



Governance and Audit Committee

Item

8

12 September 2023

Report of

The Section 151 Officer

Author

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Title

Quarter 1 Budget Monitoring Report 2023/24

Wards affected

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 June 2023 ("Quarter 1").
- 1.2 In terms of General Fund revenue expenditure – at the Quarter 1 stage – a budget overspend of £1.340 million is forecast, with projected net expenditure of £26.721 million compared to an updated budget provision of £25.381 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 £2.740 million. Notable items include:
 - A net budget pressure of £772,000 on Homelessness/Temporary Accommodation compared against the original budget of £533,000, resulting in a forecast net spend of £1.305 million. Locally, there has been a £1.4 million increase in Housing Benefit Subsidy Loss compared to the same stage last year (with accommodation rates charged providers increasing at a far higher rate than the amount that the Council is able to reclaim from the Government through the Housing Benefit system). 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 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 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 £1.400 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 also 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, Trade Unions have rejected the Employers' National Pay Offer of £1,925 for all grades (an average award closer to 5.0%) and have balloted for industrial action. Although the Council is not strictly bound by any National Agreement, this remains a threat until a Local Agreement is reached.
- 1.8 The revenue Funding position for Quarter 1 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 £1.125 million higher as a consequence of the £1.340 million overspend described above.
- 1.9 Some of the pressure identified here are one-off, whilst others are likely to continue into future years. The ongoing nature of some of the issues emerging within the budget is recognised and therefore officers, working with portfolio holders, continue to put considerable effort into the Council's transformation programme in order to deliver efficiencies that will help offset the pressures reported here.
- 1.10 A balanced position on the Housing Revenue Account (HRA) is projected at the Quarter 1 stage. An anticipated shortfall on income from Rent and Service Charges of £110,000, 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 And finally, spending on the General Fund Capital Programme in the first 3 months has been relatively subdued at £2.906 million, with a forecast outturn of £18.349 million, which – if this materialises – would lead to an underspend of £67.145 million. The underspend in part reflects the pause in significant elements of delivery whilst affordability and viability are reassessed as part of the wider Capital Programme review.

2. Recommended Decisions

- 2.1 The General Fund revenue position at the end of Quarter 1 (30th June 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 and B***).
- 2.2 The General Fund capital position at the end of Quarter 1 (30th June 2023) for 2023/24 be noted (***including Appendix C***); and
- 2.3 The Housing Revenue Account revenue position at the end of Quarter 1 (30th June 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 three months of 2023/24 (Quarter 1), and projects forward to the anticipated outturn for the end of the financial year.

General Fund Revenue Budget

Net Expenditure

- 5.4 The General Fund net expenditure position for 2023/24, at the Quarter 1 stage – summarised by service area – is presented in Appendix A. The headline is a forecast budget overspend of £1.340 million, with projected net expenditure of £26.721 million against an updated budget provision of £25.381 million. The table below summarises the position by service area.

General Fund Net Expenditure 2023/24 (Quarter 1)					
Service Area	Budget 2023/24 (Council 22/02/23)	Q1 Budget Moves	Updated Budget 2023/24	Q1 Forecast (Net)	Variance
	£000's	£000's	£000's	£000's	£000's
Corporate & Democratic Core	(33)	(20)	(53)	(13)	40
Senior Leadership Team (SLT)	834	8	842	842	0
Community	1,482	119	1,601	1,864	264
Customer	2,189	127	2,316	2,350	33
Environment	6,559	311	6,870	7,814	944
Place & Client	3,148	823	3,971	5,191	1,220
Corporate & Improvement	7,184	528	7,712	7,951	239
Total Service Budgets	21,363	1,896	23,259	25,999	2,740
HRA/NEPP Recharges	(3,594)	0	(3,594)	(3,594)	0
Financing Costs	3,879	0	3,879	2,479	(1,400)
Unallocated/Corporate/Technical	3,087	(1,250)	1,837	1,837	0
Total Net Expenditure	24,735	646	25,381	26,721	1,340

