

8 March 2022

Report of	Assistant Director Corporate and Improvement	Author	Darren Brown 📞 282891
Title	Financial Monitoring Report – April to December 2021		
Wards affected	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 £1,999k as at period 9. This includes less expenditure of £235k and more income of £1,764k, compared to profiled budgets.
 - The current forecast outturn position for the General Fund is a net underspend of £1.606m, assuming the agreed use of reserves of £2.4m in the budget. The forecast outturn is comprised of a net underspend on services of £0.663m, and an underspend of £0.943m in technical/corporate items.
 - The Housing Revenue Account is showing a net underspend of £315k 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. 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 2023/24.
- 1.3 Given the forecast outturn underspend on the General Fund of £1.606m, this would mean we would need to use less reserves than originally agreed in the budget, to deliver an on-budget year end position.

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 2021/22, and to note the forecast budget underspend of £1.606m on the General Fund and that this would necessitate less reserves being used to deliver an on-budget year-end position than originally assumed.

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 2021, 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 £1.606m, assuming the agreed use of reserves of £2.4m in the budget. The Housing Revenue Account forecast outturn position is currently to be on budget.
- 4.3 The underspend on services includes £500k improved income against budget on Sport and Leisure. The underspend also includes £120k improved parking income against budget. These improvements reflect prioritisation of these recovery areas by the Senior Management Team. Further details of the improvements are set out in Appendix D.
- 4.4 The General Fund position is set out in more detail in the following paragraphs and the HRA position explained in paragraphs 4.21 to 4.25. Budgets carried forward from 20/21 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 2021

Service Budgets

- 4.5 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 £1,999k (favourable). This comprises total expenditure being £235k lower than expected and total income being £1,764k higher than expected. Appendix B breaks these variances down by subjective group.
- 4.6 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

- 4.7 Income to the Council is below targets to date in a number of areas, but most notably in Planning and Museums. However, income levels are above profiled budgets within Sport & Leisure, Domestic Waste, Parking and Land Charges.

Expenditure

- 4.8 There are underspends against profiled budgets in a number of services areas, predominantly within premises and transport costs, which are partially offset by overspends within employees and supplies & services costs. These variances 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 formal review this year of the 2021/22 budget position, and the current forecast outturn is a net underspend of £1.606m, assuming the agreed the use of reserves of £2.4m in the budget.

	£'000	
Service budgets	(663)	See paras. 4.11 to 4.12 and Appendix D
Technical / Corporate Items	(943)	
Potential net underspend	(1,606)	

Service Budgets

- 4.11 The following table sets out the forecast outturn for all service areas, with outturn variances. This shows a net forecast underspend of £1,606k. The largest areas contributing to the net position are;

- Community: A shortfall in Museums income of £96k and Licencing, Food & Safety income of £57k.
- Neighbourhood Services: £175k pressure due to the vacancy factor target potentially not being met, £510k net overspend on agency/employee costs, £125k pressure relating to Hythe Quay wall repairs and £125k underspend on fleet costs, £87k saving on contractor costs, £585k more paper collection/recycling income, £50k loss of income in trade waste, and a shortfall in Market and Beach Hut income of £165k Additional parking income of £120k.
- Place & Client: £158k more planning income, £111k Amphora dividend forecast in line with the business plan, £500k more net income from Sport and Leisure, and £144k more Commercial & Investment income primarily relating to a prior year adjustment.
- Customer: £107k of New Burdens grant and £73k more land charges income.
- Corporate & Improvement: £50k employees pressure in Governance and £50k for members equipment (hire costs for streaming committee meetings), and £79k less travel plan parking income.
- £100k more income forecast from the Council Tax Sharing Agreement.

