

8 September 2020

Report of	Assistant Director Corporate and Improvement	Author	Darren Brown 📞 282891
Title	Financial Monitoring Report – April to June 2020		
Wards affected	Not applicable		

1. Executive Summary

- 1.1 This report gives the Committee the opportunity to hold Service Managers and Portfolio Holders accountable for their budgets. The financial position is summarised as follows:-
- The General Fund is showing a net overspend against services of £1,851k as at period 3. This includes less expenditure of £596k and less income of £2,447k, compared to profiled budgets.
 - The current forecast outturn position for the General Fund is a net overspend of £9.238m, before Government funding and the use of reserves.
 - The Housing Revenue Account is showing a net underspend of £403k as at period 3, and is forecast to be on budget at the year-end.
- 1.2 Assistant Directors and their budget holders have undertaken a thorough review of the financial position for their services, which is reflected in this report. In addition, Senior Management Team (SMT) continues to monitor the budget position on a monthly basis. The next report to the Committee will consider the position after 9 months, with the half-year position being reported to Scrutiny Panel in November. This half year review will provide a better opportunity to assess progress against budget targets and income levels, and any resulting necessary action to mitigate any forecast budget variance will be considered.

2. Action required

- 2.1 The Committee is asked to consider the financial performance of General Fund Services and the Housing Revenue Account (HRA) for the first three months of 2020/21, and to note the forecast budget overspend of £9.238m on the General Fund before the use of reserves.

3. Reason for scrutiny

- 3.1 Monitoring of financial performance is important to ensure that:
- Service expenditure remains within cash-limited budgets.
 - Potential variances at year-end are identified early so that remedial action can be taken to recover the position or 'recycle' any surplus budgets.
 - Performance targets are being met.
- 3.2 This report also gives the committee the opportunity to hold Service Managers and Portfolio Holders accountable for their budgets.

4. Background

- 4.1 This report reviews the Council's overall position based on profiled income and expenditure for the three months to 30 June 2020, and also shows a projection of the outturn figures for the full year. All the information presented in respect of General Fund Services shows the position based on net 'direct costs'. The review of the Housing Revenue Account is different in that it shows all costs, both direct and indirect.
- 4.2 At its meeting on 3rd June 2020, Cabinet considered the impact of Covid 19 (Coronavirus) on the Council's finances, for the 2020/21 budget and the Medium Term Financial Forecast to 2024/25. Updates have been provided subsequently at the Cabinet meeting of 8th July and via all Member briefings delivered during August. Members therefore are fully aware of the significant impact the pandemic has had on the Council's finances, which are reflected within this report.

Summary Position

- 4.3 The projected outturn for the General Fund is currently a net overspend of £9.238m, before Government funding and the use of reserves. The Housing Revenue Account forecast outturn position is currently to be on budget.
- 4.4 The General Fund position is set out in more detail in the following paragraphs and the HRA position explained in paragraphs 4.17 to 4.21. Budgets carried forward from 19/20 are now included in the schedules within this report, and as such will be monitored as part of the overall position.

General Fund – Position to 30 June 2020

Service Budgets

- 4.5 Appendix A shows the current budget variances and forecast outturn variances by Service Group. The net position shows a variance against profiled budget for General Fund Services (excluding Benefits, NEPP & JMC) of £1,851k (adverse). This comprises total expenditure being £596k lower than expected and total income being £2,447k lower than expected. Appendix B breaks these variances down by subjective group.

Income

- 4.6 Income to the Council is below targets in most areas to date, but most notably in Parking, Sport & Leisure and Museums. Clearly this is as a result of the Coronavirus lockdown. However, income levels are above profiled budgets within Bereavement Services and Planning.

Expenditure

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

Outturn Forecast / Risk Areas

- 4.9 This is the first formal review this year of the 2020/21 budget position, and the current forecast outturn is a net overspend of £9.238m, before Government funding and the use of reserves.

