

RESOURCES AND SERVICE OVERVIEW AND SCRUTINY COMMITTEE

12 DECEMBER 2023

CABINET

6 OCTOBER 2023

REPORT OF THE PORTFOLIO HOLDER FOR CORPORATE FINANCE AND GOVERNANCE

A.5 FINANCIAL PERFORMANCE REPORT 2023/24 – GENERAL UPDATE AT THE END OF JULY 2023

PART 1 – KEY INFORMATION

PURPOSE OF THE REPORT

To provide a general update and overview of the Council's financial position against the 2023/24 budget and looking ahead to 2024/25 and beyond.

EXECUTIVE SUMMARY

- These regular finance reports present the overall financial position of the Council by bringing together in-year budget monitoring information and timely updates on the development of the long-term forecast. (*Due to the timing of this report, the position reported is from 1 April 2023 to the end of July 2023 rather than just the position at the end of the first quarter*).
- The report is split over two distinct sections as follows:
 - 1) ***The Council's in-year financial position against the budget at the end of July 2023***
 - 2) ***An updated long term financial forecast***
- Last year an additional section was included within these reports that took a detailed view of items that will have an impact on the in-year position but also an on-going impact on the later years of the forecast. Although this report sets out a number of adjustments to the in-year budget, any longer term impact remains under review at the present time. However, they will be revisited as part of developing the forecast for 2024/25 and beyond and reported within future financial performance reports.

SECTION 1 - In respect of the in-year financial position at the end of July 2023:

- The position to the end of July 2023, as set out in more detail within the appendices, shows that overall the General Fund Revenue Account is underspent against the profiled budget by **£1.747m**.
- As part of developing the budget for 2023/24, which was agreed by Full Council in February 2023, a number of adjustments were made to reflect emerging and/or on-going

issues. Therefore, only a limited number of variances have developed during the first four months of this year. Where variances have been highlighted, these broadly reflect known issues where further review / consideration may be necessary or reflects the timing of general expenditure and/or income budgets.

- It is acknowledged that other expenditure or income trends may still emerge / develop over the remainder of the year.
- This report also sets out a number of further potential issues although no adjustments have been made to the budget at the present time as they remain subject to ongoing review and / or reporting separately later in the year.
- In respect of other areas of the budget such as the Housing Revenue Account, capital programme, collection performance and treasury activity, apart from additional details set out later on in this report, there are no other major issues that have been identified to date. In respect of treasury activity, the transactions undertaken with Birmingham City Council are highlighted in this report along with the commitment to report back to Cabinet to present the outcome of their Full Council meeting where they will be considering their Section 151 Officer's Section 114 report.
- Any emerging issues will be monitored and updates provided in future reports, which will include their consideration as part of updating the long-term financial forecast.
- A number of in-year budget adjustments are proposed as set out in **Appendix 1H**, with an associated recommendation also included within this report. The same appendix also sets out a number of items that were requested to be carried forward by Services from 2022/23. These are presented for consideration by Cabinet as they did not meet the criteria relating to carry forwards, but it may still be advantageous to approve them to enable the associated work / projects to be undertaken in 2023/24.
- As mentioned within earlier reports, the Chief Executive continues to chair the regular Budget, Performance and Delivery meeting of Senior Managers where any emerging issues such as those highlighted within this report and appendices are identified / discussed.
- The net impact of the proposed budget adjustments will be moved to the Forecast Risk Fund. At the end of July 2023, it has been possible to make a contribution to the fund of **£0.169m**, which supports the requirement set out in the long-term forecast of identifying in-year savings of **£0.250m** each year.
- In addition to the above, it is also proposed to continue to be a member of the Essex Business Rates Pool and Essex Council Tax Sharing Agreement if it remains advantageous to do so in 2024/25.

In respect of the updated long term financial forecast:

- The forecast has been reviewed and updated at the end of July 2023 and is set out in Appendix 2A. It continues to reflect the very challenging financial position faced by Local Authorities, which includes the inflationary pressures currently being experienced.

- The revised forecast also seeks to better balance optimism / pessimism bias that is inherent in any forecasting process and includes the use of one-off funding such as the New Homes Bonus in the short term.
- Work remains ongoing within Departments and with Portfolio Holders with the aim of remaining 'sighted' on potential future cost pressures. Some of these are included in **Appendix 1H** where there is already an impact in 2023/24.
- The long-term approach alongside the Forecast Risk fund provides additional flexibility and time to make better-informed decisions. However, significant on-going savings are still required.
- Based on the updated forecast, ongoing savings of **£3.000m** are required across 2024/25 to 2026/27. This is significant, especially in the context of the Council's overall net budget being just over **£14.000m** and it presents the Council with a major challenge.
- Developing the framework against which the required savings can be identified therefore remains a key activity over the coming months alongside the development of the new Corporate Plan. The level of resources required to not only develop the above framework but to deliver the required savings, should not be underestimated, especially when set against other existing commitments such as delivering the Levelling Up projects and Freeports. There therefore needs to be a clear focus on the timely development of the plan whilst managing competing resources over the coming months.
- Although consideration will be given to extending the current forecast period beyond 2026/27, the long-term forecast approach still provides an effective method of managing financial risks, and remains underwritten by the Forecast Risk Fund.
- As mentioned during the development of the longer-term approach to the budget over recent years, it is important to continue to deliver against this plan as it continues to provide a credible alternative to the more traditional short-term / annual approach.
- The challenges faced by the Housing Revenue Account are also significant and include increased expectations and requirements that are likely to emerge from the Social Housing Regulation Act and associated enhanced powers of the Housing Regulator. The HRA 30 Year Business plan will be developed over the coming months with the aim of responding to such challenges set against the wider context of continuing to provide a financially sustainable position in the long term.

RECOMMENDATION(S)

It is recommended that Cabinet:

- (a) notes the Council's in-year financial position at the end of July 2023 along with the updated financial forecast for 2024/25 and beyond;**
- (b) approves the proposed adjustments to the 2023/24 budget as set out in Section 1 of Appendix 1H and requests Officers to review the potential on-going impact in 2024/25 and beyond where necessary as part of developing the forecast and detailed estimates for further consideration by Cabinet later in the year;**

- (c) notes the outcome of the review of carry forwards from 2022/23 approved under delegation to the Portfolio Holder for Corporate Finance and Governance as set out in Table 1 of this report and -
- i) approves items 1 and 2 set out in Section 2 of Appendix 1H;
 - ii) requests Officers to provide additional information relating to items 3 to 6 set out in Section 2 of Appendix 1H for inclusion in the Financial Performance Report for Quarter 2 that is scheduled to be presented to Cabinet in November 2023;
- (d) notes the treasury transactions with Birmingham City Council set out in this report and request Officers to provide an update in Quarter 2 setting out the response of the Full Council meeting at Birmingham City Council to their Section 151 Officer's recent Section 114 reports;
- (e) the Council continues to be a member of the Essex Business Rates Pool and Council Tax Sharing Agreement with ECC in 2024/25 if it remains financially advantageous to do so;
- (f) notes the updated financial forecast set out in this report and requests Officers, in consultation with Portfolio Holders, to further develop the financial forecast proposals alongside the development of the Council's priorities as part of the wider framework within which to identify the necessary budget reductions to support the Council's long-term financial sustainability; and
- (g) asks that the Resources and Service Overview and Scrutiny Committee be consulted on the latest financial position of the Council set out in this report.

REASON(S) FOR THE RECOMMENDATION(S)

To set out the latest financial position for the Council and to respond to emerging issues in 2023/24 and to develop the budget and long term forecast from 2024/25.

ALTERNATIVE OPTIONS CONSIDERED

This is broadly covered in the main body of this report.

PART 2 – IMPLICATIONS OF THE DECISION

DELIVERING PRIORITIES

Effective budgetary control is an important tool in ensuring the financial stability of the authority by drawing attention to issues of concern at an early stage so that appropriate action can be taken. Financial stability and awareness plays a key role in delivering the Council's corporate and community aims and priorities.

Cabinet approved its emerging Corporate Plan and Vision at its meeting in July 2023, which has been the subject of public consultation and the outcome will be reported back to the November Cabinet meeting. One of the 5 themes proposed is Financial Sustainability and Openness, with a commitment to continue to deliver effective services and get things done whilst looking after the public purse; that means carefully planning what we do, managing

capacity, and prioritising what we focus our time, money and assets on. Tough decisions will not be shied away from, but will be taken transparently, be well-informed, and based upon engagement with our residents.

The forecasting and budget setting process will have direct implications for the Council's ability to deliver on its objectives and priorities. The current 10-year approach to the forecast seeks to establish a sound and sustainable budget year on year through maximising income whilst limiting reductions in services provided to residents, business and visitors. The approach set out in this report continues to be set against this wider context.

OUTCOME OF CONSULTATION AND ENGAGEMENT

Internal consultation is carried out via the Council's approach to developing the budget as set out within the Constitution. External consultation also forms part of developing the budget, and is carried out early in the year as part of finalising the position for reporting to Full Council in February.

LEGAL REQUIREMENTS (including legislation & constitutional powers)

| | | | |
|---|-----|---|--|
| Is the recommendation a Key Decision (see the criteria stated here) | Yes | If Yes, indicate which by which criteria it is a Key Decision | <input type="checkbox"/> Significant effect on two or more wards <input checked="" type="checkbox"/> Involves £100,000 expenditure/income <input type="checkbox"/> Is otherwise significant for the service budget |
| | | And when was the proposed decision published in the Notice of forthcoming decisions for the Council (must be 28 days at the latest prior to the meeting date) | This item has been included within the Forward Plan for a period in excess of 28 days via the inclusion of the regular Financial Performance Update Report item. |

Yes The Monitoring Officer confirms they have been made aware of the above and any additional comments from them are below:

The Best Value Duty relates to the statutory requirement for local authorities and other public bodies defined as best value authorities in Part 1 of the Local Government Act 1999 ("the 1999 Act") to "make arrangements to secure continuous improvement in the way in which its functions are exercised, having regard to a combination of economy, efficiency and effectiveness". In practice, this covers issues such as how authorities exercise their functions to deliver a balanced budget (Part 1 of the Local Government Finance Act 1992), provide statutory services and secure value for money in all spending decisions.

Best value authorities must demonstrate good governance, including a positive organisational culture, across all their functions and effective risk management. They are also required, pursuant to section 3 of the 1999 Act, to consult on the purpose of deciding how to fulfil the Best Value Duty.