Service	Forecast outturn		
	<i>Expenditure</i>	<i>Income</i>	<i>Net</i>
	£'000	£'000	£'000
Corporate & Improvement (incl. CDC)	75	(30)	45
EMT (including additional Coronavirus costs)	(4)	-	(4)
Community	(4)	169	165
Customer	(9)	(171)	(180)
Environment	678	(434)	244
Place & Client	(51)	(882)	(933)
Total all services	685	(1,348)	(663)

- 4.12 As the above table shows, the main reason for the net underspend currently forecast is due to achieving more income than assumed in the budget, especially in sport & leisure, planning, car parking and the waste service. This is showing the results of the successful transformation work being undertaken to recover income levels to our pre-pandemic levels.

Appendix C

- 4.13 Appendix C shows the original budget, the forecast outturn as at Quarter 3 and the variance. The purpose of this table is to bring together the overall revenue budget and show the impact of Government support and the required use of reserves.
- 4.14 As shown the 21/22 budget includes a use of reserves to support covid of £2.4million and to balance the budget, given the impact of Coronavirus on our income earning services. The budget report agreed at Cabinet on the 13th October 2021 stated that the Head of Finance in consultation with the Deputy Leader and Portfolio Holder for Resources determine the reserves to be used in 2021/22 to fulfil the requirements to meet Covid costs.
- 4.15 The intention is that the use of reserves for covid will be the last source of funding in determining the outturn position, meaning that reserves will be preserved as much as possible. Given the forecast outturn at Period 9 is an underspend of £1.606m, then our use of reserves would potentially reduce from £2.400m to £0.794m at year-end.

Corporate / Technical Items

- 4.16 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 forecast that there will be a saving on interest payable of £400k, as we haven't needed to borrow as planned given our higher cash balances and thus the ability to internally borrow. Furthermore, there is a saving of £123k relating to the 21/22 pay award assumptions included in the budget.
- 4.17 The 21/22 budget included an initial estimate of £500k for Sales, Fees & Charges income support from the Government for Quarter 1. Based on the actual Quarter 1 return we have claimed £920k, therefore additional income support of £420k compared to the budget.
- 4.18 Appendix D sets out details of all forecast variances against service budgets at the year-end totalling £663k. To provide some context on the scale of the variances shown in Appendix D, 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.

Summary position and action proposed

- 4.19 The forecast outturn shows a potential net underspend of £1.606m assuming the agreed use of reserves of £2.4m. The impact of Coronavirus and related economic uncertainty on the Councils finances is continually being reviewed, and further more detailed work will continue to be undertaken during Quarter 4 to ensure forecast outturn positions are robust, including those income areas where they have been particularly impacted by Coronavirus and as recovery progresses and customer behaviour moves towards pre-covid levels.
- 4.20 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, the Senior Management Team 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 2023/24.

Housing Revenue Account

- 4.21 The Housing Revenue Account (HRA) is a ring-fenced account which is affected by a number of variable factors. At the end of December 2021, the HRA is showing a net underspend of £315k compared to the profiled budget for the same period. This is primarily due to lower expenditure on Premises costs of £362k and Supplies and Services of £344k, and £383k less income than budgeted.

Position to date

- 4.22 Premises related costs are showing an underspend of £362k as at the end of December 2021. Overall, there is a net underspend of £296k 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 £95k on Grounds Maintenance budgets and £21k on Cleaning Contract costs which relate to the timing of expenditure. There is an overspend of £35k on Utility and Water costs.
- 4.23 Supplies & Services costs are underspent by £344k at the end of December. There is a general underspend across most budget headings, which primarily relate to the timing of expenditure, the main area being IT costs including Project Aurora of £180k.
- 4.24 We have received £383k less income at the end of December 2021. 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

- 4.25 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, 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.

7. Financial Implications

- 7.1. As set out above.

8. Environmental and Climate Change Implications

- 8.1. 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.

9. Risk Management Implications

- 9.1. 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.
- 9.3 Extensive modelling work has been undertaken throughout the year to understand the impacts and variables arising from the crisis.
- 9.4 Leisure and commercial income is very dependent on events beyond the Council's control, including the return of consumer confidence and the pace of recovery.
- 9.5 Modelling has been undertaken with service managers to assess the potential range of impacts before adopting the assumptions reflected within the report.
- 9.6 All the above and other significant uncertainties and risks will have to be managed. Further change is likely to budget assumptions and the actions needed to ensure a balanced budget.