	£'000	
Service budgets	8,938	See paras. 4.10, 4.13 and Appendix D
Technical / Corporate Items	300	
Potential net overspend	9,238	

Service Budgets

- 4.10 The following table sets out the forecast outturn for all service areas, with outturn variances. This shows a net forecast overspend of £8,938k. As the table shows, this is mainly due to less income of £8,678k, as a result of Coronavirus. The largest areas contributing to the net position are;

- Car Parking: Income shortfall of £2,993k.
- Sport & Leisure: Net income shortfall of £3,007k from Leisure World and NGW Sports site.
- Neighbourhood Services: £175k Vacancy factor pressure, £537k paper collection/recycling pressure, £263k loss of income in trade waste.
- Commercial & Investment Properties: Net income shortfall of £480k.
- CCHL Dividend: Reduced dividend of £302k.
- Museums: Income shortfall of £360k.
- Council Tax Sharing Agreement shortfall of £150k
- Additional Coronavirus related costs within services.

Service	Forecast outturn		
	<i>Expenditure</i>	<i>Income</i>	<i>Net</i>
	£'000	£'000	£'000
Corporate & Improvement (incl. CDC)	183	230	413
EMT (including additional Coronavirus costs)	119	-	119
Community	(90)	567	477
Customer	(215)	154	(61)
Environment	648	3,450	4,098
Place & Client	(385)	4,277	3,892
Total all services	260	8,678	8,938

Appendix C

- 4.11 Appendix C shows the original Council budget, the reforecast budget for Coronavirus (as per the June Cabinet report), and forecast outturn as at Quarter 1. The purpose of this table is to bring together the overall revenue budget, given the range of assumptions and plans that are in place to fund the budget gap in 20/21. This therefore shows the impact of Government funding and the required use of reserves.

The reason for the difference between the forecast position in Table 1 and Appendix C, is that the former is measured against the Original Budget agreed by Cabinet in January 2020, and the latter is measured against the reforecast budget considered by Cabinet in June 2020.

The main changes are that we are showing less use of reserves of £4.45m in 20/21 now, primarily because of;

- Government support of £5.1m for funding income losses (this is the assumption as at Quarter 1, but which may well end up being lower given more detailed guidance received by Government on 25th August),

- £0.317m third tranche of Government funding (share of £500m)
- Lower furlough income of £0.6m than originally assumed.

Corporate / Technical Items

- 4.12 The budget includes a number of corporate and technical budget areas such as net interest earnings, the provision to repay debt, pension costs and some non-service specific grants. It is currently forecast that there will be a shortfall in interest earned of £300k, given the extremely low cash investment rates.
- 4.13 Appendix D sets out details of all forecast variances against service budgets at the year-end totalling £8,938k. To provide some context on the scale of the variances shown in Appendix D, a percentage value has been included within the comments which shows the proportion of the relevant budget that it represents. For example, an underspend due to vacant posts or the vacancy factor would be expressed as a proportion of the total employees budget for that area.

Summary position and action proposed

- 4.14 The forecast outturn shows a potential net overspend of £9.238m before Government funding and the use of reserves. The impact of Coronavirus on the Councils finances is continually being reviewed, and therefore further more detailed work will continue to be undertaken during Quarter 2 to ensure forecast outturn positions are robust, including those income areas where they have been particularly impacted by Coronavirus and the associated lockdown.
- 4.15 The position (net overspend on services) is broadly in-line with the original estimated position at the start of the Coronavirus pandemic. At the end of Quarter 1, it is still early in the financial year, and there are a number of assumptions under-pinning the forecast which could easily change as we continue to move out of lockdown and see how customers react to the “new normal”.
- 4.16 Assistant Directors and their budget holders have undertaken a thorough review of the financial position for their services, which is reflected in this report. In addition, SMT continues to monitor the budget position on a monthly basis. The next report to the Committee will consider the position after 9 months, with the half-year position being reported to Scrutiny Panel in November. This half year review will provide a better opportunity to assess progress against budget targets and income levels, and any resulting necessary action to mitigate any forecast budget variance will be considered.

