

Governance & Audit Committee

Item

11

22nd June 2021

Report of	Chief Operating officer	Author	Paul Cook ☎ 505861 Darren Brown ☎ 282891
Title	Financial Monitoring Report – End of Year 2020/21		
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 2020/21.

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 2020/21.

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 23rd March 2021. This was as at Quarter 3, and showed a projected net overspend of £9.283m on the General Fund, before Government funding and the use of reserves. Within the report it recognised that there remained a number of potential changes to the forecast, meaning that it was expected the outturn would be broadly in line with the assumption made when setting the 21/22 budget, and that there would be an unplanned use of reserves of £1m. The Housing Revenue Account was being forecast to be on budget.
- 4.2 The accounts for 2020/21 have been signed and this report has been prepared using these 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 a net deficit after carry-forwards of £0.038m. 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 **£7.972m over budget**.
 - Included within this, we have received a net £7.7m less income than assumed within the budget, the majority of which we have been forecasting all year as a result of Coronavirus from our key income earning services such as parking, sport & leisure, commercial & investment properties, museums and the Amphora dividend.
 - There are a number of one-off technical items which have mitigated this pressure, which primarily relate to £8.9m of Government support for Coronavirus as reported during the year, and miscellaneous Government Grants.
 - 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 have contributed to the cost pressures in-year, including; an increase in the level of bad debts provision required, an external audit recommendation to provide MRP on our investment in Amphora Energy, pension costs and the increase to the General Fund minimum balances as agreed by Cabinet as part of the 20/21 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 2021/22, 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	(140)	(262)	122	-	122
Executive Management Team	893	690	203	-	203
Corporate & Improvement	6,671	6,714	(43)	343	300
Customer	3,483	4,069	(586)	166	(420)
Community	536	619	(83)	229	146
Environment	8,180	5,113	3,067	455	3,522
Place & Client	6,499	4,003	2,496	1,604	4,100
Sub-Total Services	26,122	20,946	5,176	2,797	7,973
NEPP	1,164	1,162	2	(2)	-
CIMS	1,165	1,246	(81)	81	-
Benefits	(684)	(627)	(57)		(57)
General Fund / HRA	11,582	11,366	216		216
HRA Contingency (cost shown above)		60	(60)		(60)
Total Services	39,349	34,153	5,196	2,876	8,072
Pensions	72		72		72
MRP	1,601	1,501	100		100
CLIA	689	823	(134)		(134)
Provision for Bad Debts	(30)	(89)	59		59
Misc & Banking Adjustments	(26)		(26)		(26)
Gov't grants - Covid 19	(2,838)	(500)	(2,338)		(2,338)
Gov't grants - Covid 19 - Furlough	(749)	(141)	(608)		(608)
Gov't grants - Covid 19 - Income Support	(6,098)	(666)	(5,432)		(5,432)
Misc Gov't grants	(249)		(249)		(249)
LCTS Hardship Funding	1,140	1,152	(12)	12	-
Increase GF minimum balance (Nov 19 Cabinet)		(130)	130		130
General service related items		1,496	(1,496)	1,888	392
Business Rates Pool	(985)		(985)	985	-
Total (all)	31,876	37,599	(5,723)	5,761	38

5.3 The above table shows approved carry forward requests and other technical accounting adjustments totalling £5.761m. The key items include:-

- £0.960m in respect of specific Strategic Plan items within services
- £0.842m of Strategic Plan funded items yet to be allocated to service budgets
- £0.500m of 20/21 NHB allocated to support the impact of Covid-19
- £0.460m of Government grant towards impact of Covid additional restrictions
- £0.375m in respect of Hythe Quay River Wall repairs
- £0.985m in respect of the business rates pooling gain
- £0.300m for Investment & Corporate buildings supporting asbestos surveys, monitoring & remedial works, and refurbishment
- £0.460m of Covid Recovery and Transformation funding supporting projects in 21/22
- £0.243m in respect of New Homes Bonus Affordable Housing element
- £0.207m linked to various projects within Corporate & Improvement due to Covid-19, including marketing to promote Colchester and recovery, digital improvements to the Town Hall and the Rowan House refurbishment project
- £0.136m linked to various projects in Customer, including Dynamics and Northgate implementation, and electoral canvass reform processes
- £0.050m in respect of funding allocated for Local Development Framework

