

10 March 2020

<b>Report of</b>	<b>Assistant Director for Corporate and Improvement Services</b>	<b>Author</b>	<b>Paul Cook</b> ☎ 505861 <b>Darren Brown</b> ☎ 282891
<b>Title</b>	<b>Financial Monitoring Report – April to December 2019</b>		
<b>Wards affected</b>	Not applicable		

## 1. Executive Summary

1.1 This report gives the Committee the opportunity to hold Service Managers and Portfolio Holders accountable for their budgets. The financial position is summarised as follows:-

- The General Fund is showing a net underspend against services of £932k as at period 9. This includes less expenditure of £81k and more income of £851k, compared to profiled budgets.
- The current forecast outturn position for the General Fund is a net underspend of £86k.
- The Housing Revenue Account is showing a net underspend of £322k as at period 9, and is forecast to be on budget at the year-end.

1.2 Assistant Directors and their budget holders have undertaken a thorough review of the financial position for their services, which is reflected in this report. Furthermore, detailed work will be undertaken during Quarter 4 to ensure forecast outturn positions are robust, and any resulting necessary action to mitigate any forecast budget variance will be considered. In addition, Senior Management Team (SMT) continues to monitor the budget position on a monthly basis. The final end of year position will be reported for scrutiny purposes and the impact of this on balances will be considered by Cabinet as part of the budget strategy for 2021/22.

## 2. Action required

2.1 The Committee is asked to consider the financial performance of General Fund Services and the Housing Revenue Account (HRA) for the first nine months of 2019/20, and to note the forecast budget underspend of £86k on the General Fund.

## 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 This report reviews the Council's overall position based on profiled income and expenditure for the nine months to 31 December 2019, and also shows a projection of the outturn figures for the full year. 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.

### **Summary Position**

- 4.2 The projected outturn for the General Fund is currently a net underspend of £86k. The Housing Revenue Account forecast outturn position is currently to be on budget.
- 4.3 The General Fund position is set out in more detail in the following paragraphs and the HRA position explained in paragraphs 4.18 to 4.21. Budgets carried forward from 18/19 are now included in the schedules within this report, and as such will be monitored as part of the overall position.

### **General Fund – Position to 31 December 2019**

#### *Service Budgets*

- 4.4 Appendix A shows the current budget variances and forecast outturn variances by Service Group. The net position shows a variance against profiled budget for General Fund Services (excluding Benefits, NEPP & JMC) of £932k (favourable). This comprises total expenditure being £81k lower than expected and total income being £851k higher than expected. Appendix B breaks these variances down by subjective group.
- 4.5 The net position to date is broadly in-line with the net forecast outturn position. There are changes expected to expenditure and income variances between period 9 and the year-end, and this reflects a number of factors such as:
- Income either decreasing, or not continuing at the level to date for the remainder of the financial year.
  - The profiling of budgets and the impact of changes in spending and income patterns.
  - Areas where adjustments will take place as part of the closure of accounts (for example where income has been received in the current year but relates to the next financial year).
  - Budgets currently unspent for which a carry forward at year-end may be identified

#### *Income*

- 4.6 Income to the Council is below profiled budgets to date in a number of areas, with Land Charges, Trade Waste and Sport & Leisure being the most noticeable area. However, whilst Sport & Leisure are forecasting a shortfall in income of £325k, they have identified and are forecasting £246k of savings, negating some of the impact of any shortfall in income.
- 4.7 Income is above targets in a number of areas to date, but most notably in Planning, Building Control and Domestic Waste. The Council has also received £429k in respect of the agreed surrender of the Rowan House lease. As reflected in the 20/21 budget, this will be carried forward at year-end to mitigate the associated cost pressures over the next 3 years. As one of our main risk areas, income will continue to be closely monitored by officers on a monthly basis.

### *Expenditure*

- 4.8 There are variances against profiled budgets in a number of services areas, predominantly within premises, transport and supplies & services costs. This can be as a result of profiling of budgets as well as timing of expenditure.
- 4.9 Benefits payments are not shown in Appendix A & B to avoid distorting the reported position for Service Groups. It is currently projected that this area will be on budget at year end, when the final subsidy claim is paid. Furthermore, NEPP and JMC variances are not included in the Appendix A & B totals, given these areas are ring-fenced and are reported to the relevant joint committee.