Housing Revenue Account

- 4.17 The Housing Revenue Account (HRA) is a ring-fenced account which is affected by a number of variable factors. At the end of June 2020, the HRA is showing a net underspend of £403k compared to the profiled budget for the same period. This is primarily due to lower expenditure on Premises costs of £384k and Supplies and Services of £50k, and £27k less income than budgeted.

Position to date

- 4.18 Premises related costs are showing an underspend of £384k as at the end of June 2020. Overall, there is a net underspend of £132k on Repairs and Maintenance, which primarily relates to the timing of expenditure on repairs and maintenance of pumping stations, Homeless Persons Units and other delegated areas. There are further underspends of £16k on Council Tax on void properties, and £85k on Grounds Maintenance budgets, £132k on Utility and Water costs and £16k on Cleaning Contract costs which relate to the timing of expenditure.
- 4.19 Supplies & Services costs are underspent by £50k at the end of June. There is a general underspend across most budget headings, which primarily relate to the timing of expenditure, the main factors being grants of £21k and IT costs of £11k.

- 4.20 We have received £27k less income at the end of June 2020. This primarily reflects the net impact of rental & service charge income being lost from dwellings and garages than assumed within the budget, through a combination of voids and the level of Right to Buy sales, along with the timing of acquisition and additions to our housing stock.

Forecast Outturn

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

5. Standard References

- 5.1 Having considered consultation, publicity, equality, diversity and human rights, community safety, and health and safety implications, there are none that are significant to the matters in this report.

6. Strategic Plan References

- 6.1. The priorities within the Strategic Plan are reflected in the Medium-Term Financial Forecast, albeit having been reviewed to deal with the impact of the Coronavirus. This makes assumptions regarding government grant/funding and Council Tax income, and identifies where necessary savings will be found in order to achieve a balanced budget. The 2020/21 revenue budget was prepared in accordance with the Strategic Plan's priorities, in the context of the Council facing growing financial pressures. Budget monitoring enables the financial performance against these priorities to be assessed.

7. Financial Implications

- 7.1. As set out above.

8. Environmental and Climate Change Implications

- 8.1. All budget measures will be assessed for their likely environmental impact, reflecting the Council's commitment to be 'carbon neutral' by 2030. Environment and Climate Change is an essential cross-cutting theme in the Council's post-Covid recovery planning.

9. Risk Management Implications

- 9.1. Risk management is used throughout the budget cycle, and this is reflected in the strategic risk register. The 2020/21 revenue budget report that was approved by Council in February 2020 took into consideration a number of potentially significant risk areas that had been identified during the budget process. In addition, Assistant Directors identify a number of both positive and negative risk areas during the year.
- 9.3 Extensive modelling work has been undertaken to understand the impacts and variables arising from the crisis. Further government support should be provided and will be sought by lobbying and in discussions with MHCLG but is uncertain.
- 9.4 Leisure and commercial income is very dependent on events beyond the Council's control, on the easing of lock-down, the return of consumer confidence, and impacts due to the severity and duration of the macro-economic downturn and recovery.
- 9.5 Modelling has been undertaken with service managers to assess the potential range of impacts before adopting the assumptions reflected within the report.

- 9.6 All the above and other significant uncertainties and risks will have to be managed. Further material change is likely to budget assumptions and the actions needed to ensure a balanced budget.

