



Governance & Audit Committee

Item

9

12 September 2023

Report of	Chief Operating Officer	Author	Andrew Small Darren Brown ☎ 282891
Title	Financial Monitoring Report – End of Year 2022/23		
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 2022/23.

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 2022/23.

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 7th March 2023. This was as at Quarter 3 and showed a projected net underspend of £434k on the General Fund, assuming the agreed use of reserves of £522k in the budget, although it recognised that there remained a number of potential changes to the forecast. The Housing Revenue Account was being forecast to be on budget.
- 4.2 The accounts for 2022/23 are currently being finalised and this report has been prepared using these draft figures, which are still subject to external audit.
- 4.3 All the information presented in respect of General Fund Services shows the position based on net 'direct costs'. The review of the Housing Revenue Account is different in that it shows all costs, both direct and indirect.

5. General Fund – End of Year Position

- 5.1 In total the General Fund outturn shows a net surplus of £163k after carry-forwards and a budgeted use of reserves of £522k. 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 CIMS & NEPP and including corporate savings targets) are **£994k over budget**.
 - The majority of the £994k overspend is related to Environment, with Neighbourhood services being overspent by £1.308m. Further details are provided in Appendix C, but members will be aware these are issues we have been reporting in the forecast during the year.
 - There have been one-off unforeseen/unbudgeted costs (e.g. redundancy costs) and service-demand cost pressures that have contributed to the outturn position.
 - There are a number of one-off technical items which have mitigated the cost pressures in-year, including a gain from net interest payable and receivable budgets, and miscellaneous government grants.
 - The financial year was heavily impacted by an adverse national economic landscape arising from the war in the Ukraine. The resulting destabilisation of the energy and food supply sectors has driven inflation far in excess of the Treasury's target. The Government responded by increasing the Base Rate in an attempt to limit the rise in inflation. Inflationary pressures and higher borrowing costs have now permeated through the supply chain and the wider economy creating financial pressures on all sectors. In this environment the Council has experienced significant pressure on costs, reductions in income streams and rising demand for statutory services. This has made, and continues to make, predicting spend and income exceptionally challenging. Higher levels of variance against individual budget lines are a consequence of this.
- 5.2 The following table summarises the outturn position for each Service, the effect of the requests for carry forward into 2023/24, 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	(520)	(448)	(72)	-	(72)
Executive Management Team	731	827	(96)	-	(96)
Corporate & Improvement	6,995	6,916	79	128	207
Customer	3,889	4,067	(178)	129	(49)
Community	978	1,087	(109)	155	46
Environment	7,632	6,853	779	410	1,189
Place & Client	5,089	5,615	(526)	610	84
Sub-Total Services	24,794	24,917	(123)	1,432	1,309
NEPP	539	539	-	-	-
CIMS	1,275	1,121	154	(154)	-
Benefits	(103)	(258)	155		155
General Fund / HRA	30,618	30,654	(36)		(36)
HRA Contingency (cost shown above)		84	(84)		(84)
Total Services	57,123	57,057	66	1,278	1,344
Pensions	386	423	(37)		(37)
MRP	2,603	2,123	480		480
CLIA	(574)	982	(1,556)		(1,556)
Provision for Bad Debts	(390)	(595)	205		205
Misc & Banking Adjustments	(3)		(3)		(3)
Misc Gov't grants	(261)		(261)		(261)
Sport & Leisure backdated VAT claim	(1,520)	(1,520)	-		-
General service related items		1,097	(1,097)	747	(350)
Increase GF minimum balance (Nov 19 Cabinet)		(15)	15		15
Budgeted Use of Reserves	(522)	(522)	-		-
Business Rates Pool	(951)		(951)	951	-
Total (all)	55,891	59,030	(3,139)	2,976	(163)

