trade income of £36k (6.3%) and £12k on Bring Glass and cans income (46%)</li> <li>£97k employee overspends relate to not having had sufficient vacant posts to achieve the budget target for vacancies (2.92%) There is a further £38k overspend on domestic employee overtime, some of which relates to the use of additional agency staff to fulfil a Christmas Eve collection.</li> <li>Clear sacks and recycling kit stock levels were monitored against demand all year which resulted in a £150k overspend (76%)</li> <li>Following market fluctuations in material sales values, additional contractor costs associated with sorting materials were incurred, net income derived from the sale of materials reduced by £120k (112%)</li> </ul>

Service Area	Variance			Carry Forwards	Comment
	Spend £'000	Income £'000	Net £'000	£'000	
Zones	(200)	(70)	(270)	218	<ul style="list-style-type: none"> <li>Majority of the underspend is due to £17k New Homes Bonus (NHB) Enabling/Street Lighting carry forwards, and £201k Spending Priorities funding which has been carried forward to 2019/20.</li> <li>The remaining net underspend of £52k relates to £11k (0.6%) grounds maintenance schedule of rates work, £10k (200%) more income for Zones Services fee (backdated payment) and £35k (888%) more income for Fixed Penalty Notices (FPN)s.</li> </ul>
Bereavement Services	(54)	(13)	(67)		<ul style="list-style-type: none"> <li>Underspend on employee costs of £6k (2.9%), grounds maintenance of £17.8k (3.5%), £16k (31%) on materials and £11k (20%) underspend on general services.</li> <li>Overall more income of £13k (0.9%).</li> </ul>
Car Parking	56	(42)	14		<ul style="list-style-type: none"> <li>Overspend due to unbudgeted repairs and maintenance costs. (1%).</li> <li>More income on Season tickets and Parking Charge Notice (PCN) income (1%)</li> </ul>
North Essex Parking Partnership (NEPP)	183	(143)	40		<ul style="list-style-type: none"> <li>NEPP budgets are ring-fenced and operate within budget. Whilst NEPP had budgeted to use some of its reserve, all expenditure was covered in-year, beside an operating surplus added to the Decriminalised Parking Reserve at year-end.</li> </ul>
<b>Policy &amp; Corporate (incl. CDC)</b>					
Corporate & Democratic Core	(2)	98	96		<ul style="list-style-type: none"> <li>Small underspend on audit costs (7.5%) offsetting an overspend on banking transactions (3.5%).</li> <li>Less income from council tax sharing agreement (12.3%).</li> </ul>
Assistant Director Policy & Corporate	42	-	42		<ul style="list-style-type: none"> <li>Overspend relates to not matching the service supplies and services saving of £35k (100%) and agency costs to cover vacant Assistant Director post, slightly offset by reduced hours for PA post (3.5%).</li> </ul>

Service Area	Variance			Carry Forwards	Comment
	Spend £'000	Income £'000	Net £'000	£'000	
Finance	74	(4)	70		<ul style="list-style-type: none"> <li>Overspends on employee costs due to recruitment and agency costs to cover two vacant posts (5.9%) and management and consultancy costs relating to Colchester Commercial Holdings Ltd (CCHL) Implementation (127%)</li> <li>Income is from shared system costs with Amphora Trading.</li> </ul>
ICT and Communications	88	(25)	63	<b>35</b>	<ul style="list-style-type: none"> <li>Overspends across ICT including employee severance (100%), consultancy costs (36%) and offsetting underspends due to vacant posts (6.4%). There were underspends across Comms &amp; Marketing (11.7%), which offset an overspend on Communications Team standby payment due to previous years backpay (0.5%).</li> <li>Carry forwards have been requested for the ICT Idox upgrade, Comms Tourism and Comms Spending Priorities Funding.</li> <li>Income received from CBH and CCHL for ICT is offsetting extra costs incurred. Less income than budget for Roundabout advertising (45%).</li> </ul>
People & Performance	1	2	3		<ul style="list-style-type: none"> <li>Underspends across supplies and services (7.6%) offsetting overspend on salaries due to redundancy costs (1.3%).</li> <li>Less income received for staff car parking (0.8%) and travel plan recovery, offset by underspends in travel plan.</li> </ul>
Governance	(23)	4	(19)	<b>23</b>	<ul style="list-style-type: none"> <li>Underspends across Governance including Internal Audit Contract (11.4%), salaries due to vacant posts (3.3%) and Procurement Hub (6%), offsetting overspend on franking (13.8%).</li> <li>Carry forwards have been requested for Procurement and Civic WW1 funding.</li> </ul>