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

Draft Outturn Summary:-	£'000	£'000
Cost Pressures:-		
• Covid related additional staffing costs (not charged to services)	245	
• Net Neighbourhoods (within waste service; Recycling credits / Employee & Contractor costs / Materials / Fleet costs)	1,301	
• Planning (cost of planning appeals)	61	
• Governance (net overspend across employee costs, Covid-related H&S expenditure, insurance & audit costs. Additional net income from CBH and civic events)	73	
• Finance (recruitment & agency / finance system upgrade costs)	155	
• ICT (net overspend mainly on employee costs, unbudgeted Covid IT costs, securing supply of laptops a year earlier than planned due to Covid, and more income from CBH on mobile phones)	126	1,961
Less income:-		
• Council Tax Sharing Agreement	104	
• Commercial & Investment	823	
• Amphora Dividend	301	
• Car Parking Income	2,220	
• Museums <i>net</i> shortfall in income due to Coronavirus	343	
• Sport & Leisure <i>net</i> shortfall in income	3,369	7,160
Underspends / income gains:-		
• Planning income	(240)	
• Corporate Asset Mgt (Utilities and Town Hall (ex-memoirs) refurbishment works, more income from CBH Management Fee)	(114)	
• Electoral Services (no elections held in 20/21 due to Covid, resulting in savings on staff costs, buildings and printing & postage, and unbudgeted IER grant for Registration)	(165)	
• Net Customer Benefits & Hub (underspends on employee and printing & postage costs, additional DWP income received)	(142)	
• Net Customer Digital & Systems (mainly on employee costs)	(81)	
• Bereavement (Employees/Grounds Mtce/Materials/Income)	(216)	(958)
Corporate / technical items		
• Govt grants - Covid support (net of transformation/recovery use)	(8,378)	
• Net Benefits gain	(57)	
• MRP on CAEL Investment (BDO Recommendation)	265	
• Net interest paid / received	(134)	
• Provision for Bad Debts increase	59	
• Pensions	72	
• Misc Govt grants	(249)	
• Increase GF minimum balance	130	
• Various service related and misc. technical items	167	(8,125)
Total	38	38

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 lower net overspend 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 from Bereavement services, less expenditure in Neighbourhoods, more net parking income than forecast, more Planning income and less net expenditure in Sport & Leisure.
- 5.8 Appendix B highlights there is less expenditure of £2.574m with less income of £7.750m. Expenditure savings primarily relate to sport & leisure, and those services where a carry forward has been agreed. Income shortfalls primarily relate to sport & leisure, parking and museums, which are as a result of Coronavirus and the impact of national lockdowns and have been reported during the year.

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:-
- £8.9m of Government grants to support the Covid pandemic, including additional cost pressures, the furlough scheme and Sales, Fees & Charges income losses (£0.5m of this has been allocated for transformation / recovery).
 - £100k pressure on MRP (one-off of £265k which relates to the loan element of our investment in Amphora Energy following an accepted external audit recommendation).
 - £134k gain from net interest paid/earned, as a result of the level of new borrowing required for the capital programme.
 - £59k cost from an increase in provision for bad debts and £72k cost relating to pensions.
 - Income of c£249k from ad hoc Government grant.
 - £130k cost relating to the Cabinet decision to increase the minimum level of the General Fund balance as part of the 20/21 budget setting cycle.
 - £12k balance of LCTS hardship funding which will be carried forward.
- 5.10 In respect of business rates, provisional pooling figures show we will receive £985k 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 22/23 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 21/22 budget been adjusted to reflect this. This is particularly pertinent for the 20/21 outturn due to the significant impact Coronavirus has had on our income generating services, and any deviation that may arise from our assumptions when setting the 21/22 budget. Service managers are reviewing all outturn variances and any recurring issues will be reported alongside the emerging 2022/23 budget strategy.

- 5.12 The 2021/22 budget was based on the assumption that the 20/21 outturn would require an unplanned use of reserves of £1m. Given the position reflected in this report, we were not required to use unplanned reserves as part of the outturn, although we have used £38k of our uncommitted General Fund balance to fund the outturn deficit.

