

Governance & Audit Committee

Item

8

26 July 2022

Report of	Deputy Chief Executive	Author	Paul Cook ☎ 505861 Darren Brown ☎ 282891
Title	Financial Monitoring Report – End of Year 2021/22		
Wards affected	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 2021/22.

2. Action required

- 2.1 The committee is asked to note the financial performance of General Fund Services and the Housing Revenue Account (HRA) for the year 2021/22.

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 committee the opportunity to hold Service Managers and Portfolio Holders accountable for their budgets.

4. Background

- 4.1 The revenue budget position was last considered by Governance and Audit Committee on 8th March 2022. This was as at Quarter 3 and showed a projected net underspend of £1.606m on the General Fund, assuming the agreed use of reserves of £2.4m in the budget. Within the report it recognised that there remained a number of potential changes to the forecast, and that the intention was that the use of reserves for covid would be the last source of funding in determining the outturn position, preserving reserves as much as possible. The Housing Revenue Account was being forecast to be on budget.
- 4.2 The accounts for 2021/22 are currently being finalised and this report has been prepared using these draft figures, which are still subject to external audit.
- 4.3 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 an “on-budget” position, after carry-forwards and a use of reserves of £0.073m. This is considerably better than the assumed use of reserves in the budget of £2.400m. 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:-
- General Fund service budgets (after carry-forwards, excluding benefits, CIMS & NEPP and including corporate savings targets) are **£2.055m under budget**.
 - Included within this, we have received £1.808m more income than assumed within the budget, the majority of which we have been forecasting during the year as a result of the recovery from the pandemic of our key income earning services such as sport & leisure, parking and commercial & investment properties.
 - The 21/22 budget was set in the midst of a national lockdown, with little information at the time of when we might move out of restrictions and return to “normality”. The performance in these key income areas is predominantly due the profiling of how we recover back to pre-covid levels.
 - The outturn position has also been aided by £0.420m of additional Sales, Fees & Charges income support from the Government for Quarter 1 then assumed within the budget, which has been reported during the year.
 - There have been one-off unforeseen/unbudgeted costs (e.g. redundancy costs) and service-demand cost pressures that have contributed to the outturn position.
 - There are a number of one-off technical items which are included in within the outturn position, including; an increase in the level of bad debts provision required, an external audit recommendation to provide MRP on our investment in Amphora Energy and the increase to the General Fund minimum balances as agreed by Cabinet as part of the budget setting cycle.
- 5.2 The following table summarises the outturn position for each Service, the effect of the approved requests for carry forward into 2022/23, and a breakdown of the outturn position against the main non-service areas.

	Actual	Budget	Variance	c/f	Net
	£'000	£'000	£'000	£'000	£'000
Corporate & Democratic Core	(147)	(106)	(41)	-	(41)
Executive Management Team	679	669	10	-	10
Corporate & Improvement	6,228	6,286	(58)	259	201
Customer	3,082	3,794	(712)	319	(393)
Community	25	210	(185)	285	100
Environment	6,384	7,125	(741)	557	(184)
Place & Client	3,409	6,369	(2,960)	1,268	(1,692)
Sub-Total Services	19,660	24,347	(4,687)	2,688	(1,999)
NEPP	797	819	(22)	22	-
CIMS	1,036	1,114	(78)	78	-
Benefits	(424)	(473)	49		49
General Fund / HRA	2,072	1,836	236		236
HRA Contingency (cost shown above)		108	(108)		(108)
Total Services	23,141	27,751	(4,610)	2,788	(1,822)
Pensions	335	395	(60)		(60)
MRP	2,289	1,945	344		344
CLIA	(551)		(551)		(551)
Provision for Bad Debts	(155)	(261)	106		106
Misc & Banking Adjustments	23		23		23
Gov't grants - Covid 19 - Income Support	(1,077)	(657)	(420)		(420)
Misc Gov't grants	(21)		(21)		(21)
General service related items		1,296	(1,296)	1,240	(56)
Increase GF minimum balance (Nov 19 Cabinet)		(130)	130		130
Use of Reserves - Covid 19	(73)	(2,400)	2,327		2,327
Business Rates Pool	(864)		(864)	864	-
Total (all)	23,047	27,939	(4,892)	4,892	0

5.3 The above table shows approved carry forward requests and other technical accounting adjustments totalling £4.892m. The key items include:-