Background Papers

None

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

		Position to date			Forecast Outturn		
	Area	Spend	Income	Net	Spend	Income	Net
		£'000	£'000	£'000	£'000	£'000	£'000
Corporate & Democratic Core		(53)	104	51	-	(100)	(100)
	Total	(53)	104	51	-	(100)	(100)
Executive Management Team							
	EMT	(23)	-	(23)	(13)	-	(13)
	Coronavirus	16	(8)	8	9	-	9
	Total	(7)	(8)	(15)	(4)	-	(4)
Community							
	Assistant Director Communities	(9)	-	(9)	(6)	-	(6)
	Licensing & Food Safety	(4)	44	40	7	57	64
	Community Safety	(4)	-	(4)	-	-	-
	Environmental Health Services	(9)	7	(2)	-	11	11
	Building Control	(16)	40	24	(6)	-	(6)
	Community Initiatives	(77)	(1)	(78)	(24)	-	(24)
	Private Sector Housing	(9)	32	23	9	(18)	(9)
	Bereavement Services	(55)	3	(52)	36	(3)	33
	Cultural Services	(20)	19	(1)	(20)	26	6
	Colchester Museums	(15)	91	76	-	96	96
	Subtotal	(218)	235	17	(4)	169	165
	Colchester & Ipswich Museums	(109)	49	(60)	(54)	75	21
	Total	(327)	284	(43)	(58)	244	186
Customer							
	Assistant Director Customers	3	-	3	4	-	4
	Accounts & Debt	(23)	(5)	(28)	(18)	-	(18)
	Local Taxation & Business Rates	(38)	(71)	(109)	(13)	(67)	(80)
	Benefits & Hub	(33)	(27)	(60)	(1)	(37)	(38)
	Contact & Support Centre	2	5	7	19	6	25
	Electoral Services	164	(157)	7	9	-	9
	Customer Digital & Systems	-	-	-	(37)	-	(37)
	Land Charges	(10)	(56)	(66)	28	(73)	(45)
	Subtotal	65	(311)	(246)	(9)	(171)	(180)
	Benefits - Payments & Subsidy	(2,367)	4,340	1,973	-	-	-
	Total	(2,302)	4,029	1,727	(9)	(171)	(180)
Environment							
	Assistant Director Environment	(5)	-	(5)	(6)	-	(6)
	Neighbourhood Services	284	(162)	122	684	(314)	370
	Car Parking	-	(200)	(200)	-	(120)	(120)

		Position to date			Forecast Outturn		
	Area	Spend	Income	Net	Spend	Income	Net
		£'000	£'000	£'000	£'000	£'000	£'000
	Subtotal	279	(362)	(83)	678	(434)	244
	Parking Partnership (NEPP)	(72)	478	406	27	454	481
	Total	207	116	323	705	20	725
	Place & Client						
	Assistant Director Place & Client	(1)	-	(1)	3	-	3
	Place Strategy	133	(13)	120	(8)	-	(8)
	Housing	265	(274)	(9)	(40)	(34)	(74)
	Planning	53	(158)	(105)	51	(158)	(107)
	Sustainability & Climate Change	85	(32)	53	7	-	7
	Garden Communities	-	-	-	-	-	-
	Subtotal	535	(477)	58	13	(192)	(179)
	<i>Company Related:-</i>						
	Client – Commercial Company	-	-	-	-	(111)	(111)
	Corporate Asset Management	(87)	24	(63)	1	-	1
	Commercial & Investment	(134)	(451)	(585)	-	(144)	(144)
	Sport & Leisure	(672)	(599)	(1,271)	(65)	(435)	(500)
	Total	(358)	(1,503)	(1,861)	(51)	(882)	(933)
	Corporate & Improvement						
	Assistant Director Corporate & Improvement	3	-	3	-	-	-
	Finance	(85)	3	(82)	(28)	-	(28)
	ICT	(15)	30	15	27	(5)	22
	People and Performance	(50)	55	5	(38)	75	37
	Governance	136	(3)	133	114	-	114
	Communications	68	(4)	64	-	-	-
	Total	57	81	138	75	70	145
	Total (excl. Benefits, NEPP & JMC)	(235)	(1,764)	(1,999)	685	(1,348)	(663)
	Total (all)	(2,783)	3,103	320	658	(819)	(161)