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 £182k compared to a budgeted deficit of £863 for the year, a favourable variance of £1,045k. However, there are carry forwards that reduce this variation to a favourable variance of £491k. 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 2020/21 contained within the 2021/22 HRA budget setting papers considered by Cabinet at its meeting on 27 January 2021.
- 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 2021/22, less revenue resources are required to fund the 2020/21 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 2021/22 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 £291k 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. Furthermore, the HRA earned less interest on its balances and reserves, given the extremely low cash investment rates and the use of reserves in financing the Housing Investment Programme.
- 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 than assumed in the repairs and maintenance budget, lower 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-off's during the year and the level of rent arrears at the year-end.
- 6.6 There was an overspend on Third Party payments, reflecting the funding provided in the CBH management fee to pay for the increased in-year employer pension contributions CBH now have to pay following the schemes actuarial review. 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 £554k have been approved.

One-Off/Technical Items

- 6.6 Members will be aware from the 2021/22 Budget Report considered by Cabinet at its meeting of 27 January 2021, that an underspend on interest payable costs was forecast for 20/21, reflecting the level of borrowing required to support the 20/21 Housing Investment Programme, together with the very low PWLB borrowing rates available. As a direct result of the favourable variance in the HRA this financial year, we have been able to use some of these additional revenue resources to make an additional revenue contribution to fund the 2020/21 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 2021 is £4,489k. However, £2,889k of this balance is currently committed to future years in order to fund revenue expenditure committed to during 2020/21, 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 2021.
- 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 2020/21 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 2022/23.

7. Strategic Plan references

- 7.1 The priorities within the Strategic Plan are reflected in the Medium-Term Financial Forecast, albeit having been reviewed to deal with the impact of the Coronavirus. This 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 2020/21 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 2020/21 revenue budget report that was approved by Council in February 2020 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	305	(445)	(140)
	Total	305	(445)	(140)
	Executive Management Team			
	EMT	648	-	648
	Coronavirus	276	(31)	245
	Total	924	(31)	893
	Community Services			
	Assistant Director Communities	157		157
	Licencing, Food & Safety	478	(464)	14
	Community Safety	622	(630)	(8)
	Environmental Health Services	614	(149)	465
	Building Control	348	(366)	(18)
	Community Initiatives	1,035	(778)	257
	Private Sector Housing	476	(296)	180
	Bereavment Services	738	(1,700)	(962)
	Cultural Services	641	(72)	569
	Colchester Museums	5	(123)	(118)
	Total	5,114	(4,578)	536
	Customer Services			
	Assistant Director Customers	154		154
	Accounts & Debt	705	(162)	543
	Local Tax & NNDR	540	(642)	(102)
	Benefits & Hub	1,086	(181)	905
	Contact & Support Centre	1,081	(23)	1,058
	Electoral Services	271	(48)	223
	Customer Digital & Systems	900	(61)	839
	Land Charges	132	(269)	(137)
	Total	4,869	(1,386)	3,483
	Environment Services			
	Assistant Director Environment	140		140
	Neighbourhood Services	12,606	(3,902)	8,704
	Car Parking	1,041	(1,705)	(664)
	Total	13,787	(5,607)	8,180

		Actual Outturn		
	Area	Spend	Income	Net
		£'000	£'000	£'000
	Policy and Corporate			
	Assistant Director Place & Client	138		138
	Place Strategy	862	(137)	725
	Housing	4,196	(2,752)	1,444
	Planning	1,258	(1,574)	(316)
	Sustainability & Climate Change	176	(34)	142
	Garden Communities	705	(271)	434
	Sub-Total	7,335	(4,768)	2,567
	<i>Company Related:-</i>			
	Client - Commercial Company	1,994	(227)	1,767
	Corporate Asset Management	1,748	(322)	1,426
	Commercial & Investment	479	(2,599)	(2,120)
	Sport & Leisure	3,559	(700)	2,859
	Total	15,115	(8,616)	6,499
	Corporate and Improvement			
	Assistant Director Corp & Improvement	132		132
	Finance	1,193	(106)	1,087
	ICT	1,927	(271)	1,656
	People And Performance	830	(160)	670
	Governance	3,079	(445)	2,634
	Communications	687	(195)	492
	Total	7,848	(1,177)	6,671
	Total (all)	47,962	(21,840)	26,122