### **Outturn Forecast / Risk Areas**

- 4.10 This is the third review this year of the 2019/20 budget position, and the current forecast outturn is a net underspend of £86k.

	£'000	
Service budgets	564	See paras. 4.11 – 4.12 and Appendix C
Technical / Corporate Items	(650)	See para. 4.13
<b>Potential net underspend</b>	<b>(86)</b>	

### *Service Budgets*

- 4.11 The following table sets out the forecast outturn for all service areas, with outturn variances. This shows a net forecast overspend of £564k. The largest areas contributing to this are;

- the net position on agency/employee costs and the impact of the vacancy factor target potentially not being met within Environment, partially offset by additional recycling credit income;
- one-off costs associated with amendments to the lease of the River Colne, removal of boats from the Hythe and the demolition of United Way cottages
- a net underspend in parking
- an overspend in Policy & Corporate, primarily in ICT, Finance, Governance and Planning
- an underspend forecast within Community primarily arising from vacant posts
- an underspend in Customer from vacant posts and a reduced requirement for Arcus Licences
- a net overspend in Sport & Leisure.
- reduced income of £100k which relates to a delay in Turnstone income.

<b>Service</b>	<b>Forecast outturn</b>		
	<i>Expenditure</i>	<i>Income</i>	<i>Net</i>
	£'000	£'000	£'000
Policy & Corporate (incl. CDC)	264	283	547
EMT	7	-	7
Community	(29)	19	(10)
Customer	(218)	99	(119)
Environment	202	(63)	139
<b>Total all services</b>	<b>226</b>	<b>338</b>	<b>564</b>

- 4.12 Appendix C sets out details of all forecast variances against service budgets at the year-end totalling £564k. To provide some context on the scale of the variances shown in Appendix C, a percentage value has been included within the comments which shows the proportion of the relevant budget that it represents. For example, an underspend due to vacant posts or the vacancy factor would be expressed as a proportion of the total employees budget for that area.

*Corporate / Technical Items*

- 4.13 The budget includes a number of corporate and technical budget areas such as net interest earnings, the provision to repay debt, pension costs and some non-service specific grants. It is currently expected there will be an underspend of £650k within these areas, and the following table provides a further breakdown;

Area	Net £'000	Comment
Net Interest	(50)	It is currently expected that net interest costs will be £50k less than the budget, due to the timing and level of new borrowing required for the capital programme, and interest rates currently being achieved on investments are higher than assumed in the budget
North Essex Garden Communities (NEGC)	(350)	The 2019/20 budget set aside £350k of New Homes Bonus to make the 2019/20 NEGC contribution. The saving now identified for 2019/20 reflects the Council's decision not to make the contribution.
Business Rates	(250)	Business rates collection continues to improve, and the forecast surplus has increased, following completion of the latest statutory return.
Total	(650)	

*NEGC / Amphora*

- 4.14 The Committee has asked for further financial information on North Essex Garden Communities and the Amphora companies. Appendix E sets out a table of the information provided by NEGC Ltd on financial performance compared to their budget, which is what they have provided to all of the shareholder local authorities. Appendix F sets out a breakdown of the Commercial Companies information contained in Appendix A, along with a table that sets out the Equity Investment and Loan Drawdowns relating to the Commercial Companies as set out in the capital programme.

***Summary position and action proposed***

- 4.15 The forecast outturn shows a potential net underspend of £86k. There are a number of factors which are contributing to this position, with the main ones being:-
- Less income due to demand, e.g. Sport & Leisure
  - Less income caused by external delays e.g. Northern Gateway
  - More expenditure due to demand e.g. Recycling & Fleet
  - Less expenditure caused by vacant posts e.g. Community and Customer
  - One-off costs e.g. removal of boats, demolition costs
  - Gains from corporate and technical items, e.g. NEGC contribution, Business rates and net interest

- 4.16 There remain a number of potential changes to the forecast in particular such as those corporate technical budgets relating to Benefits, Business Rates and the Council Tax Sharing agreement. These and other normal end of year items mean that we expect the final outturn to be within the budget.
- 4.17 The financial position for 2019/20 was considered as part of the proposals set out in the 2020/21 budget and it was reported that for the purpose of assessing any impact on balances the outturn position was assumed to be “on budget”. The updated forecast position shows that this is still expected to be achieved.
- 4.18 Assistant Directors and their budget holders have undertaken a thorough review of the financial position for their services, which is reflected in this report. In addition, SMT continues to monitor the budget position on a monthly basis. The final end of year position will be reported for scrutiny purposes and the impact of this on balances will be considered by Cabinet as part of the budget strategy for 2021/22.

