

28 November 2023

<b>Report of</b>	<b>The Section 151 Officer</b>	<b>Author</b>	<b>Chris Hartgrove</b> (chris.hartgrove@colchester.gov.uk)
<b>Title</b>	<b>Quarter 2 Budget Monitoring Report 2023/24</b>		
<b>Wards affected</b>	Not applicable		

## 1. Executive Summary

- 1.1 This report sets out the 2023/24 General Fund and Housing Revenue Account positions, for both revenue and capital, as of 30th September 2023 (“Quarter 2”).
- 1.2 In terms of General Fund revenue expenditure – at the Quarter 2 stage – a budget overspend of £1.447 million is forecast, with projected net expenditure of £26.663 million compared to an updated budget provision of £25.216 million.
- 1.3 As with 2022/23, the budget is being delivered against a challenging economic background that is creating multiple, unforeseen, pressures on the budget. The peak in inflation and higher interest rates are both continuing for far longer than was predicted by the Treasury at the time the budget was set. This is resulting in higher costs, but also lower income from some services as disposable incomes are reduced as resident’s adjust their spending patterns. Additionally, the squeeze on incomes and higher housing costs is resulting in higher demands for some Council services, such as Homelessness. With both the cost of delivery and demand increasing, whilst at the same time income decreases, it is the Council’s budget that is squeezed in the middle.
- 1.4 Consequently, the net revenue Expenditure position reflects a Service overspend of £3.266 million. Notable items include:
  - A net budget pressure of £860,000 on Homelessness/Temporary Accommodation compared against the original budget of £533,000, resulting in a forecast net spend of £1.393 million. This is part of a national trend, with statistics released by the Government confirming that Homelessness was up by 5.7% across England in the period January to March 2023, compared to the corresponding period in 2022. The Homelessness service is managed by Colchester Borough Homes (CBH) on behalf of the Council. The Council’s Senior Team are working with Senior Managers from CBH to identify actions to mitigate this overspend and to develop solutions to the wider housing pressures facing Colchester; and
  - An income shortfall of £551,000 on the Garden Waste Collection service is also anticipated, with technical accounting rules preventing anticipated cash receipts in the first (calendar) quarter of 2024 being credited in full in the financial year; this has a one-off impact in 2023/24.
- 1.5 In contrast, the overspend on Services is offset by an underspend of £1.819 million on Capital Financing costs, due to the combined impact of a continued increase in interest rates and the completion of an internal review of Capital Financing costs.

- 1.6 Members should note that the realisation of embedded savings targets within the 2023/24 revenue budget is also proving very challenging, most notably a targeted recruitment freeze with an assumed yield of £0.5 million; additional measures have now been introduced by senior management entailing a more stringent recruitment freeze, with a view to getting as close as possible to the target over the remainder of the financial year.
- 1.7 As with 2022/23, the Staff Pay Settlement for 2023/24 represents a further substantial risk. The projections contained in this report assume that the in-built 4.0% uplift will be sufficient, but at the time of reporting, the Council's Local Pay Offer of £1,500 for all grades (£1,000 consolidated + £500 unconsolidated), representing an increase of 7.7% for the lowest paid staff, has been rejected. Unison have balloted members on strike action and the ballot is scheduled to close on 16th November 2023. This remains a threat until a local agreement is reached. The national offer of £1,925 (consolidated) has been accepted by unions; its implementation at Colchester would lead to an additional cost pressure of circa £600,000.
- 1.8 The revenue Funding position for Quarter 2 is mixed. The Council is to receive £204,000 in Revenue Support Grant (RSG) that was not included in the original budget assumption, but the anticipated Contribution from Reserves is £1.232 million higher as a consequence of the £1.447 million overspend described above.
- 1.9 Some of the pressures identified here are one-off, whilst others are likely to continue into future years. In this context, Senior Officers, working with Portfolio Holders, are taking, or are developing, a range of mitigating actions. This includes:
- *Rolled Forward Budgets (Short-Term)* – unspent revenue budgets for 2022/23 that were rolled forward at the end of the financial year (and held in the Future Budget Reserve) have been reviewed in the light of updated circumstances. This is reflected in the overall spending forecast and has released funds of £663,100 within the Reserve which are now available to partially absorb some of the remaining forecast overspend and provide a stronger Balance Sheet from which to develop the 2024/25 Budget; and
  - *Transformation Programme (Medium and Long-Term)* – added emphasis has now been placed on the Programme in order to deliver efficiencies that will help offset the Council's longer-term spending pressures.
- 1.10 A balanced position on the Housing Revenue Account (HRA) is projected at the Quarter 2 stage. An anticipated shortfall on income from Rent and Service Charges of £85,000, is to be offset by a reduced Contribution to Capital of the same amount. If a balanced position is achieved, the HRA Balance would remain unchanged at £4.582 million (above the £1.6 million contingency requirement assumed in the HRA Business Plan).
- 1.11 Spending on the General Fund Capital Programme in the first 6 months has been relatively subdued at £4.644 million, with a forecast outturn of £18.706 million, which – if this materialises – would lead to an underspend of £66.833 million. The underspend partly reflects the pause in significant elements of delivery whilst affordability and viability were reassessed as part of the wider Capital Programme review, although the most significant individual item relates to loan advances of £26.70 million to the Council's new Housing Company; these are not now expected to materialise in 2023/24 and the delay is associated with the review of Amphora activities.

- 1.12 And finally, and by way of added context, the Council is operating in a volatile environment which is having significant and unpredictable financial impacts on the budget. This can be demonstrated through the variances highlighted within this report; some of these are predictable but vary from original assumptions and some have been unexpected. However, those risks are recognised through the Council's risk identification and mitigation strategy and through maintaining adequate reserves and balances.

## **2. Recommended Decisions**

- 2.1 The General Fund revenue position at the end of Quarter 2 (30th September 2023) for 2023/24, including actions being undertaken or proposed to ameliorate the position, where significant variances have been identified, be noted (***including Appendices A, B and C***).
- 2.2 The General Fund capital position at the end of Quarter 2 (30th September 2023) for 2023/24 be noted (***including Appendix D***); and
- 2.3 The Housing Revenue Account revenue position at the end of Quarter 2 (30th September 2023) for 2023/24, including actions proposed to ameliorate the position, where significant variances have been identified, be noted.

## **3. Reason for Recommended Decision**

- 3.1 This report facilitates the scrutiny of the Council's financial position for 2023/24.