5.3 Carry Forwards are permitted to allow for the completion of schemes and projects that could not be delivered in year. The future application of carried forward amounts will be reviewed and determined according to affordability during 2023/24. The above table shows carry forward requests and other technical accounting adjustments totalling £2.976m. The key items include:-

- £0.283m in respect of specific Strategic Plan items within services
- £0.202m of Strategic Plan funded items yet to be allocated to service budgets
- £0.951m in respect of the business rates pooling gain
- £0.636m of Covid Recovery and Transformation funding supporting projects in 23/24
- £0.306m in respect of Local Plan
- £0.129m linked to various projects in Customer, including Northgate implementation, and externally funded posts
- £0.247m linked to various projects within Corporate & Improvement, including IT/ systems projects, and the Rowan House refurbishment project.
- £0.078m in respect of Hythe Quay River Wall repairs
- £0.154m relating to the surpluses/deficits within North Essex Parking Partnership and the Colchester & Ipswich Joint Museums service.
- £0.039m supporting Climate Change
- £0.056m for Amphora Homes development fees

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

Table 1 - Draft Outturn Summary	£'000	£'000
Cost Pressures:-		
• Net Waste (Recycling credits / Employee & Contractor costs / Materials / Fleet costs)	1,308	
• Corporate Asset Management (repairs & maintenance to various sites, CBH management fee, energy costs)	236	
• Governance (employee costs, insurance premiums)	136	
• Shared service savings not achieved (due to delays in commencing projects)	128	
• Accounts & Debt (employee costs)	80	
• Net Land Charges	58	1,946
Less income:-		
• Planning	360	
• Amphora Dividend	287	
• Building Control	99	
• Licensing & Food Safety	95	
• People & Performance (less income from staff car parking whilst Rowan House closed)	78	919
Underspends / income gains:-		
• Housing (employee costs, affordable housing NHB c/fwd not needed, additional use of Flexible Homelessness Prevention Grant and more rent & service charge income)	(682)	
• Commercial & Investment income (prior year commercial lease rent reconciliations, and various sites) Commercial & Investment (primarily limited impact of coronavirus assumed in the budget)	(224)	
• Finance (employee costs / finance system upgrade costs)	(115)	
• Net Car Parking Income	(104)	
• EMT (underspend on employee costs)	(96)	
• Council Tax Sharing Agreement	(85)	
• Community Initiatives (underspends on employee costs and other general services due to utilisation of external grant)	(80)	
• Sustainability & Climate change (employee costs)	(48)	(1,434)
Corporate / technical items		
• Net Benefits cost	155	
• MRP	480	
• Net interest paid/received	(1,556)	
• Provision for Bad Debts increase	205	
• Pensions	(37)	
• Misc Govt grants	(261)	
• Increase GF minimum balance	15	
• Review of corporate item carry forwards from prior years	(532)	
• Various service related and misc. technical items	(63)	(1,594)
Total	(163)	(163)

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 requested carry forwards against each area to provide some context. The majority of the more significant variances have been reported to Governance and Audit Committee during the year.
- 5.7 The overall position on services shows a higher net overspend from the forecast reported at Period 9. The largest changes include; more income from the Council Tax sharing agreement, less income in Bereavement, Licensing and Building Control, more expenditure on employees and less on fuel costs in Neighbourhoods, more net income in Sport & Leisure and Commercial & Investment than forecast, and no Amphora dividend produced at year-end.
- 5.8 Appendix B highlights there is less expenditure of £263k with less income of £140k. Expenditure savings are across a range of service areas and include where a carry forward has been requested.