- £0.948m in respect of specific Strategic Plan items within services
- £0.574m of Strategic Plan funded items yet to be allocated to service budgets
- £0.864m in respect of the business rates pooling gain
- £0.703m of Covid Recovery and Transformation funding supporting projects in 22/23
- £0.372m in respect of New Homes Bonus Affordable Housing element
- £0.319m linked to various projects in Customer, including Dynamics and Northgate implementation, and externally funded posts
- £0.379m linked to various projects within Corporate & Improvement, including IT/ systems projects, digital improvements to the Town Hall, the Rowan House refurbishment project and the Queens jubilee.
- £0.240m in respect of Hythe Quay River Wall repairs
- £0.140m funding for local design codes (agreed by Cabinet in March 22)
- £0.100m relating to the surpluses within North Essex Parking Partnership and the Colchester & Ipswich Joint Museums service.
- £0.083m supporting climate change
- £0.069m for Amphora Homes development fees

5.4 The following table provides an alternative view of the outturn position and gives a breakdown by major expenditure and income variances.

Table 1 - Draft Outturn Summary	£'000	£'000
Cost Pressures:-		
• Net Waste (Recycling credits / Employee & Contractor costs / Materials / Fleet costs)	154	
• Governance (net overspend across employee costs, streaming members meetings costs, insurance. Additional income from CBH)	147	
• Place Strategy (employee costs / Local design code)	126	
• Planning (cost of planning appeals, legal & consultancy costs)	119	
• Finance (employee costs / finance system upgrade costs)	69	615
Less income:-		
• Museums (shortfall in income due to Coronavirus)	97	
• Private Sector Housing	87	
• Licensing & Food Safety	84	268
Underspends / income gains:-		
• Sport & Leisure net gain in income	(1,004)	
• Commercial & Investment (primarily limited impact of coronavirus assumed in the budget)	(625)	
• Car Parking Income	(325)	
• Net Local Taxation & Business Rates (underspend on employee costs, additional grant income and reimbursements received)	(259)	
• Amphora Dividend	(172)	
• Bereavement Income	(108)	
• Net Customer Benefits & Hub (underspends on employee, IT and printing & postage costs, additional grant income received)	(96)	
• Planning income	(84)	
• Council Tax Sharing Agreement	(73)	
• Housing (employee costs and more rent & service charge income)	(52)	
• Net Land Charges	(39)	
• Net Customer Digital & Systems (underspend mainly on employee costs)	(27)	(2,864)
Corporate / technical items		
• Govt grants for Covid support	(420)	
• Net Benefits cost	49	
• MRP on CAEL Investment (BDO Recommendation)	344	
• Net interest paid/received	(551)	
• Provision for Bad Debts increase	106	
• Pensions	(60)	
• Misc Govt grants	(21)	
• Increase GF minimum balance	130	
• Various service related and misc. technical items	77	
• Less use of budgeted reserves	2,327	1,981
Total	-	-

Service Budget Position

- 5.5 **Appendix A** details final direct expenditure and direct income for each service (excluding Benefits, NEPP & JMC), and **Appendix B** breaks this down by subjective group.
- 5.6 **Appendix C** details all major 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 Governance and Audit Committee during the year.
- 5.7 The overall position on services shows a higher net underspend from the forecast reported at Period 9. The largest changes include; less income from the Council Tax sharing agreement, more income and less expenditure than forecast in Neighbourhoods, more parking income, more net income in Sport & Leisure and Commercial & Investment than forecast.
- 5.8 Appendix B highlights there is less expenditure of £1.825m with more income of £2.862m. Expenditure savings are across a range of service areas and include where a carry forward has been agreed. Income gains primarily relate to sport & leisure, commercial & investment and parking, which are as a result of the improved trajectory towards pre-covid income levels compared to the budget assumptions.

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:-
- £344k pressure on MRP (one-off of £324k which relates to the loan element of our investment in Amphora Energy following an accepted external audit recommendation).
 - £551k gain from net interest paid/earned, as a result of the level of new borrowing required for the capital programme and increased investment rates.
 - £106k cost from an increase in provision for bad debts and £60k gain relating to pensions.
 - Income gain of £461k from Government grants including the reimbursement of Sales, Fees & Charges losses.
 - £130k cost relating to the Cabinet decision to increase the minimum level of the General Fund balance as part of the budget setting cycle.
- 5.10 In respect of business rates, provisional pooling figures show we will receive £864k from the business rates pool and it is assumed that this will be carried forward within the Business Rates Reserve. The Medium-Term Financial Forecast assumes that £200k of this will be used to support the 23/24 budget.