End of Year – Subjective Analysis

Account Description	Actual £'000	Budget £'000	Variance (fav) / adv £'000
By Subjective Group			
Employees	24,481	25,137	(656)
Premises Related	7,814	8,185	(371)
Transport Related	1,483	1,713	(230)
Supplies & Services	8,229	10,045	(1,816)
Third Party Payments	5,449	5,147	302
Transfer Payments	489	293	196
Capital Financing Costs	17	16	1
Subtotal Expenditure	47,962	50,536	(2,574)
Government Grant	(2,512)	(2,460)	(52)
Other Grants & Reimbursements	(4,821)	(4,920)	99
Customer & Client Receipts	(14,285)	(22,005)	7,720
Income-Interest	(222)	(205)	(17)
Subtotal Income	(21,840)	(29,590)	7,750
Total General Fund Services	26,122	20,946	5,176

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	(42)	-	(42)	-	<ul style="list-style-type: none"> Underspend due to Director change of hours and no pension costs for 9 months offset slightly by pension strain costs (2%). Underspends across all general spend (79%).
Coronavirus	276	(31)	245	-	<ul style="list-style-type: none"> Net overspends 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 (100%) this was done to capture the information in case we needed to make a claim to MHCLG for such costs.
Community					
Licensing and Food Safety	(52)	74	22		<ul style="list-style-type: none"> £38k underspend on staff due to vacant posts and savings on training costs (8%). Further savings on travel £4k (47%) and £9k on equipment and material. Income shortfall of £74k (13.8%) mainly in Licensing, impact of Covid-19 on businesses, some ceasing trading.
Community Safety	(140)	-	(140)	122	<ul style="list-style-type: none"> £16k of underspend due to focus on Covid related activities. Large part of the underspend relates to £122k being carried forward for future community safety initiatives and temporary Community Safety post staff allocation.
Environmental Health Services	(28)	13	(15)		<ul style="list-style-type: none"> £15k (3%) underspend on casual staff costs. Further underspend of £8k (100%) under Animal control – stray dog boarding and £5k (23%) across testing and supplies. £13k (8%) less income in Animal / Pest Control.

Service Area	Variance			Carry Forwards	Comment
	Spend £'000	Income £'000	Net £'000	£'000	
Building Control	(58)	91	33		<ul style="list-style-type: none"> Employees underspend of £54k (15%) absorbing Vacancy factor savings against vacant posts. £5k (41%) savings on staff mileage costs. £91k (20%) shortfall in overall building control income.
Community Initiatives	(32)	(1)	(33)	20	<ul style="list-style-type: none"> Employees underspend of £18k (4%) due to savings on a vacant post. £2k (54%) underspend on staff mileage costs and £12k (2%) underspend across supplies and services of which £10k underspend from absorbing grant allocation costs into team. Carry forwards of £20k include £1k Locality budgets underspend and £19k Apprentice post to support NICS work.
Private Sector Housing	(22)	21	(1)		<ul style="list-style-type: none"> Employees underspend of £21k (4%) due to member of staff being on reduced hours, vacant Support Officer post in Healthy homes and mileage claims savings. Small pressure of £2k (24%) under IT software and legal fees. Shortfall in overall income of £21k (6.5%) from CBH to PSH, SLA not being renewed. More inspections income and civil penalties issued offset by a shortfall of legal notices served and redress penalty scheme income.
Bereavement Services	(101)	(115)	(216)		<ul style="list-style-type: none"> Small employees underspend of £5k (2%). £71k (18%) underspend on grounds and building repairs linked to Covid restrictions. £33k (28%) underspend on Premises running costs such as electricity, water and cleaning. £3k (22%) Net overspend on Assisted Funerals that had increased in numbers. £9k (9%) overspend across supplies and services mainly on ICT licensing and backdated broadband costs.

