

**TITLE: FINANCE REPORT**

Committee: Finance & Assets Committee

Date: 23<sup>rd</sup> January 2023

Author: Director, Finance

Report No: X134

Contact Officer:

Ian Smith, Director, Finance

01353 616470

[ian.smith@eastcambes.gov.uk](mailto:ian.smith@eastcambes.gov.uk)

Room 104. The Grange, Ely

## **1.0 ISSUE**

1.1 This report provides Members with budget monitoring information for services under the Finance & Assets Committee and then, as part of its corporate remit, for the Council as a whole.

## **2.0 RECOMMENDATION(S)**

2.1 Members are requested to note:

- this Committee has a projected yearend underspend of £380,400 when compared to its approved revenue budget of £5,607,728.
- that overall the Council has a projected yearend underspend of £191,100 when compared to its approved revenue budget of £14,937,774.
- that the overall position for the Council on Capital is a projected outturn of £8,947,988, this is an underspend of £1,887,013 when compared to the revised budget.

## **3.0 BACKGROUND/OPTIONS.**

3.1 Under Financial Regulations, each policy committee is required to consider projections of financial performance against both its revenue and capital budget on a quarterly basis, with this Committee further considering the overall Council position.

3.2 This is the third report for the 2022/23 financial year and details actual expenditure incurred and income received as at 31<sup>st</sup> December 2022 and projections as to the yearend position at this time.

3.3 Appendix 1 details the overall revenue position for both this Committee and the Council overall. In appendix 1 the budgets under the stewardship of this

Committee are shown in detail, with then the position for the Operational Services Committee and the funding lines shown in summary.

3.4 The detailed revenue position for the Operational Services Committee is shown in appendix 2. There are seven forecast variations being reported at this time, with the net position being that the Committee is forecast to come in £250,000 overspent when compared to its net budget. The main factor leading to this is a £300,000 overspend on Waste collection. While ECSS has not yet formally requested an increase in management fee from the Council to fund the additional costs of resolving the recent issues at the Company, this is expected to happen prior to the end of the financial year.

3.5 With regard to the Finance & Assets Committee, the significant variances of actual spend compared to profiled budgeted spend at the end of December 2022, where no variance is forecast for yearend, are detailed below:

<b>Service</b>	<b>Variance £</b>	<b>Explanation</b>
Corporate Management	(£120,492)	Accruals from 2021/22 remain unpaid in relation to external audit costs
Cost of other Elections	(£53,452)	Rollover of income from previous years to fund future elections
Depot Services	£101,206	Recharges to the trading companies will be done in January
Local Plans	(£74,920)	This relates to unbudgeted Government grant for neighbourhood planning applications
Mepal Outdoor Centre	(£26,162)	The Business Rates for Mepal Outdoor Centre remain unpaid as we have challenged the charge following the demolition of the buildings
Registration of Electors	(£31,428)	Rollover of income from 2021/22 will be used to fund work in the current year
COVID-19	(£131,928)	This relates to ringfenced Government grants that have been received. Repayment of grants has been made recently

3.6 Explanations for the forecast yearend variances reported for this Committee are detailed in the table below:

<b>Service</b>	<b>Variance £</b>	<b>Explanation</b>
Council Tax	£12,700	ARP are undertaking a major data cleanse on the Council Tax database, the cost of this will be charged to the Council via the partnership management fee at yearend
Crematorium	£7,200	This is in relation to consultant's fees
Economic Development	(£77,000)	Occupancy rates at the e-space centres have been in advance of the level projected in the budget during the first three quarters of the year.  The Council was previously providing top ups to employers to encourage involvement in the former National Apprenticeship Service Apprenticeship Grants scheme, this scheme has now finished and as such, the grant will not be spent
General Gang	(£30,000)	There is an underspend due to a vacancy in the Team
Housing Benefits	£65,700	The budget was built using 2021/22 figures (the latest available at the time), with the revised forecast now reflecting the forecast 2022/23 position
Housing Strategic	(£105,000)	Staff vacancies in the first nine months of the year have resulted in an underspend. We are awaiting a government decision which will determine if we spend the consultants' budget
Interest & Financial Transactions	(£300,000)	Interest rates on treasury deposits have improved significantly during the first nine months of the year and are expected to rise further if the bank rate continues to increase
Land Charges Admin	(£35,000)	The service has received increased income during the first three quarters of the year