Service Area	Variance			Carry Forwards	Comment
	Spend £'000	Income £'000	Net £'000	£'000	
					<ul style="list-style-type: none"> <li>Less income from CBH for franking (33%). Net underspend on Civic events spend and income. More income received from Braintree for Procurement Hub Rebate (13.6%).</li> </ul>
Place Strategy	(392)	(5)	(397)	<b>410</b>	<ul style="list-style-type: none"> <li>Underspends mainly relate to the following carry forward requests: Affordable Housing element of New Homes Bonus, Transportation Spending Priorities Funding, Orbital Priorities Funding, Community Infrastructure Levy (CIL) and the Local Development Framework (LDF).</li> <li>Unbudgeted income received from other local authorities offsetting costs incurred.</li> </ul>
Planning	58	(177)	(119)	<b>13</b>	<ul style="list-style-type: none"> <li>Overspend on management and consultancy (249%) relating to appeal costs and extra support due to vacant posts. Underspend on salaries (9.6%), offset by redundancy costs and pension strain costs (100%). A carry forward has been requested relating to the remaining New Homes Bonus funded Heritage Projects.</li> <li>We received more income from Planning Fees (15%).</li> </ul>
Housing	108	(149)	(41)		<ul style="list-style-type: none"> <li>There was a net underspend on B&amp;B/homelessness initiatives (0.9%), and an overspend on temporary accommodation R&amp;M (22.6%).</li> <li>We received more income from Homeless Persons Units (71%).</li> </ul>
Client – Commercial Company	174	-	174		<ul style="list-style-type: none"> <li>There was a £174k (9%) increase to the Colchester Commercial Holdings Limited (CCHL) management fee to reflect the year-end impact of the Company's pension liability costs.</li> <li>The £286k dividend that is due to be returned to the Council from Colchester Commercial Holdings Limited (CCHL) has been accrued for.</li> </ul>

Service Area	Variance			Carry Forwards	Comment
	Spend £'000	Income £'000	Net £'000	£'000	
Corporate Asset Management	(87)	(41)	(128)	18	<ul style="list-style-type: none"> <li>Underspends primarily on street lighting electricity costs and repairs (68%), Rowan House premises costs (2.4%), Cleaning Contract (3.7%) and R&amp;M (1.3%), which are offsetting unbudgeted spend of £10k for Colchester Library Licence Fee (100%) and £6.6k NNDR Bid Levy (100%). A carry forward has been requested relating to the water fountains Spending Priorities funding.</li> <li>More grant was received for flood works than spent (10%). We received unbudgeted income from county broadband for rent at Town Hall, back dated to 2014 (100%). A saving was made on CBH Management Fee for the Engineering team of (34%).</li> </ul>
Commercial & Investment	(32)	(570)	(602)		<ul style="list-style-type: none"> <li>Commercial properties had some small unplanned cost pressures including business rates and security although these were offset by other underspends, overall a £5k (2%) overspend.</li> <li>Income finished £597k (18.5%) higher than budget, £518k of which relates to an accrual for additional one-off income relating to housing wayleaves. Increased rental income in year from Colchester Business Park £44k, Plot 33 £63k, Plot 49 £14k and NCP Nunns Road £14k all due to previous years' final settlements better than previously expected.</li> <li>Income shortfall mainly relates to North Colchester Leisure site of £100k (100%) which is due to a delay in the progress of the Northern Gateway site, and this has now been moved forward into 19/20. There were other small variances on other properties income including Vineyard St properties and Seven Saints farm.</li> <li>The outturn also reflects a net underspend of £9k (2%) from other miscellaneous service areas. This includes a Business and Enterprise budget £93k (91%) under spend, mainly due to the cessation of the grants. This has been offset by unbudgeted costs of £83k relating to old trading area costs that have not been incurred by</li> </ul>

Service Area	Variance			Carry Forwards	Comment
	Spend £'000	Income £'000	Net £'000	£'000	
					the Amphora companies of £52k as they have been deemed to be set-up costs (IT, phone lines, stock and write-offs); £20k regeneration and European projects and an £11k shortfall in the digital broadband income target.
Sport and Leisure	(9)	261	252		<ul style="list-style-type: none"> <li>Cost pressures in year included £66k (20%) of business rates, £42k (35%) of water costs (still under investigation), £27k (16%) of gas costs and £24k (75%) on general repairs and maintenance. These pressures were offset by underspends in service which included £46k employee savings (some relating to Futures Review), and supplies and services savings, including equipment costs, of £93k (15%).</li> <li>An overall income shortfall of £261k (5%) was mainly due to general admissions £95k (9%), hire £81k (12%), and sales £68k (2%). Lifestyles membership sales performed above original budget with an average growth of 9.1%, giving a year-end position of £89k (8%) above budget in this area</li> </ul>

Current Period – March 2019			
End Of Year 2018/19			
Account Description	Actual for Year £'000	Budget for Year £'000	Variance (under) / over £'000
<b>HRA - Direct &amp; Non-Direct</b>			
<b>EXPENDITURE</b>			
Employees	121	121	-
Premises Related	6,172	6,470	(298)
Transport Related	1	0	1
Supplies & Services	710	832	(122)
Third Party Payments	3,504	3,491	13
Transfer Payments	44	112	(68)
Support Services	3,662	3,464	198
Capital Financing Costs	18,809	18,819	(10)
<b>TOTAL EXPENDITURE</b>	<b>33,023</b>	<b>33,309</b>	<b>(286)</b>
<b>INCOME</b>			
Other Grants & Reimbursements	(176)	(178)	2
Customer & Client Receipts	(29,700)	(29,222)	(478)
Income-Interest	(113)	(32)	(81)
Inter Account Transfers	(3,694)	(3,688)	(6)
<b>TOTAL INCOME</b>	<b>(33,683)</b>	<b>(33,120)</b>	<b>(563)</b>
<b>TOTAL NET - HRA</b>	<b>(660)</b>	<b>189</b>	<b>(849)</b>
<i>Technical Items:-</i>			
Carry Forwards		(191)	191
<b>OVERALL - POSITION</b>	<b>(660)</b>	<b>(2)</b>	<b>(658)</b>