5.5 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:

- **Place & Client (£1.220 million forecast Overspend)** – the most significant factor in the overall forecast overspend relates to a budget pressure of £765,000 on the Housing service. This is dominated by exceptional demand on the Homelessness/Temporary Accommodation budget, which is expected to overspend by £772,000; there has been a £1.4 million increase in Housing Benefit Subsidy Loss compared to the same stage last year.
- **Environment (£0.944 million forecast Overspend)** – forecast pressure of £898,000 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.
- **Community (£0.264 million forecast Overspend)** – the most significant factor here is the Building Control service, which is experiencing a shortfall in income; the net budget is expected to be overspent by £129,000 due to a shortfall in Fees £249,000 outweighing anticipated staff savings of £120,000. A reduction in Building Control Applications appears to be an emerging national trend and Colchester is no different, with tough economic conditions thought to be responsible for reduced activity across the sector.
- **Corporate & Improvement (£0.239 million forecast Overspend)** – the single largest item here relates to Governance, with an overspend of £115,000 forecast at this stage; this is predominantly due to a forecast overspend on Employee costs as vacant posts have not met the expectations assumed in the Savings target for Vacancies and the Recruitment Freeze. The 'casual costs' of Hall Keeping is adding to the financial pressure in this area due to the provision of extra security at committee meetings; and
- **Financing Costs (£1.400 million forecast Underspend)** – a forecast underspend (or budget surplus) is anticipated on (net) Financing Costs of £1.4 million; this is due to the combined impact of a continued increase in interest rates and the completion of an internal review of Capital Financing costs. The most notable variance is on Interest Payable (£803,000), with the impact of loan repayments outweighing additional more recent Capital Programme commitments (although Members should note that the potential impact of new schemes, currently awaiting approval, has been disregarded in the analysis – if all schemes were approved and commenced by 1st October 2023, this would add another £121,000 to interest costs). Interest Receivable is also exceeding budget expectations (£584,000). Minimum Revenue Provision (MRP) costs are very close to budget at £2.740 (with a variance of just £13,000).

Funding

5.6 The General Fund funding position for 2023/24, at the Quarter 1 stage is summarised in the table below.

General Fund Funding 2023/24 (Quarter 1)					
Description	Budget 2023/24 (Council 22/02/23)	Q1 Budget Moves	Updated Budget 2023/24	Q1 Forecast (Net)	Variance
	£000's	£000's	£000's	£000's	£000's
Council Tax	(13,936)	0	(13,936)	(13,936)	0
Business Rates	(6,456)	0	(6,456)	(6,467)	(11)
Collection Fund Adj. (CT & NDR)	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)	(646)	(2,876)	(4,001)	(1,125)
Total Funding	(24,735)	(646)	(25,381)	(26,721)	(1,340)

5.7 The funding position for the General Fund in Quarter 1 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.

5.8 However, due to the forecast overspend of £1.340 million summarised in Paragraph 5.4 above, the anticipated net Contribution *from* Reserves is significantly higher (by £1.125 million) than assumed in the updated budget.

General Fund Reserves

- 5.9 At this stage, Members are reminded that a (net) Contribution of £2.230 *from* Reserves was assumed in the Budget adopted by Full Council in February 2023. The table below summarises that assumption.

Reserve	Planned Contributions to/(from) GF Reserves 2023/24	Description
	£000's	
Future Budget Reserve	(900)	General contribution <i>from</i> Reserve to support Budget.
Repairs & Renewals Fund	(800)	General contribution <i>from</i> Reserve to support Budget.
Pension Fund Deficit Reserve	(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)	General contribution <i>from</i> Reserve to match fund Collection Fund (Council Tax & NDR) deficit contributions.
Revenue Grants Unapplied	(200)	Contribution <i>from</i> Reserve releasing funding from Flexible Homelessness Grant.
Strategic Plan Delivery Reserve	550	Contribution <i>to</i> Reserve of £550k to fund corporate priorities (receipt from Leisure Services VAT refund).
Net Planned Contributions	(2,230)	

- 5.10 Due to internal resourcing constraints and the impact of (national) delays in the external audit process, the Council's Balance Sheet positions for 31st March 2022 and 2023 have not been finalised. However, at the time of preparing this report, it is now anticipated that a full Statement of Accounts for both 2021/22 and 2022/23 (including finalised Balance Sheet positions) will be published in September and October 2023 respectively. This will allow an accurate presentation of the evolving General Fund Reserves position (reflecting the progression of the budget) in the Quarter 2 report.