Legal	(£10,000)	Savings on staff costs plus an increase in income during the first nine months of the year will lead to this underspend
Member & Committee Support	(£25,000)	An underspend on staffing during the first six months of the year; followed by a restructuring of the team
Miscellaneous Finance	(£4,000)	Minimum Revenue Provision (MRP) is lower than budgeted as we were able to fund more of the Leisure Centre costs from CIL at the end of 2021/22 than forecast
Office Accommodation	£20,000	Increases in electricity costs, plus the Combined Authority surrendering their lease of Market Street resulting in lost income and the associated redecoration / marketing costs
Parking of Vehicles	£50,000	The fees for car parks are still not reaching pre-Covid levels. The budget for the Ely commuter car park was built assuming some reduction in pre-Covid levels, but the recovery still has not reached the level anticipated. Maintenance of the ticket machines will also take place in the final quarter.
Parks & Open Spaces	£70,000	There was some confusion over the transfer of the Trees Officer post when this moved to Parks and Open Spaces, and it appears that this was not correctly budgeted for.
Payroll	£30,000	Revised I-trent contract payments in relation to the new contract.
Public Conveniences	£33,000	Increased cleaning costs because of the new standards of cleanliness required in the Council's public conveniences has increased costs (staff and products). In addition, the increase in electricity costs has also impacted
Reprographics	(£8,000)	The first three quarters of the year has generated an increase in income
Sport & Recreation	(£70,000)	The Sports Facility Funding Reserve was fully funded in 2021/22 therefore this budget is not needed in 2022/23

Internal Drainage Board	(£16,700)	The Council's budget was set before the individual IDBs set theirs and the estimate made has proved to be slightly above what was needed
Other Government Grants	(£44,000)	This relates to unbudgeted new burdens grant from Government

## **Capital**

- 3.7 The Council's capital programme for 2022/23 (appendix 3) has had £827,964 slippage from 2021/22 applied.
- 3.8 The new loan facility approved by Council on the 21<sup>st</sup> April 2022 is shown within the overall capital budget. While the full loan facility approved was for £7.5 million, the profile of borrowing expected that £5.6 million of this would be needed in 2022/23 and this value has been shown against this year, with the additional amounts detailed in future years in the MTFs.
- 3.9 The revised capital programme for the Council is therefore £10,835,001, with the outturn position forecast to be £8,947,988. The main variance being that due to the delays between ordering and delivery, it is now considered that even if the Waste vehicles were ordered now they will not be operational before the 31<sup>st</sup> March 2023. (This budget has therefore been rolled forward into 2022/23 as part of the budget papers also on today's agenda.)

## **4.0 ARGUMENTS/CONCLUSION(S)**

- 4.1 The projected net revenue expenditure for the Council is forecast to be £14,790,674 in 2022/23. This would be an underspend of £191,100 compared to the Council's approved budget.

## **5.0 FINANCIAL IMPLICATIONS / EQUALITY IMPACT STATEMENT / CARBON IMPACT ASSESSMENT**

- 5.1. There is a revenue underspend of £191,100 compared to this Council's approved budget, all things being equal, this will be transferred to the Surplus Savings Reserve at year-end.
- 5.2. Equality Impact Assessment (EIA) is not required.
- 5.3. Carbon Impact Assessment (CIA) is not required.

## **6.0 APPENDICES**

- 6.1 Appendix 1 – Summary Budget Monitoring Report – 31<sup>st</sup> December 2022
- Appendix 2 – Operational Services Budget Monitoring Report – 31<sup>st</sup> December 2022
- Appendix 3 – Capital Budget Monitoring Report – 31<sup>st</sup> December 2022
- Appendix 4 – Reserve Balances – 31<sup>st</sup> December 2022

Background Documents:

Council Budget approved by Full Council on the 22<sup>nd</sup> February 2022

Revenue	Total Budget 2022-23	Profiled Budget to 31 Dec 2022	Actual to 31 Dec 2022	Variance	Forecast Outturn	Current variance between Total Budget & Projected Outturn	Variance between Total Budget & Projected Outturn - Sept
	£	£	£	£	£	£	£
Asset Management	141,918	--	5,000	(5,000)	141,918		
Award Ditches	9,276	6,957	7,452	495	9,276		
Civic Relations	22,448	16,836	11,884	(4,952)	22,448		
Closed Churchyards	30,558	22,919	27,776	4,857	30,558		
Community Safety	--	--	--	--	--		
Community Transport	15,000	8,219	8,219	--	15,000		
Corporate Management	159,973	67,721	(52,771)	(120,492)	159,973		
Cost of Other Elections	--	--	(53,452)	(53,452)	--		
Council Tax Accounting	423,264	310,068	309,779	(289)	435,964	12,700	12,700
Crematorium		--	7,233	7,233	7,200	7,200	2,700
Data Management	96,167	72,128	78,410	6,282	96,167	--	(2,000)
Depot Services	(67,626)	(50,720)	50,486	101,206	(67,626)	--	
Economic Development	43,430	29,404	(58,885)	(88,289)	(33,570)	(77,000)	(50,000)
Financial Services	365,772	266,521	257,003	(9,518)	365,772	--	
General Gang	87,128	65,347	34,934	(30,413)	57,128	(30,000)	
Health & Safety (Work)	22,857	6,000	5,106	(894)	22,857	--	
Housing Benefits	364,917	273,688	343,977	70,289	430,617	65,700	40,000
Housing Strategic	274,130	310,708	178,801	(131,907)	169,130	(105,000)	
Human Resources	222,112	200,777	183,621	(17,156)	222,112		
Interest & Financial Transactions	(81,594)	(58,545)	(345,056)	(286,511)	(381,594)	(300,000)	(280,000)
Internal Audit	74,278	35,013	35,013	--	74,278	--	
Land Charges Admin	(36,498)	(26,823)	(104,676)	(77,853)	(71,498)	(35,000)	(35,000)
Legal	254,869	187,164	179,810	(7,354)	244,869	(10,000)	(10,000)
Local Elections	22,500	22,500	23,337	837	22,500	--	
Local Plans	95,000	71,250	(3,670)	(74,920)	95,000	--	
Management Team	418,878	284,477	272,097	(12,380)	418,878	--	
Member & Committee Support	562,984	422,386	370,881	(51,505)	532,984	(30,000)	(30,000)
Mepal Outdoor Centre	34,272	34,272	8,110	(26,162)	34,272	--	
Miscellaneous Properties	(45,940)	(34,414)	(35,801)	(1,387)	(45,940)	--	
Miscellaneous Finance	715,692	639,415	646,192	6,777	711,692	(4,000)	(4,000)
Museums - Old Gaol House	--	--	1,783	1,783	--	--	
NNDR Collection Costs	45,264	14,936	8,727	(6,209)	45,264	--	
Office Accomodation	382,402	331,418	381,511	50,093	402,402	20,000	12,000
Oliver Cromwell House	--	--	--	--	--	--	
Out Of Hours call out Service	15,000	11,250	5,670	(5,580)	15,000	--	
Parking Of Vehicles	61,276	75,835	116,777	40,942	111,276	50,000	26,000
Parks And Gardens Team	330,499	285,499	411,356	125,857	400,499	70,000	70,000
Payroll	77,231	57,923	97,477	39,554	107,231	30,000	30,000
Public Conveniences	147,830	113,372	162,983	49,611	180,830	33,000	16,000
Refuse Collection	--	--	--	--	--	--	
Registration of Electors	51,721	34,002	2,574	(31,428)	51,721	--	
Reprographics	139,032	105,217	94,550	(10,667)	131,032	(8,000)	(3,000)
Sport & Recreation	131,708	46,168	(23,510)	(69,678)	61,708	(70,000)	(70,000)
Additional Staff Costs			--	--	--		319,000
Covid 19			(131,928)	(131,928)	--		--
<b>Finance &amp; Assets Committee Total</b>	<b>5,607,728</b>	<b>4,258,888</b>	<b>3,518,780</b>	<b>(750,108)</b>	<b>5,227,328</b>	<b>(380,400)</b>	<b>44,400</b>
<b>Operational Services Committee</b>	<b>5,802,153</b>	<b>4,563,987</b>	<b>1,300,399</b>	<b>(3,263,588)</b>	<b>6,052,153</b>	<b>250,000</b>	<b>(125,000)</b>
<b>Other Spend</b>							
Parish Precepts	2,739,806	4,109,609	2,739,806	(1,369,803)	2,739,806		--
Internal Drainage Boards	571,955	428,966	555,273	126,307	555,255	(16,700)	(16,700)
Movement in Corporate Reserves	216,132	--	(1,457,533)	(1,457,533)	216,132		
<b>Revenue Budget Total</b>	<b>14,937,774</b>	<b>13,361,450</b>	<b>6,656,725</b>	<b>(6,714,725)</b>	<b>14,790,674</b>	<b>(147,100)</b>	<b>(97,300)</b>
<b>Funding</b>							
Council Tax	(7,407,208)	(244,673)	(7,162,846)	(6,918,173)	(7,407,208)		--
Revenue Support Grant	(12,579)	(9,560)	(9,560)	--	(12,579)		--
Business Rates	(4,731,390)	(6,270,799)	(9,835,487)	(3,564,688)	(4,731,390)		--
Other Government Grants (NHB / RSG etc.)	(1,565,034)	(1,173,776)	(1,260,366)	(86,590)	(1,609,034)	(44,000)	--
Budgeted draw from Surplus Savings Reserve	(1,221,563)	(1,221,563)	(1,221,563)	--	(1,221,563)		--
	<b>(14,937,774)</b>	<b>(8,920,371)</b>	<b>(19,489,822)</b>	<b>(10,569,451)</b>	<b>(14,981,774)</b>	<b>(44,000)</b>	<b>--</b>
<b>Revenue Total</b>	<b>--</b>	<b>4,441,079</b>	<b>(12,833,097)</b>	<b>(17,284,176)</b>	<b>(191,100)</b>	<b>(191,100)</b>	<b>(97,300)</b>