## **4. Alternative Options**

- 4.1 None.

## 5. Background and Introduction

- 5.1 The Housing Revenue Account budgets for 2023/24 (Revenue and Capital) were approved by Cabinet on 25th January 2023.
- 5.2 The General Fund budget for 2023/24 (Revenue only) was subsequently approved by full Council on 22nd February 2023. A decision on an updated General Fund Capital budget for 2023/24 was deferred pending the outcome of an internal review of the Capital Programme. The delivery of the previously approved Programme has continued in 2023/24, with unspent balances from 2022/23 rolling forward as planned.
- 5.3 This report updates the Governance & Audit Committee on how the Council's services have performed against approved budgets in the first six months of 2023/24 (Quarter 2), and projects forward to the anticipated outturn for the end of the financial year.

## 6. General Fund Revenue Budget

### Net Expenditure

- 6.1 The General Fund net expenditure position for 2023/24, at the Quarter 2 stage – summarised by service area – is presented in **Appendix A**. The headline is a forecast budget overspend of £1.447 million, with projected net expenditure of £26.663 million against an updated budget provision of £25.216 million. The table below summarises the position by service area.

General Fund Net Expenditure 2023/24 (Quarter 2)					
Service Area	Budget 2023/24 (Council 22/02/23)	YTD Budget Moves (@ Q2)	Updated Budget 2023/24	Q2 Forecast (Net)	Variance
	£000's	£000's	£000's	£000's	£000's
Corporate & Democratic Core	(33)	(20)	(53)	(19)	34
Senior Leadership Board (SLB)	2,071	(214)	1,857	1,698	(159)
Modern City Services	7,084	130	7,214	8,068	854
Corporate Services	6,094	791	6,885	7,974	1,089
Enjoy Colchester	1,410	5	1,415	1,399	(16)
Place and Prosperity	513	491	1,004	1,458	454
Transformation & Business Improvement	2,500	377	2,877	2,978	101
Housing and Wellbeing	1,724	(29)	1,695	2,604	909
<b>Total Service Budgets</b>	<b>21,363</b>	<b>1,531</b>	<b>22,894</b>	<b>26,160</b>	<b>3,266</b>
HRA/NEPP Recharges	(3,594)	0	(3,594)	(3,594)	0
Financing Costs	3,879	0	3,879	2,060	(1,819)
Unallocated/Corporate/Technical	3,087	(1,050)	2,037	2,037	0
<b>Totals (Net Expenditure)</b>	<b>24,735</b>	<b>481</b>	<b>25,216</b>	<b>26,663</b>	<b>1,447</b>

6.2 Full details of the underlying variances in the table above can be found in **Appendix A** (Summary) and **Appendix B** (Analysis). The most notable variances – by service area level – compared to the updated budget in the table above are as follows:

- **Corporate Services including CDC (£1.123 million forecast Overspend)** – the single largest item here relates to the Amphora dividend, with a £289,000 shortfall predicted. Across the whole of Corporate Services there is a forecast overspend of £187,000 on Employee costs as vacant posts have not met the expectations assumed in the savings target for Vacancies and the Recruitment Freeze. Within Governance, an overspend of £194,000 is forecast at this stage which relates to increased Insurance Premiums due to insurance market conditions.
- **Housing & Wellbeing (£0.909 million forecast Overspend)** – the most significant factor in the overall forecast overspend relates to a budget pressure of £860,000 on the Housing service, which reflects the exceptional demand on the Homelessness/Temporary Accommodation budget, which is currently a nationwide issue.
- **Modern City Services (£0.854 million forecast Overspend)** – a forecast budget pressure of £522,000 on the Neighbourhood Services budget is the headline behind the overall forecast overspend, with an anticipated income shortfall of £551,000 from the Garden Waste Collection service being the single largest factor. Although the rollout of the new chargeable service is expected to generate substantial cash receipts from customer subscriptions in early 2024 as expected, the technical accounting rules require the income to be matched against the service provided, resulting in the bulk of those receipts being credited to 2024/25, rather than the current financial year.
- **Place & Prosperity (£0.454 million forecast Overspend)** – there is a forecast budget pressure of £177,000 in the Car Parking service which relates to overspends on banking/income processing charges and Parking Strategy work, alongside a £45,000 shortfall in income. In addition, the Planning service is experiencing a shortfall in income of £132,000, which is outweighing anticipated staff savings and other operational costs of £59,000. And finally, across the whole of Place & Prosperity, there is forecast overspend of £122,000 on Employee costs as vacant posts have not met the expectations assumed in the savings target for Vacancies and the Recruitment Freeze; and
- **Financing Costs (£1.819 million forecast Underspend)** – a forecast underspend (or budget surplus) is anticipated on (net) Financing Costs of £1.819 million; this is due to the combined impact of higher than assumed interest rates and a further internal review of Capital Financing costs for Quarter 2. The most notable variance is on Interest Payable (£1,222,000), with the impact of loan repayments outweighing additional – more recent – Capital Programme commitments. Interest Receivable is also exceeding budget expectations (£584,000). Minimum Revenue Provision (MRP) costs are very close to budget at £2.740million (with a variance of just £13,000).

### **Funding**

- 6.3 The General Fund funding position for 2023/24, at the Quarter 2 stage is summarised in the table below.

<b>General Fund Funding 2023/24 (Quarter 2)</b>					
<b>Description</b>	<b>Budget 2023/24 (Council 22/02/23)</b>	<b>YTD Budget Moves (@ Q2)</b>	<b>Updated Budget 2023/24</b>	<b>Q2 Forecast (Net)</b>	<b>Variance</b>
	<b>£000's</b>	<b>£000's</b>	<b>£000's</b>	<b>£000's</b>	<b>£000's</b>
Council Tax	(13,936)	0	(13,936)	(13,936)	0
Business Rates	(6,456)	0	(6,456)	(6,467)	(11)
Collection Fund Adj. (C. Tax & NNDR)	323	0	323	323	0
Revenue Support Grant	0	0	0	(204)	(204)
New Homes Bonus (NHB)	(576)	0	(576)	(576)	0
2023/24 Services Grant	(175)	0	(175)	(175)	0
Funding Guarantee Allocation	(1,685)	0	(1,685)	(1,685)	0
Other Government Grants	0	0	0	0	0
Contribution to/(from) Reserves	(2,230)	(481)	(2,711)	(3,943)	(1,232)
<b>Total Funding</b>	<b>(24,735)</b>	<b>(481)</b>	<b>(25,216)</b>	<b>(26,663)</b>	<b>(1,447)</b>

- 6.4 The funding position for the General Fund in Quarter 2 is mixed. Whilst there is little variation on Local Tax (Council Tax and Business Rates) at this stage, there is some good news in the Final Local Government Settlement for 2023/24 with the Council receiving £204,000 in Revenue Support Grant; this was not included in the original budget assumption.
- 6.5 However, due to the forecast overspend of £1.447 million summarised in Paragraph 6.1 above, the anticipated net Contribution *from* Reserves is significantly higher (by £1.232 million) than assumed in the updated budget.