Service Area	Variance			Carry Forwards	Comment
	Spend £'000	Income £'000	Net £'000	£'000	
					<ul style="list-style-type: none"> £131k additional income.
Cultural Services	(63)	36	(27)	38	<ul style="list-style-type: none"> £8k (5%) staff underspend, mainly overtime and casual staff. £8k (91%) underspend on goods for resale is offset by £15k (84%) shortfall in sales income. Other savings of £10k (51%) on payments to coach companies is offset by £11k (99%) less income in agency fees. £5k additional grant to Arts Centre – match funding to ACE recovery grant. £4k less income in advertising and £6k in guided tours (74%). Carry forwards of £38k - £12k for Women Tour Cycling, £16k for Cultural Strategy consultancy and £10k of Cultural and Events fund.
Colchester Museums	(114)	408	294	49	<ul style="list-style-type: none"> £16k (54%) underspend on casual staff. £9k (100%) underspend on business development. Large income shortfall of £408k (77%) due to closure of the Castle and the limited capacity due to Covid restrictions. A significant proportion of the lost income had been claimed from the MHCLG under the income loss and compensation scheme. This is being recorded corporately. Carry forwards of £49k - £11.2k Heritage Live, £6k Capt Jones & Lt Pinto, £11.2k Priory security funding, £12.6k Arts and Heritage project officer post, £8k Roman Circus
Colchester and Ipswich Museums (CIMS)	(200)	119	(81)		<ul style="list-style-type: none"> CIMS is a ring-fenced budget. There is £89k (4%) underspend on employees. This is mainly due to some vacant posts and not use of casual staff due to venues closure. Small overspend on premisses of £5k (3%) relates to backdated NNDR bill and water charges pressure offset by savings on energy bills. £8k (85%) underspend on staff travel. £32k (£97%) loss of Event's income offset by additional £5k grant from BM.

Service Area	Variance			Carry Forwards	Comment
	Spend £'000	Income £'000	Net £'000	£'000	
					<ul style="list-style-type: none"> Net shortfall in Retail originally forecasted had been reduced by £38k income loss re-imbursement claim from MHCLG on behalf of CIMS. This resulted in overall £36k Net shortfall.
Customer					
Accounts & Debt	36	(6)	30		<ul style="list-style-type: none"> The overspend relates to redundancy and pension strain costs (100%). Income from MacMillan to offset costs incurred (100%).
Local Taxation & Business Rates	(49)	74	25		<ul style="list-style-type: none"> The underspend relates to in-year new burdens funding which offsets the costs of additional work associated with the Covid Business Grants rollout (64%) The reduced income relates to court fees recovered due the courts being closed since April 2020 (25%).
Benefits & Hub	(91)	(51)	(142)		<ul style="list-style-type: none"> Underspends on employee costs (£44k) due to CBC not operating out of the library/Community Hub and a vacant post in Benefits Processing (5%). Also underspends on print and postage costs (£34k) due to revenues and benefits customers converting to online (31%). Savings on print and post built into the 21/22 budget. The income variance relates to additional DWP one-off new burdens income received in-year (40%).
Contact & Support Centre	(75)	-	(75)		<ul style="list-style-type: none"> Underspends on employee costs (£45k) due to staff leaving and posts being held vacant for 2021/22 efficiency savings (4.09%). £30k underspends on supplies and services which includes MFD contract savings built in to the 2021/22 budget. (50.3%)