Background Papers

None

Period 3 – Current Budget Variances and Forecast Outturn Variances by Service Area

		Position to date			Forecast Outturn		
	Area	Spend	Income	Net	Spend	Income	Net
		£'000	£'000	£'000	£'000	£'000	£'000
Corporate & Democratic Core		(46)	(80)	(126)	-	150	150
	Total	(46)	(80)	(126)	-	150	150
Executive Management Team							
	EMT	(8)	-	(8)	(14)	-	(14)
	Coronavirus	126	-	126	133	-	133
	Total	118	-	118	119	-	119
Community							
	Assistant Director Communities	(1)	-	(1)	(3)	-	(3)
	Licensing & Food Safety	(17)	30	13	(28)	75	47
	Community Safety	(3)	-	(3)	(1)	-	(1)
	Environmental Health Services	(13)	-	(13)	15	4	19
	Building Control	(26)	39	13	(46)	50	4
	Community Initiatives	7	-	7	9	-	9
	Private Sector Housing	(7)	(12)	(19)	(34)	17	(17)
	Bereavement Services	(46)	(103)	(149)	15	25	40
	Cultural Services	(6)	10	4	(17)	36	19
	Colchester Museums	(6)	128	122	-	360	360
	Subtotal	(118)	92	(26)	(90)	567	477
	Colchester & Ipswich Museums	(13)	45	32	(76)	102	26
	Total	(131)	137	6	(166)	669	503
Customer							
	Assistant Director Customers	-	-	-	-	-	-
	Accounts & Debt	(4)	-	(4)	(11)	-	(11)
	Local Taxation & Business Rates	(8)	44	36	1	-	1
	Benefits & Hub	42	(1)	41	(44)	-	(44)
	Contact & Support Centre	(11)	-	(11)	(49)	-	(49)
	Electoral Services	(56)	-	(56)	(82)	-	(82)
	Customer Digital & Systems	1	-	1	(23)	-	(23)
	Land Charges	(10)	32	22	(7)	154	147
	Subtotal	(46)	75	29	(215)	154	(61)
	Benefits - Payments & Subsidy	1,173	152	1,325	-	-	-
	Total	1,127	227	1,354	(215)	154	(61)
Environment							
	Assistant Director Environment	(2)	-	(2)	(10)	-	(10)
	Neighbourhood Services	(303)	238	(65)	658	457	1,115
	Car Parking	(22)	865	843	-	2,993	2,993

		Position to date			Forecast Outturn		
	Area	Spend	Income	Net	Spend	Income	Net
		£'000	£'000	£'000	£'000	£'000	£'000
	Subtotal	(327)	1,103	776	648	3,450	4,098
	Parking Partnership (NEPP)	186	772	958	90	-	90
	Total	(141)	1,875	1,734	738	3,450	4,188
	Place & Client						
	Assistant Director Place & Client	-	-	-	1	-	1
	Place Strategy	14	(4)	10	68	-	68
	Housing	310	(127)	183	(7)	-	(7)
	Planning	45	(38)	7	1	-	1
	Sustainability & Climate Change	4	-	4	(10)	-	(10)
	Subtotal	373	(169)	204	53	-	53
	<i>Company Related:-</i>						
	Client – Commercial Company	-	-	-	5	302	307
	Corporate Asset Management	(77)	44	(33)	45	-	45
	Commercial & Investment	(93)	31	(62)	50	430	480
	Sport & Leisure	(344)	1,273	929	(538)	3,545	3,007
	Total	(141)	1,179	1,038	(385)	4,277	3,892
	Corporate & Improvement						
	Assistant Director Corporate & Improvement	(6)	-	(6)	-	-	-
	Finance	57	-	57	136	-	136
	ICT	(44)	11	(33)	80	-	80
	People and Performance	1	22	23	(60)	80	20
	Governance	(50)	45	(5)	12	-	12
	Communications	6	-	6	15	-	15
	Total	(36)	78	42	183	80	263
	Total (excl. Benefits, NEPP & JMC)	(596)	2,447	1,851	260	8,678	8,938
	Total (all)	750	3,416	4,166	274	8,780	9,054