Government have recently consulted on revised Statutory Guidance on the Best Value Duty issued to local authorities in England under section 26 of the 1999 Act, which best value authorities are required to have regard to. To provide greater clarity to the sector on how to fulfil the Best Value Duty, the draft statutory guidance sets out seven overlapping themes of good practice for running an authority that meets and delivers best value. These seven best value themes build on the lessons learned from past interventions, including those which the Government published in June 2020, and reflect what most local authorities already do or are striving to achieve. While these themes are all interdependent, strong governance, culture, and leadership underpin effective partnerships and community engagement, service delivery, and the use of resources, continuous improvement is the outcome of all the themes working well together. A detailed description of these themes, including characteristics of a well-functioning local authority and indicators used to identify challenges that could indicate failure, is set out within the draft guidance and financial management and sustainability is a reoccurring expectation throughout the themes and indicators.

FINANCE AND OTHER RESOURCE IMPLICATIONS

The financial implications are set out in the body of the report.

Although the availability of financial resources is a key component in the delivery of services there will also need to be appropriate input of other resources such as staffing, assets and IT.

The approach set out in this report has been discussed with the Council's new External Auditor, albeit informally. There were no major concerns raised but they will undertake their own independent and detailed review as part of their commentary on the Council's use of resources.

In terms of the Council's previous External Auditor, their work remains focused on the outstanding Statement of Accounts for 2020/21 to 2022/23. It is hoped that they will be in a position to provide their own updated commentary on the Council's use of resources in October / November 2023.

| | |
|------------|---|
| Yes | The Section 151 Officer confirms they have been made aware of the above and any additional comments from them are below: |
|------------|---|

The Section 151 Officer is the author of this report.

USE OF RESOURCES AND VALUE FOR MONEY

The following are submitted in respect of the indicated use of resources and value for money indicators:

| | |
|--|--|
| A) Financial sustainability: how the body plans and manages its resources to ensure it can continue to deliver its services; | This is addressed in the body of the report. |
| B) Governance: how the body ensures that it makes informed decisions and properly manages its risks, including; and | |
| C) Improving economy, efficiency and effectiveness: how the body uses information about its costs and performance to improve the way it manages and delivers its services. | |

MILESTONES AND DELIVERY

This reports forms part of the Council's wider budget setting processes. Additional update reports will therefore be presented to Cabinet in November, December and January as part of developing the detailed estimates that will be presented to Full Council in February 2024.

ASSOCIATED RISKS AND MITIGATION

There are significant risks associated with forecasting such as cost pressures, inflation and changes to other assumptions that form part of the financial planning process. The Council's response is set out in the body of this report and will continue to be addressed as part of the future financial updates reports highlighted earlier.

It is also worth highlighting emerging risks associated with the establishment of the Office for Local Government (OFLOG) and the enhanced role of the Housing Regulator via the Social Housing Regulation Act. These will undoubtedly have significant financial consequences for Local Authorities, either directly or where increased capacity may be required to respond to any emerging requirements. This will be considered further as part of developing the forecast over the coming months.

As set out in **Appendix 2A**, the Forecast Risk Fund remains available to support the longer-term approach, with the additional contributions made to the reserve in 2023/24 providing further flexibility in terms of developing the required framework in which to identify the necessary savings to support an on-going financially sustainable position over the next few years.

However, it is important to note that the Council still prudently maintains reserves to respond to significant / specific risks in the forecast such as **£1.758m** (NDR Resilience Reserve) and **£1.000m** (Benefits Reserve), which can be taken into account during the period of the forecast if necessary. The Council also holds **£4.000m** in uncommitted reserves, which reflects a best practice / risk based approach to support its core financial position.

EQUALITY IMPLICATIONS

There are no direct implications that significantly impact on the financial forecast at this stage. However, the ability of the Council to appropriately address such issues will be strongly linked to its ability to fund relevant schemes and projects and determination of the breadth and standard of service delivery to enable a balanced budget to be agreed.

An impact assessment will be undertaken as part of any separate budget decisions such as those that will be required to deliver savings.

SOCIAL VALUE CONSIDERATIONS

There are no direct implications that significantly impact on the financial forecast at this stage.

However, such issue will be considered as part of separate elements of developing the budget as necessary.

IMPLICATIONS FOR THE COUNCIL'S AIM TO BE NET ZERO BY 2030

There are no direct implications that significantly impact on the financial forecast at this stage.

However, such issue will be considered as part of separate elements of developing the budget as necessary.

OTHER RELEVANT CONSIDERATIONS OR IMPLICATIONS

Consideration has been given to the implications of the proposed decision in respect of the following and any significant issues are set out below.

Crime and Disorder

Health Inequalities

Area or Ward affected

Please see comments above

PART 3 – SUPPORTING INFORMATION

SECTION 1 – IN YEAR FINANCIAL PERFORMANCE AGAINST THE BUDGET AT THE END OF JULY 2023

The Council's financial position against the approved budget has been prepared for the period ending 31 July 2023.

As highlighted earlier, as part of developing the 'base' budget for 2023/24 earlier in the year, a number of adjustments were made to reflect emerging and/or on-going issues, with therefore only a limited number of variances developing to date. Where variances have been highlighted, these broadly reflect known issues where further review / consideration may be necessary.

Although proposed budget adjustments are highlighted within **Appendix 1H** in response to the emerging / developing issues, the detailed position at the end of July 2023 is set out within **Appendix 1**, with some additional comments included below against the six key areas of the budget where necessary:

GENERAL FUND REVENUE

The position to the end of July 2023, as set out in more detail in the Executive Summary attached, shows that there is an overall net underspend of **£1.747m**.

Apart from the impact associated with the proposed adjustments set out within **Appendix 1H**, the remaining variance is primarily due to the timing of expenditure and income, one example being the timing of when housing benefit payments are made and when the money is reimbursed by the Government via the associated subsidy system.

Notwithstanding the above, it is important to highlight the following:

Waste, Recycling and Street Cleansing – two budget adjustments are set out within **Appendix 1H**. One relates to the unavoidable cost of disposing of residual waste to an alternative disposal site and the other to provide essential additional capacity to support the upcoming tender process.

Parking income – parking income is currently ahead of the budget by **£0.123m**. No adjustment to the budget is proposed at the present time, but the position will be kept under review across the next two quarters to identify if this favourable position is likely to remain until the end of the year.

Another issue relating to the parking service is the potential financial deficit associated with the North Essex Parking Partnership. As previously mentioned, financial risks of being a member of this partnership started to emerge last year and there is currently no provision included within the budget to respond to such an eventuality.

As previously discussed, the NEPP does not appear to be recovering from the impact of COVID 19, with the level of income being less than pre-pandemic levels, which is in addition to the on-going impact of inflation. Recent years have seen the partnership draw money down from its reserves to meet any deficits that have accrued, which has resulted in reserves no longer being available to underwrite its financial risks in 2023/24.

As part of its partnership role, the Council continues to seek assurances from the Lead Authority around how the financial risks of the partnership will be managed in 2023/24 and beyond to avoid as far as reasonably possible a deficit position occurring / continuing. This issue remains under review and further updates will be provided as part of future financial performance reports.

Homelessness net costs— demand for homeless accommodation remains high. Although the service remains committed to exploring options to respond to this demand in the most advantageous way, an adjustment to the budget is included within **Appendix 1H**, as an initial sum to meet the expected on-going cost in the short term.

Vacancy savings - when viewed corporately, employee costs remain behind the budget. A favourable budget adjustment is usually undertaken at the end of each quarter to utilise the accrued savings. However, it is not proposed to make such an adjustment at the present time given that the national pay negotiations for 2023/24 remain on-going. Based on the most up to date information, it is expected that the pay award will be higher than the amount originally forecast, which in turn will likely need to be supported by any accrued savings to date.

Treasury Investment Income – given that interest rates remain relatively high, investment income is significantly ahead of the budget. An initial favourable budget adjustment is therefore set out within **Appendix 1H** to reflect the most up to date forecast, which will be subject to on-going review in later quarters.

Leisure Centre Fees and Charges and VAT – following the consideration by the courts, it has been determined that Local Authorities who provide in-house leisure services to the public are doing so under a statutory framework and therefore the charges made should be treated as non-business instead of being standard rated as has historically been the case. Work remains on-going to finalise the impact of this change, with the outcome planned to be set out in an upcoming separate report. No adjustment to the budget is therefore proposed at the present time until this associated report has been considered.

Garden Waste Fees and Charges Income – the Audit Committee recently considered an issue emerging within the garden waste service where there was a risk that some customers may be receiving a service without having paid the associated fee. The Service remains committed to resolving this issue as soon as possible with the first phase relating to finalising a robust customer database along with other associated improvement actions. Although work will be undertaken to seek payment where customers have benefited from the service but have yet to pay the associated fee, it may result in a level of unrecoverable debt that may need to be written off – this would be a cost that would be charged to the service. It is proposed to provide an update as part of the financial performance report for the second quarter of this year.

Careline Net Costs - as previously discussed, one of the key parts of the budget that remains under on-going review is the financial performance of the Council's Careline

Service, especially in light of the adverse outturn position for 2022/23. The Department remains committed to delivering the service within budget and a further detailed review of the associated business plan is currently underway with the aim of reporting the outcome to Cabinet in November. Although subject to the outcome of this separate review, it is likely there will be additional net costs associated with continuing to deliver this service.

As mentioned within earlier reports, the Chief Executive continues to chair the regular Budget, Performance and Delivery meeting of Senior Managers where any emerging issues such as those highlighted above are discussed / identified / explored. This is also supported by the departmental planning process, which in turn supports the delivery of the on-going corporate investment / cost pressure plan approach.

The impact of the issues set out above, along with potential other emerging issues during the year will be kept under review as part of future financial performance reports, which will include identifying if there are any longer term impacts in 2024/25 and beyond that will need to be included in future iterations of the financial forecast.

The overall position set out in **Appendix 1H** results in a net contribution to the Forecast Risk Fund of **£0.169m** being made for the period to the end of July 2023, which represents the first contribution to the fund as part of the commitment to contribute **£0.250m** over the course of the whole year that is built into the long-term plan. Although subject to the on-going impact from issues such as those highlighted above, opportunities to contribute further money to the fund will be explored over the second half of the year.

COLLECTION PERFORMANCE

A detailed analysis of the current position is shown in **Appendix 1E**.

There undoubtedly remains an on-going impact from COVID 19 on collection performance along with the cost of living challenges currently faced by local residents. Any necessary recovery action will continue over the second half of the year, with the aim of maximising the level of collection performance wherever possible.

In respect of general debt, the performance this year is running slightly behind the position at the same time last year. This is primarily due to a limited number of larger items which have now either been paid or are subject to review e.g. money owed by customers of the Council's green waste service that relates to the issue highlighted earlier.