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:-
- £480k pressure on MRP which primarily relates to the loans to Amphora Energy.
 - £1,556k gain from net interest paid/earned, as a result of the level of new borrowing required for the capital programme and increased investment rates, of which £1million had been forecast during the year.
 - £205k cost from an increase in provision for bad debts and £37k gain relating to pensions.
 - Income gain of £261k from ad hoc Government grants.
 - £15k cost relating to the Cabinet decision to increase the minimum level of the General Fund balance as part of the budget setting cycle.
- 5.10 In respect of business rates, provisional pooling figures show we will receive £951k 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 24/25 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 23/24 budget been adjusted to reflect this. Service managers are reviewing all outturn variances and any recurring issues will be reported alongside the emerging 2024/25 budget strategy.
- 5.12 The 2023/24 budget was based on the assumption that the 22/23 outturn would be an overspend of £392k, therefore the improved outturn position reflected in this report means we are able to contribute £163k back into reserves, which means it will be available for use in future financial years should there be the need.

6. Housing Revenue Account

- 6.1 **Appendix D** sets out the pre-audit revenue outturn for the Housing Revenue Account (HRA).
- 6.2 The outturn position is showing a net surplus of £25k compared to a budgeted deficit of £318k for the year, a favourable variance of £343k. However, there are carry forwards that reduce this variation to an adverse variance of £30k. 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 2022/23 contained within the 2023/24 HRA budget setting papers considered by Cabinet at its meeting in January 2023.
- 6.3 The revenue outturn position also needs to be considered alongside the outturn position for the Housing Investment Programme (Capital). Given the slippage of capital expenditure into 2023/24, less revenue resources are required to fund the 2022/23 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 2023/24 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 £161k more income than budgeted. This primarily reflects the additional interest earned on HRA balances and reserves, due to the higher investment rates being achieved, as similarly reflected in the General Fund outturn position. This is partially offset by the net impact of rental & service charge income being lost from dwellings and garages than assumed within the budget, through a combination of voids and the level of Right to Buy sales, along with the timing of acquisitions and additions to our housing stock.
- 6.5 There was less expenditure than anticipated in a number of areas, the major variances being as follows; There was a net overspend on Premises costs, primarily due to more expenditure on utility costs and repairs & maintenance budgets, as well as an accrual for prior year settlements on Lion Walk service charges. There was a general underspend across most Supplies and Services budgets, which was primarily due to a lower contribution to our Bad Debts Provision than budgeted reflecting the amount of write-off's during the year and the level of rent arrears at the year-end, and the underspend reflecting the carry forward request for IT system/project costs including Project Aurora.
- 6.6 The HRA receives recharges from a number of services and given the outturn within these areas, there is a resultant impact upon the HRA. Carry forward requests of £373k have been approved.

One-Off/Technical Items

- 6.6 Given the slippage in the Housing Investment programme, there has been a lower borrowing requirement in 2022/23, which has resulted in a saving in interest payable. Therefore we have been able to use some of these additional revenue resources to make an additional revenue contribution to fund the 2022/23 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 2023 is £4,582k. However, £2,982k of this balance is currently committed to future years in order to fund revenue expenditure committed to during 2022/23, 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 2023.

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 2022/23 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 2024/25.

7. Strategic Plan references

7.1 The priorities within the Strategic Plan are reflected in the Medium-Term Financial Forecast, which makes assumptions regarding government grant/funding and Council Tax income and identifies where necessary savings will be found in order to achieve a balanced budget. The 2022/23 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 2022/23 revenue budget report that was approved by Council in February 2022 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		360	(880)	(520)
	Total	360	(880)	(520)
Executive Management Team				
	EMT	731	-	731
	Total	731	-	731
Community Services				
	Assistant Director Communities	166	-	166
	Licencing, Food & Safety	555	(489)	66
	Community Safety	999	(1,025)	(26)
	Environmental Health Services	525	(67)	458
	Building Control	454	(424)	30
	Community Initiatives	1,699	(968)	731
	Private Sector Housing	503	(98)	405
	Bereavement Services	935	(1,821)	(886)
	Cultural Services	658	(100)	558
	Colchester Museums	39	(563)	(524)
	Total	6,533	(5,555)	978
Customer Services				
	Assistant Director Customers	255	-	255
	Accounts & Debt	899	(158)	741
	Local Tax & NNDR	590	(882)	(292)
	Benefits & Hub	1,074	(141)	933
	Contact & Support Centre	1,116	(27)	1,089
	Electoral Services	589	(108)	481
	Customer Digital & Systems	817	(47)	770
	Land Charges	128	(216)	(88)
	Total	5,468	(1,579)	3,889
Environment Services				
	Assistant Director Environment	146		146
	Neighbourhood Services	14,789	(4,791)	9,998
	Car Parking	1,216	(3,728)	(2,512)
	Total	16,151	(8,519)	7,632