Summary and impact on future years

- 5.11 Outturn variances are discussed with relevant service managers and the overall position is considered by 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, has the 22/23 budget been adjusted to reflect this. This is particularly pertinent for the 21/22 outturn due to the significant improvement in the profiling of the recovery of key income areas post-covid, and any deviation that may arise from our assumptions when setting the 22/23 budget. Service managers are reviewing all outturn variances and any recurring issues will be reported alongside the emerging 2023/24 budget strategy.

- 5.12 The 2022/23 budget was based on the assumption that the 21/22 outturn would require a use of reserves for covid of £1.210m. Given the improved position reflected in this report, we were only required to use £0.073m of reserves for covid, which means those reserves planned to be used which now haven't been, will be available for use in future financial years should there be the need.

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 £68k compared to a budgeted deficit of £399k for the year, a favourable variance of £467k. However, there are carry forwards that reduce this variation to a favourable variance of £149k. The outturn variance needs to be considered in the context of the forecast outturn position at Period 9, which was predicting the outturn position would be on budget, and also the predicted underspend for 2021/22 contained within the 2022/23 HRA budget setting papers considered by Cabinet at its meeting in January 2022.
- 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 2022/23, less revenue resources are required to fund the 2021/22 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 2022/23 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 £552k less income than budgeted. This primarily reflects the net impact of 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, along with the timing of acquisitions and additions to our housing stock.
- 6.5 There was less expenditure than anticipated in a number of areas, the major variances being as follows; There was a net overspend on Premises costs, primarily due to more expenditure on utility costs and repairs & maintenance budgets. These were partially offset by less expenditure on Council Tax on void properties and underspends on 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-off's during the year and the level of rent arrears at the year-end, and the underspend reflecting the carry forward request for IT system/project costs including Project Aurora.
- 6.6 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 £318k have been approved.

One-Off/Technical Items

- 6.6 Given the slippage in the Housing Investment programme reported elsewhere on the agenda, there has been a lower borrowing requirement in 2021/22, which has resulted in a saving in interest payable. Therefore we have been able to use some of these additional revenue resources to make an additional revenue contribution to fund the

2021/22 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 31st March 2022 is £4,555k. However, £2,955k of this balance is currently committed to future years in order to fund revenue expenditure committed to during 2021/22, 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 2022.
- 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 2021/22 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 2023/24.

7. Strategic Plan references

- 7.1 The priorities within the Strategic Plan are reflected in the Medium-Term Financial Forecast, which makes assumptions regarding government grant/funding and Council Tax income and identifies where necessary savings will be found in order to achieve a balanced budget. The 2021/22 revenue budget was prepared in accordance with the Strategic Plan’s priorities, in the context of the Council facing growing financial pressures. Budget monitoring enables the financial performance against these priorities to be assessed.

8. Financial implications

- 8.1 As set out above.

9. Environmental and Climate Change Implications

- 9.1. All budget measures will be assessed for their likely environmental impact, reflecting the Council’s commitment to be ‘carbon neutral’ by 2030. Environment and Climate Change is an essential cross-cutting theme in the Council’s post-Covid recovery planning.

10. Risk management implications

- 10.1 Risk management is used throughout the budget cycle, and this is reflected in the strategic risk register. The 2021/22 revenue budget report that was approved by Council in February 2021 took into consideration 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.

11. Other Standard References

- 11.1 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.