Housing Revenue Account (HRA)

Revenue Forecast

- 5.11 The Housing Revenue Account (HRA) revenue position for 2023/24, at the Quarter 1 stage, is summarised in the table below. The overall forecast is £34.821 million, compared to the original Budget of £34.931 million agreed by Cabinet in January 2023.

HRA Budget 2023/24 (Quarter 1)			
Description	Budget 2023/24	Forecast Spending (31/03/24)	Variance
	£000's	£000's	£000's
EXPENDITURE			
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	15,297	(110)
Total Expenditure	34,931	34,821	(110)
INCOME			
Grants & Reimbursements	(139)	(139)	0
Customer & Client Receipts	(34,529)	(34,419)	110
Income-Interest	(263)	(263)	0
Inter-Account Transfers	0	0	0
Total Income	(34,931)	(34,821)	110
HRA NET EXPENDITURE	0	0	0

- 5.12 The table presents a relatively stable position on the HRA at the Quarter 1 stage. Net spending during the period April to June 2023, compared to the profiled budget, is showing a net underspend of £461,000, notably driven by lower than anticipated Premises expenditure of £402,000. 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.
- 5.13 The only significant difference compared to the budget is lower than expected Revenue Contributions to Capital of £110,000 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

- 5.14 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 (reported in the Provisional Outturn 2022/23 elsewhere on this agenda). The year end forecast balance in the table below, reflects the balanced position described above in Paragraph 5.6.

Movement on HRA Balance: Quarter 1 2023/24	
Description	£000's
HRA Balance 31st March 2023 (pre-audit)	(4,582)
2023/24 Net Expenditure Forecast Variance Q1 (Para 5.11)	0
HRA Balance 31st March 2024 (Q1 Forecast)	(4,582)

General Fund Capital Programme

- 5.15 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 a detailed review of the Capital Programme to establish more in-depth analysis on current and future Capital Financing costs. 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 C**.
- 5.16 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 3 months has been relatively subdued at £2.906 million, with a forecast outturn of £18.349 million, which – if this materialises – would lead to an underspend of £67.145 million.

Pre-Approved General Fund Capital Programme 2023/24 (Quarter 1)							
Description	Rolled Fwd. from 2022/23	2023/24 Allocation	Updated Budget 2023/24	Spending (@ 30 June 2023)	Remaining Budget (@ 30 June 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	33,520	0	33,520	0	(33,520)
Economic Growth	12,565	13,786	26,351	2,296	24,055	10,939	(15,412)
Health Partnerships & Wellbeing	1,742	427	2,169	181	1,988	404	(1,765)
Museums, Culture & Tourism	17	0	17	0	17	17	0
Neighbourhood Services	1,487	0	1,487	-4	1,491	1,202	(285)
Sport & Leisure	441	0	441	0	441	356	(85)
Strategic Housing (GF)	4,701	1,452	6,153	254	5,899	1,530	(4,623)
Sustainability	5,069	10,287	15,356	179	15,177	3,901	(11,455)
Total Expenditure	59,542	25,952	85,494	2,906	82,588	18,349	(67,145)
<i>Capital Financing:</i>							
Capital Grants	18,189	11,565	29,754	2,046	27,708	12,184	(17,570)
S106 Receipts	680	0	680	230	451	616	(64)
Capital Receipts	277	0	277	11	266	30	(247)
Revenue Contributions	191	0	191	0	191	273	82
Borrowing	40,205	14,387	54,592	620	53,972	5,246	(49,346)
Total Financing	59,542	25,952	85,494	2,906	82,588	18,349	(67,145)