	Actual Outturn		
Area	Spend	Income	Net
	£'000	£'000	£'000
Place and Client			
Assistant Director Place & Client	148	-	148
Place Strategy	1,624	(527)	1,097
Housing	4,951	(3,709)	1,242
Planning	1,431	(1,045)	386
Sustainability & Climate Change	785	(556)	229
Garden Communities	671	(376)	295
Subtotal	9,610	(6,213)	3,397
<i>Company Related:-</i>			
Client - Commercial Company	2,046	-	2,046
Corporate Asset Management	2,259	(327)	1,932
Commercial & Investment	289	(3,115)	(2,826)
Sport & Leisure	6,277	(5,737)	540
Total	20,481	(15,392)	5,089
Corporate and Improvement			
Assistant Director Corp & Improvement	71	-	71
Finance	1,095	(164)	931
ICT	2,288	(423)	1,865
People And Performance	992	(155)	837
Governance	3,199	(401)	2,798
Communications	717	(224)	493
Total	8,362	(1,367)	6,995
Total (all)	58,086	(33,292)	24,794

End of Year – Subjective Analysis

Account Description	Actual £'000	Budget £'000	Variance (fav) / adv £'000
By Subjective Group			
Employees	27,456	26,656	800
Premises Related	10,283	10,143	140
Transport Related	1,902	1,967	(65)
Supplies & Services	12,034	12,825	(791)
Third Party Payments	5,750	6,096	(346)
Transfer Payments	661	662	(1)
Capital Financing Costs	-	-	-
Subtotal Expenditure	58,086	58,349	(263)
Government Grant	(2,719)	(2,607)	(112)
Other Grants & Reimbursements	(6,760)	(6,991)	231
Customer & Client Receipts	(23,595)	(23,586)	(9)
Income-Interest	(218)	(248)	30
Subtotal Income	(33,292)	(33,432)	140
Total General Fund Services	24,794	24,917	(123)

Major Outturn Variances

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

Service Area	Variance			Carry Forwards £'000	Comment
	Spend £'000	Income £'000	Net £'000		
Executive Management Team					
EMT	(96)	-	(96)		<ul style="list-style-type: none"> Employee underspend due to vacant posts (14%).
Community					
Assistant Director Community	(3)	-	(3)		<ul style="list-style-type: none"> Small underspend on salary costs - reduction in working hours.
Licensing and Food Safety	14	95	109		<ul style="list-style-type: none"> Salaries underspend of £46k due to vacant posts is offset by redundancy costs of £67k (4%). Net income shortfall of £95k (16%) in Licensing, mainly PH vehicle and premises licences and advice fee income to new businesses.
Community Safety	16	(63)	(47)		<ul style="list-style-type: none"> Net employees overspend of £16k (14%) of which £23k unbudgeted redundancy cost is partially offset by salaries savings of £6k. Review of Community Safety balances and grant no longer required.
Environmental Health Services	(52)	(1)	(53)	24	<ul style="list-style-type: none"> Small underspend on salaries (2%) due to a vacant post. Other small underspend on mileage claims and consultancy fees. Small income gain in water testing and pest control offset by income shortfall in stray dogs boarding and search fees (1%). £24k carry forward for Business Improvement Officer post.
Building Control	24	99	123		<ul style="list-style-type: none"> Salaries underspend of £88k (22%) due to several vacant posts. This is being offset by retention bonus payments of £12k (100%) and agency staff costs of £100k (100%). Further £15k (155%) overspend on outsourcing surveying services.