The Council remains a member of the Essex Business Rate's Pool in 2023/24 along with benefiting from the Council Tax Sharing Agreement with Essex County Council. These two schemes have continued to provide a financial benefit to the Council over recent years and it is proposed to continue the same approach in 2024/25. An associated recommendation is therefore set out above to support the Council's continued involvement in both schemes whilst it remains financially advantageous to do so.

HRA REVENUE

An overall position is set out in the Executive Summary with further details included in **Appendix 1C**. At the end of July 2023 the HRA is showing a net underspend of **£0.290m**, which reflects a number of smaller variances across various HRA budgets.

As previously reported, the Service remains committed to returning / maintaining void performance at the historic level of 2%, with the rate currently at 2.34%.

It is worth highlighting the accounting 'cut-off' issue relating to rents that emerged at the end of 2022/23 that was reported within the associated outturn report. At the time of finalising the outturn for 2022/23, it appeared that the level of prepaid rent had been overstated at 31 March 2023. This in turn had the impact of reducing the total amount of income credited to 2022/23, and given the deadline to finalise the outturn position, it had not been possible to explore the issue further at that time. However, the associated review has now been undertaken and it has been confirmed that the level of prepaid rent at the end of 2022/23 had been overstated by **£0.298m**. This money will therefore need to be considered in 2023/24 alongside the preparation of the accounts and any adjustments required as part of the work of the External Auditor on the 2022/23 accounts.

CAPITAL PROGRAMME – GENERAL FUND

The overall position is set out in **Appendix 1D**.

As at the end of July 2023, the programme is broadly on target against the profiled position.

The Starlings Capital Scheme is now nearing completion and will be subject to a formal review, the outcome of which is planned to be reported within a separate report later in the year. Based on the most up to date position, it is expected that additional costs are likely to emerge as part of its completion, which will be considered further in the financial performance report at the end of Quarter 2 that will be presented to Cabinet in November 2023.

CAPITAL PROGRAMME – HOUSING REVENUE ACCOUNT

The overall position is set out in **Appendix 1D**.

As at the end of July 2023, the programme is ahead of profile by **£0.163m**.

This budget relates primarily to the on-going major repairs and improvements to the Council's own dwellings. A number of individual schemes within the wider improvement / enhancement and adaptations scheme are ahead of budget at the present time. However, the position is currently being reviewed with the aim of delivering the programme of activities within the overall annual budget for the year. It is recognised that the timing of certain activities may result in additional costs being incurred in 2023/24, which will be explored further and reported back to members as part of the next financial performance report.

TREASURY ACTIVITY

A detailed analysis of the current position is shown in **Appendix 1F**.

The Annual Capital and Treasury Strategy for 2023/24 (including the Prudential and Treasury Indicators) was approved by Full Council in March 2023, with all activity to date therefore undertaken in accordance with this strategy and associated treasury management practices.

It is worth highlighting the issue recently brought to the attention of members concerning money that has been lent to Birmingham City Council. A total of **£6.000m** has been lent to the City Council, with **£4.000m** due to be repaid in February 2024 and the remaining **£2.000m** being repaid in June 2024. Although Birmingham City Council have issued a S114 notice, there is only a negligible risk associated with these treasury related transactions as Local Authorities cannot go bankrupt and the mechanisms associated with such an event ensure that commitments are met and the money repaid when it is due to be repaid. This is a well-publicised position and one echoed by various commentators associated with the sector, such as the Chief Executive of CIPFA.

Birmingham City Council are due to meet shortly to consider their response to the S114 notice, and further updates will be provided to Members in the next financial performance report.

Carry Forwards from 2022/23

In line with an associated delegation, the Portfolio Holder for Finance and Governance recently reviewed / approved the carry forwards from 2022/23 that had been requested by Services. Although subject to a separate published decision, a summary of the outcome of this review / decision is as follows:

Table 1

| Area of the Budget | Total Carry Forwards Requested | Carry Forwards Approved | Carry Forwards No Longer Required | Carry Forwards Submitted to Cabinet for Further Consideration |
|--|---------------------------------------|--------------------------------|--|--|
| (a) | (b) | (c) | (d) | (e) |
| General Fund Revenue (Incl. Revenue Contribution to the Capital Carry Forward Requests of £2,046,870) | £15,778,730 | £15,022,610 | £396,040 | £360,080 |
| General Fund Capital Schemes (Excl. Revenue Contribution to the Capital Carry Forward Requests as they are included in the figure above) | £9,924,540 | £9,924,540 | Nil | Nil |
| TOTAL | £25,703,270 | £24,947,150 | £396,040 | £360,080 |

In respect of the carry forwards no longer required of **£396,040** as set out in the table above, this amount has been added to the general favourable outturn variance for 2022/23 of **£3.112m**, which reflects Cabinet's decision at their meeting on 21 July 2023. This brings the total general favourable outturn variance for 2022/23 to **£3.508m**, which will be held in

reserves for further consideration as part of developing the forecast and detailed budgets later in the year.

In respect of the carry forwards submitted to Cabinet for further consideration (column (e) within the table above), these are set out in **Section 2 of Appendix 1H**. These relate to items that do not strictly comply with the underlying carry forward criteria, but they may support initiatives and projects in 2023/24 and therefore it could be advantageous for them to be agreed as they further the delivery of priorities etc. In effect, they are an allocation from the general outturn variance for the year. It is proposed to approve items 1 and 2 within **Section 2 of Appendix 1H**. In respect of items 3 to 6, it is proposed that Officers be requested to provide further details relating to these items to enable them to be considered further as part of the Q2 Financial Performance Report that is scheduled to be presented to Cabinet in November.

Other Matters

At its meeting in July, Cabinet considered a Section 5 report from the Monitoring Officer in response to the delay in the publication of the Council's Statement of Accounts for 2022/23. A further report setting out the most up to date position was considered by Full Council on 26 September 2023.

It is not proposed to repeat the details set out in the above reports here, but as requested by Cabinet, it is formally confirmed that the Council's Statement of Accounts for 2022/23 were published by 1 August 2023. This was broadly in line with the commitment made and brings to an end the period in which the Council was in breach of its statutory obligations. The Council is now working with its External Auditors in response to the continuing external audit delays and the Government's recently announced proposals that were set out in detail within the report to Full Council referred to above.

SECTION 2 – UPDATED LONG TERM FORECAST

The detailed budget for 2023/24, which was based on the most up to date financial forecast, was considered and agreed by Full Council on 14 February 2023. The report considered by Full Council also included a summary of the forecast up until 2026/27.

For completeness, a summary of the position presented to Full Council on 14 February 2023 is set out in the following table:

Table 2

| Year | Net Budget Position* | Forecast Risk Fund - Estimated Surplus Balance at the end of the year |
|-------------|-----------------------------|--|
| 2024/25 | £3.823m deficit | £2.569m |
| 2025/26 | £0.132m deficit | £2.687m |
| 2026/27 | £0.225m deficit | £2.711m |

**includes removal of the prior year use of reserves etc. to balance the budget.*

The figures set out within the table were inclusive of the following on-going savings being achieved across the three remaining years of the forecast:

2024/25 – £1.150m

2025/26 – £4.250m

2026/27 – £0.450m

Total On-Going Savings Required - £5.850m

As highlighted in earlier reports, given the emerging financial issues, the long-term forecast is now being considered against a very different financial background to that originally expected during the earlier years of the forecast. Given the on-going and challenging financial environment with significant inflationary pressures still remaining, a number of historic assumptions have been challenged as part of developing the current forecast - e.g. in previous years the Council has refrained from using one-off money to support the on-going budget, but given the scale of the financial challenge faced by the Council, this principle has become increasingly difficult to maintain in the immediate term.

However, as highlighted in previous reports, the long-term approach to the forecast does enable the flexibility and time to consider the longer-term plan and the savings that will be required in a more informed way and in light of the emerging Corporate Plan.

Set against the context above, the development of the forecast has continued in 2023/24, with the latest position set out in **Appendix 2A**. The revised forecast aims to balance the optimism / pessimism bias that is inherent within any forecasting process. A summary of the key changes are as follows:

Underlying Funding Growth in the budget – the assumptions broadly reflect those applied in earlier years of the forecast, such as the assumed inflationary increases in council tax and business rates. However it is assumed that the income from the growth in business rates will be higher than reflected in the earlier forecast as the Government are likely to maintain funding to provide ongoing 'compensation' where they have 'frozen' the business rates multiplier in previous years, and the transitional arrangements for the national business rates revaluation 'cycle' that was undertaken for 2023/24.

Revenue Support Grant – At this point in the budget cycle, it is usually assumed that the Government will not provide any on-going support to Local Authorities via the annual Financial Settlement process. However, given the current economic climate and the significant financial challenges faced by Councils, especially in light of the potential increase in Local Authorities issuing S114 notices, it is likely that the Government will provide on-going support, at least in the short to medium term. A level of financial support has therefore been included within the forecast, which will be subject to confirmation or otherwise by the Government in December 2023 as part of the Local Government Financial Settlement.

Removal of One-off items from the Prior Year – A limited number of items have been initially removed from the updated forecast at this stage. However, they remain subject to review as part of developing the forecast during the second half of the year and will be reinstated as part of the cost pressure review highlighted below if unavoidable and therefore likely to continue. Further updates will be provided in future financial performance reports.

Use of Potentially One-off Money – As highlighted earlier, the Council has historically refrained from using one-off money to support the underlying budget, but it is now proposed to include estimated income from the New Homes Bonus Grant and from the Council's continued membership of the Essex Business Rates Pool. Although there are no long term guarantees around this funding, it is expected that they will continue in the short term, which

reduces the risk over the remaining years of the forecast. This approach will need to be reviewed on an on-going basis and if any information comes to light that indicates an increased risk to this approach, then the forecast will be updated and reported to Members as soon as practicable.

Inflation – Although inflation continues to fall, it remains at a stubbornly high level compared to previous years. However, the Bank of England expects the rate of inflation to continue to fall over 2023/24 and 2024/25, which will hopefully provide some relief to the financial pressures within the long-term forecast.

One area where the current high rate of inflation is continuing to have an impact is the national pay award negotiations for 2023/24. The figure for 2024/25 has therefore been updated to reflect the potential knock-on impact, which will also need to be reflected in the 2023/24 budget as highlighted earlier once agreed.

Unavoidable Cost Pressures – an initial ‘allowance’ of **£0.500m** is included in each year of the forecast. However, there are increasing pressures on this annual figure.