### **General Fund Reserves**

- 6.6 A (net) Contribution of £2.230 *from* Reserves was assumed in the Budget adopted by Full Council in February 2023. The table below summarises progress against that assumption at the Quarter 2 stage, projecting forwards to the year end and the updated (net) Contribution from Reserves of £3.943 million as presented in the table above in Paragraph 6.3.

<b>Contributions to/(from) General Fund Reserves 2023/24 (Q2 Forecast)</b>			
<b>Reserve</b>	<b>Agreed/ Planned 2023/24 (Feb 2023)</b>	<b>Q2 Forecast 2023/24</b>	<b>Description</b>
	<b>£000's</b>	<b>£000's</b>	
General Fund Reserve	0	(83)	Unplanned contribution <i>from</i> Reserve reflecting impact of forecast Budget Overspend (Note – adopted contingency balance is £2.160 million for 2023/24).
Future Budget Reserve	(900)	(1,075)*	General contribution <i>from</i> Reserve to support Budget.
Repairs & Renewals Fund	(800)	(538)	General contribution <i>from</i> Reserve to support Budget.
Pension Fund Deficit Reserve	(557)	(557)	Contribution <i>from</i> Reserve to fund (3-year) advance payment to Essex Pension Fund (£836k), minus annual contribution <i>to</i> Reserve (£279k).
Business Rates Reserve	(323)	(323)	General contribution <i>from</i> Reserve to match fund Collection Fund (Council Tax & NDR) deficit contributions.
Revenue Grants Unapplied	(200)	(1,327)	Contribution <i>from</i> Reserve releasing Flexible Homelessness Grant funding.
Strategic Plan Delivery Reserve	550	0	Planned contribution <i>to</i> Reserve of £550k to fund corporate priorities (funded from additional Leisure Services income, following change in VAT treatment). Now taken from reserve and applied to service budgets in Q2 (per Cabinet approval 8th March 2023).
Revolving Investment Fund Reserve	0	(40)	General contribution <i>from</i> Reserve re capital support provided by Finance Team (funded from NHB).
<b>Net Use of General Fund Reserves</b>	<b>(2,230)</b>	<b>(3,943)</b>	

\*Contribution reduced by £0.663 million following review of Rolled Forward budgets from 2022/23 (see Para 1.9 above).

- 6.7 Due to internal resourcing constraints and the impact of (national) delays in the external audit process, the Council's Balance Sheet position for 31st March 2023 has not been finalised at the time of preparing this report. It is now anticipated that the Statement of Accounts for 2022/23 (including the finalised Balance Sheet position) will be published in December 2023. This will allow the accurate presentation of the opening balances on General Fund Reserves, as well as the estimated closing balances implicit in the projections above. This will appear in the Quarter 3 report.

6.8 It should also be noted that the Council adopted a minimum contingency balance (within the General Fund Reserve) of £2.160 million in setting the budget for 2023/24 on the basis of the Section 151 Officer's recommendation (in accordance with Section 25 of the Local Government Act 2003). The Quarter 2 forecast would result in the usage of £83,000 of that balance as presented in the table above. In the event that this materialises, there is sufficient available resources within the Future Budget Reserve to replenish the General Fund Reserve to the required minimum contingency level as recommended by the Section 151 Officer to full Council in February 2024.

## 7. Housing Revenue Account (HRA)

### Revenue Forecast

7.1 The Housing Revenue Account (HRA) revenue position for 2023/24, at the Quarter 2 stage, is summarised in the table below. The overall forecast is £34.846 million, compared to the original Budget of £34.931 million agreed by Cabinet in January 2023.

<b>HRA Budget 2023/24 (Quarter 2)</b>			
<b>Description</b>	<b>Budget 2023/24</b>	<b>Forecast Spending (31/03/24)</b>	<b>Variance</b>
	<b>£000's</b>	<b>£000's</b>	<b>£000's</b>
<b>EXPENDITURE</b>			
Employees	266	266	0
Premises	9,255	9,255	0
Transport	1	1	0
Supplies & Services	1,118	1,118	0
Third Party Payments	4,898	4,898	0
Transfer Payments	128	128	0
Support Services	3,858	3,858	0
Capital Financing Costs	15,407	15,322	(85)
<b>Total Expenditure</b>	<b>34,931</b>	<b>34,846</b>	<b>(85)</b>
<b>INCOME</b>			
Grants & Reimbursements	(139)	(139)	0
Customer & Client Receipts	(34,529)	(34,444)	85
Income-Interest	(263)	(263)	0
Inter-Account Transfers	0	0	0
<b>Total Income</b>	<b>(34,931)</b>	<b>(34,846)</b>	<b>85</b>
<b>HRA NET EXPENDITURE</b>	<b>0</b>	<b>0</b>	<b>0</b>

7.2 The table above presents a relatively stable position on the HRA at the Quarter 2 stage. Net spending during the period April to September 2023, compared to the profiled budget, is showing a small underspend, mainly on Premises. However – as with most variances – this is thought to be due to timing differences on actual expenditure compared to profiled spending assumptions. Therefore, most subjective budget lines presented above, are expected to be on budget by the end of the financial year.



7.3 The only significant difference compared to the budget is lower than expected Revenue Contributions to Capital of £85,000 as part of overall Capital Financing Costs. The difference in substance is the balancing figure in the HRA and is due to less Rent and Service Charges anticipated from Dwellings and Garages than assumed within the Budget, which is a function of the level of Voids, Right to Buy (RTB) sales, along with the timing of acquisitions and additions.