Service Area	Variance			Carry Forwards	Comment
	Spend £'000	Income £'000	Net £'000	£'000	
					<ul style="list-style-type: none"> Income shortfall of £99k (19%) in Building Control fees.
Community Initiatives	(80)	-	(80)	4	<ul style="list-style-type: none"> Total of £87k (11%) underspend on staff and other general services due to external grant utilisation. £9k (100%) spend with no budget on Stanway Community Centre utilities and NNDR costs before transferring to Parish Council. Carry forward of £4k relates to Locality budgets c/f request.
Private Sector Housing	(92)	111	19		<ul style="list-style-type: none"> Salaries underspend due to a vacant post, temporary reduction in working hours and external grant utilisation contributed to £92k (15%) savings. £111k (53%) income shortfall mainly in civil penalties, redress scheme and electrical safety enforcement fees. Small gain in Healthy homes for internal re-charge utilising DFG.
Bereavement Services	20	(27)	(7)		<ul style="list-style-type: none"> Small salaries overspend of £13k (5%). £29k (10%) overspend on music services (incl. web cast and recording), this is offset by more income derived from these services. Overspend on premises related costs is a mixture of more spend on energy £48k (29%) due to prices increase, savings on grounds maintenance costs of £14k (4%). £11k (50%) net underspend on Assisted funerals. £27k (1%) more income on cremations & burials. This was partly achieved due to Weeley crematorium being shut for 6 months.
Cultural Services	(56)	17	(39)	39	<ul style="list-style-type: none"> Large part of the underspend relates to £39k being carried forward for Cultural Strategy and Events fund. Shortfall in ticket income, guided tours and advertising is balanced by underspend on agency work and other, resulting in Net zero variance.

Service Area	Variance			Carry Forwards	Comment
	Spend £'000	Income £'000	Net £'000	£'000	
Colchester Museums	(109)	(22)	(131)	88	<ul style="list-style-type: none"> Large part of the underspend relates to £88k Priority spending carry forward requests for Heritage highlighted, Capt. Jones & Lt Pinto, Red Lion mosaic, feasibility and Gosbecks project. Small underspend on casual staff costs. £30k (7%) more income on general admissions offset by £8k (26%) shortfall on guided tours income.
Colchester and Ipswich Museums (CIMS)	194	(40)	154		<ul style="list-style-type: none"> CIMS is a ring-fenced budget. Employees overspend of £44k (2%) on overtime, casual and core staff. £90k (62%) gain due to rebate received for NNDR offset by energy overspend due to price increases. £244k (42%) overspend across supplies and services and contractors spend. This is due to planned spend of CIMS reserves for products and services from last year plus current year spend (AV repair and replacement, platform lift, exhibitions, fire alarm upgrade). Gain in grant income– funder’s review and income gain relating to exhibitions. Retail income of £9k more than the budget (45%).
Customer					
Assistant Director Customer	1	-	1		<ul style="list-style-type: none"> Small overspend on subscriptions.
Accounts & Debt	80	(8)	72		<ul style="list-style-type: none"> Overspends on employee costs within Procurement £40k (38%), Income and Corporate Debt team £40k (17%) partly due to pension strain costs of £20k and Purchasing and Control £16k (5%). These are partially offset by underspends on training £10k (56%) and software licenses £7.5k (25%). The income variance relates to unbudgeted court fees recovered (100%).
Local Taxation & Business Rates	49	(97)	(48)		<ul style="list-style-type: none"> An overspend on employee costs within Council Tax of £49k partly due to pension strain costs of £27k (14%)