### **Housing Revenue Account**

- 4.19 The Housing Revenue Account (HRA) is a ring-fenced account which is affected by a number of variable factors. At the end of December 2019, the HRA is showing a net underspend of £322k compared to the profiled budget for the same period. This is primarily due to lower expenditure on Premises costs of £643k and £345k less income than budgeted.

#### *Position to date*

- 4.20 Premises related costs are showing an underspend of £482k as at the end of September 2019. Overall, there is a net underspend of £379k on Repairs and Maintenance, which primarily relates to the timing of expenditure on repairs and maintenance of pumping stations, Homeless Persons Units and other delegated areas. There are further underspends of £64k on Council Tax on void properties, and £92k on Grounds Maintenance budgets, and £101k on Utility and Water costs which relate to the timing of expenditure.
- 4.21 We have received £345k less income at the end of December 2019. 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 acquisition and additions to our housing stock.

#### *Forecast Outturn*

- 4.22 The HRA is currently forecast to be on budget at the year-end. Any underspend or overspend that occurs in the year will be used to fund a greater/lesser proportion of our Housing Capital Programme through a variation to the Revenue Contribution to Capital.

## **5. Standard References**

- 5.1 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.

## **6. Strategic Plan references**

- 6.1. The priorities within the Strategic Plan are reflected in the Medium-Term Financial Forecast. 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 2019/20 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.

## **7. Financial implications**

- 7.1. As set out above.

## **8. Risk management implications**

- 8.1. Risk management is used throughout the budget cycle, and this is reflected in the strategic risk register. The 2019/20 revenue budget report that was approved by Council in February 2019 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.

## **Background Papers**

None

**Period 9 – Current Budget Variances and Forecast Outturn Variances by Service Area**

Area	Position to date			Forecast Outturn		
	Spend	Income	Net	Spend	Income	Net
	£'000	£'000	£'000	£'000	£'000	£'000
<b>Corporate &amp; Democratic Core</b>						
	17	(86)	(69)	22	(50)	(28)
<b>Total</b>	<b>17</b>	<b>(86)</b>	<b>(69)</b>	<b>22</b>	<b>(50)</b>	<b>(28)</b>
<b>Executive Management Team</b>						
EMT	4	-	4	7	-	7
<b>Total</b>	<b>4</b>	<b>-</b>	<b>4</b>	<b>7</b>	<b>-</b>	<b>7</b>
<b>Community</b>						
Assistant Director Communities	1	-	1	3	-	3
Licensing & Food Safety	6	(14)	(8)	13	8	21
Community Safety	(13)	-	(13)	(16)	-	(16)
Environmental Health Services	13	(1)	12	19	2	21
Building Control	(10)	(32)	(42)	(11)	(34)	(45)
Community Initiatives	(41)	-	(41)	(6)	-	(6)
Private Sector Housing	(61)	34	(27)	(25)	12	(13)
Bereavement Services	(120)	11	(109)	(3)	24	21
Cultural Services	(12)	3	(9)	(3)	7	4
Colchester Museums	16	3	19	-	-	-
<b>Subtotal</b>	<b>(221)</b>	<b>4</b>	<b>(217)</b>	<b>(29)</b>	<b>19</b>	<b>(10)</b>
Colchester & Ipswich Museums	96	(23)	73	67	(19)	48
<b>Total</b>	<b>(125)</b>	<b>(19)</b>	<b>(144)</b>	<b>38</b>	<b>-</b>	<b>38</b>
<b>Customer</b>						
Assistant Director Customers	(3)	-	(3)	(2)	-	(2)
Customer Business	13	(19)	(6)	(73)	74	1
Local Taxation & Business Rates	(25)	(51)	(76)	(10)	(2)	(12)
Customer Solutions	(15)	(137)	(152)	38	(70)	(32)
Customer Experience	(231)	80	(151)	(164)	97	(67)
Electoral Services	166	(7)	159	(7)	-	(7)
<b>Subtotal</b>	<b>(95)</b>	<b>(134)</b>	<b>(229)</b>	<b>(218)</b>	<b>99</b>	<b>(119)</b>
Benefits - Payments & Subsidy	(2,895)	6,030	3,135	-	-	-
<b>Total</b>	<b>(2,990)</b>	<b>5,896</b>	<b>2,906</b>	<b>(218)</b>	<b>99</b>	<b>(119)</b>
<b>Environment</b>						
Assistant Director Environment	(1)	-	(1)	(3)	-	(3)
Neighbourhood Services	51	(43)	8	315	(43)	272
Car Parking	(16)	(17)	(33)	(110)	(20)	(130)
<b>Subtotal</b>	<b>34</b>	<b>(60)</b>	<b>(26)</b>	<b>202</b>	<b>(63)</b>	<b>139</b>