**HRA Balance**

7.4 Members should note that the current HRA Business Plan includes the assumed maintenance of a minimum balance of £1.6 million in the HRA reserve; as of 31st March 2023, the balance was £4.582 million. The year end forecast balance in the table below, reflects the balanced position described above in Paragraph 7.1.

<b>Movement on HRA Balance: Quarter 2 2023/24</b>	
<b>Description</b>	<b>£000's</b>
HRA Balance 31st March 2023 (pre-audit)	(4,582)
2023/24 Net Expenditure Forecast Variance Q2 (Para 5.11)	0
<b>HRA Balance 31st March 2024 (Q2 Forecast)</b>	<b>(4,582)</b>

**8. General Fund Capital Programme**

8.1 An updated Capital Programme for 2023/24 was not adopted alongside the General Fund Revenue budget in February 2023 in accordance with normal procedure, pending an in-depth analysis of capital commitments and capital financing costs (taking account of higher inflation and borrowing costs, and significant market and supply chain uncertainty). Despite this, the Programme still had a significant range of schemes that continued into 2023/24. This Quarter 1 update therefore focuses on those schemes and is summarised, at a service level, in the table below. A more detailed analysis, at a scheme level, is included in **Appendix D**.

8.2 The pre-approved Programme budget for 2023/24 totals £85.494 million, including unspent balances of £59.542 million rolled forward from 2022/23. Spending in the first 6 months has been relatively subdued at £4.644 million, with a forecast outturn of £18.706 million, which, if this materialises, would lead to an underspend of £66.833 million.

Pre-Approved General Fund Capital Programme 2023/24 (Quarter 2)							
Description	Rolled Fwd. from 2022/23	2023/24 Allocation	Updated Budget 2023/24	Spending (@ 30 Sept. 2023)	Remaining Budget (@ 30 Sept. 2023)	Forecast Spending (31/03/24)	Variance (Under) / Over
	£000's	£000's	£000's	£000's	£000's	£000's	£000's
Corporate Services	33,520	0	<b>33,520</b>	0	33,520	0	<b>(33,520)</b>
Economic Growth*	12,565	13,786	<b>26,351</b>	3,295	23,016	12,932	<b>(13,379)</b>
Health Partnerships & Wellbeing	1,742	427	<b>2,169</b>	181	1,988	361	<b>(1,808)</b>
Museums, Culture & Tourism**	17	0	<b>17</b>	17	84	35	<b>(67)</b>
Neighbourhood Services	1,487	0	<b>1,487</b>	(2)	1,489	66	<b>(1,421)</b>
Sport & Leisure	441	0	<b>441</b>	316	125	356	<b>(85)</b>
Strategic Housing (GF)	4,701	1,452	<b>6,153</b>	641	5,513	1,050	<b>(5,103)</b>
Sustainability	5,069	10,287	<b>15,356</b>	195	15,160	3,906	<b>(11,450)</b>
<b>Total Expenditure</b>	<b>59,542</b>	<b>25,952</b>	<b>85,494</b>	<b>4,644</b>	<b>80,895</b>	<b>18,706</b>	<b>(66,833)</b>
<i>Capital Financing:</i>							
Capital Grants	18,189	11,565	<b>29,754</b>	2,992	26,808	13,925	<b>(15,875)</b>
S106 Receipts	680	0	<b>680</b>	229	451	603	<b>(77)</b>
Capital Receipts	277	0	<b>277</b>	15	262	50	<b>(227)</b>
Revenue Contributions	191	0	<b>191</b>	0	191	382	<b>191</b>
Borrowing	40,205	14,387	<b>54,592</b>	1,409	53,183	3,746	<b>(50,845)</b>
<b>Total Financing</b>	<b>59,542</b>	<b>25,952</b>	<b>85,494</b>	<b>4,644</b>	<b>80,895</b>	<b>18,706</b>	<b>(66,833)</b>

Note – Net Rolled Forward Budget adjustments of £45,000 compared to Q1 following subsequent release of 2022/23 Capital Outturn - Multi Use Community Centre\* (-£40,000) and Mercury Theatre\*\* (£85,000).

8.3 There are four dominant areas of underspending/slippage on the General Fund Capital Programme at the Quarter 2 stage:

- **Corporate Services (£33.520 million forecast Underspend)** – the most significant item here relates to loan advances of £26.70 million to the Council's new Housing Company; these are not now expected to materialise in 2023/24 and the delay is associated with the review of Amphora activities.

- **Sustainability (£11.450 million forecast Underspend)** – there are two significant schemes driving the underspend:
  - **CNG Solar Micro Grid** - this scheme explores the development of a micro grid at the Northern Gateway and has a total budget of £5.70 million for 2023/24. The forecast outturn is £0.40 million, which – if this materialises – would lead to an underspend of £5.30 million at year end. The scheme is in the early development stage including design and relevant planning consents. The scheme is being considered for extension, subject to a further business case, to include further Solar AA panels and battery storage which would add a further £6.5 million to the overall scheme budget if approved; and
  - **Colchester Northern Gateway Heat Network** – the budget allocation for this scheme in 2023/24 was £6.355 million. Forecast spending is now £1.80 million, which if this materialises – would lead to an underspend of £4.555 million. The project is currently on hold as costs have increased with inflation. It is now anticipated that construction will not begin start until the latter part of 2024/25 at the earliest.
- **Economic Growth (£13.379 million Underspend)** – the most significant area of underspending relates to schemes associated with the Town Deal project. The overall project has a budget of £19.09 million, with forecast spending of £8.2 million this year; if this materialises, it will lead to an underspend of £10.89 million. Two schemes – with combined budgets of £1.73 million (Balkerne Gate Phase 2 + Kerbles & Green Streets) – are currently on hold pending further review. The Multi-Use Community Hub scheme has a budget of £5.78 million with forecast spending of £0.12, leading to an underspend of £5.66 million; and
- **Strategic Housing (£5.103 million Underspend)** the underspend relates to the provision of Disabled Facilities Grants (DFG). The Council receives a grant in the region of £1.4 million annually, but actual spending is subject to the volume of applications received, approved, and then processed; any remaining grant held is carried forward.

## 9. HRA Capital Programme

- 9.1 Cabinet approved a total 5-year HRA Capital Programme of £191.403 million, which included expenditure of £34.668 million for 2023/24 at its meeting on 25th January 2023. The delivery of the Programme is shared with Colchester Borough Homes (CBH) under hybrid arrangements covering “Decent Homes”, and the acquisition and building of Council homes.
- 9.2 At the time of preparing this report, officers from the Council and CBC are reviewing the Programme to establish the in-depth position for 2023/24. A full update will be included within the Quarter 3 report.