Background Papers

None

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

		Actual Outturn		
	Area	Spend	Income	Net
		£'000	£'000	£'000
	Corporate & Democratic Core	327	(474)	(147)
	Total	327	(474)	(147)
	Executive Management Team			
	EMT	670	(7)	663
	Coronavirus	16		16
	Total	686	(7)	679
	Community Services			
	Assistant Director Communities	155		155
	Licencing, Food & Safety	546	(523)	23
	Community Safety	730	(835)	(105)
	Environmental Health Services	499	(70)	429
	Building Control	359	(417)	(58)
	Community Initiatives	1,523	(1,518)	5
	Private Sector Housing	448	(96)	352
	Bereavement Services	862	(1,732)	(870)
	Cultural Services	605	(93)	512
	Colchester Museums	17	(435)	(418)
	Total	5,744	(5,719)	25
	Customer Services			
	Assistant Director Customers	164		164
	Accounts & Debt	791	(153)	638
	Local Tax & NNDR	569	(999)	(430)
	Benefits & Hub	1,025	(391)	634
	Contact & Support Centre	1,088	(23)	1,065
	Electoral Services	614	(133)	481
	Customer Digital & Systems	896	(203)	693
	Land Charges	146	(309)	(163)
	Total	5,293	(2,211)	3,082
	Environment Services			
	Assistant Director Environment	146		146
	Neighbourhood Services	13,488	(4,863)	8,625
	Car Parking	987	(3,374)	(2,387)
	Total	14,621	(8,237)	6,384

		Actual Outturn		
	Area	Spend	Income	Net
		£'000	£'000	£'000
	Place and Client			
	Assistant Director Place & Client	189		189
	Place Strategy	1,792	(950)	842
	Housing	4,040	(2,619)	1,421
	Planning	1,297	(1,379)	(82)
	Sustainability & Climate Change	401	(192)	209
	Garden Communities	633	(567)	66
	Subtotal	8,352	(5,707)	2,645
	<i>Company Related:-</i>			
	Client - Commercial Company	1,967	(172)	1,795
	Corporate Asset Management	1,804	(298)	1,506
	Commercial & Investment	416	(3,468)	(3,052)
	Sport & Leisure	4,962	(4,447)	515
	Total	17,501	(14,092)	3,409
	Corporate and Improvement			
	Assistant Director Corp & Improvement	136	-	136
	Finance	1,007	(165)	842
	ICT	2,027	(840)	1,187
	People And Performance	845	(175)	670
	Governance	3,022	(415)	2,607
	Communications	1,007	(221)	786
	Total	8,044	(1,816)	6,228
	Total (all)	52,216	(32,556)	19,660

End of Year – Subjective Analysis

Account Description	Actual £'000	Budget £'000	Variance (fav) / adv £'000
By Subjective Group			
Employees	25,035	24,941	94
Premises Related	7,831	8,399	(567)
Transport Related	1,876	1,985	(109)
Supplies & Services	11,409	12,268	(859)
Third Party Payments	5,628	6,013	(385)
Transfer Payments	432	432	-
Capital Financing Costs	5	4	1
Subtotal Expenditure	52,216	54,041	(1,825)
Government Grant	(3,788)	(3,632)	(156)
Other Grants & Reimbursements	(6,502)	(6,164)	(338)
Customer & Client Receipts	(22,023)	(19,670)	(2,353)
Income-Interest	(243)	(227)	(16)
Subtotal Income	(32,556)	(29,694)	(2,862)
Total General Fund Services	19,660	24,347	(4,687)

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	
Executive Management Team					
EMT	2	-	2		<ul style="list-style-type: none"> Overspend due to Chief Executive recruitment (100%) offset mainly by consultancy (100%) and transport underspends (94%).
Coronavirus	16	(8)	8		<ul style="list-style-type: none"> Net overspend due to a code being set up in the EMT budget to capture Covid costs of pay for those people who have worked additionally on Covid related roles. This was done to capture the information in case we needed to make a claim to MHCLG for such costs. This will result in showing a net overspend in the EMT budget for April and May 2021 pay (100%).
Community					
Assistant Director Community	(6)	-	(6)		<ul style="list-style-type: none"> Small underspend on staff – p/t PA post.
Licensing and Food Safety	(4)	84	80		<ul style="list-style-type: none"> £11k (2.3%) underspend on staff due to a vacant post and savings on training costs. Further savings on travel - £4k. Overspend of £12k (31%) in S&S on equipment, legal costs, unmet survey demand and testing. Income shortfall of £84k (18%) (mainly in Licensing - private hire vehicle licenses and Advice fees).
Community Safety	(77)	-	(77)	72	<ul style="list-style-type: none"> Small underspend on CBC contribution to Com. Safety. Large part of the underspend relates to £72k being carried forward for future Community safety initiatives and Community Safety post staff allocation.