Service Area	Variance			Carry Forwards	Comment
	Spend £'000	Income £'000	Net £'000	£'000	
					<ul style="list-style-type: none"> The income variance relates to court fees recovered £25k (9%) and additional grant income of £72k (23%).
Benefits & Hub	(94)	46	(48)	29	<ul style="list-style-type: none"> Underspends on management employee costs £57k (43%) and Community Hub employee costs £34k (9%) along with other small variances. The income variance relates to a shortfall in New Burdens income of £65k (35%) partially offset by £11k (100%) reimbursement of consultancy costs from ECC and £8k (100%) unbudgeted funding to support the Essex Household support grant work.
Contact & Support Centre	36	7	43		<ul style="list-style-type: none"> A £40k overspend on employee costs (3.88%). £7k less income from Messenger and Post Room postage (74.30%).
Electoral Services	93	(1)	92		<ul style="list-style-type: none"> An overspend of £30k in relation to the in-year unscheduled by-elections costs (10%). Overspends within the Electoral Services team on employee costs of £8k (6%), training £1k (36%) and software licences £1k (4%). Electoral Registration £59k overspend on postage (260%) and £5k over on printing (24%) offset by an underspend on employee costs of £12k (100%). Income variance £1k on sales of the Electoral Register (23%).
Customer Digital & Systems	(348)	-	(348)	100	<ul style="list-style-type: none"> £57k salary savings in the Project Team due to vacancies (23.42%) and £25k saving on licence implementation costs (17.8%). £129k underspends in the Web and Development Team following merger of teams into corporate ICT to support critical applications and deliver new corporate infrastructure. £37k underspend on software licences (17.25%). Carry Forward: £100k due to Northgate's road map being revised meaning some modules will now be delivered in 23/24. This also

Service Area	Variance			Carry Forwards £'000	Comment
	Spend £'000	Income £'000	Net £'000		
					pushes additional licence costs and a legacy system cost extension into 23/24.
Land Charges	(11)	69	58		<ul style="list-style-type: none"> £69k less income (24.09%) meant that the demand for searches decreased and third-party payments has underspent £19k (41.89%).
Benefits – Payments & Subsidy	(912)	1,067	155		<ul style="list-style-type: none"> £150k additional income for the collection of Housing Benefit cash overpayments.
Environment					
Assistant Director Environment	(15)	-	(15)		<ul style="list-style-type: none"> Employee underspends (10.6%).
Neighbourhood Services	581	317	898	410	<ul style="list-style-type: none"> There was a £958k overspend on staffing costs associated with having insufficient vacant posts during the year to meet the 'vacancy factor' target and an increase on employee spend to meet the statutory operational demands of service delivery (24.34%) Due to prices reaching record highs in year there was a £102k overspend on fuel (15%). The material costs for recycling bags and other recycling kit purchased throughout the year were higher than previous year/s which resulted in a £163k overspend (80.97%). Following global market fluctuations there was £64k less income derived from the sale recyclable materials (9.55%), however, there was £270k savings on associated contractor costs (32.41%). Recycling credit income was £152k less than the budget (8.5%). Market & Street Trading was unable to achieve the income targets set resulting in £109k shortfall (57.25%). Carry Forwards relate to spend committed in 23.24 on Strategic Priorities (£116k), Waste and Green and Blue Strategy Development (£144k), Colchester Woodland planting year 4 (£29k), Depot