5.17 There are four dominant areas of underspending/slippage on the General Fund Capital Programme at the Quarter 1 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 delay is associated with the review of Amphora activities.
- **Sustainability (£11.455 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 (£15.412 million Underspend)** – the most significant area of underspending relates to schemes associated with the Town Deal project. The overall project has a budget of £19.12 million, with forecast spending of £8.14 million this year; if this materialises, it will lead to an underspend of £10.98 million. Two schemes – with combined budgets of £1.73 million (Balkerne Gate Phase 2 + Kerbless & Green Streets) – are currently on hold pending further review. The Multi-Use Community Hub scheme has a budget of £5.836 million with forecast spending of £0.123, leading to an underspend of £5.712 million; and
- **Strategic Housing (£4.623 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.

HRA Capital Programme

- 5.18 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.
- 5.19 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 2 report.

6. Equality, Diversity and Human Rights implications

6.1 None.

7. Standard References

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

7.2 Management Accounts 2023/24 (Month 3)

8. Environmental and Sustainability Implications

8.1 None.

9. Appendices

9.1 General Fund Revenue Budget 2023/24 (Quarter 1 Variance Summary) – **Appendix A**

9.2 General Fund Revenue Budget 2023/24 (Quarter 1 Variance Analysis) – **Appendix B**

9.3 General Fund Capital Programme 2023/24 (Quarter 1 Forecast) – **Appendix C.**

General Fund Revenue Budget 2023/24Variance Summary (Quarter 1)

Service Area	Variances to Date			Forecast Variances		
	Spend	Income	Net	Spend	Income	Net
	£'000	£'000	£'000	£'000	£'000	£'000
Corporate & Democratic Core	(73)	(68)	(141)	40	-	40
Sub-Total	(73)	(68)	(141)	40	-	40
Senior Leadership Team						
SLT	(41)	-	(41)	-	-	-
Sub-Total	(41)	-	(41)	-	-	-
Community						
Assistant Director Communities	-	-	-	-	-	-
Licensing & Food Safety	(11)	9	(2)	7	-	7
Community Safety	(7)	16	9	-	-	-
Environmental Health Services	1	2	3	44	2	46
Building Control	(36)	58	22	(120)	249	129
Community Initiatives	2	-	2	65	-	65
Private Sector Housing	(19)	23	4	(4)	-	(4)
Bereavement Services	(32)	109	77	15	-	15
Cultural Services	(2)	7	5	2	4	6
Colchester Museums	(4)	11	7	-	-	-
Sub-Total	(108)	235	127	9	255	264
Customer						
Assistant Director Customers	-	-	-	-	-	-
Accounts & Debt	30	4	34	107	-	107
Local Taxation & Business Rates	(24)	(26)	(50)	(52)	(38)	(90)
Benefits & Hub	28	1	29	45	34	79
Contact & Support Centre	(42)	7	(35)	(57)	-	(57)
Electoral Services	3	(3)	-	6	-	6
Customer Digital & Systems	(7)	-	(7)	(18)	-	(18)
Land Charges	1	16	17	6	-	6
Sub-Total	(11)	(1)	(12)	37	(4)	33
Environment						
Assistant Director Environment	(10)	-	(10)	-	-	-
Neighbourhood Services	(155)	134	(21)	250	648	898
Car Parking	2	40	42	6	40	46
Sub-Total	(163)	174	11	256	688	944
Place & Client						
Assistant Director Place & Client	(9)	-	(9)	-	-	-
Place Strategy	28	-	28	105	-	105
Housing	453	(76)	377	765	-	765