		Position to date			Forecast Outturn		
	Area	Spend	Income	Net	Spend	Income	Net
		£'000	£'000	£'000	£'000	£'000	£'000
	Parking Partnership (NEPP)	228	(153)	75	239	(400)	(161)
	<b>Total</b>	<b>262</b>	<b>(213)</b>	<b>49</b>	<b>441</b>	<b>(463)</b>	<b>(22)</b>
	<b>Policy &amp; Corporate</b>						
	Assistant Director Policy & Corporate	(24)	-	(24)	(26)	-	(26)
	Finance	(29)	-	(29)	91	-	91
	ICT	95	(39)	56	97	(1)	96
	People and Performance	(26)	17	(9)	8	30	38
	Governance	(15)	19	4	33	38	71
	Place Strategy	183	(53)	130	(29)	-	(29)
	Planning	214	(123)	91	114	(70)	44
	Housing	87	(43)	44	-	-	-
	Communications	61	(3)	58	16	10	26
	<b>Subtotal</b>	<b>546</b>	<b>(225)</b>	<b>321</b>	<b>304</b>	<b>7</b>	<b>311</b>
	<i>Company Related:-</i>						
	Client – Commercial Company	-	-	-	-	-	-
	Corporate Asset Management	(82)	(14)	(96)	(9)	-	(9)
	Commercial & Investment	(3)	(589)	(592)	193	1	194
	Sport & Leisure	(281)	253	(28)	(246)	325	79
	<b>Total</b>	<b>180</b>	<b>(575)</b>	<b>(395)</b>	<b>242</b>	<b>333</b>	<b>575</b>
	<b>Total (excl. Benefits, NEPP &amp; JMC)</b>	<b>(81)</b>	<b>(851)</b>	<b>(932)</b>	<b>226</b>	<b>338</b>	<b>564</b>
	<b>Total (all)</b>	<b>(2,652)</b>	<b>5,003</b>	<b>2,351</b>	<b>532</b>	<b>(81)</b>	<b>451</b>



**Current Budget Variances and Forecast Outturn Variances by Subjective Group**

		Position to date			Forecast Outturn		
		Actual	Budget	Variance	Actual	Budget	Variance
	Subjective	£'000	£'000	£'000	£'000	£'000	£'000
	<b>Expenditure</b>						
	Employees	17,589	17,509	80	23,585	23,551	34
	Premises Related	5,218	5,726	(508)	7,434	7,522	(88)
	Transport Related	1,349	1,571	(222)	2,181	2,276	(95)
	Supplies & Services	6,348	5,765	583	9,081	8,650	431
	Third Party Payments	3,656	3,723	(67)	4,743	4,799	(56)
	Transfer Payments	272	219	53	293	293	0
	Capital Financing Costs	0	0	0	110	110	0
	<b>Total</b>	<b>34,432</b>	<b>34,513</b>	<b>(81)</b>	<b>47,427</b>	<b>47,201</b>	<b>226</b>
	<b>Income</b>						
	Government Grant	(1,285)	(1,142)	(143)	(1,192)	(1,142)	(50)
	Other Grants & Reimbursements	(2,707)	(2,345)	(362)	(3,735)	(3,563)	(172)
	Customer & Client Receipts	(16,293)	(15,968)	(325)	(20,892)	(21,469)	577
	Income-Interest	(158)	(137)	(21)	(200)	(183)	(17)
	Inter Account Transfers	0	0	0	0	0	0
	<b>Total</b>	<b>(20,443)</b>	<b>(19,592)</b>	<b>(851)</b>	<b>(26,019)</b>	<b>(26,357)</b>	<b>338</b>
	<b>Net</b>	<b>13,989</b>	<b>14,921</b>	<b>(932)</b>	<b>21,408</b>	<b>20,844</b>	<b>564</b>