Service Area	Variance			Carry Forwards £'000	Comment
	Spend £'000	Income £'000	Net £'000		
					transformation (£20k), Signage Works (£23k) and Field Gate Quay repair works (£78k).
Car Parking	174	(278)	(104)		<ul style="list-style-type: none"> Overspends on repairs and maintenance of £33k (56%), parking transaction/income charges £115k (458%), electricity £44k (68%) offset by an underspend on NNDR costs of £11k (1%) along with other small variances. Pay and display income was better than the budget by £281k (9%) along with PCN's by £39k (22%), but season tickets/permits were £10k less than the budget (18%) along with new income streams of £35k (100%). Also, income from reimbursement of costs was £3k (100%).
North Essex Parking Partnership (NEPP)	187	(84)	103		<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. C&DC)					
Corporate & Democratic Core (C&DC)	13	(85)	(72)		<ul style="list-style-type: none"> Overspend on banking transaction charges (48%) and subscriptions (11%) offset slightly by underspend across financial audit costs (31%). More income than budget for Council Tax Sharing Agreement (8%)
Assistant Director Corporate & Improvement	(42)	128	86		<ul style="list-style-type: none"> Assistant Director salary underspend due to restructure (40%) and under on service training budget (30%). Delays to commencing projects to explore shared services mean the associated saving target was not met in 22-23 (100%).
Finance	(151)	-	(151)	36	<ul style="list-style-type: none"> Underspends across salaries due to vacant posts (10%) and a £25k carry forward for system enhancements was not needed (100%)

Service Area	Variance			Carry Forwards	Comment
	Spend £'000	Income £'000	Net £'000	£'000	
					<ul style="list-style-type: none"> £35.5k carry forward has been requested relating of the remaining Transformation funding for Link consultancy.
ICT	18	(18)	-		<ul style="list-style-type: none"> Overspend for one off consultancy and spend to support critical applications and deliver new corporate infrastructure (100%) offset by the underspends due to vacant posts (5%) and one off saving on Microsoft payments due to timings (14%). More income as higher recovery of costs from Colchester Borough Homes than budget (14%).
People & Performance	(6)	78	72	34	<ul style="list-style-type: none"> Underspends on shared payroll service (25%) and staff travel plan (46%) oversetting small overspends across employees (0.3%) and due to the re-tender of the payroll system (87%). Less income forecast from staff car parking due to home working while Rowan House is closed (89%). Carry forwards have been requested for Learning Pool System (£24.9k), remaining Transformational Leadership training budget (£1.7k) and remaining 3 months' salary for project support (£7k).
Governance	136	(19)	117		<ul style="list-style-type: none"> Overspends on employee costs due to agency fees to cover vacant posts and maternity cover (100%), Hallkeeper casual costs due to external events and greater numbers of meetings (140%), across insurance premiums (4%) and Civic events (2%). More income than budget from insurance charges recovered (80%).
Communications	(45)	-	(45)	58	<ul style="list-style-type: none"> Overspend across employee budgets (0.7%) offset by underspends across general marking (25%) Carry forwards have been requested for Inequalities Grant funding for salary and marketing (£58k).

Service Area	Variance			Carry Forwards £'000	Comment
	Spend £'000	Income £'000	Net £'000		
Place & Client					
Assistant Director Place & Client	(5)	-	(5)		<ul style="list-style-type: none"> A small variance on employee costs due to an in-year vacancy.
Place Strategy	(372)	-	(372)	344	<ul style="list-style-type: none"> Underspend across employee costs due to vacant post (3%) and underspend across general spend – the majority of this relates to the Local Plan carry forward request (30%). Carry forwards have been requested for remaining Local Plan budgets including Middlewick and Infrastructure Audit (£306.1k), Orbital spending priority due to delay in starting the work (£6.6k) and recovery funding for final commitment (£10k) and contingency (£21.5k) for the metal arch.
Housing	(517)	(165)	(682)		<ul style="list-style-type: none"> Underspends as £521k NHB Affordable Housing allocation and carry forward was not needed (100%), across employee costs due to vacant posts (9%) and general fund temporary accommodation repairs and maintenance (70%) offsetting overspend on Colchester Borough Homes management fee due to the extra pay award that was more than what was assumed in the budget (7%). Income is better than budget due to additional use of £150k grant income in year and more income than budget from rents for Council dwellings.
Planning	71	360	431	4	<ul style="list-style-type: none"> Overspends mainly due to £187.4k planning appeals cost (100%), staff transport costs (44%), employee's (0.9%), publicity costs (7%) and IT software and subscription costs (21%) offset slightly due to removal of £140k Local Design Code carry forward. Planning fees income was £360k less than full year budget (26%). Carry forwards have been requested relating to the remaining New Homes Bonus funded Heritage Project (£1k) and Town Wall spending priorities funding (3.3k).