Service Area	Variance			Carry Forwards	Comment
	Spend £'000	Income £'000	Net £'000	£'000	
Environmental Health Services	(43)	1	(42)	24	<ul style="list-style-type: none"> Underspend on casual staff costs (100%) and travel £3k (55%). Further underspend in Animal control – stray dog boarding £5k (100%), legal, testing and supplies. £1k (1%) less income in Animal / Pest Control and Searches. £24k carry forward for Business Improvement Officer post.
Building Control	(21)	38	17		<ul style="list-style-type: none"> Employees underspend of £38k (12%) due to a vacant post. This is offset by £20k (50%) overspend on outsourcing surveying services. £3k savings on staff mileage claims (25%). £38k (8.3%) shortfall in overall building control income.
Community Initiatives	(27)	(1)	(28)	6	<ul style="list-style-type: none"> Employees underspend of £8k (2%). £2k (56%) underspend on staff mileage costs and £11k (1%) underspend across supplies and services of which £10k underspend from absorbing grant allocation costs into the team. Carry forward of £6k relates to Locality budgets c/f request.
Private Sector Housing	(12)	87	75		<ul style="list-style-type: none"> Employees underspend of £12k (2.4%) due to member of staff being on reduced hours plus greater amount of staff costs is being recouped from DFG in Healthy homes. Mileage claims savings of £4k (89%). Small overspend on legal fees. Shortfall in overall income of £87k (48%) from HMO licences, civil penalties and redress scheme.
Bereavement Services	35	(108)	(73)		<ul style="list-style-type: none"> Employees overspend of £21k (9%) due to an additional Asst Manager role. Post holder is responsible for increasing recovery of income for assisted funerals and a new source of income. Small overspend of £12k (2%) across premises, supplies and services and third party payments. £108k (7%) additional income due to Weeley crematorium being shut that had resulted in an increased income from cremations.

Service Area	Variance			Carry Forwards	Comment
	Spend £'000	Income £'000	Net £'000	£'000	
Cultural Services	(93)	22	(71)	72	<ul style="list-style-type: none"> Underspend on staff costs, third party payments and goods for resale is offset and balanced by a shortfall in VIC sales income, guided tours and advertising. This resulted in a very small pressure of £1k at year end. Carry forwards of £72k - £2.5k for Women Tour Cycling, the remainder of carry forward relates to Cultural Strategy and Events fund.
Colchester Museums	(156)	97	(59)	111	<ul style="list-style-type: none"> £45k underspend relates to casual staff, publicity, business development and some gain on stock provision. Income shortfall of £97k (18%) on Guided Tours, general admissions and schools income. This is due to Castle's late opening from mid-May and the limited capacity due to Covid restrictions that were still in place at the time. Admissions net income loss was reclaimed from the Government under their income loss compensation scheme. This is being recorded corporately. Carry forwards of £111k - £10k Heritage Live, £5k Capt. Jones & Lt Pinto, £11k Priory security funding, £7k Arts and Heritage project officer post, £48k for Red Lion Mosaic, £30k – Our Heritage.
Colchester and Ipswich Museums (CIMS)	(87)	9	(78)		<ul style="list-style-type: none"> CIMS is a ring-fenced budget. Underspend of £64k (3%) on employees. This is due to lower casual staff requirements during lockdown and a freeze on recruitment due to ongoing uncertainty relating to the pandemic. £19k (10%) underspend on premisses relating to running costs and £7k (49%) underspend on staff travel. Other underspend relates to Supplies and services offset by third party provision payments linked to staff underspend. Much of the underspend relates to delays in spend. These funds are fully committed to be spend in a new financial year.

Service Area	Variance			Carry Forwards	Comment
	Spend £'000	Income £'000	Net £'000	£'000	
					<ul style="list-style-type: none"> £9k (0.5%) shortfall in income relates mainly to Museum Events. Retail income target had been reduced by £10k due to income loss re-imbursement claim from MHCLG on behalf of CIMS.
Customer					
Assistant Director Customer	6	-	6		<ul style="list-style-type: none"> Small overspend relating to superannuation adjustment (12%).
Accounts & Debt	16	(5)	11		<ul style="list-style-type: none"> The overspend mainly relates to employee costs £46k (7%), offset by underspends on training £12k (70%), central stationery £10k (95%) and IT costs £10k (29%) Income variance relates to court fees recovered. (100%).
Local Taxation & Business Rates	(50)	(255)	(305)	46	<ul style="list-style-type: none"> The underspend relates to New Burdens funded posts - £46k of the underspend is being requested as a carry forward to help with the recovery and stabilisation of collection following the team's additional workload during the Covid Grant allocation. The income variance relates to unbudgeted New Burdens income £146k (586%), unbudgeted reimbursement of council tax costs £85k (100%), and additional Court Fees Recovered income £26k (9%) with an NNDR Admin Grant shortfall of £3k (1%).
Benefits & Hub	(158)	(36)	(194)	98	<ul style="list-style-type: none"> Underspends on employee costs (£98k) due grant funded fixed-term posts straddling two financial years. This amount is being requested as a carry forward to fund the remaining term of the posts. Also underspends on IT costs £35k (29%) and print and postage costs of £24k (24%). The income variance relates to the balances of one-off new burdens funding for Test and Trace and Covid Response (24%).
Contact & Support Centre	27	6	33		<ul style="list-style-type: none"> Messenger & Post Room postage £28k over budget (72.4%), with a £6k under recovery of income (65.25%).