Service Area	Variance			Carry Forwards	Comment
	Spend £'000	Income £'000	Net £'000	£'000	
Electoral Services	(150)	(45)	(195)	30	<ul style="list-style-type: none"> Due to Covid 19 there were no elections held in 20/21 resulting in savings on staff costs, buildings, print and postage costs– this is a one-off saving. (75%) The income variance relates to unbudgeted IER grant for Electoral Registration (100%). Carry Forward: £30k IER Grant funding for election canvass - due to Covid different methods will be used for the annual canvass process and this may lead to higher costs.
Customer Digital & Systems	(217)	-	(217)	136	<ul style="list-style-type: none"> £87k underspend on employee costs due to staff changes and planned budget savings. (10.9%) Carry Forward: £30k employee funding was agreed by the Transformation Board in March 21 and is intended for 21/22 spend. £116k underspend on system software licences due to negotiated phasing of licensing costs in line with extended implementation into 21/22. (38.4%) Carry Forward: £106k due to Northgate's land and property product road map being revised some modules will now be delivered in 21/22. This also pushes additional licence costs and a legacy system cost extension into 21/22.
Land Charges	9	(20)	(11)		<ul style="list-style-type: none"> £19.8k additional income (7.9%.)
Benefits – Payments & Subsidy	2,312	(2,369)	(57)		<ul style="list-style-type: none"> HB payments and the main DWP subsidies were higher than the 2020/21 budget set for both private sector & housing tenants producing a net underspend for these areas of £51k. The LA Error Incentive income claimed is £6k lower than budget. The cost of homelessness was overspent by £64k, but this is offset by £59k funding from CBC Housing (Place & Client Services). DWP administration grant received in year was £106k higher than the budget set.

Service Area	Variance			Carry Forwards	Comment
	Spend £'000	Income £'000	Net £'000	£'000	
					<ul style="list-style-type: none"> Increased levels of recovery of HB overpayments have resulted in c£90k more than original budget, however, this has been offset by a technical adjustment to reflect the changing level of debt. The overall level of debt is falling because of Universal Credit, and the bad debt provision has been reduced and accounted for within the Technical Services area. The DWP DHP grant has been fully utilised in year.
Environment					
Neighbourhood Services	1,018	(172)	846	455	<ul style="list-style-type: none"> £271k overspend on Domestic Waste Collections Agency Staff to maintain services of which £114k relates specifically to absences due to Covid-19 (8.3%.) Recycling Kit stock levels were monitored against customer demand all year which resulted in a £147k overspend (66.7%.) Following a global downturn in the value of recycled paper and plastic £550k additional contractor costs were incurred to ensure materials collected could be moved and contamination levels minimised to achieve best value. Recycling Credit Claim income achieved £243k more than budget, this was partially offset by shortfalls across the service following the impact of Covid-19. Carry Forwards relate to spend committed in 21.22 on Trade Waste relaunch (£5k,) Colchester Woodland planting year 2 of 3 (£52k,) Signage project work (BID) (£23.6k) and failed steel piling work (£375k.)
Car Parking	(54)	2,274	2,220		<ul style="list-style-type: none"> The expenditure variance mainly relates to underspends on the landlord service charge (£44k) and NNDR savings (£7k) following the in-year surrender of the lease on Middleborough car park.

Service Area	Variance			Carry Forwards	Comment
	Spend £'000	Income £'000	Net £'000	£'000	
					<ul style="list-style-type: none"> Due to the impact of Covid 19, all parking income under-recovered during the year; Pay and Display was £2,208k under (59%), Season Tickets £27k under (49%) and PCN income £41k under (23%).
North Essex Parking Partnership (NEPP)	15	29	44		<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	17	104	121	-	<ul style="list-style-type: none"> Overspends on Audit costs (10%) and Banking Transaction Charges (8%). Less income from Council Tax Sharing Agreement (19%).
Assistant Director Corporate & Improvement	(10)	-	(10)	-	<ul style="list-style-type: none"> Underspend on service training budget (58%) as staff have not been able to attend training due to Covid-19.
Finance	145	-	145	10	<ul style="list-style-type: none"> Overspends on employee costs due to agency costs to cover vacant posts, recruitment costs and redundancy, slightly offset due to vacant posts (11%). Unbudgeted costs due to the ABS system upgrade (100%). Overspends on asset valuation fees (64%) and subscriptions (36%). A carry forward has been approved for the delayed consultancy work for ABS to implement Capital onto the My Budget system.
ICT	120	(19)	101	25	<ul style="list-style-type: none"> Overspends across supplies and services mainly due to securing the supply of the laptops as a result of uncertainty due to Covid a year earlier than planned (100%), unbudgeted Covid IT costs (100%) and on employee costs mainly due to not having had sufficient vacant posts this year to achieve the budget target for vacancies (1%). A carry forward has been approved due to a delay in the delivery of the next phase of security and compliance for devices.