Service Area	Variances to Date			Forecast Variances		
	Spend	Income	Net	Spend	Income	Net
	£'000	£'000	£'000	£'000	£'000	£'000
Planning	(9)	43	34	6	43	49
Sustainability & Climate Change	(2)	-	(2)	-	-	-
<i>Company Related:</i>						
Client – Commercial Company	(95)	-	(95)	-	-	-
Corporate Asset Management	(302)	136	(166)	100	-	100
Commercial & Investment	20	(36)	(16)	(315)	498	183
Sport & Leisure	406	4	410	23	(5)	18
Sub-Total	490	71	561	684	536	1,220
Corporate & Improvement						
Assistant Director Corporate & Improvement	(22)	32	10	-	-	-
Finance	(31)	-	(31)	-	-	-
ICT	164	50	214	85	-	85
People and Performance	56	46	102	51	-	51
Governance	12	50	62	115	-	115
Communications	(18)	29	11	(12)	-	(12)
Sub-Total	161	207	368	239	-	239
Service Totals	255	618	873	1,265	1,475	2,740

General Fund Revenue Budget 2023/24Variance Analysis (Quarter 1)

Service Area	Variance			Comment
	Spend £'000	Income £'000	Net £'000	
Community				
Food Safety	7	-	7	Employees forecast overspend of £7k (2.3%). This is a mixture of salaries underspend offset by market forces supplement and agency staff costs.
Environmental Health Services	44	2	46	Remaining vacancy factor target of £44k (59%) is yet to be allocated across the wider service against areas of salary savings. £2k overspend within Animal Control – increase in stray dogs being collected. This also has an impact on the income relating to stray dogs, forecasting £2k (3%) shortfall.
Building Control	(120)	249	129	Forecasting overall salaries underspend of £120k (26%) due to several vacant posts. This is a mixture of core staff underspend and agency staff costs with no budget. Income shortfall forecast at £249k.
Community Initiatives	65	-	65	The full vacancy factor target of £63k (100%) is yet to be achieved and allocated across the wider service against areas of salary savings. A small forecast pressure on NNDR costs relating to Stanway community centre, new leaseholder in place since May.
Private Sector Housing	(4)	-	(4)	Small salaries underspend is a mixture of savings on vacant posts, staff reduction in working hours and the addition of a new market forces supplement costs.
Bereavement Services	15	-	15	Forecasting £12k (4%) staff overspend due to Bereavement manager retiring and new manager starting crossover and relocation costs. £3k (17%) overspend on system maintenance due to supplier's price increase.
Cultural Services	2	4	6	Small overspend of £2k (1%) on core staff. Income shortfall of £4k (3.7%) from Guided Tours.
Customer				
Accounts & Debt	107	-	107	Employee overspends are forecast due to not having had sufficient vacant posts yet this year to achieve the budget target for vacancies and the recruitment freeze (100%).

Service Area	Variance			Comment
	Spend £'000	Income £'000	Net £'000	
Local Taxation & Business Rates	(52)	(38)	(90)	An underspend on employee costs across the teams, Council Tax £38k (9%) and NNDR £14k (8%). The income forecast variance relates to additional precept income of £40k (36%) offset by a shortfall of £2k on the NNDR admin grant (1%).
Benefits & Hub	45	34	79	Employee overspends are forecast due to not having had sufficient vacant posts yet this year to achieve the budget target for vacancies and the recruitment freeze (100%). The income variance relates to a shortfall in New Burdens income of £34k (18%).
Contact Support Centre	(57)	-	(57)	An underspend on employee costs (5%).
Electoral Services	6	-	6	An overspend of £6k on employee costs (superannuation).
Customer Digital & Systems	(18)	-	(18)	£18k salary savings in the Project Team due to vacancies (9.51%).
Land Charges	6	-	6	£6k employee overspends are forecast (7.06%).
Environment				
Neighbourhood Services	250	648	898	£168k 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 and a £148k employee overspend is forecast to maintain key waste services in line with demand (4.89%). Due to lower prices than expected a £190k underspend is forecast on fuel (22.8%). Following global market fluctuations and a contract re: tender £141k additional income derived from the sale of glass and cans (31.58%) and a £93k overspend on associated contractor costs are forecast. 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 £176k shortfall on recycling equipment income due to introducing the service later than anticipated (75%).
Car Parking	6	40	46	Unbudgeted expenditure on consultancy costs. A £40k shortfall of Parking income is collectively forecast (Pay and Display income