Work remains ongoing with Departments and Portfolio Holders with the aim of remaining ‘sighted’ on potential future cost pressures. Some of these are included in **Appendix 1H** where there is already an impact in 2023/24. Although the position will be updated as part of future financial performance reports, a summary of potential one-off and on-going items (such as those already identified in 2023/24) that will need to be considered, include the following:

- Potential net increases to cost of services – e.g. Careline and Homelessness
- Items funded in 2023/24 on a one-off basis which may continue in 2024/25 and beyond
- Increased contract costs e.g. Waste, Recycling and Street Cleaning when retendered and External Audit Fees
- Asset repairs and maintenance, IT equipment renewals
- Supporting the delivery of strategies, priorities and objectives
- Meeting coast protection responsibilities
- Areas of the budget currently experiencing reductions in income – how long will they continue for?
- Fixed term posts coming to an end e.g. Housing Early Intervention Officer and Family Support Officer

On-Going Savings Required

As set out in the forecast, a significant level of savings are required over the period from 2024/25 to 2026/27. However, after taking account of the various assumptions above, the savings targets have been revised to:

2024/25 – £0.500m

2025/26 – £1.000m

2026/27 – £1.500m

Total On-Going Savings Required - £3.000m

Although the above are lower than included in earlier forecasts, they still present a significant challenge, especially against the context of the Council’s overall current net budget of just

over **£14.000m**. It is important to stress that the above represents the level of on-going savings required and not one-off.

It is worth highlighting that the savings required to support the Council's long-term financial sustainability are to a large extent meeting the historic inflationary pressures over the last two years e.g. employee costs. Unlike utility costs that can fluctuate over time, employee costs only increase over time, which therefore places significant upward pressure on the Council's financial position.

It is also important to highlight that the level of savings required will also need to continue to act as the 'safety valve' with the overall position being subject to further updates as part of reporting the quarterly position going forward, as any increases in net costs will likely require a corresponding increase in the savings required.

Members may recall the presentation at the member's induction day back in May 2023 where the Council's financial challenges were highlighted, and that looking ahead, the Council needed to develop a framework in which to identify the necessary on-going savings.

This included the following:

- Considering statutory service v discretionary services
- Reviewing service 'standards'
- Taking a zero based approach
- Exploring opportunities for efficiencies
- How we can do things differently.

Developing the above framework alongside the emerging Corporate Plan remains a key activity over the coming months. The level of time and resources required to not only develop the above framework but to also deliver the required savings should not be underestimated. Set against the ongoing delivery of existing projects such as the Levelling Up Scheme and Freeports, there needs to be a clear focus on the timely development of the plan whilst managing competing resources over the coming months.

In addition to the above, to effectively deliver the required savings, a number of key activities will need to be undertaken such as consultation alongside the completion of impact assessments, which will therefore need to be considered within any associated timetable.

As set out in earlier reports, the Council's long-term plan and Forecast Risk Fund provide flexibility and support against which the above can be considered. Extending the current financial forecast period will also be considered as part of developing the forecast over the second half of the year, that may provide further financial flexibility and support along with further opportunities to respond to the structural annual budget deficit that is still estimated to remain at the end of 2026/27.

The Forecast Risk Fund relies on in-year outturn contributions of **£0.250m** per annum to support the overall balance in the reserve, which in turn underwrites the various risks to the forecast. As set out in Section 1 of this report, it is proposed to make a contribution of **£0.169m** to the Forecast Risk Fund. Based on the updated forecast set out in **Appendix 2A**, the Forecast Risk Fund is estimated to total **£6.142m** at the end of 2023/24, which is therefore available to support the development of the forecast from 2024/25 and beyond.

As previously discussed, it is recognised that the use of reserves and one-off budgets to balance the budget is not sustainable in the long term. However, by balancing the use of existing reserves and potentially one-off funding in the short to medium term, it provides additional flexibility to develop the framework in which to identify the required savings from 2024/25.

The forecast does not reflect the Government's intended comprehensive spending review, as it is not clear when this will be undertaken. However, the forecast will be updated as necessary once additional information is announced by the Government.

Risk Assessment

Given the inherent risks to the forecast, a risk assessment of each line of the forecast is maintained. This is currently being reviewed in light of the updated forecast set out above with the aim of providing an updated position when the Q2 Financial Performance Report is presented to Cabinet in November 2023.

As indicated in recent S114 notices issued by some Local Authorities, a major issue faced by Councils is not having the necessary practical and pragmatic plans in place to identify the savings required to balance their budgets. The approach set out in this report has been discussed with the External Auditor, albeit informally and at a very high level, but they will expect the Council to have adequately progressed its financial plans as early as possible over the next six months, that in turn would help demonstrate a credible approach is in place to deliver a financial sustainable future for the Council.

Sensitivity Testing

Work remains in progress to update the usual sensitivity testing approach, with the outcome planned to be presented in reports later in the year as part of the development of the budget for consideration by Full Council in February 2024.

Housing Revenue Account

Some of the challenges set out above that relate to the General Fund will have an equally challenging impact on the HRA - one such example being inflation.

The HRA faces some significant financial pressures looking ahead such as the telescopic impact of the rent 'cap' in 2023/24 along with increased expectations that will emerge from the Social Housing Regulation Act and associated enhanced role of the Housing Regulator.

In light of the above, work remains in progress on revising the HRA 30 year Business Plan, with further updates planned to be reported to Cabinet later in the year.

Any urgent issues emerging in the interim period will be subject to separate reports / decision making processes where necessary.

PREVIOUS RELEVANT DECISIONS

General Fund Budget and Council Tax 2023/24 – Item A.1 Full Council 14 February 2023

Housing Revenue Account Budget 2023/24 - Item A.2 Full Council 14 February 2023

Detailed Outturn Report 2022/23 – Agreed by the Portfolio Holder for Corporate Finance & Governance 10 July 2023

Outturn Report 2022/23 – Item A.8 Cabinet 21 July 2023

Carry Forwards 2022/23 – Agreed by the Portfolio Holder for Corporate Finance & Governance 27 September 2023

BACKGROUND PAPERS AND PUBLISHED REFERENCE MATERIAL

None

APPENDICES

RELATING TO SECTION 1 OF THE REPORT

Appendix 1 - Front Cover and Executive Summary

Appendix 1A – Summary by Portfolio / Committee

Appendix 1B – General Fund Budget Position by Department

Appendix 1C – Housing Revenue Account Budget Position

Appendix 1D – Capital Programme

Appendix 1E – Collection Performance – Council Tax, Business Rates, Housing Rent and General Debts

Appendix 1F – Treasury Activity

Appendix 1G – Income from S106 Agreements

Appendix 1H – Proposed Adjustments to the Budget 2023/24

RELATING TO SECTION 3 OF THE REPORT

Appendix 2A – Updated Long Term Financial Forecast

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Tendring

District Council



Appendices Included:

| | |
|--------------------------|--|
| Executive Summary | A summary of the overall position. |
| Appendix 1A | A summary of the overall position by Portfolio/Committee split by GF and HRA |
| Appendix 1B | An analysis by Department of all General Fund Revenue budgets. |
| Appendix 1C | An analysis of Housing Revenue Account Revenue budgets. |
| Appendix 1D | The position to date for General Fund and HRA capital projects. |
| Appendix 1E | Collection Performance |
| Appendix 1F | Treasury activity. |
| Appendix 1G | Income from S106 Agreements. |
| Appendix 1H | Proposed Adjustments to the Budget |

Financial Performance Report In-Year Performance as at end of:

July 2023

(The variance figures set out in these appendices that are presented in brackets represent either a net underspend to date position or additional income received to date)

Financial Performance Report - Executive Summary as at the end of July 2023

The tables below show the summary position for the General Fund, Housing Revenue Account, Capital, Collection Performance and Treasury Activity.

General Fund - Summary by Department Excluding Housing Revenue Account

| | Full Year Budget £ | Profiled Budget to Date £ | Actual to Date £ | Variance to Profile £ |
|-------------------------------|-----------------------|------------------------------|---------------------|--------------------------|
| Office of the Chief Executive | (20,764,010) | (1,244,505) | (2,995,323) | (1,750,818) |
| Operations and Delivery | 12,664,780 | 2,153,476 | 2,182,257 | 28,781 |
| Place and Economy | 8,099,230 | 1,355,251 | 1,330,266 | (24,986) |
| Total General Fund | 0 | 2,264,222 | 517,199 | (1,747,023) |

Housing Revenue Account

| | Full Year Budget £ | Profiled Budget to Date £ | Actual to Date £ | Variance to Profile £ |
|------------------|-----------------------|------------------------------|---------------------|--------------------------|
| Total HRA | 0 | (2,640,531) | (2,930,644) | (290,113) |

Capital

| | Full Year Budget £ | Profiled Budget to Date £ | Actual to Date £ | Variance to Profile £ |
|-------------------------|-----------------------|------------------------------|---------------------|--------------------------|
| General Fund | 14,657,070 | 1,023,310 | 1,023,297 | (13) |
| Housing Revenue Account | 11,909,950 | 2,413,743 | 2,576,911 | 163,168 |
| Total Capital | 26,567,020 | 3,437,053 | 3,600,208 | 163,155 |

Collection Performance

| | Collected to Date Against Collectable Amount |
|------------------|---|
| Council Tax | 27.78% |
| Business Rates * | 33.73% |
| Housing Rents | 96.25% |
| General Debt | 71.24% |

Treasury

| | £'000 |
|--------------------------|--------|
| Total External Borrowing | 33,988 |
| Total Investments | 84,564 |

* The figure is performance against the budgeted Collection Fund amount rather than the debit collectable.