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
	Expenditure						
	Employees	18,364	18,041	323	24,750	24,333	417
	Premises Related	4,947	5,589	(642)	7,681	7,547	134
	Transport Related	1,212	1,399	(187)	1,878	1,982	(104)
	Supplies & Services	6,137	5,812	325	9,660	9,340	320
	Third Party Payments	4,030	4,084	(54)	5,241	5,323	(82)
	Transfer Payments	328	332	(4)	442	442	0
	Capital Financing Costs	4	0	4	110	110	0
	Total	35,022	35,257	(235)	49,762	49,077	685
	Income						
	Government Grant	(1,125)	(896)	(229)	(994)	(900)	(94)
	Other Grants & Reimbursements	(3,395)	(3,358)	(37)	(4,447)	(4,080)	(367)
	Customer & Client Receipts	(16,086)	(14,617)	(1,469)	(20,188)	(19,301)	(887)
	Income-Interest	(199)	(170)	(29)	(227)	(227)	0
	Inter Account Transfers	0	0	0	0	0	0
	Total	(20,805)	(19,041)	(1,764)	(25,856)	(24,508)	(1,348)
	Net	14,217	16,216	(1,999)	23,906	24,569	(663)

Summary showing Original Council budget and latest forecast.

	2021/22 Original Budget	2021/22 – P9 Forecast	2021/22 – P9 Forecast Variance
	£'000	£'000	£'000
Base Budget	24,514	24,514	0
One-off items	(2,915)	(2,915)	0
Cost Pressures	2,372	2,372	0
Cost Pressures - Transformation & Recovery	500	500	0
Cost Pressures - Covid-19 - Economic & Income	4,129	4,129	0
Growth Items	375	375	0
Savings	(2,528)	(2,528)	0
Change in use of NHB for one off investment	(1,419)	(1,419)	0
2021/22 Forecast Outturn		(1,186)	(1,186)
Forecast Base Budget	25,028	23,842	(1,186)
<i>Funded By:</i>			
Business Rates Baseline	(4,300)	(4,300)	0
SFA	(4,300)	(4,300)	0
Increase in NNDR / taxbase above baseline	(1,620)	(1,620)	0
Business Rates Pooling	(200)	(200)	0
New Homes Bonus	(2,430)	(2,430)	0
Lower Tier Government Grant	(622)	(622)	0
Government Reimbursement - Covid-19	(993)	(993)	0
Government Reimbursement - Covid-19 - Income Support	(500)	(920)	(420)
Total Gov't grants & business rates	(10,665)	(11,085)	(420)
Council Tax	(12,588)	(12,588)	0
Collection Fund Deficit / (Surplus)	37	37	0
Business Rates Deficit / (surplus)	12,787	12,787	0
Contribution to / (Use of Reserves)	(12,199)	(12,199)	0
Use of Reserves for Covid-19 - 19/20 C/Fwds	(500)	(794)	(294)
Use of Reserves for Covid-19 - Unringfenced Grants	(950)	0	950
Use of Reserves for Covid-19 – Repairs & Renewals	(950)	0	950
Total Funding	(25,028)	(23,842)	1,186
Forecast Overspend / (Underspend)	0	0	0