**Forecast Outturn Variances**

Service Area	Variance			Comment
	Spend £'000	Income £'000	Net £'000	
EMT				
Executive Management Team	7	-	7	Overspend forecast due to recruitment costs (100%), and employee costs due to the implementation of locally determined pay awards in accordance with the Councils agreed pay strategy (0.6%), which are partially offset by an underspend on consultancy costs (68%).
Community				
Assistant Director Communities	3	-	3	Employees overspend due to the implementation of locally determined pay awards in accordance with the Councils agreed pay strategy (2.3%).
Licensing and Food Safety	13	8	21	Employees overspend on re-grading of 2 posts and additional training (2.6%). £16k overspend on Legal and Veterinary fees offset by £13k Research underspend. Shortfall in income relating to Food Safety for Re-inspections and Advice services (100%) offset by more Licensing Income (3.7%).
Community Safety	(16)	-	(16)	Employees underspend (13.5%) – Community Safety officer not yet in post.
Environmental Health Services	19	2	21	Overspend (5.6%) due to not having had sufficient vacant posts to date to achieve the vacancy factor target.
Building Control	(11)	(34)	(45)	Employees underspend of £8k due to vacant posts (2.3%). £34k more income due to higher demand (8.5%).

Service Area	Variance			Comment
	Spend £'000	Income £'000	Net £'000	
Community Initiatives	(6)	-	(6)	Employees underspend (1%) due to savings on a vacant post that has now been filled by the appointment of an apprentice. Small underspend of £4k on grants (0.7%).
Private Sector Housing	(25)	12	(13)	Employees underspend of £43k (7.9%) due to an HMO vacant post and small savings in a Support Officer role in Healthy homes. This is offset by a £15k overspend on Legal fees. £26k more grant from CCG contributing to Healthy Homes manager post. This is offset by £38k (26.9.3%) less income primarily in HMO Licences and the redress penalty scheme.
Bereavement Services	(3)	24	21	Employees underspend of £12k (5.5%) due to a vacant post, which has now been filled. This is offset by an £9k one off cost for a new music system. Shortfall in income of £24k, mainly in burials (1.6%).
Cultural Services	(3)	7	4	Underspend on overtime and casual staff costs (2.13%) plus payments to coach companies (29.2%) offset by IT Licences overspend (77%). Shortfall in events sale income (6%).
Colchester and Ipswich Museums (CIMS)	67	(19)	48	CIMS is a ring-fenced budget. There is a forecast overspend of £39k (1.35%) on salaries, mainly due to vacancy target of £20k yet to be met, overtime costs and some relocation costs. There is a large overspend on water costs in the Castle which is currently being investigated, and an overspend relating to the installation of a new CCTV system in Heckworth. The forecast also includes overspend on costs relating to Exhibitions (material and removal costs). £15k (9.8%) additional retail income and £6k more income for hire and staff costs reimbursement for Exhibitions related costs.

Service Area	Variance			Comment
	Spend £'000	Income £'000	Net £'000	
Customer				
Assistant Director Customers	(2)	-	(2)	Forecast underspend on employee costs due to a reduction in PA costs (1.7%).
Customer Business	(73)	74	1	The majority of the forecast underspend relates to employee costs following the early end of the MacMillan contract (31/12/2019) (25%). The shortfall of income mainly relates to the budgeted income reimbursement of MacMillan costs (25%) offset slightly by unbudgeted income from the Town Centre BID totalling £12k (100%).
Local Taxation & Business Rates	(10)	(2)	(12)	Underspend on employee costs of £18k due to a delay in recruiting into a fixed term post (5%) partially offset with £7k unbudgeted expenditure on legal costs within NNDR (100%). The income forecast relates to unbudgeted interest received within Council Tax (100%).
Customer Solutions	38	(70)	(32)	Underspends on employee costs of £41k due to vacant posts, partially offset with an £18k overspend on training costs following team restructures (22%). Unbudgeted expenditure of £35k on Hub security costs (100%), £5k on audit fees (50%), £5k each on print and postage costs The net additional income is due to extra income from the DWP (£50k) and partial reimbursement of Hub security costs from ECC and CBH. (100%)
Customer Experience	(164)	97	(67)	Following a procurement exercise for the replacement of legacy Civica Systems, Northgate's Assure product is the preferred supplier. The requirement for Arcus licenses is reduced for 19/20 creating an underspend of £89k (27.34%). Implementation of