Revenue Budget Position at the end of July 2023

General Fund Portfolio / Committee Summary

| | 2023/24 Current Full Year Budget £ | 2023/24 Profiled Budget to date £ | 2023/24 Actual to date £ | 2023/24 Variance to Profile £ |
|---|---|---|-----------------------------------|--|
| Corporate Finance and Governance | (2,564,340) | (1,449,155) | (1,484,526) | (35,371) |
| Assets | 517,170 | 1,167,217 | 1,181,349 | 14,132 |
| Economic Growth, Regeneration and Tourism | 1,576,110 | 108,433 | 16,766 | (91,667) |
| Environment | 9,429,710 | 2,588,932 | 2,552,107 | (36,824) |
| Leisure and Public Realm | 5,345,040 | 99,657 | (81,226) | (180,883) |
| Housing and Planning | 5,405,530 | 3,168,773 | 2,573,855 | (594,917) |
| Partnerships | 1,853,470 | 525,082 | 622,534 | 97,453 |
| Budgets Relating to Non Executive Functions | 798,780 | 351,150 | 370,495 | 19,345 |
| | 22,361,470 | 6,560,087 | 5,751,355 | (808,732) |
| Revenue Support for Capital Investment | 96,210 | 0 | 0 | 0 |
| Financing Items | (6,962,650) | (298,184) | (1,236,477) | (938,294) |
| Budget Before use of Reserves | 15,495,030 | 6,261,904 | 4,514,878 | (1,747,026) |
| Contribution to / (from) earmarked reserves | (1,353,460) | (77,980) | (77,980) | 0 |
| Total Net Budget | 14,141,570 | 6,183,924 | 4,436,898 | (1,747,026) |
| Funding: | | | | |
| Business Rates Income | (3,058,440) | (1,020,528) | (1,020,528) | 0 |
| Revenue Support Grant | (696,440) | (258,796) | (258,796) | 0 |
| Collection Fund Surplus | (783,670) | (235,101) | (235,101) | 0 |
| Income from Council Tax Payers | (9,603,020) | (2,405,277) | (2,405,274) | 3 |
| Total | 0 | 2,264,222 | 517,199 | (1,747,023) |

Revenue Budget Position at the end of July 2023

HRA Portfolio Summary

| | 2023/24 Current Full Year Budget £ | 2023/24 Profiled Budget to date £ | 2023/24 Actual to date £ | 2023/24 Variance to Profile £ |
|---|---|---|-----------------------------------|--|
| Economic Growth, Regeneration and Tourism | 0 | 0 | 40,800 | 40,800 |
| Housing and Planning | (1,673,700) | (2,640,531) | (2,971,444) | (330,913) |
| | (1,673,700) | (2,640,531) | (2,930,644) | (290,113) |
| Revenue Support for Capital Investment | 613,630 | 0 | 0 | 0 |
| Financing Items | 1,340,100 | 0 | 0 | 0 |
| Budget Before use of Reserves | 280,030 | (2,640,531) | (2,930,644) | (290,113) |
| Contribution to / (from) earmarked reserves | (280,030) | 0 | 0 | 0 |
| Total | 0 | (2,640,531) | (2,930,644) | (290,113) |

Corporate Budget Monitoring - General Fund Budget Position at the end of July 2023

Department - Chief Executive, Finance, IT and Governance

| | 2023/24 Current Full Year Budget £ | 2023/24 Profiled Budget to date £ | 2023/24 Actual to date £ | 2023/24 Variance to Profile £ | Comments |
|--|---|---|-----------------------------------|--|----------|
| <u>Analysis by Type of Spend</u> | | | | | |
| Direct Expenditure | | | | | |
| Employee Expenses | 11,678,630 | 2,929,498 | 2,726,951 | (202,547) | |
| Premises Related Expenditure | 390,810 | 183,418 | 183,378 | (40) | |
| Transport Related Expenditure | 121,610 | 47,188 | 47,610 | 422 | |
| Supplies & Services | 5,825,330 | 1,446,482 | 1,536,843 | 90,361 | |
| Third Party Payments | 117,000 | 87,000 | 84,300 | (2,700) | |
| Transfer Payments | 38,545,630 | 10,961,130 | 10,814,422 | (146,708) | |
| Interest Payments | 9,340 | 1,866 | 1,848 | (18) | |
| Direct Capital Financing Costs | 289,030 | 0 | 0 | 0 | |
| Total Direct Expenditure | 56,977,380 | 15,656,583 | 15,395,353 | (261,230) | |
| Direct Income | | | | | |
| Government Grants | (46,535,070) | (11,413,257) | (11,947,223) | (533,966) | |
| Other Grants, Reimbursements and Contributions | (1,312,720) | (666,280) | (698,319) | (32,039) | |
| Sales, Fees and Charges | (1,303,190) | (380,577) | (371,573) | 9,003 | |
| Rents Receivable | (1,050) | (200) | (160) | 40 | |
| Interest Receivable | (923,920) | (443,093) | (1,375,722) | (932,629) | |
| RSG, Business Rates and Council Tax | (14,141,570) | (3,919,702) | (3,919,699) | 3 | |
| Total Direct Income | (64,217,520) | (16,823,108) | (18,312,696) | (1,489,588) | |
| Net Direct Costs | (7,240,140) | (1,166,525) | (2,917,343) | (1,750,818) | |
| Net Indirect Costs | (12,170,410) | 0 | 0 | 0 | |
| Net Contribution to/(from) Reserves | (1,353,460) | (77,980) | (77,980) | 0 | |
| Total for Chief Executive, Finance, IT and Governance | (20,764,010) | (1,244,505) | (2,995,323) | (1,750,818) | |

Department - Chief Executive, Finance, IT and Governance

| | 2023/24 Current Full Year Budget £ | 2023/24 Profiled Budget to date £ | 2023/24 Actual to date £ | 2023/24 Variance to Profile £ | Comments |
|--|---|---|-----------------------------------|--|--|
| <u>Analysis by Service/Function</u> | | | | | |
| Total for Chief Executive and Administration | 0 | 125,483 | 86,568 | (38,916) | |
| Total for Finance and IT Management and Administration | 70 | 33,127 | 37,086 | 3,960 | |
| Total for Finance | 61,730 | 417,977 | 382,278 | (35,698) | |
| Total for Finance - Other Corporate Costs | (4,302,950) | (3,740,971) | (4,739,565) | (998,594) | This primarily reflects the position against investment income which is included within Appendix H. |
| Total for Finance - Financing Items | (7,984,320) | 61,730 | 53,310 | (8,420) | |
| Total for Finance - RSG, Business Rates and Council Tax | (14,141,570) | (3,919,702) | (3,919,699) | 3 | |
| Total for Revenues and Benefits | 2,125,470 | 3,441,933 | 2,632,941 | (808,992) | This reflects the timing differences associated with Housing Benefit payments and the reimbursement by the Government via the related subsidy system along with vacancy savings accrued to date. |
| Total for IT and Corporate Resilience | 2,200 | 761,220 | 816,982 | 55,762 | |
| Total for Health and Community | 163,160 | 15,257 | 16,724 | 1,467 | |
| Total for Governance Management and Administration | 0 | 38,163 | 38,616 | 453 | |
| Total for Legal | 0 | 148,203 | 153,848 | 5,645 | |

Department - Chief Executive, Finance, IT and Governance

| | 2023/24 Current Full Year Budget £ | 2023/24 Profiled Budget to date £ | 2023/24 Actual to date £ | 2023/24 Variance to Profile £ | Comments |
|---|---|---|-----------------------------------|--|----------|
| Total for Communications | 0 | 23,703 | 23,592 | (111) | |
| Total for Democratic Services and Elections | 1,840,230 | 623,720 | 637,489 | 13,769 | |
| Total for Corporate Procurement and Contracts | 0 | 83,540 | 56,165 | (27,375) | |
| Total for Partnerships Management and Administration | 0 | 29,270 | 31,104 | 1,834 | |
| Total for Customer and Commercial | 0 | 65,170 | 29,788 | (35,382) | |
| Total for People | (20,330) | 157,953 | 162,619 | 4,666 | |
| Total for Organisational Development | 173,910 | 29,777 | 64,480 | 34,704 | |
| Total for Health and Community | 235,040 | (50,233) | (19,517) | 30,716 | |
| Total for Customer Contact | 10,300 | 209,930 | 209,056 | (874) | |
| Total for Careline and Community | 1,073,050 | 200,245 | 250,812 | 50,567 | |
| Total for Chief Executive, Finance, IT and Governance | (20,764,010) | (1,244,505) | (2,995,323) | (1,750,818) | |

Corporate Budget Monitoring - General Fund Budget Position at the end of July 2023

Department - Operations and Delivery

| | 2023/24 Current Full Year Budget £ | 2023/24 Profiled Budget to date £ | 2023/24 Actual to date £ | 2023/24 Variance to Profile £ | Comments |
|--|---|---|-----------------------------------|--|----------|
| <u>Analysis by Type of Spend</u> | | | | | |
| Direct Expenditure | | | | | |
| Employee Expenses | 6,587,280 | 2,186,593 | 2,144,160 | (42,433) | |
| Premises Related Expenditure | 1,892,620 | 893,827 | 923,476 | 29,649 | |
| Transport Related Expenditure | 547,610 | 195,280 | 190,507 | (4,773) | |
| Supplies & Services | 2,513,670 | 835,189 | 1,216,222 | 381,032 | |
| Third Party Payments | 6,691,710 | 1,716,841 | 1,727,139 | 10,298 | |
| Transfer Payments | 349,860 | 117,737 | 473,510 | 355,773 | |
| Total Direct Expenditure | 18,582,750 | 5,945,466 | 6,675,013 | 729,547 | |
| Direct Income | | | | | |
| Government Grants | (1,195,040) | (868,730) | (857,099) | 11,631 | |
| Other Grants, Reimbursements and Contributions | (1,661,770) | (247,483) | (349,918) | (102,434) | |
| Sales, Fees and Charges | (4,965,540) | (2,366,143) | (2,950,067) | (583,924) | |
| Rents Receivable | (384,800) | (193,354) | (241,633) | (48,279) | |
| Direct Internal Income | (166,390) | (94,040) | (94,040) | 0 | |
| Total Direct Income | (8,373,540) | (3,769,751) | (4,492,757) | (723,006) | |
| | | | | | |
| Net Direct Costs | 10,209,210 | 2,175,716 | 2,182,257 | 6,541 | |
| Net Indirect Costs | 2,455,570 | (22,240) | 0 | 22,240 | |
| Total for Operations and Delivery | 12,664,780 | 2,153,476 | 2,182,257 | 28,781 | |

Department - Operations and Delivery

| | 2023/24 Current Full Year Budget £ | 2023/24 Profiled Budget to date £ | 2023/24 Actual to date £ | 2023/24 Variance to Profile £ | Comments |
|---|---|---|-----------------------------------|--|---|
| <u>Analysis by Service/Function</u> | | | | | |
| Total for CD Operations and Delivery Management and Administration | 0 | 109,307 | 126,818 | 17,511 | |
| Total for Building and Public Realm Management and Administration | 1,150 | 28,597 | 82,196 | 53,600 | |
| Total for Public Realm | 1,258,700 | 505,172 | 305,721 | (199,451) | This primarily relates to increase parking income. It is not proposed to adjust the budget at the present time but the position will remain under review as part of future financial performance reports. |
| Total for Waste and Recycling | 5,712,970 | 1,574,633 | 1,566,622 | (8,011) | |
| Total for Property and Projects | (450,220) | (664,069) | (763,320) | (99,251) | |
| Total for Development and Building Management | 2,260 | 10 | 453 | 443 | |
| Total for Coastal and Engineering | 3,089,460 | 512,320 | 447,939 | (64,381) | |
| Total for Open Space and Transport | 953,010 | (22,876) | 17,094 | 39,970 | |
| Total for Housing and Environment Management and Administration | 2,630 | 49,820 | 41,894 | (7,926) | |
| Total for Housing | 928,250 | (239,301) | 98,006 | 337,307 | The variance primarily reflects the current cost of homelessness - please see adjustment set out in Appendix H. |
| Total for Environment | 1,166,570 | 299,863 | 258,833 | (41,029) | |
| Total for Operations and Delivery | 12,664,780 | 2,153,476 | 2,182,257 | 28,781 | |