Forecast Outturn Variances

Service Area	Variance			Comment
	Spend £'000	Income £'000	Net £'000	
EMT				
Executive Management Team	(13)	-	(13)	Underspends forecast across general spend, including consultancy (40%) and due to a vacant director post (5%) offsetting cost of Chief Executive recruitment (100%).
Corona Virus	9	-	9	A code had been 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)	Small savings forecasted due to p/t PA vacant post.
Licensing and Food Safety	7	57	64	Forecast overspend of £9k in Supplies & Services (22%) on legal costs, unmet survey demand and testing. Offset by £2k (26%) savings on travel expenses. Estimated income shortfall of £57k (10%) mainly in Licensing (private hire vehicle licenses).
Environmental Health Services	-	11	11	Forecast £11k (16%) income shortfall in pest and animal control offset by a small gain in water testing.
Building Control	(6)	-	(6)	Employees underspend forecast of £29k (8%) due to a vacant post. £1k saving on staff mileage claims (8%). This is offset by £24k (213%) forecast overspend on outsourcing surveying services.

Service Area	Variance			Comment
	Spend £'000	Income £'000	Net £'000	
Community Initiatives	(24)	-	(24)	Forecasting £24k (4%) underspend relating to staff salaries. Saving is a mixture of new staff costs on lower spinal column point, recouping some core staff expenditure from grant payments.
Private Sector Housing	9	(18)	(9)	Forecasting small salaries overspend due to a new post added in PSH to help with generating more HMO licensing income. £18k (10%) Net more income mainly in civil penalties and HMO licences.
Bereavement Services	36	(3)	33	Salary overspend of £19k (8%) due to an additional Assistant Manager role. Post holder will be responsible for increasing recovery of income for assisted funerals and start claiming child burial costs which is a new source of income. The budget will benefit from these in the last quarter of 21/22. Other overspend of £17k (9%) is a mixture of equipment service charge and IT equipment. This is offset by £3k (11%) underspend on assisted funeral costs that had slowed down. Cremations and associated income forecast of £8k is offset by £5k (83%) income shortfall in Assisted funerals income recovery target.
Cultural Services	(20)	26	6	Underspend on casual staff costs and overtime of £6k (3%). £9k underspend on third party payments – no fireworks agency. £6k (45%) underspend on goods for resale is offset by £9k (50%) shortfall in VIC sales income. Further income shortfall of £17k (70%) from Guided Tours and Advertising.
Colchester Museums	-	96	96	Forecast less income of £6k (18%) on Guided Tours and £90k (19%) on general admissions and schools income. This is due to Castle's late opening from mid-May and the limited capacity due to Covid restrictions. Admissions net income loss for the first quarter will be reclaimed from the Government under their income loss compensation scheme. This is being recorded corporately.

Service Area	Variance			Comment
	Spend £'000	Income £'000	Net £'000	
Colchester and Ipswich Museums (CIMS)	(54)	75	21	CIMS is a ring-fenced budget. Forecast underspend mainly relating to staff costs (3%) and some underspend in Retail on materials for resale that is offset by shortfall in sales income. Loss of income on Events forecasted at £22k (51%). Retail income loss for the first quarter will be reclaimed from the Government under their income loss compensation scheme and will be allocated to CIMS in year.
Customer				
Assistant Director Customers	4	-	4	Small overspend relating to superannuation adjustment (12%).
Accounts & Debt	(18)	-	(18)	Underspend on training of £10k (59%) and stationery £7k (64%).
Local Taxation & Business Rates	(13)	(67)	(80)	A net underspend on employee costs of £13k (5%) due to maternity leave. The income forecast variance relates to unbudgeted New Burdens income £70k (100%) the NNDR Admin Grant shortfall £3k (1%).
Benefits & Hub	(1)	(37)	(38)	Income variance relates to the balances of the Test and Trace support grant (£26k) (15%) and Covid Response grant (£10k) (26%).
Contact Support Centre	19	6	25	Overspends on employee costs (£7k) due to in year redundancy. Messenger & Post Room postage £15k over budget (37.8%), with 11k less income (70.59%).
Electoral Services	9	-	9	Overspend on overtime/casual employee costs within the Elections team following the recent Election (£14k) (100%) offset by an underspend on printing costs within Electoral Registration of (£5k) (20%).