Service Area	Variance			Comment
	Spend £'000	Income £'000	Net £'000	
				Northgate will begin early 2020 with some costs falling within this financial year but with the majority falling into 20/21. Net underspend within the Contact & Support Centre (3%) and the Web & Digital Development team (5.38%) is due to Management team secondments and special unpaid leave. Land Charges income is forecast to be £92k less than the budget (31%).
Electoral Services	(7)	-	(7)	The net underspend relates to reduced employee costs due to a team restructure. (5%)
<b>Environment</b>				
Assistant Director Environment	(3)	-	(3)	An employee underspend is due to a reduction in the PA's hours.
Neighbourhood Services	315	(43)	272	Following negotiations with ECC, £160k more income is forecast relating to additional food waste credits (11.58%.) This is partially offset by a shortfall in Market & Street Trading (32.91%) and Trade Collections (10.5%) although actions are being taken to increase fee income in the future. £175k overspend on employee costs is forecast due to not having had sufficient vacant posts yet this year to achieve the budget target for vacancies (2.9%) There is a forecast overspend on Agency Staff (5.43%) but this has been mitigated in the service by other in year savings resulting in the net forecast overspend being £38k. Clear sacks and caddie stock levels are high and although purchasing for recycling kit is expected to slow down as a result of the introduction of a Voucher for all kit, an overspend of £70k is forecast (32%). This will be monitored against demand. A £32k overspend is included to represent the costs incurred to recover sunken boats at Hythe Quay.

Service Area	Variance			Comment
	Spend £'000	Income £'000	Net £'000	
Car Parking	(110)	(20)	(130)	£67k one-off gain from the Off-street reserve balance (100%), £30k underspend against the Middleborough Car Park service charge (44%) and £10k underspend forecast on NNDR costs (1%). A net £20k additional income is forecast across parking with a shortfall on P&D offset with gains on Season Tickets (20%) and PCN's (6%).
North Essex Parking Partnership (NEPP)	239	(400)	(161)	NEPP budgets are ring-fenced and are expected to operate within budget, with any surplus or deficit being transferred to the Decriminalised Parking Reserve at year-end.
<b>Policy &amp; Corporate (incl. CDC)</b>				
Corporate & Democratic Core	22	(50)	(28)	Overspend forecast on Banking Transaction Charges (16.5%) and parish council grants (3%) More income forecast from Council Tax Sharing Agreement (9%).
Assistant Director Policy & Corp	(26)	-	(26)	Forecast underspend on salaries due to change of Assistant Director (21%).
Finance	91	-	91	Forecast overspends on employee costs due to recruitment costs and agency costs to cover vacant posts, slightly offset due to vacant posts (3%), unbudgeted costs due to the ABS system upgrade (58%) and across other supplies and services costs (31%).
ICT	97	(1)	96	Forecast overspend across supplies and services mainly on management and consultancy costs to maintain legacy systems (127%) and IT costs (10%), partially offset by an underspend on employee costs, mainly due to vacant posts (1%). £1k more income due to back dated street naming income (104%).