Service Area	Variance			Carry Forwards	Comment
	Spend £'000	Income £'000	Net £'000	£'000	
Electoral Services	106	(130)	(24)		<ul style="list-style-type: none"> The overspend relates to the cost of running the May 2021 Election. The income variance relates to Election claims.
Customer Digital & Systems	(202)	-	(202)	175	<ul style="list-style-type: none"> £57k underspend on employee costs - recruiting into vacant posts was challenging and posts remained vacant for longer than expected (8.74%). Carry Forward: £30k employee funding was agreed by the Transformation Board in March 21 and was intended for 21/22 but work is now expected in 22.23. Carry Forward: £145k due to Northgate's land and property product road map being revised meaning some modules will now be delivered in 22/23. This also pushes additional licence costs and a legacy system cost extension into 22/23.
Land Charges	18	(57)	(39)		<ul style="list-style-type: none"> A £57k over recovery of income (22.9%) meant that the demand for searches increased, and third-party payments has overspent £17k (53%). Overspend on software licences £3k (19.72%).
Benefits – Payments & Subsidy	(5,373)	5,422	49		<ul style="list-style-type: none"> Variances on both expenditure and income are due to the fall in the level of payments being made and subsidy earned which is directly due to claimants moving on to Universal Credit. Overpayment collection has maintained a steady level throughout the year and resulted in c£70k greater than budget by year end. The provision for bad debt increased due to the expansion of UC moving the debt away from clawback and the aging of the whole HB debt making it harder to recover. The DWP DHP grant has been fully utilised in year.
Environment					

Service Area	Variance			Carry Forwards	Comment
	Spend £'000	Income £'000	Net £'000	£'000	
Assistant Director Environment	(6)	-	(6)		<ul style="list-style-type: none"> Employee underspend due to reduced PA hours (4.74%).
Neighbourhood Services	(76)	(327)	(403)	557	<ul style="list-style-type: none"> £510k employee overspend to maintain Waste Collections (14.8%). £67k overspend on redundancy payments. (100%). £93k overspend on tree and shrub maintenance due to emergency works to widespread damage following Storm Eunice. £129k underspend on Fleet relates to delays in replacing light fleet and caged tippers (10.49%). As a result of global market fluctuations there was a £479k over recovery of income derived from the sale of recyclable materials and £101k savings on associated contractor costs (12.8%). Recycling Credit Claim income achieved £94k more than budget (5.5%) Shortfall of income on Market & Street Trading £174k (75.23%), Trade Waste Collections £20.8k (3.31%), Beach Hut licence fees £19.8k (16.13%) and Roundabout advertising £20k (100%). Carry Forwards relate to spend committed in 22.23 on Strategic Priorities (£121k), Waste and Green and Blue Strategy Development (£80k), Colchester Woodland planting year 3 of 5 (£55), Trade Waste relaunch (£13k), Fleet Replacement Programme (14k), Signage Works (£23k), Summer Rangers (£10k) and Field Gate Quay repair works (£240k).
Car Parking	(8)	(325)	(333)		<ul style="list-style-type: none"> The expenditure variance mainly relates to an underspend on NNDR £11k (1%). Parking income over-recovered during the year; Pay and Display was £278k over (10%), Season Tickets/Permits £1k over (1%) and PCN income £46k over (25%). Note: For 2021/22 there was £1M adjustment to reduce the income budgets to reflect the impact of Covid.