Current Budget Variances and Forecast Outturn Variances by Subjective Group

		Position to date			Forecast Outturn		
		Actual	Budget	Variance	Actual	Budget	Variance
	Subjective	£'000	£'000	£'000	£'000	£'000	£'000
	Expenditure						
	Employees	5,910	5,993	(83)	23,526	23,888	(362)
	Premises Related	2,578	2,703	(125)	6,865	6,823	42
	Transport Related	239	414	(175)	2,077	2,062	15
	Supplies & Services	2,221	2,481	(260)	6,994	6,892	102
	Third Party Payments	1,150	1,153	(3)	4,642	4,180	462
	Transfer Payments	123	73	50	293	293	1
	Capital Financing Costs	0	0	0	110	110	0
	Total	12,221	12,817	(596)	44,507	44,248	260
	Income						
	Government Grant	(413)	(398)	(15)	(433)	(433)	0
	Other Grants & Reimbursements	(851)	(758)	(93)	(2,896)	(3,352)	456
	Customer & Client Receipts	(2,901)	(5,458)	2,557	(13,378)	(21,600)	8,222
	Income-Interest	(63)	(61)	(2)	(205)	(205)	0
	Inter Account Transfers	0	0	0	0	0	0
	Total	(4,228)	(6,675)	2,447	(16,912)	(25,590)	8,678
	Net	7,993	6,142	1,851	27,595	18,658	8,938

Summary showing Original Council budget, revised for Coronavirus and latest forecasts.

	2020/21 Original Budget	2020/21 - Revised Budget (June Cabinet)	2020/21 – P3 Forecast	2020/21 – P3 Forecast Variance
	£'000	£'000	£'000	£'000
Base Budget	20,206	20,206	20,206	0
One-off items	(270)	(270)	(270)	0
Cost Pressures	5,768	5,768	5,768	0
Cost Pressures - Transformation	-	250	250	0
Cost Pressures - Covid-19 - Economic & Income	-	9,392	0	(9,392)
Cost Pressures - Covid-19 - Service Costs	-	500	0	(500)
Cost Pressures - Covid-19 - Recovery	-	333	333	0
NSP excluding NHB - revenue	71	71	71	0
NSP excluding NHB - Capital financing	145	145	145	0
Growth Items	55	55	55	0
Savings	(1,848)	(2,348)	(2,348)	0
Change in use of NHB for one off investment	387	(113)	(113)	0
2020/21 Forecast Outturn (Table 1)			9,238	9,238
Corporate Assumption-Commercial/Investment Income & Economic Provision			1,000	1,000
Forecast Base Budget	24,514	33,989	34,335	346
<i>Funded By:</i>				
Business Rates Baseline	(4,300)	(4,300)	(4,300)	0
SFA	(4,300)	(4,300)	(4,300)	0
Increase in NNDR / tax base above baseline	(1,870)	(1,870)	(1,870)	0
Business Rates Pooling	(200)	(200)	(200)	0
New Homes Bonus	(3,602)	(3,602)	(3,602)	0
Govt Reimbursement - Covid-19		(3,323)	(3,015)	308
Govt Reimbursement - Covid 19-Income Support			(5,108)	(5,108)
Total Gov't grants & business rates	(9,972)	(13,295)	(18,095)	(4,800)
Council Tax	(12,503)	(12,503)	(12,503)	0
Collection Fund Deficit / (Surplus)	55	55	55	0
Business Rates Deficit / (surplus)	485	485	485	0
Contribution to / (Use of Reserves)	(2,579)	(2,039)	(2,039)	0
Use of Reserve/Balances for Covid-19 (NNDR)	0	(6,692)	(2,238)	4,454
Total Funding	(24,514)	(33,989)	(34,335)	(346)
Forecast Overspend / (Underspend)	0	0	0	0