Service Area	Variance			Comment
	Spend £'000	Income £'000	Net £'000	
				by £20k, season tickets by £2.5k, PCN income by £9k and other income by £9k).
Place & Client				
Place Strategy	105	-	105	Overspend forecast on employee costs (including Housing and Planning areas) due to not having had sufficient vacant posts yet this year to achieve the budget target for vacancies and recruitment freeze (5%).
Housing	765	-	765	Forecast overspend across homelessness due to increase in demand (160%) partially offset due to vacant post in Strategic Housing Team (4%).
Planning	6	43	49	Forecast overspend on subscriptions and licences due to increase in costs (20%), underspend forecast across employee costs due to vacant posts (2%) offsetting unbudgeted consultancy costs to cover this (100%). Planning fees income forecast is £43k less than full year budget, this has been profiled based on the previous 3 years income trend variance (3%). This will be reviewed every month.
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 c£75k and the Flume Tower c£25k, although these figures are still estimates and may yet change. 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 & Investment	(315)	498	183	There are two main cost pressures identified to date which are the demolishing of barns on a Cuckoo Farm/North Colchester (c£100k) and the removal of dumped boats from the river (£87k). There is a small delay expected in the completion of the Turnstone site, however the net income due is forecast to be on budget for 2023/24. The variations on both expenditure and income relate to some operational costs not being incurred until early 2024.
Sport and Leisure	23	(5)	18	Expenditure pressures have been forecast on employee costs £28k due to vacancy factor

Service Area	Variance			Comment
	Spend £'000	Income £'000	Net £'000	
				pressure of £146k for which 42% has already been off-set with other savings, including on supplies and services. A small income improvement of £5k is forecast – most of this is regarding a new grant £3.5k for the Aerobics service.
Corporate & Improvement (incl. CDC)				
Corporate & Democratic Core	40	-	40	Forecast overspend on banking transaction charges due to saving target that will not be achieved and increased costs (29%).
ICT	85	-	85	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, increased staff costs due to bringing the Customer Services IT team into this team and extra hours (5%).
People & Performance	51	-	51	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 (39%), unbudgeted management and consultancy costs to carry out review of pay scales (100%) and purchase of Wagestream (100%).
Governance	115	-	115	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 (10%) and Hallkeeper casual costs due to extra security at committee meetings (500%).
Communications	(12)	-	(12)	Underspend across employee budgets due to vacant posts (2%).
Service Totals	1,265	1,475	2,740	