Service Area	Variance			Carry Forwards	Comment
	Spend £'000	Income £'000	Net £'000	£'000	
North Essex Parking Partnership (NEPP)	(199)	233	34		<ul style="list-style-type: none"> NEPP budgets are ring-fenced and operate within budget, with the deficit being transferred from the Decriminalised Parking Reserve at year-end.
Corporate & Improvement (incl. CDC)					
Corporate & Democratic Core	33	(73)	(40)	-	<ul style="list-style-type: none"> Overspends on Banking Transaction Charges (29%). More income from Council Tax Sharing Agreement (18%).
Assistant Director Corporate & Improvement	(5)	-	(5)	-	<ul style="list-style-type: none"> Underspend on service training budget (38%).
Finance	(36)	-	(36)	105	<ul style="list-style-type: none"> Underspends across employee costs due to vacant posts (8%) offsetting overspends on agency staff, recruitment costs (100%) and asset valuation fees (54%). A carry forward has been requested relating to consultancy work for ABS to implement Capital onto the My Budget system and for moving the finance system onto a cloud base solution.
ICT	25	(63)	(38)	18	<ul style="list-style-type: none"> Overspends mainly across supplies and services including Microsoft software licences (14%). More income received from CBH for their proportion of the mobile phone bundle (23%) and Street Name and numbering fees (34%). Carry forwards have been requested relating to delayed works at Shrub End, mobile phone and headset purchases delayed delivery.
People & Performance	(95)	74	(21)	29	<ul style="list-style-type: none"> Underspends due to vacant posts (2%), one off central training budgets which have been requested as a carry forward (64%), shared payroll service (33%) and staff travel plan (100%). Less income from staff car parking due to home working and part year closure of Rowan House (85%). Carry forwards have been requested relating to E&D training, transformational leadership and SMT coaching remaining one off budgets.
Governance	150	(94)	56	91	<ul style="list-style-type: none"> Overspends due to redundancy and pension strain costs associated with a restructure of the hall keeping team to deliver agreed savings

Service Area	Variance			Carry Forwards	Comment
	Spend £'000	Income £'000	Net £'000	£'000	
					<p>(100%), not having had sufficient vacant posts yet this year to achieve the budget target for vacancies, employee costs in Hallkeepers as a higher saving was allocated to service than could be achieved with the agreed reduction in level of Hallkeepers (67%), members equipment hire due to Mark's Tey Radio streaming costs (100%), higher insurance costs (5%) offset slightly by underspends across transport costs (94%) and one off Queens Jubilee budget underspend which has been requested as a carry forward.</p> <ul style="list-style-type: none"> • More income in insurance from CBH as CBC now manage their premiums offsetting costs incurred. • Carry forwards have been requested relating to web streaming solution for the Grand Jury Room, remaining covid memorial one off budget and remaining Queens Jubilee one off budget.
Communications	(16)	-	(16)	16	<ul style="list-style-type: none"> • Overspend due to not having had sufficient vacant posts yet this year to achieve the budget target for vacancies offset by underspends across marketing spend (6%). • A carry forward has been requested relating to new marketing priorities for 2022/23.
Place & Client					
Assistant Director Place & Client	(3)	-	(3)		<ul style="list-style-type: none"> • Small underspend on the 'opportunities for transformation' consultancy (incl. Sport & Leisure) budget £5k (10%).
Place Strategy	(555)	-	(555)	681	<ul style="list-style-type: none"> • Underspends mainly relate to the carry forward requests for Local Plan, LDF, Local design code, metal arch recovery funding and orbital spending priorities. • Underspends also across salaries due to vacant posts (4%).
Housing	(428)	(24)	(452)	378	<ul style="list-style-type: none"> • Carry forwards have been requested relating to the underspend of the Affordable Housing New Homes Bonus as a project was unable to proceed this year and temporary accommodation shower refurbishment. • Underspend on salaries due to a vacant post (19%).