## OPERATIONAL SERVICES COMMITTEE BUDGET MONITORING REPORT - 31st December 2022

Revenue	Total Budget 2022-23	Profiled Budget to 31 Dec 2022	Actual to 31 Dec 2022	Variance	Forecast Outturn	Current variance between Total Budget & Projected Outturn	Variance between Total Budget & Projected Outturn - Sept
	£	£	£	£	£		£
Building Regulations	30,900	23,175	38,481	15,306	50,900	20,000	(25,000)
CIL	--	--	(2,672,662)	(2,672,662)	--		
Civic Amenities Act	9,828	7,371	7,563	192	9,828		
Climate Change	100,000	75,000	61,509	(13,491)	100,000		
Community Projects & Grants	189,099	111,972	173,360	61,388	189,099		
Community Safety	57,661	15,118	1,990	(13,128)	57,661		
Cons. Area & Listed Buildings	64,569	48,427	51,854	3,427	64,569		
Customer Services	493,405	381,834	358,714	(23,120)	478,405	(15,000)	(35,000)
Dog Warden Scheme	36,022	27,079	26,835	(244)	36,022		
Ely Markets	--	--	--	--	--		
Emergency Planning	28,665	5,883	10,676	4,793	28,665		
Environmental Issues	146,705	115,955	81,324	(34,631)	146,705		
Health - Admin. & Misc.	423,589	315,367	247,894	(67,473)	448,589	25,000	
Homelessness	377,911	208,641	(847,511)	(1,056,152)	247,911	(130,000)	(60,000)
IT	872,889	677,782	752,632	74,850	947,889	75,000	50,000
Leisure Centre	(471,469)	6,750	50,037	43,287	(471,469)		
Licencing	11,835	2,901	(20,292)	(23,193)	11,835		
Marketing & Grants	73,229	65,227	38,600	(26,627)	73,229		
Neighbourhood Panels	1,500	--	45	45	1,500		
Nuisance Investigation	80,306	60,230	65,680	5,450	80,306		
Performance Management	10,400	--	--	--	10,400		
Pest Control	9,866	7,400	7,616	216	9,866		
Planning	144,837	109,184	499,996	390,812	119,837	(25,000)	(75,000)
Public Relations	102,779	77,084	78,527	1,443	102,779		
Refuge Recycling	1,051,426	788,569	805,073	16,504	1,051,426		
Refuse Collection	1,237,556	928,167	921,914	(6,253)	1,537,556	300,000	
Renovation Grants	--	--	--	--	--		
Street Cleansing	724,356	543,267	543,432	165	724,356		
Street Naming & Numbering	16,289	12,217	6,605	(5,612)	16,289		
Travellers Sites	(22,000)	(50,613)	10,507	61,120	(22,000)		20,000
Tree Preservation	--	--	--	--	--		
<b>Revenue Total</b>	<b>5,802,153</b>	<b>4,563,987</b>	<b>1,300,399</b>	<b>(3,263,588)</b>	<b>6,052,153</b>	<b>250,000</b>	<b>(125,000)</b>