Forecast Outturn Variances

Service Area	Variance			Comment
	Spend £'000	Income £'000	Net £'000	
EMT				
Executive Management Team	(14)	-	(14)	Underspend forecast due to a change of hours and no pension costs for 9 months, partially offset by pension strain costs (2%).
Corona Virus	126	-	126	Overspend forecast due to capturing Covid related pay across the whole organisation, within EMT. This was in case a claim to Government was needed for these additional Covid costs (100%).
Community				
Assistant Director Communities	(3)	-	(3)	Employees underspend on pensions due to a staff member opting out of the pension scheme (2%).
Licensing and Food Safety	(28)	75	47	Employees underspend of £28k (6%) due to vacant posts. £75k overall shortfall of income (14%), mainly in Licensing £71 due to Covid-19 impact on businesses potentially ceasing their trading.
Community Safety	(1)	-	(1)	Small overspend forecast.
Environmental Health Services	15	4	19	£27k (100%) of employee overspends are forecast due to not having had sufficient vacant posts yet this year to achieve the budget target for vacancies, offset by savings on pension, casual staff costs and reduced mileage claims from staff within Environment service. The target is fully absorbed by staff savings within Safety and Protection service. £4k (6%) less income in Animal / Pest control.
Building Control	(46)	50	4	Employees underspend of £44k (11%) due to vacant posts. £2k (17%) underspend on staff mileage costs. £50k (11%) shortfall in income predicted due to Covid-19.

Service Area	Variance			Comment
	Spend £'000	Income £'000	Net £'000	
Community Initiatives	9	-	9	Employees underspend of £12k (3%) due to savings on a vacant post. This is offset by £20k savings target yet to be achieved for overhead recovery.
Private Sector Housing	(34)	17	(17)	Employees underspend of £34k (7%) due to member of staff being on reduced hours, vacant Support Officer post in Healthy homes and mileage claims savings. Shortfall in income of £15k (75%) from CBH to PSH but are expecting income to be forthcoming. Less inspections income from reduced enforcement activity due to Covid-19 restrictions.
Bereavement Services	15	25	40	Backdated broadband costs overspend of £8k (94%). £5k (18%) overspend on Assisted funerals referrals that have increased in numbers. Overall £25k (2%) shortfall in income. Although Cremations are currently exceeding income target other income sources have fallen behind - mainly burials and memorials income. Expecting a small shortfall of income from leasing Cem and Crem offices due to tenants not trading at present (Estates to review).
Cultural Services	(17)	36	19	Underspend on casual staff costs of £2k (1%). £6k (66%) underspend on goods for resale is offset by £12k (66%) shortfall in sales income. Forecasted full budget saving of £10k (100%) on payments to coach companies. No income forecasted for advertising and guided tours (100%).
Colchester Museums	-	360	360	£18k (82%) less income for guided tours. £342k (72%) less income on general and schools' admissions due to closure of the Castle. It is assumed that after opening at the end of July there will be very limited income from new customers and residents will be mainly using their annual passes.

Service Area	Variance			Comment
	Spend £'000	Income £'000	Net £'000	
Colchester and Ipswich Museums (CIMS)	(76)	102	26	CIMS is a ring-fenced budget. There is a forecast underspend of £44k (2%) on salaries due to vacant posts and reduced casual staff costs due to closure of the venues. Forecasted overspend on backdated NNDR bill of £6k (9%) and forecasted increased cleaning costs of £8k (61%) to ensure premises are safe to attend after venues re-open at the end of July. £45k (55%) underspend on materials for resale is offset by £91k (57%) shortfall in sales income in Retail. Additional loss of income on Events of £11k (34%).
Customer				
Accounts & Debt	(11)	-	(11)	Annual forecast underspends on training across the Service due to Covid 19 (£8k) (60%), central stationery (£3k) (27%).
Local Taxation & Business Rates	1	-	1	The annual forecast overspend relates to employee costs within NNDR team (1%).
Benefits & Hub	(44)	-	(44)	The annual forecast underspend relates to employee costs within this area; Benefits Processing (£20k) (6.8%), The Community Hub (£21k) (7%) and Technical Services (£4k) (1.4%). There will be efficiency savings for 21/22 made in these areas.
Contact Support Centre	(49)	-	(49)	The annual forecast underspend relates to employee costs (4.3%) with two advisors leaving. These Advisors will not be replaced due to efficiency savings being realised.
Electoral Services	(82)	-	(82)	The annual forecast underspend relates to the employee costs (£80k) (100%) associated with holding an Election (Elections have now been deferred due to Covid 19) and pension costs within the Electoral Services team (£2k) (16%).
Customer Digital & Systems	(23)	-	(23)	An annual forecast underspend on employee costs (5%) partially offset by an overspend on system software licences (40%).