Corporate Budget Monitoring - General Fund Budget Position at the end of July 2023

Department - Place and Economy

| | 2023/24 Current Full Year Budget £ | 2023/24 Profiled Budget to date £ | 2023/24 Actual to date £ | 2023/24 Variance to Profile £ | Comments |
|--|---|---|-----------------------------------|--|----------|
| <u>Analysis by Type of Spend</u> | | | | | |
| Direct Expenditure | | | | | |
| Employee Expenses | 5,670,530 | 1,873,023 | 1,827,774 | (45,249) | |
| Premises Related Expenditure | 1,048,320 | 527,459 | 762,966 | 235,507 | |
| Transport Related Expenditure | 45,190 | 16,108 | 11,543 | (4,566) | |
| Supplies & Services | 1,964,250 | 540,979 | 579,121 | 38,142 | |
| Third Party Payments | 45,870 | 30,000 | (3,207) | (33,207) | |
| Total Direct Expenditure | 8,774,160 | 2,987,569 | 3,178,197 | 190,628 | |
| Direct Income | | | | | |
| Government Grants | 0 | 0 | (49,620) | (49,620) | |
| Other Grants, Reimbursements and Contributions | (29,400) | (8,620) | (64,032) | (55,412) | |
| Sales, Fees and Charges | (4,303,600) | (1,593,723) | (1,701,186) | (107,463) | |
| Rents Receivable | (81,450) | (29,975) | (33,094) | (3,119) | |
| Total Direct Income | (4,414,450) | (1,632,318) | (1,847,932) | (215,614) | |
| | | | | | |
| Net Direct Costs | 4,359,710 | 1,355,251 | 1,330,266 | (24,986) | |
| Net Indirect Costs | 3,739,520 | 0 | 0 | 0 | |
| Total for Place and Economy | 8,099,230 | 1,355,251 | 1,330,266 | (24,986) | |

Department - Place and Economy

| | 2023/24 Current Full Year Budget £ | 2023/24 Profiled Budget to date £ | 2023/24 Actual to date £ | 2023/24 Variance to Profile £ | Comments |
|---|---|---|-----------------------------------|--|--|
| <u>Analysis by Service/Function</u> | | | | | |
| Total for Place and Economy Management and Administration | 0 | 44,357 | 42,393 | (1,964) | |
| Total for Planning Management and Administration | 0 | 664,440 | 525,585 | (138,855) | This relates to the variance against employee costs which are proposed to be used to fund Agency Staff within the budget area immediately below - please see Appendix H for further details. |
| Total for Planning Development | 1,601,000 | (366,320) | (165,472) | 200,848 | This primarily relates to the cost of agency staff and the reduction in planning income - please see Appendix H for further details. |
| Total for Local Plan and Place Shaping Management and Administration | 0 | 29,887 | 33,298 | 3,412 | |
| Total for Strategic Planning | 471,860 | 13,290 | 1,327 | (11,963) | |
| Total for Place | 10,620 | 1,483 | 0 | (1,483) | |
| Total for Economic Growth | 973,790 | 152,470 | 72,717 | (79,753) | |
| Total for Sport and Leisure Operations | 4,080,430 | 782,836 | 830,918 | 48,083 | |
| Total for Tourism Arts and Events | 961,530 | 2,922 | (42,585) | (45,508) | |
| Total for Economy, Culture and Leisure Management | 0 | 29,887 | 32,086 | 2,199 | |
| Total for Place and Economy | 8,099,230 | 1,355,251 | 1,330,266 | (24,986) | |

Corporate Budget Monitoring - Housing Revenue Account Budget Position at the end of July 2023

Housing Revenue Account

| | 2023/24 Current Full Year Budget £ | 2023/24 Profiled Budget to date £ | 2023/24 Actual to date £ | 2023/24 Variance to Profile £ | Comments |
|--|---|---|--------------------------------|--|----------|
| <u>Analysis by Type of Spend</u> | | | | | |
| Direct Expenditure | | | | | |
| Employee Expenses | 2,116,770 | 530,417 | 451,894 | (78,522) | |
| Premises Related Expenditure | 4,065,410 | 1,239,710 | 1,130,350 | (109,361) | |
| Transport Related Expenditure | 37,870 | 12,623 | 9,975 | (2,648) | |
| Supplies & Services | 645,110 | 208,738 | 195,658 | (13,081) | |
| Third Party Payments | 1,030 | 0 | 0 | 0 | |
| Transfer Payments | 17,000 | 5,667 | 14,187 | 8,521 | |
| Interest Payments | 1,205,860 | 66,797 | 59,505 | (7,292) | |
| Direct Capital Financing Costs | 2,027,930 | 0 | 0 | 0 | |
| Total Direct Expenditure | 10,116,980 | 2,063,952 | 1,861,569 | (202,383) | |
| Direct Income | | | | | |
| Government Grants | 0 | 0 | 0 | 0 | |
| Other Grants, Reimbursements and Contributions | (8,440) | (147) | (2,638) | (2,491) | |
| Sales, Fees and Charges | (586,460) | (152,467) | (175,393) | (22,926) | |
| Rents Receivable | (14,532,500) | (4,551,870) | (4,614,176) | (62,306) | |
| Interest Receivable | (138,260) | 0 | (6) | (6) | |
| Total Direct Income | (15,265,660) | (4,704,483) | (4,792,213) | (87,730) | |
| Net Direct Costs | (5,148,680) | (2,640,531) | (2,930,644) | (290,113) | |
| Net Indirect Costs | 5,428,710 | 0 | 0 | 0 | |
| Net Contribution to/(from) Reserves | (280,030) | 0 | 0 | 0 | |
| Total for HRA | 0 | (2,640,531) | (2,930,644) | (290,113) | |

Housing Revenue Account

| | 2023/24 Current Full Year Budget £ | 2023/24 Profiled Budget to date £ | 2023/24 Actual to date £ | 2023/24 Variance to Profile £ | Comments |
|---|---|---|--------------------------------|--|----------|
| <u>Analysis by Service/Function</u> | | | | | |
| Total for Finance - Financing Items | 1,953,730 | 0 | 0 | 0 | |
| Total for CD Operations and Delivery Management and Administration | (66,370) | 0 | (4,946) | (4,946) | |
| Total for Development and Building Management | 5,155,040 | 1,265,598 | 1,157,034 | (108,564) | |
| Total for Housing | (7,042,400) | (3,906,129) | (4,123,533) | (217,404) | |
| Total for Economic Growth | 0 | 0 | 40,800 | 40,800 | |
| Total for HRA | 0 | (2,640,531) | (2,930,644) | (290,113) | |

Corporate Budget Monitoring - General Fund Capital Programme

Position at the end of July 2023

| | 2023/24 Current Full Year Budget £ | 2023/24 Profiled Budget to date £ | 2023/24 Actual to date £ | 2023/24 Variance to Profile £ | Comments |
|--|---|---|-----------------------------------|--|----------|
| Expenditure | | | | | |
| Assets Portfolio | | | | | |
| Information and Communications Technology Core Infrastructure | 70,480 | 0 | 0 | (0) | |
| Office Rationalisation | 108,340 | 12,110 | 12,108 | (2) | |
| Carnarvon House Demolition | 346,360 | 2,700 | 2,700 | 0 | |
| Laying Out Cemetery | 133,110 | 8,240 | 8,240 | 0 | |
| Public Convenience Works | 40,000 | 0 | 0 | 0 | |
| Weeley Crematorium Works | 160,300 | 61,880 | 61,877 | (3) | |
| Total for Assets Portfolio | 858,590 | 84,930 | 84,925 | (5) | |
| Corporate Finance and Governance Portfolio | | | | | |
| Agresso e-procurement | 84,000 | 0 | 0 | 0 | |
| Total for Corporate Finance and Governance Portfolio | 84,000 | 0 | 0 | 0 | |

| | 2023/24 Current Full Year Budget £ | 2023/24 Profiled Budget to date £ | 2023/24 Actual to date £ | 2023/24 Variance to Profile £ | Comments |
|--|---|---|-----------------------------------|--|----------|
| Economic Growth, Regeneration and Tourism Portfolio | | | | | |
| SME Growth Fund Capital Grants | 43,250 | 0 | 0 | 0 | |
| Starlings and Milton Road Redevelopment | 720,450 | 173,780 | 173,780 | (0) | |
| Total for Economic Growth, Regeneration and Tourism Portfolio | 763,700 | 173,780 | 173,780 | (0) | |
| Housing and Planning Portfolio | | | | | |
| Replacement Scan Stations | 12,000 | 0 | 0 | 0 | |
| Housing in Jaywick | 374,200 | 0 | 0 | 0 | |
| Private Sector Renewal Grants/Financial Assistance Loans | 287,170 | 0 | 0 | 0 | |
| Disabled Facilities Grants | 10,702,520 | 261,500 | 261,503 | 3 | |
| Financial Assistance Grants | 0 | 0 | 0 | 0 | |
| Private Sector Leasing | 75,660 | 0 | 0 | 0 | |
| Empty Homes funding | 152,220 | 0 | 0 | 0 | |
| Total for Housing and Planning Portfolio | 11,603,770 | 261,500 | 261,503 | 3 | |

| | 2023/24 Current Full Year Budget £ | 2023/24 Profiled Budget to date £ | 2023/24 Actual to date £ | 2023/24 Variance to Profile £ | Comments |
|---|---|---|-----------------------------------|--|----------|
| Leisure and Public Realm Portfolio | | | | | |
| Replacement of beach hut supports - The Walings | 11,620 | 0 | 0 | 0 | |
| Northbourne Depot Extension Works | 17,740 | 0 | 0 | 0 | |
| Cliff Park Rockery Works | 66,500 | 0 | 0 | 0 | |
| CLC - Replacement of All Weather Pitch | 393,310 | 169,730 | 169,726 | (4) | |
| Clacton Skate Park Improvement Scheme | 300,000 | 207,800 | 207,795 | (5) | |
| CLC - Pool Cameras | 4,010 | 3,200 | 3,200 | 0 | |
| Seafronts - Beach Patrol Vehicles & Equipment | 25,730 | 0 | 0 | 0 | |
| New Beach Huts | 64,600 | 0 | 0 | 0 | |
| Works at Halstead Road Play Area, Kirby | 1,290 | 150 | 149 | (1) | |
| Changing Places Facility, Frinton on Sea | 77,570 | 46,010 | 46,012 | 2 | |
| Changing Places Project | 290,400 | 76,210 | 76,207 | (3) | |
| Marine Parade, Clacton - Playground Equipment | 80,000 | 0 | 0 | 0 | |
| Total for Leisure and Public Realm Portfolio | 1,332,770 | 503,100 | 503,089 | (11) | |
| Partnerships Portfolio | | | | | |
| Careline - Replacement Telephone System | 14,240 | 0 | 0 | 0 | |
| Total for Partnerships Portfolio | 14,240 | 0 | 0 | 0 | |
| Total Approved General Fund Capital | 14,657,070 | 1,023,310 | 1,023,297 | (13) | |