Service Area	Variance			Carry Forwards	Comment
	Spend £'000	Income £'000	Net £'000	£'000	
Sustainability & Climate Change	(184)	-	(184)	136	<ul style="list-style-type: none"> Underspend on employee costs due to vacant manager post (18%). All other underspends mainly relate to the carry forward requests for Fixing the Link 2 (£61.9k) and Safer Streets PFCC funding (£74k).
Client – Commercial Company	18	287	305		<ul style="list-style-type: none"> £18k overspend relates to consultancy costs on the review of Amphora, and support for Amphora senior management. The £287k shortfall in income is due to a zero dividend being declared by Amphora at year end.
Corporate Asset Management	236	(4)	232		<ul style="list-style-type: none"> The final overspend included unplanned works of c£60k on three council lifts, c50k urgent safety repairs to the Town Hall exterior walkway and roof, c£35k investigations into the Moot Hall ceiling damage as well as some pressures on other sites including Hollytrees Museum £29k incl. lift, St. Marys Arts Centre £14k and some remaining clearance costs on Rowan House. NNDR relief was sought while the Rowan House site was closed which helped offset these extra costs. A further £93k unplanned costs relating to the CBH (DCM) contract were also received in 2022/23. Overall, there was a £62k pressure from energy and water charges
Commercial & Investment	(88)	(224)	(312)	56	<ul style="list-style-type: none"> Commercial properties had £52k energy and NNDR cost pressures offset by a £41k one-off saving on accruals for prior years settlement on the Lion Walk service charges. Income was £224k higher than the budget due to some variable Commercial lease rents final figures for 21/22 and 22/23 coming in higher than expected, plus some small gains on income levels for Community Stadium £30k; Enterprise Centre £12k. Some of this gain

Service Area	Variance			Carry Forwards	Comment
	Spend £'000	Income £'000	Net £'000	£'000	
					<p>was offset by lower income on some sites including the Culver Centre £66k.</p> <ul style="list-style-type: none"> Housing Development budget £56k under budget and balance is subject to a carry forward request
Sport and Leisure	522	(461)	61	70	<ul style="list-style-type: none"> Employee costs exceeded budget by £136k Expenditure pressures on various supplies of £92k, mainly due to inflation, and includes final costs around Pool View going live. The increased pressure on premises costs of £284k was due to NNDR £130k; energy £311k (Electricity £59k and Gas £231k) less savings made on grounds maintenance works in year. An overall income improvement of £456k against budget of the year, and this is predominantly on Pools £145k, Wet Side courses £118k; Lifestyles £86k and Aqua Springs £68k, these helped offset other smaller income pressures across the service. A carry forward request has been made in relation to Transformation Funding towards further IT development, support and external consultancy.

End Of Year 2022/23			
<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	252	249	3
Premises Related	8,209	7,508	701
Transport Related	0	1	(1)
Supplies & Services	1,096	1,403	(307)
Third Party Payments	4,282	4,087	195
Transfer Payments	80	128	(48)
Support Services	3,558	3,420	138
Capital Financing Costs	43,495	44,358	(863)
TOTAL EXPENDITURE	60,972	61,154	(182)
INCOME			
Other Grants & Reimbursements	(169)	(139)	(30)
Customer & Client Receipts	(31,473)	(31,669)	196
Income-Interest	(354)	(12)	(342)
Inter Account Transfers	(29,001)	(29,016)	15
TOTAL INCOME	(60,997)	(60,836)	(161)
TOTAL NET - HRA	(25)	318	(343)
<i>Technical Items:-</i>			
Carry Forwards		(373)	373
OVERALL - POSITION	(25)	(55)	30