## **10. Equality, Diversity and Human Rights implications**

10.1 None.

## **11. Standard References**

11.1 There are no special references to the Strategic Plan; consultation or publicity considerations or financial; community safety; health and safety or risk management implications.

11.2 Management Accounts 2023/24 (Month 6).

## **12. Environmental and Sustainability Implications**

12.1 None.

## **13. Appendices**

13.1 General Fund Revenue Budget 2023/24 (Quarter 2 Variance Summary) - **Appendix A**

13.2 General Fund Revenue Budget 2023/24 (Quarter 2 Variance Analysis) - **Appendix B**

13.3 General Fund Revenue Budget 2023/24 (Quarter 2 Subjective Analysis) - **Appendix C**

13.4 General Fund Capital Programme 2023/24 (Quarter 2 Forecast) - **Appendix D**

**General Fund Revenue Budget 2023/24****Variance Summary (Quarter 2)**

Service Area	Variances to Date			Forecast Variances		
	Spend	Income	Net	Spend	Income	Net
	£'000	£'000	£'000	£'000	£'000	£'000
<b>Corporate &amp; Democratic Core</b>	(124)	(101)	(225)	34	-	34
<b>Sub-Total</b>	<b>(124)</b>	<b>(101)</b>	<b>(225)</b>	<b>34</b>	<b>-</b>	<b>34</b>
<b>Senior Leadership Board</b>						
Senior Leadership Board	(55)	64	9	(122)	-	(122)
Communications	(38)	(29)	(67)	(37)	-	(37)
<b>Sub-Total</b>	<b>(93)</b>	<b>35</b>	<b>(58)</b>	<b>(159)</b>	<b>-</b>	<b>(159)</b>
<b>Modern City Services</b>						
Head of Public Protection	40	-	40	56	-	56
Food & Safety	(5)	18	13	51	22	73
Licensing, Community Safety & Safeguarding	(16)	(30)	(46)	-	(1)	(1)
Environmental Health Services	5	(2)	3	6	2	8
Building Control	(59)	135	76	(120)	249	129
Head of Neighbourhood Services	(23)	(4)	(27)	70	(3)	67
Neighbourhood Services	(45)	(78)	(123)	104	418	522
<b>Sub-Total</b>	<b>(103)</b>	<b>39</b>	<b>(64)</b>	<b>167</b>	<b>687</b>	<b>854</b>
<b>Corporate Services</b>						
Service Director Finance	-	-	-	-	-	-
Financial Management	(89)	43	(46)	-	-	-
Corporate Asset Management	(195)	19	(176)	100	-	100
Commercial & Investment	275	(215)	60	(899)	1,112	213
Client-Commercial Company	(175)	(15)	(190)	-	289	289
Head of Operational Finance	(12)	-	(12)	66	-	66
Operational Finance Services	32	3	35	6	(1)	5
Local Taxation & NNDR	(21)	(63)	(84)	-	(88)	(88)
Benefits & Technical	42	(33)	9	25	18	43
Contact & Support Centre	(18)	7	(11)	11	-	11
Household Support Grants	-	-	-	-	-	-
Head of Governance	27	-	27	55	-	55
Governance	813	26	839	262	-	262
Head of People	53	(2)	51	71	-	71
People	(7)	(8)	(15)	15	47	62
<b>Sub-Total</b>	<b>725</b>	<b>(238)</b>	<b>487</b>	<b>(288)</b>	<b>1,377</b>	<b>1,089</b>

Service Area		Variances to Date			Forecast Variances		
		Spend	Income	Net	Spend	Income	Net
		£'000	£'000	£'000	£'000	£'000	£'000
<b>Enjoy Colchester</b>							
	Sport and Leisure	130	(122)	8	11	(10)	1
	Cultural Services	(4)	1	(3)	(1)	4	3
	Colchester Museum	1	(32)	(31)	-	(20)	(20)
	<b>Sub-Total</b>	<b>127</b>	<b>(153)</b>	<b>(26)</b>	<b>10</b>	<b>(26)</b>	<b>(16)</b>
<b>Place &amp; Prosperity</b>							
	Head of Economic Growth	1	-	1	5	-	5
	Economic Growth	53	-	53	(5)	-	(5)
	Head of Sustainability	(8)	-	(8)	(5)	-	(5)
	Sustainability & Climate Change	79	3	82	2	-	2
	Parks and Open Spaces	(120)	36	(84)	37	27	64
	Parking	34	29	63	132	45	177
	Head of Planning	34	-	34	158	-	158
	Place Strategy	22	(1)	21	(15)	-	(15)
	Planning	(26)	132	106	(59)	132	73
	Garden Communities	-	-	-	-	-	-
	<b>Sub-Total</b>	<b>69</b>	<b>199</b>	<b>268</b>	<b>250</b>	<b>204</b>	<b>454</b>
<b>Transformation and Business Improvement</b>							
	Director - ICT and Transformation	(10)	-	(10)	64	-	64
	ICT and Digital Systems	(1)	104	103	(62)	-	(62)
	Land Charges	(6)	39	33	19	80	99
	<b>Sub-Total</b>	<b>(17)</b>	<b>143</b>	<b>126</b>	<b>21</b>	<b>80</b>	<b>101</b>
<b>Housing &amp; Wellbeing</b>							
	Head of Strategic Housing	(2)	-	(2)	-	-	-
	Housing	1,537	(709)	828	860	-	860
	Private Sector Housing & Healthy Homes	(35)	39	4	(42)	55	13
	Head of Health Partnerships & Wellbeing	(2)	-	(2)	-	-	-
	Community Partnerships & Wellbeing	(53)	-	(53)	(43)	-	(43)
	Bereavement Services	(112)	137	25	(44)	123	79
	<b>Sub-Total</b>	<b>1,333</b>	<b>(533)</b>	<b>800</b>	<b>731</b>	<b>178</b>	<b>909</b>
	<b>Service Totals</b>	<b>1,917</b>	<b>(609)</b>	<b>1,308</b>	<b>766</b>	<b>2,500</b>	<b>3,266</b>