**CAPITAL BUDGET MONITORING 2022/23**

Capital	Published Budget 2022-23 £	Slippage from 2021-22 £	Approved Additions £	Revised Budget 2022-23 £	Actual at 31st December 2022 £	Forecast Outturn £	Variance between Revised Budget & Forecast £
<b>OPERATIONAL SERVICES</b>							
Conservation Area Schemes - 2nd round		27,506		<b>27,506</b>		27,506	0
Refuse and Cleansing Vehicles	2,000,000			<b>2,000,000</b>		0	(2,000,000)
Waste - Wheelie Bins	40,000			<b>40,000</b>	52,118	52,118	12,118
Mandatory Disabled Facilities Grants	1,347,087	166,008		<b>1,513,095</b>	336,582	1,513,095	0
Empty Properties, Discretionary DFGs, Minor Works, Home Repair Asst.	75,000			<b>75,000</b>	72,565	75,000	0
Vehicle Etc. Replacements	29,000	21,250		<b>50,250</b>	228,169	228,169	177,919
Leisure Centre				<b>0</b>	(188,038)	0	0
<b>Operational Services Total</b>	<b>3,491,087</b>	<b>214,764</b>	<b>0</b>	<b>3,705,851</b>	<b>501,396</b>	<b>1,895,888</b>	<b>(1,809,963)</b>
<b>FINANCE &amp; ASSETS</b>							
E-Space North, Solar Panels	50,000			<b>50,000</b>		50,000	0
Depot	825,950	20,000		<b>845,950</b>	97,253	845,950	0
A14 Contribution	40,000	40,000		<b>80,000</b>		82,000	2,000
Extension to Ely Country Park		163,200		<b>163,200</b>		163,200	0
Loan to EC CLT		390,000		<b>390,000</b>	234,600	310,950	(79,050)
New Loan Agreement with ECTC			5,600,000	<b>5,600,000</b>	4,900,000	5,600,000	0
<b>Finance &amp; Assets Total</b>	<b>915,950</b>	<b>613,200</b>	<b>5,600,000</b>	<b>7,129,150</b>	<b>5,231,853</b>	<b>7,052,100</b>	<b>(77,050)</b>
<b>Total</b>	<b>4,407,037</b>	<b>827,964</b>	<b>5,600,000</b>	<b>10,835,001</b>	<b>5,733,249</b>	<b>8,947,988</b>	<b>(1,887,013)</b>

SOURCES OF FINANCING	Published Budget 2022-23 £	Slippage from 2021-22 £	Approved Additions £	Revised Budget 2022-23 £	Variations £	Forecast Outturn £
<b>Operational Services</b>						
Grants / Contributions (DFG)	716,942	271,463		988,405		988,405
Capital Receipts	745,145	(77,949)		667,196	12,118	679,314
Borrowing	2,000,000	0		2,000,000	(3,000,000)	(1,000,000)
Section 106 / CIL	29,000	21,250		50,250	1,177,919	1,228,169
<b>Operational Services Total</b>	<b>3,491,087</b>	<b>214,764</b>	<b>0</b>	<b>3,705,851</b>	<b>(1,809,963)</b>	<b>1,895,888</b>
<b>Finance &amp; Assets</b>						
Capital Receipts	50,000	0		50,000		50,000
Revenue Reserve	0	0		0	42,000	42,000
Section 106 / CIL	40,000	203,200		243,200	(40,000)	203,200
Borrowing	825,950	410,000	5,600,000	6,835,950	(79,050)	6,756,900
<b>Finance &amp; Assets Total</b>	<b>915,950</b>	<b>613,200</b>	<b>5,600,000</b>	<b>7,129,150</b>	<b>(77,050)</b>	<b>7,052,100</b>
<b>Capital Funding Total</b>	<b>4,407,037</b>	<b>827,964</b>	<b>5,600,000</b>	<b>10,835,001</b>	<b>(1,887,013)</b>	<b>8,947,988</b>