Service Area	Variance			Carry Forwards	Comment
	Spend £'000	Income £'000	Net £'000	£'000	
					<ul style="list-style-type: none"> More income received from CBH for their proportion of the mobile phone bundle (14%).
People & Performance	(134)	79	(55)	54	<ul style="list-style-type: none"> Underspends due to vacant posts (12%), shared payroll service (48%) and staff travel plan (81%) offsetting non budgeted spend on the Rowan House Space Planner (100%). Carry forwards have been approved for the Rowan House transformation project resource, Rowan House space planning consultancy costs and Equality and Diversity training. Less income from staff car parking due to home working (89%).
Governance	34	(24)	10	63	<ul style="list-style-type: none"> Overspends due to unbudgeted Covid spend mainly in Health and Safety (100%), on corporate redundancy costs (100%) and new insurance costs to include CBH premiums offset by income (100%). One off audit saving (21%) and underspends on Civic events (92%) Carry forwards have been approved for a budget towards digital improvements to the Town Hall (remote Committee Meetings), a Covid Memorial and a new board to record the Alderman's details. More income in insurance from CBH as CBC now manage their premiums offsetting costs incurred and a management fee (100%). Less income from Civic events (100%) and CBH for postage costs (75%).
Communications	(232)	(2)	(234)	191	<ul style="list-style-type: none"> Underspends relate mainly to all the carry forward requests for spending priorities, fixed term post, NSP budgets (94%) and core marketing budgets due to income generating services being closed due to lockdown (57%). Underspends also on employee costs (7%). Unbudgeted income from TCB for artwork package (100%).
Place & Client					

Service Area	Variance			Carry Forwards	Comment
	Spend £'000	Income £'000	Net £'000	£'000	
Assistant Director Place & Client	2	-	2		<ul style="list-style-type: none"> Small overspend against this new AD post related to the allocation of some corporate costs, which was offset by some savings on employees.
Place Strategy	(937)	(7)	(944)	897	<ul style="list-style-type: none"> Underspends mainly relate to the carry forward requests for Local Plan, LDF, additional restrictions grants, recovery funding work and orbital spending priorities. Underspends also across salaries due to vacant posts (7%). Small income which is offsetting costs incurred.
Housing	30	(331)	(301)	243	<ul style="list-style-type: none"> A carry forward has been approved for the underspend of the Affordable Housing New Homes Bonus as a project was unable to proceed this year. Small underspend on salaries due to a vacant post (6%). There is a overspend on homelessness of c£300k offset by an additional income. More income for rents from council dwellings (119%)
Planning	36	(240)	(204)	18	<ul style="list-style-type: none"> Overspend due to planning appeal costs (100%) and redundancy (100%). Underspends on salaries due to vacant posts (5%) offsetting overspend on consultancy to cover these vacant posts (100%). Carry forwards have been requested for the remaining New Homes Bonus Funded Heritage Project and Town Wall Spending Priorities Funding. More income received from planning fees (18%).
Sustainability & Climate Change	(190)	-	(190)	192	<ul style="list-style-type: none"> The underspend mainly relates to the carry forward requests for fixed term resource posts, Carbon Trust work, Fixing the Link 2, transport strategy spending priorities, E-cargo bike recovery funding and staff travel plan underspend.

Service Area	Variance			Carry Forwards	Comment
	Spend £'000	Income £'000	Net £'000	£'000	
Client – Commercial Company	9	301	310		<ul style="list-style-type: none"> Amphora dividend was forecast at £300k less than budget, and this shortfall was accepted at Cabinet on 9 July 2020. This reduction reflects a loss of 90% of events income the impact of which has been offset by some savings on furlough, and some delays to capital projects for which CATL receive project management fees at milestones. A small overspend on employee costs against original budget.
Corporate Asset Management	(110)	(52)	(162)	48	<ul style="list-style-type: none"> Overall, this area has come in under budget by £114k (6%) which includes £48k of Town Hall one-off works that are subject to a carry forward request. Utilities overall were £56k (27%) lower than budget including savings on both Town Hall £50k (51%) and street lighting £21k (53%). Corporate PPM contracts were honoured during the various lockdown periods, and general repairs and maintenance works were undertaken on sites, once access was allowed, to ensure Health & Safety compliance of all corporate buildings were maintained. More income was received from CBH in relation to external works undertaken by the Engineering team £20k (50%) A carry forward has been requested relating to approved £48k Town Hall (ex-Memoirs) refresh works which were unable to start on site due to lockdown.
Commercial & Investment	108	519	627	196	<ul style="list-style-type: none"> Commercial properties ended up with a net shortfall of £556k against the budget at year end, which is in line with the £531k forecast made in year. Commercial & Investment income has ended up £501k (16%) less than the budget, which is in line with the forecast of 481k. The main shortfalls are in relation to the Culver Centre of £187k (44%), Community Stadium of £145k (100%) and two NCP car parks of