Service Area	Variance			Comment
	Spend £'000	Income £'000	Net £'000	
People & Performance	8	30	38	Overspends mainly on management and consultancy costs due to the implementation of the BCE shared payroll service, following agreement of the business case (100%) offset slightly by two months underspend on payroll inter authority payment as started in June (17%) and employee costs due to vacant post (0.5%). Less income forecast from staff car parking since changing to MiPermit £34%).
Governance	33	38	71	Overspends across employee costs mainly due to not having had sufficient vacant posts yet this year to achieve the budget target for vacancies and due to the implementation of locally determined pay awards in accordance with the Councils agreed pay strategy, and casual staff due to Events cover (13%). Overspends on corporate postage (62%), members printing costs (104%) and Legal books and periodicals due to changing to online subscriptions (114%), offsetting underspend due to re-tender of the insurance contract (2.9%) £20k income pressure from Rowan House restructure target that will not be received (100%), less income from Legal Fees (32%) and from CBH for postage costs (29%).
Place Strategy	(29)	-	(29)	Underspend across employee costs due to vacant posts (2.8%), printing costs (67%) and Housing Strategy software licence (48%).
Planning	114	(70)	44	Overspend forecast due to planning appeal costs (100%), software licences (100%) and management and consultancy costs (18%). £70k estimate forecast on planning fees income (5.8%).
Communications	16	10	26	Forecast overspend on licences due to one off previous years spend (35%) and on employee costs mainly due to not having had sufficient vacant posts yet this year to achieve the budget target for

Service Area	Variance			Comment
	Spend £'000	Income £'000	Net £'000	
				vacancies (1.6%). Less income forecast than budget from roundabout advertising (50%).
Corporate Asset Management	(9)		(9)	Underspends on cleaning contract due to re-tender coming in less than budget (8%), NNDR due to revaluation (50%) and cost of installing water fountains less than anticipated (1.3%), offsetting forecast overspend on R&M (19%) and unbudgeted works to Council Chamber in Town Hall (100%).
Commercial & Investment	193	1	194	Commercial properties have some unplanned cost pressures including responsive repairs, business rates and water although the repairs cost will be offset by insurance income - overall a £27k (10%) overspend has been forecast. £120k one-off cost for the amendments to the lease of the River Colne, and £50k estimated for the demolition of the United Way cottages. Income is now forecast to be on budget. Within this position there is a £100k shortfall forecast in relation to the Northern Gateway site as this is now unlikely to be achieved in 19/20 as updated planning consent is to be sought. A £31k shortfall has been forecast against the Culver Centre following announcements of a rent reductions which are indicative of the retail market. These have been offset by a number of smaller gains including £12k on the David Lloyd site; £15k on various Vineyard/Osborne Street properties, £22k on the land at Axial Way and a net £8k on the Nunns Road and Osborne Street car parks.
Sport and Leisure	(246)	325	79	Expenditure savings have been forecast on utility costs based on recent Smith Bellerby estimates - £30k (17.2%) electricity and £25k (12.6%) on gas. Employee savings due to vacancies and restructuring have been forecast at £60k (2.2%). Savings on Supplies and Services £65k (11%) and Third Party payments £21k (33.7%) due to savings on Highwoods re-charges.



Service Area	Variance			Comment
	Spend £'000	Income £'000	Net £'000	
				<p>An income shortfall of £325k (6.27%) is forecast. This includes a forecast shortfall on Lifestyles membership sales of £47k, the year to-date average growth up to end of Dec is 0.57% (£5k), however, this is 4.74% (£44k) down compared to year to date profile. New processes are in place to encourage membership sign-up with additional customer contacts being made when existing memberships expire. All income areas have both team and, in some cases, individual targets in place to increase income. Beauty Therapy, Aqua Springs, Activa Gym, LEAP, Highwoods and Tiptree all forecasting to hit or slightly exceed income targets. All other areas of income forecasting to be less than target include £120k Pools, £23k Swimming Lessons, £36k Zoggs' sales, Dryside £12k, £68k Catering and £36k from the Car Park. A number of initiatives are in place including additional comms/marketing to generate awareness of Aqua Springs and Leisure Pool are booked i.e. Facebook boosts and Go Target campaigns etc.</p>