Service Area	Variance			Comment
	Spend £'000	Income £'000	Net £'000	
Customer Digital & Systems	(37)	-	(37)	Underspends on IT software licences of £5k (1.96%) and employee costs of £30k (4.71%); recruiting into some vacant posts has been challenging and posts are remaining vacant longer than expected.
Land Charges	28	(73)	(45)	£73k additional income (29.51%) has meant that the demand for searches has increased and third party payments has overspent £25k (19.72%). Overspend on software licences £3k (19.72%).
HB – Payments & Subsidy	-	-	-	No variance forecast at this stage of the financial year although close monitoring of overpayment debt collection is carried out regularly. The audit of the 2019/20 claim has been completed and 2020/21 is in progress.
Environment				
Assistant Director Environment	(6)	-	(6)	Employee underspends.
Neighbourhood Services	684	(314)	370	<p>£175k employee overspends are forecast due to not having had sufficient vacant posts yet this year to achieve the budget target for vacancies (2.56%) and a £510k employee overspend to maintain Waste Collections (14.5%).</p> <p>£125k overspend is forecast on Field Gate Quay repair works following the rapid decline of the quayside (33.3%). £125k underspend on Fleet relates to maintenance costs and PAYG (10.10%).</p> <p>Income from recycling credits are forecast to exceed the budget by £160k (9.49%) and following global market fluctuations £425k more income derived from the sale of recyclable materials and £87k savings on associated contractor costs are forecast (10.99%).</p> <p>A shortfall of income is forecast on Market & Street Trading £145k (62.77%), Trade Waste Collections £50k (7.93%), Beach Hut licence fees £20k (20.17%) and Roundabout advertising £20k (100%).</p>

Service Area	Variance			Comment
	Spend £'000	Income £'000	Net £'000	
Car Parking	-	(120)	(120)	More Pay and Display income of £100k (4%) and PCN income of £20k (11%).
North Essex Parking Partnership (NEPP)	27	454	481	NEPP will be 'on budget' after any shortfall variance caused by the emergency is drawn in a planned way from the £1m Reserve.
Place & Client				
Assistant Director Place & Client	3	-	3	Variance forecast on employee costs due to agency costs incurred to cover the PA vacancy.
Place Strategy	(8)	-	(8)	Forecast underspend across general spend (1%) and transport costs (52%).
Housing	(40)	(34)	(74)	Forecast underspend due to vacant posts (18%). £34k more income than budget for rents from council dwellings (9%).
Planning	51	(158)	(107)	Overspends due to Agency fees (100%), Locum costs (100%) legal spend (75%), consultancy (100%), offset slightly by net underspend across salaries (17%). Planning fees income forecast is £158k more than full year budget, this has been profiled based on the previous 3 years income trend variance. This will be reviewed at P10 (13%).
Sustainability & Climate Change	7	-	7	Forecast overspend on employee costs due to not having had sufficient vacant posts yet this year to achieve the budget target for vacancies, and Spinal Column Point increases pressure due to post changes not fully budgeted (1%) and unbudgeted spend relating to Transport East invoice (100%).
Client - Commercial Company	-	(111)	(111)	The dividend is forecast to be £111k, which is in line with the dividend reported in the CCHL Business Plan considered by Governance and Audit Committee on 18 th January 2021.