**General Fund Revenue Budget 2023/24****Variance Analysis (Quarter 2)**

Service Area	Variance			Comment
	Spend £'000	Income £'000	Net £'000	
<b>Senior Leadership Board</b>				
Senior Leadership Board	(122)	-	(122)	Underspends across consultancy and employee costs due to vacant posts and changes since the Senior Leadership Board restructure (9%).
Communications	(37)	-	(37)	Underspends across employee costs due to vacant posts (6.6%) offsetting unbudgeted software licence for cost of living dataset in the Research and Behaviour Change Team (100%)
<b>Modern City Services</b>				
Head of Public Protection	56	-	56	£56k vacancy factor target yet to be achieved although £50k of salary was already removed from the base budget from service restructuring.
Food and Safety	51	22	73	Employees forecast underspend of £46k (16%) is a mixture of staff underspend (£35.6k), additional agency costs following FSA Audit recommendations (£75k), and market forces supplement payments (£6k) with no budgets. Further pressure on digital inspections of £5k. Shortfall in income of £22k (100%) on advice and food hygiene courses due to lack of capacity to deliver.
Licensing, Community Safety & Safeguarding	-	(1)	(1)	Small gain from DEFRA - Taxi Database payment (£600).
Environmental Health Services	6	2	8	Salaries savings of £14k is offsetting £15k market forces supplement payments (1%). £5k (5%) overspend is a mixture of increase in pesticides costs and increase costs for bed bug cases / number of visits required per case. This has an impact on the income generation too, forecasting £2k (3%) shortfall.

Service Area	Variance			Comment
	Spend £'000	Income £'000	Net £'000	
Building Control	(120)	249	129	Forecasting overall salaries underspend of £120k (26%) due to 5 vacant posts. This is a mixture of core staff underspend (£317k), agency staff costs (£200k) and market forces supplement payments (£3k) with no budget. Income shortfall forecast - £249k (44%).
Head of Neighbourhood Services	70	(3)	67	Employee overspends are forecast due to not having had sufficient vacant posts yet this year to achieve the budget target for vacancies and recruitment freeze.
Neighbourhood Services	104	418	522	£271k employee overspend is forecast to maintain key waste services in line with demand (5.94%). Due to lower prices than expected a £205k underspend is forecast on fuel (24.79%). Following global market fluctuations and a contract re tender £412k more income derived from the sale of recyclable materials (92.13%) and a £52k overspend on associated contractor costs are forecast (8.16%). A £551k shortfall on Garden Waste Collection income is forecast due to accounting rules which require income to be reported in the financial year that matches the year of delivery of the service, the shortfall is expected to catch-up in 2024/25 (84.77%). A £229k shortfall on recycling equipment due introducing the service later than anticipated (97.45%).
<b>Corporate Services (incl. CDC)</b>				
Corporate and Democratic Core	34	-	34	Forecast overspend on banking transaction charges due to saving target that will not be achieved and overspend (12%), small overspend on subscriptions (12%) partially offset by small underspend from Parish Grants (3%).



Service Area	Variance			Comment
	Spend £'000	Income £'000	Net £'000	
Corporate Asset Management	100	-	100	There is £100k forecast overspend due to unplanned works mainly based around the Leisure World site including Charter Hall roof c75k and the Flume Tower c£25k, although these figures are still estimates and may yet change once insurance claim has been confirmed. Town Hall ongoing investigations into the Moot Hall ceiling damage has meant that £150k is committed to be spent on initial works but one-off funding has been identified for this. No other pressures have yet been identified although Rowan House has recently re-opened, and expenditure will be closely monitored.
Commercial and Investment	(899)	1,112	213	The are two main cost pressures identified to date which are firstly the potential demolition of barns on Cuckoo Farm/North site (c£100k) that may happen prior to year-end. The other £113k relates to a net income pressure as a result of a small delay expected in the completion of the Turnstone site for 2023/24. The variations on both expenditure and income relate to some operational costs not being incurred until early 2024.
Client – Commercial companies	-	289	289	A shortfall of dividend income for Amphora companies for 2023/24 as per their most recent forecast provided.
Head of Operational Finance	66	-	66	Employee overspends are forecast due to not having had sufficient vacant posts yet this year to achieve the budget target for vacancies and recruitment freeze.
Operational Finance Services	6	(1)	5	Forecast overspends on subscriptions £4k and software licences £1k. Additional income forecast from CBH for reimbursement of BIP costs £1k.

Service Area	Variance			Comment
	Spend £'000	Income £'000	Net £'000	
Local Taxation and Business Rates	-	(88)	(88)	Additional income forecast from ECC, Police and Fire £90k and unbudgeted grant income of £15k. This is partially offset by a forecast shortfall on recoverable expenses of £10k, court fees recovered £4k and a £2k shortfall on the budgeted admin grant.
Benefits and Technical	25	18	43	Overspends on consultancy £14k, postage £10k and subscriptions £1k.
Contact and Support Centre	11	-	11	£11k overspend on employee costs.
Head of Governance	55	-	55	Overspend forecast on employee costs due to not having had sufficient vacant posts yet this year to achieve the budget target for vacancies and recruitment freeze for Governance (4%).
Governance	262	-	262	£194k overspend forecast on insurance premiums due to generally increased premiums in the insurance market (18%), £11.8k on local by-elections (100%) and Hallkeeper casual costs due to extra security at committee meetings (400%).
Head of People	71	-	71	Overspend forecast on employee costs for People due to not having had sufficient vacant posts yet this year to achieve the budget target for vacancies and recruitment freeze (39%) and department training budget (384%). Unbudgeted Equality Diversity and Inclusion Specialist post shared with Colchester Borough Homes (100%) and management and consultancy costs to carry out review of pay scales (100%).

Service Area	Variance			Comment
	Spend £'000	Income £'000	Net £'000	
People	15	47	62	Overspend due to employee strain cost (100%) offset slightly by underspend across salaries (2%). Unbudgeted purchase of Wagestream system (100%). Less income forecast from staff car parking due to home working (82%) slightly offset by underspend on staff travel plan costs (50%).
<b>Enjoy Colchester</b>				
Sport and Leisure	11	(10)	1	Expenditure pressures have been forecast on employee costs £106k due to vacancy factor pressure of £146k for which 89% has already been off set with other savings, including energy costs as well as general supplies. An overall income improvement of £10k is forecast – most of this improvement on budget is related to Aqua Springs and Swim Course enrolments.
Cultural Services	(1)	4	3	Small underspend on core staff. Income shortfall of £4k (3.7%) from Guided Tours.
Colchester Museum	-	(20)	(20)	More income of £20k (3%) on general admissions and guided tours.
<b>Place &amp; Prosperity</b>				
Head of Economic Growth	5	-	5	Overspend forecast on employee costs due to not having had sufficient vacant posts yet this year to achieve the budget target for vacancies and recruitment freeze (5%)
Economic Growth	(5)	-	(5)	Small underspend across supplies and services (1%) and employee costs (1%).
Head of Sustainability	(5)	-	(5)	Underspend across salaries due to post not currently at top of grade (4.5%).
Sustainability and Climate Change	2	-	2	Overspend forecast on employee costs due to not having had sufficient vacant posts yet this year to achieve the budget target for vacancies and recruitment freeze (0.6%).