Service Area	Variance			Carry Forwards	Comment
	Spend £'000	Income £'000	Net £'000	£'000	
					<p>£143k (73%). There were other shortfalls totalling £132k which were partially offset by various gains totalling £101k.</p> <ul style="list-style-type: none"> Expenditure for these properties was a net £55k more than the budget which includes pressures on the costs of the covenant release on the Lion Walk activity centre of £50k and demolition of the United Way cottages of £30k. The outturn figures also include a net overspend / less income of £71k (71%) from other miscellaneous service areas. These include £17k (100%) on a delayed European project; £73k legal costs on regeneration areas (100%) and the digital broadband project is £56k over budget with £23k (100%) of unbudgeted costs and an income shortfall of £33k (66%) There are requests to carry forward £196k of remaining specific budget, including Housing Development work undertaken by Amphora on council-owned sites, and for the impact of current lease negotiations.
Sport and Leisure	(1,512)	4,871	3,359	10	<ul style="list-style-type: none"> The cost savings made this year include: £750k (24%) on employees, including both permanent and casual staff positions, any furlough savings have been taken corporately. Other savings include overall utility costs of £231k (39%) - electricity £69k (32%); gas £86k (37%) and water £76k (51%). NNDR savings of £114k (25%) relate mainly to delay in the completion of the CNG site. Further savings on Supplies and Services totalled £345k (52%), which include general operational equipment, materials and resaleable stock. The 2020/21 final outturn includes £188k (28%) start-up costs in relation to the new CNG site, but overall there was a saving on this site of £473k (72%) against the budget. A request to carry forward £10k of the budget is in relation to the installation of LEARN2 system (swimming enrolment) which was delayed in 2020/21 due to CV-19 lockdown.

Service Area	Variance			Carry Forwards	Comment
	Spend £'000	Income £'000	Net £'000	£'000	
					<ul style="list-style-type: none"> An income shortfall of £4.9m (87%) which is as a direct result of closure of facilities due to Coronavirus, and in line with the loss forecast. The shortfall is broken down as follows: Lifestyles membership sales of £1.06m (87%), Pools £1.02m (84%), Aqua Springs £497k (99%), Swimming Lessons £440k (88%), Catering £296k (97%), Beauty Therapy £190k (90%), Dryside Activities £183k (87%), Fitness Centre £122k (96%), Welcome Zone (Zoggs) Sales £118k (90%), Highwoods and Tiptree JUSC £296k (88%), and other services totalling £152k (47%). CNG income was £489k (100%) down due to delays in completion of site for opening to the public in 2020/21.

End Of Year 2020/21

<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	305	192	113
Premises Related	6,035	6,532	(497)
Transport Related	1	0	1
Supplies & Services	1,485	1,836	(351)
Third Party Payments	3,847	3,679	168
Transfer Payments	164	198	(34)
Support Services	3,800	3,970	(170)
Capital Financing Costs	35,154	35,720	(566)
TOTAL EXPENDITURE	50,791	52,127	(1,336)
INCOME			
Other Grants & Reimbursements	(179)	(139)	(40)
Customer & Client Receipts	(29,651)	(29,885)	234
Income-Interest	(37)	(131)	94
Inter Account Transfers	(21,106)	(21,109)	3
TOTAL INCOME	(50,973)	(51,264)	291
TOTAL NET - HRA	(182)	863	(1,045)
<i>Technical Items:-</i>			
Carry Forwards		(554)	554
OVERALL - POSITION	(182)	309	(491)