Service Area	Variance			Comment
	Spend £'000	Income £'000	Net £'000	
Land Charges	(7)	154	147	Annual income is forecast to be £154k (61.9%) less than the budget, and an £8k underspend is forecast on ECC Search Fees (5.4%) to reflect the impact of Covid-19.
Environment				
Assistant Director Environment	(10)	-	(10)	Employee underspends.
Neighbourhood Services	658	457	1,115	£175k Employee overspends are forecast due to not having had sufficient vacant posts yet this year to achieve the budget target for vacancies (2.83%) A £262k shortfall of income is forecast on Trade Waste Collections to reflect the impact of Covid-19 (42.4%) Income at Highwoods Country Park, Sports Playing Fields, Mersea Island, Market & Street Trading, Castle Park, Depot and Voids have all been affected by Covid-19 and are forecast to be less than the budget. Following market fluctuations net income derived from the sale of paper will reduce, a £70k pressure is forecast on income (31.85) and £467k additional contractor costs are forecast to be incurred.
Car Parking	-	2,993	2,993	Due to the impact of Covid 19, all parking income is forecast to be less than the budget. Pay and Display is currently forecast to be £2,807k less (75%), Season Tickets £41k less (84%) and PCN income £145k less (80.5%). All income streams are reviewed monthly and the forecast updated accordingly.
North Essex Parking Partnership (NEPP)	90	-	90	NEPP budgets are ring-fenced and are expected to operate within budget, with any surplus or deficit being transferred to the Decriminalised Parking Reserve at year-end.
Place & Client (incl. CDC)				
Assistant Director Place & Client	1	-	1	Small overspend forecast.

Service Area	Variance			Comment
	Spend £'000	Income £'000	Net £'000	
Place Strategy	68	-	68	Overspend forecast on employee costs due to not having had sufficient vacant posts yet this year to achieve the budget target for vacancies (5%). £29.5k Covid spend for business support to Colbea (100%).
Housing	(7)	-	(7)	Underspend forecast due to vacant hours; this will partly offset the vacancy factor for Place Strategy.
Planning	1	-	1	Small overspend forecast.
Sustainability & Climate Change	(10)	-	(10)	Underspend forecast due to vacant hours.
Client - Commercial Company	5	302	307	At the shareholder committee, G&A were presented with information that led to a recommendation to accept a c.£300k reduction to the forecast dividend for 2020/21 in June - that was accepted at Cabinet on 9 July. The forecast of £226k reflects a loss of 90% of the events income, the impact of which has been offset by some savings on furlough, and some delays to capital projects for which CATL receive project management fees at milestones. Assumptions include a gradual return with no events until October and no major events until 2021.
Corporate Asset Management	45	-	45	The overspend relates to work on a Rowan House feasibility study £45k (100%) which commenced earlier this year, prior to lockdown. The position to date reflects various over and underspends as many contractual payments which have and will continue to be paid, regardless of the lockdown. This area will be monitored closely as buildings and services re-open.
Commercial & Investment	50	430	480	Commercial properties have some unbudgeted cost pressures including the one-off cost for the demolition of the United Way cottages £50k which was delayed from 2019/20. Income is forecast to be £430k (13.8%) less than the budget primarily due to the impact of the Coronavirus lockdown and includes a £64k reduction from the Culver Centre following announcements of rent reductions which are indicative of the retail