December 2019  Account Description	Current Period - December 2019			Forecast Year-End Position		
	Profiled Budget to Period 9 £'000	Actual to Period 9 £'000	Variance (under) / over £'000	Annual Budget £'000	Projected Outturn £'000	Variance (under) / over £'000
<b>HRA - Direct &amp; Non-Direct</b>						
<b>EXPENDITURE</b>						
Employees	132	151	19	177	163	(14)
Premises Related	5,097	4,454	(643)	6,838	6,724	(114)
Transport Related	-	1	1			
Supplies & Services	635	587	(48)	1,097	1,097	-
Third Party Payments	2,942	2,938	(4)	3,545	3,545	-
Transfer Payments	141	149	8	188	188	-
Support Services	2,639	2,639	-	3,444	3,444	-
Capital Financing Costs	-	-	-	14,949	14,665	(284)
<b>TOTAL EXPENDITURE</b>	<b>11,586</b>	<b>10,919</b>	<b>(667)</b>	<b>30,238</b>	<b>29,826</b>	<b>(412)</b>
<b>INCOME</b>						
Other Grants & Reimbursements	(97)	(68)	29	(129)	(129)	-
Customer & Client Receipts	(22,677)	(22,361)	316	(29,782)	(29,370)	412
Income-Interest	(1)	(1)	-	(31)	(31)	-
Inter Account Transfers	-	-	-	(107)	(107)	-
<b>TOTAL INCOME</b>	<b>(22,775)</b>	<b>(22,430)</b>	<b>345</b>	<b>(30,049)</b>	<b>(29,637)</b>	<b>412</b>
<b>TOTAL NET - HRA</b>	<b>(11,189)</b>	<b>(11,511)</b>	<b>(322)</b>	<b>189</b>	<b>189</b>	<b>-</b>

**Financial Summary 2019/20 – North Essex Garden Communities Project (this table shows project costs, not Colchester's costs)**

		Position to date			
		Full Year Budget	Profiled Budget to Pd 9	Actual to Pd 9	Variance Pd 9
	Subjective	£'000	£'000	£'000	£'000
	<b>Direct Expenditure</b>				
	Employees	417	293	295	2
	Premises Related	165	143	138	(5)
	Transport Related	42	60	30	(30)
	Supplies & Services	1,407	1,085	1,082	(3)
	Transfer Payments	-	-	-	-
	Capital Financing Costs	-	-	-	-
	<b>Total</b>	<b>2,031</b>	<b>1,581</b>	<b>1,545</b>	<b>(36)</b>
	<b>Direct Income</b>				
	Government Grant	(600)	(600)	-	600
	Other Income	-	-	(3)	(3)
	<i>Other Grants &amp; Reimbursements:-</i>				
	Essex County Council	(150)	(150)	-	150
	Colchester Borough Council	(150)	(150)	-	150
	Braintree District Council	(350)	(350)	(350)	-
	Tendring District Council	(350)	(350)	(350)	-
	<b>Total</b>	<b>(1,600)</b>	<b>(1,600)</b>	<b>(703)</b>	<b>897</b>
	<b>Use of NEGC Reserves</b>	<b>(431)</b>	<b>-</b>	<b>(842)</b>	<b>(842)</b>
	<b>Net</b>	<b>-</b>	<b>(19)</b>	<b>-</b>	<b>19</b>

**Financial Summary 2019/20 – Amphora Revenue**

		Position to date				
		Full Year Budget	Profiled Budget to Pd 9	Actual to Pd 9	Variance Pd 9	Comments
	<b>Subjective</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	
	<b>Direct Expenditure</b>					
	Third Party Payments	1,884	1,779	1,779	-	This is the management fee paid to Amphora relating to CCTV and the Commercial team
	<b>Total</b>					
	<b>Direct Income</b>					
	CCHL Dividend	(393)	-	-	-	This is the budgeted dividend to be delivered at year-end
	<b>Total</b>	<b>(393)</b>	<b>-</b>	<b>-</b>	<b>-</b>	
	<b>Net</b>	<b>1,491</b>	<b>1,779</b>	<b>1,779</b>	<b>-</b>	

**Financial Summary 2019/20 – Amphora Capital**

		<b>Spend to Pd 9</b>	<b>Forecast Spend 19/20</b>
		<b>£'000</b>	<b>£'000</b>
<b>Equity Investment:</b>			
	Colchester Commercial Holdings	1,580	1,580
<b>Sub-Total</b>		<b>1,580</b>	<b>1,580</b>
<b>Drawdown of Loan Facility</b>			
	Amphora Homes	400	400
	Amphora Energy	800	900
<b>Sub-Total</b>		<b>1,200</b>	<b>1,300</b>
<b>Total</b>		<b>2,780</b>	<b>2,880</b>