Corporate Budget Monitoring - Housing Revenue Account Capital Programme Budget Position at the end of July 2023

| | 2023/24 Current Full Year Budget £ | 2023/24 Profiled Budget to date £ | 2023/24 Actual to date £ | 2023/24 Variance to Profile £ | Comments |
|---|---|--|---|--|-----------------|
| | | | | | |
| Improvements, enhancement & adaptation of the Council's housing stock | 6,697,870 | 828,236 | 957,437 | 129,200 | |
| Spendells House Project | 1,327,170 | 0 | 0 | 0 | |
| IT Upgrade & Replacement | 2,300 | 0 | 0 | 0 | |
| Disabled Adaptations | 400,000 | 126,157 | 171,767 | 45,610 | |
| Jaywick Sands - Flexible Workspace Project | 1,742,830 | 1,149,800 | 1,149,806 | 6 | |
| HRA - New Build & Acquisitions - To Be Allocated | 1,430,230 | 0 | 0 | 0 | |
| HRA - Acquisitions - Council Dwellings | 309,550 | 309,550 | 297,900 | (11,650) | |
| Total Housing Revenue Account Capital Programme | 11,909,950 | 2,413,743 | 2,576,911 | 163,168 | |

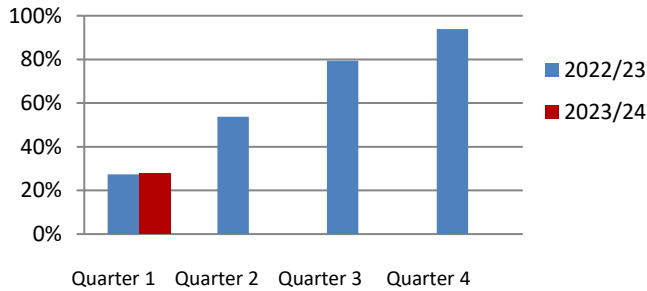
New-Build and Acquisitions - Subject to 1-4-1 Pooling Retained Receipts Regulations

| | Required Expenditure to meet DLUHC Target by the end of the financial year: | | | | |
|-------------------------------|--|----------------------|----------------------|----------------------|----------------------|
| | 2023/24 £ | 2024/25 £ | 2025/26 £ | 2026/27 £ | 2027/28 £ |
| Capital Receipts | 0 | 343,507 | 142,810 | 449,310 | 667,801 |
| TDC Funded | 0 | 778,995 | 214,035 | 673,965 | 1,001,702 |
| Cumulative Expenditure | 0 | 1,122,502 | 356,845 | 1,123,275 | 1,669,503 |

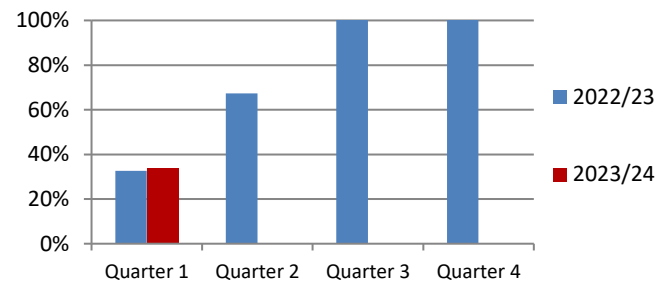
Collection Performance : Position at the end of July 2023

The collection performance against Council tax, Business Rates, Housing Rents and General Debt collection are set out below.

Council Tax

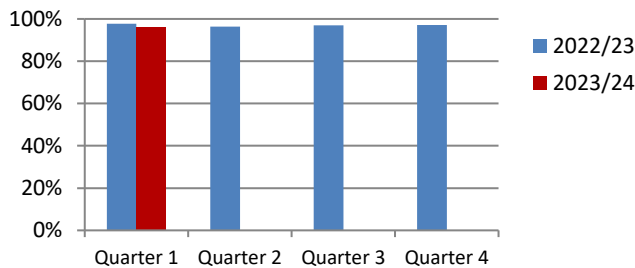


Business Rates

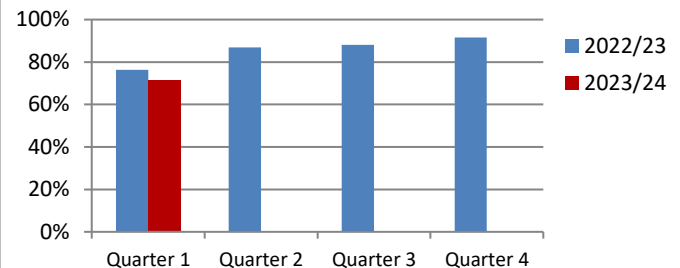


| | 2022/23 | 2023/24 | | 2022/23 | 2023/24 |
|-----------|---------|---------|-----------|---------|---------|
| Quarter 1 | 27.33% | 27.78% | Quarter 1 | 32.61% | 33.73% |
| Quarter 2 | 53.77% | | Quarter 2 | 67.25% | |
| Quarter 3 | 79.34% | | Quarter 3 | 100.44% | |
| Quarter 4 | 93.90% | | Quarter 4 | 119.06% | |

Housing Rents



General Debt



| | 2022/23 | 2023/24 | | 2022/23 | 2023/24 |
|-----------|---------|---------|-----------|---------|---------|
| Quarter 1 | 97.76% | 96.25% | Quarter 1 | 76.39% | 71.24% |
| Quarter 2 | 96.39% | | Quarter 2 | 86.89% | |
| Quarter 3 | 97.03% | | Quarter 3 | 88.12% | |
| Quarter 4 | 97.10% | | Quarter 4 | 91.57% | |

Treasury Activity : Position at the end of July 2023

Key Treasury Management Performance Data and Prudential Indicators are set out below.

TREASURY ACTIVITY

| Borrowing | Opening Balance 1 April £'000 | Borrowing to date £'000 | Borrowing Repaid to date £'000 | Balance to Date £'000 | Comments |
|---|-------------------------------|--|----------------------------------|------------------------|---|
| Long Term PWLB Borrowing - GF | 136 | 0 | 4 | 132 | |
| Long Term PWLB Borrowing - HRA | 34,563 | 0 | 707 | 33,856 | |
| TOTAL BORROWING | 34,699 | 0 | 711 | 33,988 | |
| Investments | Opening Balance 1 April £'000 | Investments to date £'000 | Investments Repaid to date £'000 | Balance to Date £'000 | Comments |
| <i>Investments less than a year</i> | | | | | |
| Investments with UK Government via Treasury Bills/Investments with DMO, and Local Authorities and other public bodies | 68,800 | 216,400 | 218,200 | 67,000 | Overall investments have increased over the reporting period due to the timing of the Council's cash flow such as expenditure budgets behind profile or income being received ahead of expenditure. However, there has been a switch away from investments with other local authorities to investments with UK Financial Institutions as fewer local authorities have been borrowing. |
| Investments with UK financial Institutions (including Money Market Funds) | 10,411 | 21,721 | 14,568 | 17,564 | |
| Investments with non-UK Financial institutions | 0 | 0 | 0 | 0 | |
| Total Investments for less than a year | 79,211 | 238,121 | 232,768 | 84,564 | In respect of investments with UK financial institutions, at the end of the period, investments were held with 8 counterparties, including 2 Money Market Funds. |
| <i>Investments for longer than a year</i> | 0 | 0 | 0 | 0 | |
| TOTAL INVESTMENTS | 79,211 | 238,121 | 232,768 | 84,564 | |
| Interest Paid / Received | Full Year Budget £'000 | Profiled Budget to Date £'000 | Actual to Date £'000 | Variance to date £'000 | Comments |
| Interest Paid on Borrowing - GF | 9 | 2 | 2 | 0 | The weighted average rate of interest on the Council's GF borrowing is currently 7.05%. (on an accrued basis). |
| Interest Paid on Borrowing - HRA | 1,206 | 67 | 60 | (7) | The weighted average rate of interest on the Council's HRA borrowing is currently 3.56%. (on an accrued basis) |
| Interest Received on Investments | (825) | (382) | (1,315) | (933) | The weighted average rate of interest being received on the Council's investments is currently 4.15%. (on an accrued basis) |
| PRUDENTIAL INDICATORS | | | | | |
| | Approved Indicator £'000 | Highest amount reached in the period £'000 | Comments | | |
| Authorised limit for external borrowing | 75,609 | 34,699 | | | |
| Operational boundary for external borrowing | 65,584 | | | | |

Income from S106 Agreements

Information in respect of S106 income has been split across two areas below - Where money has been formally allocated / being spent and where money remains unallocated / uncommitted.

Where related to capital schemes - see Appendix D for overall scheme progress.

ALLOCATED / BEING SPENT

| Scheme Type | Amount Committed / Planned to be Spent in 2023/24 £'000 |
|---------------------|--|
| GF Revenue Schemes | 158 |
| GF Capital Schemes | 246 |
| HRA Capital Schemes | 0 |
| TOTAL | 404 |

UNALLOCATED / UNCOMMITTED TO DATE

| Permitted Use as per S106 Agreement | Amount Held / 'Spend by' Date | | | |
|--|---------------------------------|--------------------------|--------------------------|-----------------------|
| | Less than 1 Year £'000 | 1 to 2 Years £'000 | 2 to 4 Years £'000 | 4 years + £'000 |
| Regeneration Programme and Other Initiatives | 0 | 0 | 0 | 2 |
| Affordable Housing | 0 | 0 | 0 | 1,483 |
| Town Centre Improvements | 22 | 0 | 22 | 0 |
| Conservation | 0 | 0 | 0 | 337 |
| Open Space* | 5 | 30 | 7 | 2,694 |
| TOTAL | 27 | 30 | 29 | 4,516 |

* For schemes with a 'spend by' date of less than one year, this money must be spent as follows:

Open Space

£2,500 by November 2023

The remaining balance will be considered during the year.