Service Area	Variance			Comment
	Spend £'000	Income £'000	Net £'000	
				market, and £40k from the Community Stadium. The outturn variance may worsen as the full effects of the Coronavirus are known.
Sport and Leisure	(538)	3,545	3,007	<p>Expenditure savings have been forecast on utility costs of £41k (18.8%) electricity and £37k (16.1%) on gas - these figures include £31.7k energy savings at the CNG site.</p> <p>Employee savings on casual staff have been forecast at £136k (30%), while salaried staff have been forecast at full cost as furlough savings are being shown corporately. Savings on Supplies and Services total £167k (25%).</p> <p>An overall income shortfall of £3.545m (64%) is forecast. This includes a forecast shortfall on Lifestyles £653k (53.2%) Pools £858.4k (71%), Swimming Lessons £342k (69%), Zoggs' sales £83k (65.5%), Fitness & Dryside £206k (59%) Catering £200k (66%), and £61k from the Car Park.</p> <p>Income forecasts to be revised once full list of facilities re-opening on 25th July confirmed. The above figures assume Leisure Pool and Aqua Springs do not re-open until at least October 2020.</p>
Corporate & Improvement (incl. CDC)				
Corporate & Democratic Core	-	150	150	Less income forecast from Council Tax Sharing Agreement (27%).
Finance	136	-	136	Overspends forecast on employee costs due to agency costs to cover vacant posts, which could increase depending how long agency is used for and due to not having had sufficient vacant posts yet this year to achieve the budget target for vacancies (9%). £66k unbudgeted costs due to the ABS system upgrade (100%).
ICT	80	-	80	Overspend forecast on ICT spend for Microsoft due to increased licences across the organisation (12%) and unbudgeted £40k Covid costs (100%).

Service Area	Variance			Comment
	Spend £'000	Income £'000	Net £'000	
				Overspends on employee costs due to not having had sufficient vacant posts yet this year to achieve the budget target for vacancies (2%).
People & Performance	(60)	80	20	Underspends forecast across employees due to vacant posts (9%) and purchase of staff transport tickets (50%). Less income forecast from staff car parking due to increased home working in response to Covid-19 (92%).
Governance	12	-	12	Overspend forecast in Health and Safety due to unbudgeted £21k Covid costs (100%) offset slightly on employee costs due to vacant posts (0.8%).
Communications	15	-	15	Overspend forecast on employee costs due to not having had sufficient vacant posts yet this year to achieve the budget target for vacancies (2%). £4k unbudgeted Covid costs (100%).

June 2020	Current Period - June 2020			Forecast Year-End Position		
	Profiled Budget to Period 3 £'000	Actual to Period 3 £'000	Variance (under) / over £'000	Annual Budget £'000	Projected Outturn £'000	Variance (under) / over £'000
Account Description						
HRA - Direct & Non-Direct						
EXPENDITURE						
Employees	48	63	15	167	167	-
Premises Related	1,806	1,422	(384)	6,920	6,920	-
Transport Related	-	-	-			
Supplies & Services	172	122	(50)	1,779	1,779	-
Third Party Payments	1,224	1,220	(4)	3,671	3,671	-
Transfer Payments	49	42	(7)	198	198	-
Support Services	702	702	-	3,970	3,970	-
Capital Financing Costs	-	-	-	14,040	13,947	(93)
TOTAL EXPENDITURE	4,001	3,571	(430)	30,745	30,652	(93)
INCOME						
Other Grants & Reimbursements	(35)	(35)	-	(139)	(139)	-
Customer & Client Receipts	(8,055)	(8,028)	27	(29,885)	(29,792)	93
Income-Interest	-	-	-	(131)	(131)	-
Inter Account Transfers	(14)	(14)	-	(90)	(90)	-
TOTAL INCOME	(8,104)	(8,077)	27	(30,245)	(30,152)	93
TOTAL NET - HRA	(4,103)	(4,506)	(403)	500	500	-