Service Area	Variance			Carry Forwards	Comment
	Spend £'000	Income £'000	Net £'000	£'000	
					<ul style="list-style-type: none"> More income for rents and service charges from council dwellings (15%)
Planning	119	(84)	35	4	<ul style="list-style-type: none"> Overspends due to planning appeal costs (100%), legal (180%) and management consultancy costs (200%). Underspends on salaries due to vacant posts (5%) offsetting overspend on consultancy to cover these vacant posts (100%). More income received from planning fees (6%). Carry forwards have been requested relating to the remaining New Homes Bonus Funded Heritage Project and Town Wall Spending Priorities Funding.
Sustainability & Climate Change	(87)	-	(87)	93	<ul style="list-style-type: none"> Underspends mainly relates to the carry forward requests for Fixing the Link 2, transport strategy spending priorities and E-cargo bike recovery funding. Small overspend across salaries (2%) and subscription to Transport East ongoing corporate membership (100%).
Client – Commercial Company	-	(172)	(172)		<ul style="list-style-type: none"> The budget was set in late 2020 during the Covid pandemic, and then a potential dividend of £111k was forecast during the year. However, as a group the companies have recovered better than expected, coupled with some key achievements, and an increased dividend above the original forecast has resulted.
Corporate Asset Management	(2)	(27)	(29)	25	<ul style="list-style-type: none"> There were underspends on both the Town Hall £33k and Rowan House £7k in year although £7k and £18k have been requested to carry forward some budget due to delayed refurbishment works. Corporate repairs and maintenance for general fund buildings was over budget due to some unexpected costs arising from heating and drainage works. Income was higher than budget due mainly to recovery of costs for external drainage and engineering works £27k.

Service Area	Variance			Carry Forwards	Comment
	Spend £'000	Income £'000	Net £'000	£'000	
Commercial & Investment	(19)	(675)	(694)	69	<ul style="list-style-type: none"> Commercial properties have some underspends including Housing Development £69k (subject to a carry forward request) and some refunds from utility companies £26k. Rental income was better than the 21/22 budget primarily due to the assumed impact of Coronavirus lockdown and there were gains in year from many of the industrial sites, however some of this was offset by shortfalls in the retail and leisure rentals. The covid pandemic hindered the fibre broadband infrastructure construction phase through 2020/21, and the consequent related delays to growing the new connecting customer base in 2021/22 as the network was completed. This resulted in an expenditure budget pressure of £57k alongside a £38k shortfall of income.
Sport and Leisure	(196)	(808)	(1,004)	18	<ul style="list-style-type: none"> Employee savings on salaried staff were £423k (16%) which was partially offset by increased casual costs and overtime £184k (43%). Utility costs were varied with £47k (21.6%) electricity and £17k (11%) water over budget, offset by £67k (26.6%) gas under budget. NNDR costs were £32k higher than budget as CNG valuation finally received. The CNG site however produced £156k (61%) grounds and building maintenance savings due to the delayed opening. Supplies and Services over budget by £171k (30%) which reflects expenditure getting back to normal levels, and as CNG site became fully active. A request to carry forward £18k of equipment budgets has been made to complete some of the improvement/replacement that has been made to improve the customers experience as they return to the centres. The final income position by year end was £0.8m (22.4%) better than budget, reflecting a good recovery following the lifting of the second lockdown. This included improved income on Pools £391k (56%), Swimming Lessons £176k (60%), Aqua Springs £113k (40%), Dryside £64k (51%) Catering £41k (25%), Car Park £55k (98%) and

Service Area	Variance			Carry Forwards	Comment
	Spend £'000	Income £'000	Net £'000	£'000	
					Zoggs' sales £16k (21%). CNG income was £116k (17%) lower than budget but reflects the delay in opening of the site.

End Of Year 2021/22

<u>Account Description</u>	<u>Actual for Year £'000</u>	<u>Budget for Year £'000</u>	<u>Variance (under) / over £'000</u>
HRA - Direct & Non-Direct			
EXPENDITURE			
Employees	265	225	40
Premises Related	7,196	6,965	231
Transport Related	0	1	-1
Supplies & Services	919	1,487	(568)
Third Party Payments	3,853	3,839	14
Transfer Payments	72	128	(56)
Support Services	3,236	3,450	(214)
Capital Financing Costs	14,623	15,088	(465)
TOTAL EXPENDITURE	30,164	31,183	(1,019)
INCOME			
Other Grants & Reimbursements	(168)	(139)	(29)
Customer & Client Receipts	(29,996)	(30,573)	577
Income-Interest	(13)	(16)	3
Inter Account Transfers	(55)	(56)	1
TOTAL INCOME	(30,232)	(30,784)	552
TOTAL NET - HRA	(68)	399	(467)
<i>Technical Items:-</i>			
Carry Forwards		(318)	318
OVERALL - POSITION	(68)	81	(149)