Service Area	Variance			Comment
	Spend £'000	Income £'000	Net £'000	
Corporate Asset Management	1	-	1	The small overspend (£1.4k) relates to a 3 year licence renewal for the Town Hall. No variances have been forecast on Rowan House until timeline for building works is confirmed and external rents are negotiated.
Commercial & Investment	-	(144)	(144)	Commercial properties have not identified any unbudgeted cost pressures for 2021/22. Income is forecast to be £143.8k (5.15%) more than the budget, primarily due to a final settlement on a long lease hold property (£104k) which has been in dispute for the last few years. The overall budget target was reduced primarily due to forecasts around the ongoing impact of the Coronavirus - the outturn variance may yet change post lockdown.
Sport and Leisure	(65)	(435)	(500)	Expenditure savings have been forecast on employee costs £187k (6%) and grounds maintenance at the Colchester Sports Park, Northern Gateway site £78k (49%), however, this has been negated to allow for expected increases in utilities bills across the service of £80k. Savings are partially negated by increases in Supplies and Services of £118k (20%). NNDR forecasts are as budgeted, but this is yet to be confirmed following a valuation inspection in December 2021. An overall income surplus of £435k (12%) is now forecast at this stage of the year due mainly to Pools (£282k), Wet Side courses (£140k) and Aqua Springs (£86k) following a significant effort by the service to capitalise on customer demand over the last 6 months. These surpluses are offset by other areas in which income levels are lower than expected. A programme is currently in place to accelerate income recovery to pre pandemic levels across all Sport and Leisure Services, although it is difficult to predict customer usage and the ongoing effect on resources.

Service Area	Variance			Comment
	Spend £'000	Income £'000	Net £'000	
Corporate & Improvement (incl. CDC)				
Corporate & Democratic Core	(100)	-	(100)	More income forecast from Council Tax Sharing Agreement (25%).
Finance	(28)	-	(28)	Underspend forecast on salaries due to vacant posts (6%), offsetting unbudgeted agency and recruitment costs (100%).
ICT	27	(5)	22	Overspend forecast on employee costs due to not having had sufficient vacant posts yet this year to achieve the budget target for vacancies (1.5%) and Microsoft software licences (8%). One off income for work completed with CBH (100%).
People & Performance	(38)	75	37	Underspend forecast on shared payroll service (22%), purchase of staff transport tickets (72%) and salaries (1%). Less income forecast from staff car parking due to home working and part year closure of Rowan House (86%).
Governance	114	-	114	Overspend forecast in Hallkeepers as a higher saving was allocated to service than could be achieved with the agreed reduction in level of Hallkeepers. Pension strain costs (100%) as part of further review of team structure in order to achieve saving required in the budget. Higher employee costs due to not having had sufficient vacant posts yet this year to achieve the budget target for vacancies (6%). Overspend on members equipment hire due to Mark's Tey Radio streaming costs (100%). This is offset slightly by some savings across supplies and services (5%) and transport budgets (58%).

		Current Period - December 2021		Forecast Year-End Position		
December 2021		Profiled Budget to Period 9	Actual to Period 9	Variance (under) / over		Variance (under) / over
Account Description		£'000	£'000	£'000	Annual Budget £'000	Projected Outturn £'000
HRA - Direct & Non-Direct						
EXPENDITURE						
Employees		169	201	32	225	260
Premises Related		5,227	4,865	(362)	6,965	6,965
Transport Related		-	-	-	1	1
Supplies & Services		928	584	(344)	1,487	1,487
Third Party Payments		3,197	3,211	14	3,839	3,839
Transfer Payments		96	58	(38)	128	128
Support Services		3,120	3,120	-	3,450	3,450
Capital Financing Costs		-	-	-	15,088	14,632
TOTAL EXPENDITURE		12,737	12,039	(698)	31,183	30,762
INCOME						
Other Grants & Reimbursements		-	-	-	(139)	(139)
Customer & Client Receipts		(23,317)	(22,935)	382	(30,573)	(30,152)
Income-Interest		(1)	-	1	(16)	(16)
Inter Account Transfers		-	-	-	(56)	(56)
TOTAL INCOME		(23,318)	(22,935)	383	(30,784)	(30,363)
TOTAL NET - HRA		(10,581)	(10,896)	(315)	399	399