Appendix C

General Fund Capital Programme 2023/24

Quarter 1 Forecast

Capital Programme - Qtr 1 June 2023-24 - Existing Projects								
Project Name	2022/23 Balances Rolled Forward	2023-24 Budget Allocation	2023-24 Budget (Updated)	Actuals to Q1	Remaining Budget	Forecast outturn for 2023-24	Variance (Forecast v Budget)	
	£'s	£'s	£'s	£'s	£'s	£'s	£'s	
Corporate Services								
Lending to new Council Housing Company	26,700,000	0	26,700,000	0	26,700,000	0	(26,700,000)	
Equity Investment in CCHL	5,800,000	0	5,800,000	0	5,800,000	0	(5,800,000)	
Facility Loan to CAEL	1,020,000	0	1,020,000	0	1,020,000	0	(1,020,000)	
Strategic Finance	33,520,000	0	33,520,000	0	33,520,000	0	(33,520,000)	
Sub-Total	33,520,000	0	33,520,000	0	33,520,000	0	(33,520,000)	
Economic Growth								
CNG Wastewater Improvements Pumping Station	209,581	0	209,581	0	209,581	138,715	(70,867)	
Digital Strategy - LFNN	(76,797)	0	(76,797)	3,795	(80,592)	0	76,797	
CNGS - Detailed Planning	282,628	0	282,628	0	282,628	287,000	4,372	
CNGS - The Walk	38,322	0	38,322	0	38,322	2,200	(36,122)	
CNGS - Mains grid connection & Infrastructure	2,278,818	0	2,278,818	27,548	2,251,270	525,000	(1,753,818)	
Rowan House Refurbishment	(1,495,065)	2,500,000	1,004,935	591,694	413,241	1,044,654	39,719	
Economic Growth.	1,237,488	2,500,000	3,737,488	623,037	3,114,451	1,997,569	(1,739,919)	
Greenstead Land Acquisition	2,263,035	0	2,263,035	5,297	2,257,738	2,249,276	(13,759)	
Balknerne Gate Phase 2	99,928	811,144	911,072	(19)	911,091	0	(911,072)	
Holy Trinity Square	44,319	780,364	824,683	(21,085)	845,768	624,683	(200,000)	
Kerbless and Green Streets	601,144	223,556	824,700	(29,980)	854,680	0	(824,700)	
Holy Trinity Church	322,413	181,993	504,406	11,350	493,056	12,750	(491,656)	
Jumbo	(12,532)	61,000	48,468	0	48,468	48,468	0	
Essex County Hospital	0	0	0	0	0	0	0	
TD Development work and fees	143,384	(143,384)	0	0	0	102,693	102,693	
Improved Youth Provision (ECC)	1,226,460	20,325	1,246,785	1,290,186	(43,401)	1,290,186	43,401	
HoG - Liveable Neighbourhood	(8,031)	150,000	141,969	0	141,969	150,000	8,031	
5G	650,200	21,000	671,200	0	671,200	500,000	(171,200)	
Town Centre to Greenstead and University Cycle Path	841,456	(532,710)	308,746	187,753	120,993	339,753	31,007	
Multius Community Hub	(28,900)	5,864,481	5,835,581	6,800	5,828,781	123,356	(5,712,225)	
St Nicholas Square	805,717	257,498	1,063,215	210,199	853,015	700,000	(363,215)	
Grow-on - former Queen St Bus Depot	4,129,007	352,255	4,481,262	12,654	4,468,608	2,000,000	(2,481,262)	
Town Deal	11,077,599	8,047,522	19,125,121	1,673,155	17,451,966	8,141,165	(10,983,957)	
LUF - Britannia Yard	100,000	850,000	950,000	0	950,000	500,000	(450,000)	
LUF - Vineyard Street	50,000	388,282	438,282	0	438,282	200,000	(238,282)	
LUF - St Botolphs roundabout	100,000	2,000,000	2,100,000	0	2,100,000	100,000	(2,000,000)	
Levelling up	250,000	3,238,282	3,488,282	0	3,488,282	800,000	(2,688,282)	
Sub-Total	12,565,087	13,785,804	26,350,891	2,296,192	24,054,699	10,938,734	(15,412,157)	
Health Partnerships and Wellbeing								
Cemetery Improvement works	776	0	776	776	(0)	0	(776)	
Bereavement Services	776	0	776	776	(0)	0	(776)	
Stanway Community Centre	169,130	16,700	185,830	178,037	7,792	224,483	38,653	
Stanway Toucan Crossing	199,340	0	199,340	0	199,340	100,000	(99,340)	
St Marks Community Centre/Mill Road Rugby Club	1,365,254	410,000	1,775,254	1,800	1,773,454	75,000	(1,700,254)	