Service Area	Variance			Comment
	Spend £'000	Income £'000	Net £'000	
Parks and Open Spaces	37	27	64	A £105k overspend is forecast on river clearance works following the removal of six sunken boats (100%), this is partially offset by salary underspends (4.93%). Shortfall of income on beach hut general lettings at Mersea Island (18.70%).
Car Parking	132	45	177	Overspends forecast on banking/income processing charges £71k, management consultancy £55k, parking payment machine SIMs £7k and signs £2k with an underspend forecast on grounds maintenance of £4k. Shortfall of income for PCN's of £22k, additional income stream for events £35k, season tickets/permits £1k. These are partially offset by forecast over recoveries on pay and display income of £11k and EV income of £2k.
Head of Planning	158	-	158	Overspend forecast on employee costs due to not having had sufficient vacant posts yet this year to achieve the budget target for vacancies and recruitment freeze (100%), £74k overspend due to strain cost, offset slightly by underspend across salaries for Head of Planning and in Planning for Development Manager due to new shared Head of Planning post.
Place Strategy	(15)	-	(15)	Underspend across salaries due to vacant posts (3%). Small overspend due to increased cost of portal system (129%).
Planning	(59)	132	73	Forecast overspend on subscriptions and licences due to increase in costs (20%), underspend forecast across employee costs due to vacant posts (8%) offsetting unbudgeted consultancy costs to cover this (100%). Planning fees income forecast is £132.3k less than full year budget, this has been profiled based on the previous 3 years income trend variance (9%). This will be reviewed every month.

Service Area	Variance			Comment
	Spend £'000	Income £'000	Net £'000	
<b>Transformation and Business Improvement</b>				
Director of ICT and Transformation	64	-	64	Overspend forecast on employee costs due budget target for vacancies and recruitment freeze, this will mostly be offset with the vacant posts below in ICT and Transformation area.
ICT and Digital Systems	(62)	-	(62)	Underspends across employee costs due to vacant posts (3%), Small Underspends on Printers and Scanners (44.38%) and on transport costs (30%).
Land Charges	19	80	99	A £26k overspend on software licences and an £80k shortfall on income (26.65%).
<b>Housing and Wellbeing</b>				
Housing	860	-	860	Forecast £853k overspend across homelessness due to increase in demand (42%) and in Strategic Housing Team due to not having had sufficient vacant posts yet this year to achieve the budget target for vacancies and recruitment freeze (5%).
Private Sector Housing and Healthy Homes	(42)	55	13	Salaries underspend of £42k (8%) is a mixture of savings on vacant posts, staff reduction in working hours and the addition of a new market forces supplement costs. Overall shortfall income of £55k (31%) in civil penalties, legal notices and landlord advice.
Community Partnerships and Wellbeing	(43)	-	(43)	Employees underspend of £36k (6%) due to some vacant posts and external funding. £7k (4%) underspend across supplies and services, mixture of funding underspend and IT costs.

Service Area	Variance			Comment
	Spend £'000	Income £'000	Net £'000	
Bereavement Services	(44)	123	79	Forecasting £18k (6%) staff overspend due to Bereavement manager retiring and new manager starting crossover and relocation costs. £34k (8%) underspend on grounds maintenance contract, £25k (12%) predicted underspend on utility charges. Small overspend on system maintenance due to supplier's price increase. Income shortfall of £123k (6%) mainly on cremations.
<b>Service Totals</b>	<b>766</b>	<b>2,500</b>	<b>3,266</b>	

**General Fund Revenue Budget 2023/24****Subjective Analysis (Quarter 2)**

Service Area	Position to Date (Q2)			Forecast Outturn		
	Actual	Budget	Variance	Actual	Budget	Variance
	£'000	£'000	£'000	£'000	£'000	£'000
<b>Expenditure</b>						
Employees	14,270	14,277	(7)	29,521	28,908	613
Premises Related	5,201	5,030	171	9,919	9,807	112
Transport Related	788	942	(154)	1,870	2,068	(198)
Supplies & Services	6,307	5,386	921	9,488	9,051	437
Third Party Payments	2,942	2,925	17	5,222	6,272	(1,050)
Transfer Payments	17,451	16,482	969	33,818	32,966	852
Capital Financing Costs	0	0	0	110	110	0
<b>Total</b>	<b>46,958</b>	<b>45,041</b>	<b>1,917</b>	<b>89,946</b>	<b>89,180</b>	<b>766</b>
<b>Income</b>						
Government Grant	(16,423)	(16,429)	6	(32,409)	(32,460)	51
Other Grants & Reimbursements	(2,301)	(2,136)	(165)	(5,600)	(5,841)	241
Customer & Client Receipts	(13,800)	(13,309)	(491)	(25,504)	(27,712)	2,208
Income-Interest	(88)	(129)	41	(273)	(273)	0
Inter Account Transfers	0	0	0	0	0	0
<b>Total</b>	<b>(32,611)</b>	<b>(32,002)</b>	<b>(609)</b>	<b>(63,786)</b>	<b>(66,286)</b>	<b>2,500</b>
<b>Net Service Totals</b>	<b>14,347</b>	<b>13,039</b>	<b>1,308</b>	<b>26,160</b>	<b>22,894</b>	<b>3,266</b>