Town Centre Improvements

£22,000 by February 2024

Proposed Adjustments to the In-Year Budget July 2023

| Description | Expenditure Budget £ | Income Budget £ | Reason for Adjustment |
|---|----------------------------|-----------------------|---|
| SECTION 1 - GENERAL FUND REVENUE | | | |
| <i>The following items have no net impact on the overall budget</i> | | | |
| Planning Services - Agency Staff | 104,000 | | Use of vacancies to support short term temporary staff costs. |
| Planning Services - Employee Expenses | (104,000) | | |
| Total General Fund Revenue with no net impact on the overall budget | 0 | 0 | |
| <i>The following items will be adjusted against the Forecast Risk Fund</i> | | | |
| Planning Appeal Costs | 102,000 | | To reflect potential additional costs associated with Planning appeals |
| Airshow 2023 Net Costs | 10,000 | | Although the cost of the 2023 show remains subject to being finalised, it is expected that the overall position will be £10k in excess of the budget, which is over and above the additional £50k already included within the original estimate. |
| Legal Costs - Benefit Fraud Case | 10,000 | | This reflects costs associated with an ongoing legal matter and is over and above an additional sum of £35k that was included within the 2022/23 budget. |
| Waste Collection Contract - Costs of disposing of collected waste to an alternative ECC site. | 90,000 | | This relates to amounts claimable by the current contractor that reflects the additional costs that they incur in tipping collected waste to an alternative site provided by ECC. Although ECC will reimburse the Council (approximately 50% of the costs) in line with an associated agreement, this remaining sum has to be met by TDC. |
| Upcoming Waste & Recycling / Street Cleaning Tender - Additional Capacity / Support | 100,000 | | This reflects an initial sum to provide additional capacity and support to deliver a successful procurement process relating to the Council's Waste, Recycling and Street Cleaning Contract. |

Appendix 1H

| Description | Expenditure Budget £ | Income Budget £ | Reason for Adjustment |
|--|-------------------------|--------------------|--|
| Reduced Planning Income | | 175,000 | As highlighted previously, planning income is cyclical and reflects wider economic / market factors. The service continues to see a reduction in income in the first few months of the year. Although this could change over the second half of the year, it is proposed to adjust the budget now to reflect the position at the end of July and review it again as part of future financial performance reports. |
| Homelessness Net Costs | 250,000 | | Although the Government have recently provided additional grant funding of £234k, (which brings the total level of Government Grant to £1.039m in 2023/24, it is estimated that this additional contribution is still required by the Council to meet current demand. |
| The Council's Corporate Income Management System | 7,000 | | The Council's current system will no longer be supported from June 2024 and given the lead in time to migrate to the associated updated system, a commitment is now required. The full proposed 5 year cost of the 'upgrade' is £47,000, with the cost set out in this table representing the cost in 2023/24. The cost in the remaining 4 years is £10,000 per annum which will be reflected in the financial forecast as it develops over the second half of the year. |
| Additional Resource for Capacity for North Essex Collaboration and Regeneration / Economic Development | 20,000 | | Working collaboratively across Local Authorities within Essex, it is proposed to establish additional regeneration / economic capacity working across the county. This should be seen as a 'pilot' approach with any longer term view being considered in light of the success of the initial proposed period. |
| Additional Treasury Investment Income | | (932,630) | This reflects the increased income from treasury investments which are influenced by the underlying base rate set by the Bank of England. The base rate has steadily increased over recent months and now stands at 5.25%. |
| Contribution to the Forecast Risk Fund | 168,630 | | |
| TOTAL | 757,630 | (757,630) | |

| Description | Expenditure Budget £ | Income Budget £ | Reason for Adjustment |
|--|----------------------------|-----------------------|---|
| SECTION 2 - Carry Forward Requests from 2022/23 Referred to Cabinet (One-Off Adjustments) | | | |
| 1. Additional cost of new HR / Payroll system | 113,000 | | As set out in an earlier and separate decision of the Leader and Portfolio Holder for Finance and Governance, the current system becomes unsupported shortly with a replacement therefore required. Given the lead in time and the need for parallel running it is essential that the associated project gets underway as soon as possible. |
| 2. New Legal Case Management Software | 7,000 | | It is proposed to implement a new case management system to support efficiency and time saving within the Service. Essentially this cost would be funded from increased legal fee income achieved in 2022/23. |
| 3. HR Capacity | 111,000 | | It is proposed to increase capacity within the HR Service on a fixed term basis along with supporting qualification training and consultancy support fees to support the design of strategic delivery models. |
| 4. Investment in Career Track Service | 46,000 | | It is proposed to provide further investment in the career track service |
| 5. Jaywick Community Centre Repairs | 12,000 | | It proposed to undertake a number of repairs to the building |
| 6. Leisure Centre Repairs | 71,000 | | A recent survey has identified a number of relatively urgent cost pressures due to the age of the buildings. It is therefore proposed to utilise this funding towards building repairs during 2023/24. |
| Revenue Commitments Reserve | (360,000) | | The above amounts are currently being held within the revenue commitments reserve, which can therefore be used to fund the above requests |
| Total | 0 | 0 | |

UPDATED LONG TERM FINANCIAL FORECAST

APPENDIX 2A

| Line | | Budget 2023/24 | Estimate 2024/25 Reported to Council February 23 | Estimate 2024/25 | Estimate 2025/26 | Estimate 2026/27 |
|------|--|-------------------|--|---------------------|---------------------|---------------------|
| | | £ (1) | £ (2) | £ (3) | £ (4) | £ (5) |
| | Underlying Funding Growth in the Budget | | | | | |
| 1 | Council Tax Increase 1.99% | (0.181) | (0.185) | (0.191) | (0.195) | (0.199) |
| 2 | Ctax increase by £5 (amounts set out are over and above 1.99% above) | (0.068) | (0.065) | (0.064) | (0.060) | (0.056) |
| 2a | Council Tax Increase 3% (Revised referendum threshold announced in Autumn Statement) | (0.024) | 0.000 | 0.000 | 0.000 | 0.000 |
| 3 | Growth in Business rates - Inflation | 0.000 | (0.138) | (0.154) | (0.157) | (0.161) |
| 4 | Growth in Council Tax - general property / tax base growth | (0.217) | (0.106) | (0.106) | (0.109) | (0.111) |
| 5 | Growth in Business Rates - general property / tax base growth | (0.531) | 0.464 | (0.036) | (0.041) | (0.046) |
| 6 | Collection Fund Surpluses b/fwd - Ctax | (0.477) | (0.100) | (0.100) | (0.100) | (0.100) |
| 7 | Collection Fund Surpluses b/fwd - BR | (0.307) | 0.000 | 0.000 | 0.000 | 0.000 |
| | | (1.806) | (0.129) | (0.651) | (0.662) | (0.673) |
| | Net Cost of Services and Other Adjustments | | | | | |
| 8 | Change in RSG (including other financial settlement funding) | (0.441) | 1.461 | 0.750 | 0.000 | 0.000 |
| 9 | Remove one-off items from prior year | (0.352) | 0.000 | (0.375) | 0.000 | 0.000 |
| 10 | Remove one-off items from prior year - Collection Fund Surplus | (3.192) | 0.784 | 0.784 | 0.100 | 0.100 |
| 11 | First / Second / Third year impact of PFH WP Savings | 0.000 | 0.000 | 0.000 | 0.000 | 0.000 |
| 12 | LCTS Grant To Parish Council's | 0.004 | (0.041) | (0.041) | 0.000 | 0.000 |
| 13 | Revenue Contrib. to Capital Programme | (0.012) | 0.000 | 0.000 | 0.000 | 0.000 |
| 14 | Specific change in Use of Reserves | 3.233 | 0.073 | 0.073 | 0.000 | 0.000 |
| 15 | On-going savings required | (0.450) | (1.150) | (0.500) | (1.000) | (1.500) |
| 16 | Other Adjustments | (0.458) | 0.000 | 0.000 | 0.000 | 0.000 |
| 17 | Use of New Homes Bonus | 0.000 | 0.000 | (0.500) | 0.000 | 0.000 |
| 18 | Gain from BR Essex Pool | 0.000 | 0.000 | (0.400) | 0.000 | 0.000 |
| 19 | App A - Savings / Increased Income - On-going | (0.293) | 0.000 | 0.000 | 0.000 | 0.000 |
| | | (1.961) | 1.127 | (0.209) | (0.900) | (1.400) |
| | Cost Increases / Corporate Investment Plan Items | | | | | |
| 20 | Inflation - Employee / Members Allowance Costs (including annual review adjustments) | 2.117 | 0.776 | 1.000 | 0.570 | 0.579 |
| 21 | Inflation - Other | 1.011 | 0.271 | 0.271 | 0.210 | 0.216 |
| 22 | Unavoidable Cost Pressures / CIP Items | 1.444 | 0.250 | 0.500 | 0.500 | 0.500 |
| | | 4.572 | 1.297 | 1.771 | 1.280 | 1.295 |
| | Add back Use of Forecast Risk Fund in Prior Year | 0.431 | 0.000 | 0.000 | 0.000 | 0.000 |
| 23 | Removal of Previous Years Use of Reserves to Fund Structural Deficit | 0.000 | 1.528 | 1.236 | 2.147 | 1.865 |
| 24 | Structural Budget Deficit / (Surplus) | 1.236 | 3.823 | 2.147 | 1.865 | 1.087 |
| 25 | Use of Reserves - To fund structural deficit | (1.236) | 0.000 | 0.000 | 0.000 | 0.000 |
| | Net Budget Position | (0.000) | 3.823 | 2.147 | 1.865 | 1.087 |
| | Use of Forecast Risk Fund to support the Net Budget Position | 0.000 | (3.823) | (2.147) | (1.865) | (1.087) |

Use of Forecast Risk Fund to Support the Net Budget Position Above

| | <i>Budget 2023/24</i> | <i>Estimate 2024/25 Reported to Council February 23</i> | <i>Estimate 2024/25</i> | <i>Estimate 2025/26</i> | <i>Estimate 2026/27</i> |
|---|----------------------------------|--|------------------------------------|------------------------------------|------------------------------------|
| | £ | £ | £ | £ | £ |
| Outturn b/fwd from prior years | (3.316) | (6.142) | (6.142) | (4.245) | (2.630) |
| Applied in year as set out in the forecast above | 0.000 | 3.823 | 2.147 | 1.865 | 1.087 |
| Additional contributions generated / required in year | (0.250) | (0.250) | (0.250) | (0.250) | (0.250) |
| Additional contributions via the Financial Strategy Process | (2.576) | 0.000 | 0.000 | 0.000 | 0.000 |
| Balance to Carry Forward | (6.142) | (2.569) | (4.245) | (2.630) | (1.792) |