Collingwood Road Scout Hut	7,873	0	7,873	0	7,873	4,764	(3,108)	
Community & Partnerships	1,741,596	426,700	2,168,296	179,837	1,988,459	404,247	(1,764,049)	
Sub-Total	1,742,372	426,700	2,169,072	180,613	1,988,459	404,247	(1,764,845)	
Museums, Culture and Tourism								
Colchester Charter Hall - Security	16,889	0	16,889	0	16,889	16,889	0	
Visitor and Cultural Services	16,889	0	16,889	0	16,889	16,889	0	
Sub-Total	16,889	0	16,889	0	16,889	16,889	0	
Neighbourhood Services								
Mobile Skate Park	2,829	0	2,829	3,337	(508)	3,337	508	
Vineyard Car Park Lift Replacement	47,501	0	47,501	12,256	35,245	12,256	(35,245)	
Street Care & Safety	50,330	0	50,330	15,593	34,737	15,593	(34,737)	
Shrub End Depot	959,469	0	959,469	(19,290)	978,759	959,469	0	
Light Fleet Replacement	477,381	0	477,381	0	477,381	227,381	(250,000)	
Recycling & Waste	1,436,850	0	1,436,850	(19,290)	1,456,140	1,186,850	(250,000)	
Sub-Total	1,487,179	0	1,487,179	(3,698)	1,490,877	1,202,442	(284,737)	
Sports and Leisure								
CNGN - Sports Park	441,118	0	441,118	0	441,118	355,762	(85,356)	
Sports Park	441,118	0	441,118	0	441,118	355,762	(85,356)	
Sub-Total	441,118	0	441,118	0	441,118	355,762	(85,356)	
Strategic Housing (General Fund)								
Private Sector Renewals - Loans and Grants	277,087	0	277,087	10,745	266,342	30,000	(247,087)	
Mandatory Disabled Facilities Grants	4,250,923	1,452,105	5,703,028	242,977	5,460,051	1,100,000	(4,503,028)	
Healthy Homes	4,528,010	1,452,105	5,980,115	253,722	5,726,393	1,130,000	(4,850,115)	
Grants to Registered Providers	173,075	0	173,075	0	173,075	400,000	226,925	
Strategic Housing - General Fund.	173,075	0	173,075	0	173,075	400,000	226,925	
Sub-Total	4,701,085	1,452,105	6,153,190	253,722	5,899,468	1,530,000	(4,623,190)	
Sustainability								
Colchester Northern Gateway Heat Network	4,302,894	2,052,000	6,354,894	100	6,354,794	1,800,000	(4,554,894)	
Micro Grid/Solar Farm	0	5,700,000	5,700,000	0	5,700,000	400,000	(5,300,000)	
Sustainable Growth	375,813	0	375,813	109,317	266,496	103,799	(272,014)	
Climate Change & Energy	4,678,707	7,752,000	12,430,707	109,417	12,321,290	2,303,799	(10,126,908)	
E Cargo	165,215	0	165,215	0	165,215	75,000	(90,215)	
Sustainable Travel	165,215	0	165,215	0	165,215	75,000	(90,215)	
Recreation Ground Old Heath	8,205	0	8,205	0	8,205	8,205	0	
Garrison Gym Playground	305,500	0	305,500	0	305,500	305,500	0	
Floating Pontoon Mersea	(20,980)	35,000	14,021	(18,442)	32,462	14,021	0	
Fieldgate Quay	(143,531)	2,500,000	2,356,469	19,831	2,336,638	1,118,779	(1,237,690)	
Great Tey Rec Playingfield S106	75,581	0	75,581	68,222	7,359	75,581	0	
Parks and Open Spaces	224,776	2,535,000	2,759,776	69,612	2,690,164	1,522,086	(1,237,690)	
Sub-Total	5,068,698	10,287,000	15,355,698	179,029	15,176,670	3,900,884	(11,454,814)	
TOTAL EXPENDITURE	59,542,428	25,951,609	85,494,037	2,905,858	82,588,180	18,348,959	(67,145,078)	
Financed By:								
Grants	18,189,296	11,564,551	29,753,847	2,045,853	27,707,994	12,183,705	(17,570,142)	
S106	680,279	0	680,279	229,559	450,719	616,484	(63,795)	
Capital Receipts	277,087	0	277,087	10,745	266,342	30,000	(247,087)	
Revenue	190,740	0	190,740	0	190,740	272,911	82,172	
Borrowing	40,205,027	14,387,058	54,592,085	619,700	53,972,385	5,245,858	(49,346,227)	
TOTAL FINANCING	59,542,428	25,951,609	85,494,037	2,905,858	82,588,180	18,348,959	(67,145,078)	