## General Fund Capital Programme 2023/24

## Quarter 2 Forecast

Project Name	Rolled Fwd. from 2022/23 £000's	2023/24 Allocation £000's	Updated Budget 2023/24 £000's	Spending (@ 30/09/23) £000's	Remaining Budget (@ 30/09/23) £000's	Forecast Spending (31/03/24) £000's	Variance (Under) / Over £000's
Colchester Northern Gateway Heat Network	4,303	2,052	6,355	3	6,352	1,800	-4,555
Micro Grid/Solar Farm	0	5,700	5,700	3	5,697	400	-5,300
Sustainable Growth	376	0	376	109	267	109	-267
E Cargo	165	0	165	0	165	75	-90
Recreation Ground Old Heath	8	0	8	0	8	8	0
Garrison Gym Playground	306	0	306	0	306	306	0
Floating Pontoon Mersea	-21	35	14	-8	23	14	0
Fieldgate Quay	-144	2,500	2,356	20	2,337	1,119	-1,238
Great Tey Rec Playing field S106	76	0	76	68	7	76	0
<b>SUSTAINABILITY</b>	<b>5,069</b>	<b>10,287</b>	<b>15,356</b>	<b>195</b>	<b>15,160</b>	<b>3,906</b>	<b>-11,450</b>
CNG Wastewater Improvements Pumping Station	210	0	210	44	166	139	-71
Digital Strategy - LFFN	-77	0	-77	4	-81	4	81
CNGS - Detailed Planning	283	0	283	4	278	282	-1
CNGS - The Walk	38	0	38	2	36	2	-36
CNGS - Mains grid connection & Infrastructure	2,279	0	2,279	197	2,082	563	-1,716
Rowan House Refurbishment	-1,495	2,500	1,005	832	173	1,045	40
<b>Economic Growth</b>	<b>1,237</b>	<b>2,500</b>	<b>3,737</b>	<b>1,083</b>	<b>2,654</b>	<b>2,034</b>	<b>-1,703</b>
Greenstead Land Acquisition	2,263	0	2,263	5	2,258	2,249	-14
Balkerne Gate Phase 2	100	811	911	0	911	0	-911
Holy Trinity Square	44	780	825	-21	846	625	-200
Kerbless and Green Streets	601	224	825	-30	855	0	-825
Holy Trinity Church	322	182	504	21	484	13	-492
Jumbo	0	61	61	13	48	61	0
TD Development work and fees	143	-143	0	0	0	0	0
Improved Youth Provision (ECC)	1,226	20	1,247	1,290	-43	1,247	0
Wilson Marriage Digital skills hub	0	0	0	190	-190	190	190
5G	650	21	671	0	671	500	-171
Town Centre to Greenstead and University Cycle Path	841	-533	309	188	121	340	31
HoG - Liveable Neighbourhood	0	150	150	8	142	150	0
Multiuse Community Hub	-89	5,864	5,775	20	5,755	123	-5,652
St Nicholas Square	806	257	1,063	399	664	700	-363
Grow-on - former Queen St Bus Depot	4,129	352	4,481	129	4,352	2,000	-2,481
<b>Town Deal</b>	<b>11,038</b>	<b>8,048</b>	<b>19,086</b>	<b>2,212</b>	<b>16,873</b>	<b>8,198</b>	<b>-10,888</b>
LUF - Britannia Yard	100	850	950	0	950	800	-150
LUF - Vineyard Street	50	388	438	0	438	0	-438
LUF - St Botolphs roundabout	100	2,000	2,100	0	2,100	1,900	-200
Levelling up	250	3,238	3,488	0	3,488	2,700	-788
<b>ECONOMIC GROWTH</b>	<b>12,525</b>	<b>13,786</b>	<b>26,311</b>	<b>3,295</b>	<b>23,016</b>	<b>12,932</b>	<b>-13,379</b>
Mobile Skate Park	3	0	3	3	-1	3	1
Vineyard Car Park Lift Replacement	48	0	48	12	35	12	-35
Shrub End Depot	959	0	959	-17	977	50	-909
Light Fleet Replacement	477	0	477	0	477	0	-477
<b>NEIGHBOURHOOD SERVICES</b>	<b>1,487</b>	<b>0</b>	<b>1,487</b>	<b>-2</b>	<b>1,489</b>	<b>66</b>	<b>-1,421</b>
Colchester Charter Hall - Security	17	0	17	0	17	17	0
Mercury Theatre - Combined*	85	0	85	17	68	18	-67
<b>MUSEUMS, CULTURE &amp; TOURISM</b>	<b>102</b>	<b>0</b>	<b>102</b>	<b>17</b>	<b>85</b>	<b>35</b>	<b>-67</b>
CNGN - Sports Park	441	0	441	316	125	356	-85
<b>SPORT &amp; LEISURE</b>	<b>441</b>	<b>0</b>	<b>441</b>	<b>316</b>	<b>125</b>	<b>356</b>	<b>-85</b>
Cemetery Improvement works	1	0	1	1	0	1	0
Stanway Community Centre	168	17	185	177	8	185	0
Stanway Toucan Crossing	200	0	200	0	200	100	-100
St Marks Community Centre/Mill Road Rugby Club	1,365	410	1,775	4	1,772	75	-1,700
Collingwood Road Scout Hut	8	0	8	0	8	0	-8
<b>HEALTH PARTNERSHIPS &amp; WELLBEING</b>	<b>1,742</b>	<b>427</b>	<b>2,169</b>	<b>181</b>	<b>1,988</b>	<b>361</b>	<b>-1,808</b>
Lending to new Council Housing Company	26,700	0	26,700	0	26,700	0	-26,700
Equity Investment in CCHL	5,800	0	5,800	0	5,800	0	-5,800
Facility Loan to CAEL	1,020	0	1,020	0	1,020	0	-1,020
<b>CORPORATE SERVICES</b>	<b>33,520</b>	<b>0</b>	<b>33,520</b>	<b>0</b>	<b>33,520</b>	<b>0</b>	<b>-33,520</b>
Private Sector Renewals - Loans and Grants	277	0	277	15	262	50	-227
Mandatory Disabled Facilities Grants	4,251	1,452	5,703	626	5,077	1,000	-4,703
Grants to Registered Providers (1-4-1 RTB Receipts Funded)	173	0	173	0	173	0	-173
<b>STRATEGIC HOUSING (GF)</b>	<b>4,701</b>	<b>1,452</b>	<b>6,153</b>	<b>641</b>	<b>5,513</b>	<b>1,050</b>	<b>-5,103</b>
<b>TOTAL CAPITAL PROGRAMME - GENERAL FUND</b>	<b>59,588</b>	<b>25,952</b>	<b>85,540</b>	<b>4,644</b>	<b>80,895</b>	<b>18,706</b>	<b>-66,833</b>