Capital Resources Forecast	Published Budget 2022-23 £	Slippage from 2021-22 £	Approved Additions £	Revised Budget 2022-23 £	Variations £	Outturn £
Balance Brought Forward	1,442,203	94,178		1,536,381		1,536,381
Add receipts from Sales of Assets	50,000			50,000	539,650	589,650
Less Capital Receipts Applied	(795,145)	77,949		(717,196)	(12,118)	(729,314)
<b>Capital Reserves Carried Forward</b>	<b>697,058</b>	<b>172,127</b>	<b>0</b>	<b>869,185</b>	<b>527,532</b>	<b>1,396,717</b>

Borrowing	Published Budget 2022-23 £	Slippage from 2021-22 £	Approved Additions £	Revised Budget 2022-23 £	Variations £	Outturn £
Balance Brought Forward	9,980,085	(490,447)		9,489,638		9,489,638
Less MRP Applied	(337,944)			(337,944)	4,017	(333,927)
Repayment from ECTC	(4,070,000)		(830,000)	(4,900,000)		(4,900,000)
Add additional Borrowing Applied	2,825,950	410,000	5,600,000	8,835,950	(3,079,050)	5,756,900
<b>Borrowing Carried Forward</b>	<b>8,398,091</b>	<b>(80,447)</b>	<b>4,770,000</b>	<b>13,087,644</b>	<b>(3,075,033)</b>	<b>10,012,611</b>

## Reserve Accounts

Description	2022/23			
	Opening Balance 1 April	Transfers to Reserve	Contributions from Reserve	Forecast Balance 31 March
	£	£	£	£
District Elections	127,181	22,500		149,681
Historic Buildings Grants	6,190			6,190
Housing Conditions Survey	20,000	5,000		25,000
Building Control	23,155			23,155
Change Management	243,870		(12,312)	231,558
Major Project Development	100,000		(20,000)	80,000
Surplus Savings Reserve	8,130,907		(1,030,463)	7,100,444
Vehicle Replacements	89,187			89,187
Sports Facilities Funding Reserve	300,000			300,000
IT	120,000	40,000		160,000
CIL	8,106,716	4,150,000	(3,200,000)	9,056,716
CIL Admin	226,560	70,000	(100,000)	196,560
Asset Management	12,679			12,679
Care and Repair	45,000			45,000
Community Fund Reserves	30,884			30,884
Housing	79,547			79,547
Affordable Housing	221,800		(121,800)	100,000
General Fund Balance	1,050,982	12,312		1,063,294
Commercial Invest to Save	20,000			20,000
CLT Grant Applications	20,000			20,000
Travellers' Sites	0	48,523		48,523
Enterprise Zone NNDR	658,813	216,132	(50,000)	824,945
Cambridgeshire Horizons - General	790,000		(307,216)	482,784
Cambridgeshire Horizons - A14	1,050,000		(42,000)	1,008,000
Growth and Infrastructure Fund	2,000,000	307,216	(50,000)	2,257,216
NNDR Carry Forwards	1,457,533		(1,457,533)	0
Climate Change	84,466		(50,000)	34,466
Other				
Section 106 Agreements	3,473,616		(500,000)	2,973,616
Internal Borrowing	(9,489,638)	(5,756,900)	5,233,927	(10,012,611)
<b>Total Reserves</b>	<b>18,999,448</b>	<b>(885,217)</b>	<b>(1,707,397)</b>	<b>16,406,834</b>