

# Supplementary Committee Agenda



## **Stronger Council Select Committee Tuesday, 24th January, 2023**

**Place:** Council Chamber - Civic Offices

**Time:** 7.00 pm

**Democratic Services Officer:** A Hendry (01992 564246)  
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### **8.a Quarter 3 Budget Monitoring Report 2022/23 (Pages 3 - 20)**

To consider the report that sets out the 2022/23 General Fund and Housing Revenue Account positions, for both revenue and capital, as at 31st December 2022 ("Quarter 3").

### **9. DRAFT BUDGET REPORT FOR 2023/24 (Pages 21 - 24)**

Draft Budget report for 2023/24, the promised Attachment 2 now attached.

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### **Report to Stronger Council Select Committee**

**Date of meeting: 24th January 2023**

**Subject: Quarter 3 Budget Monitoring Report 2022/23**

**Portfolio Holder: Finance – Cllr. John Philip**

**Officer contact for further information: Chris Hartgrove 01992 564000 (Ext. 2532)**

**Democratic Services Officer: Adrian Hendry 01992 564246**

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#### **Recommendations/Decisions Required:**

- 1. The General Fund revenue position at the end of Quarter 3 (31st December 2022) for 2022/23, including actions being undertaken or proposed to improve the position, where significant variances have been identified, be noted (*including Appendix A*).**
- 2. The General Fund capital position at the end of Quarter 3 (31st December 2022) for 2022/23 be noted (*including Appendix B*).**
- 3. The Housing Revenue Account revenue position at the end of Quarter 3 (31st December 2022) for 2022/23, including actions proposed to ameliorate the position, where significant variances have been identified, be noted; and**
- 4. The Housing Revenue Account capital position at the end of Quarter 3 (31st December 2022) for 2022/23 be noted (*including Appendix C*).**

#### **Executive Summary:**

This report sets out the 2022/23 General Fund and Housing Revenue Account positions, for both revenue and capital, as at 31st December 2022 (“Quarter 3”).

In terms of General Fund revenue expenditure – at the Quarter 3 stage – a budget overspend of £1.313 million, with projected net expenditure of £16.944 million against an overall budget provision of £15.631 million, is forecast.

As with Quarters 1 and 2, the Q3 position is dominated by a range of substantial spending pressures, most notably:

- **Inflation/Staff Budgets** – a sharp increase in UK inflation since the budget was set continues to drive higher pay demands across both the public and private sectors. The Pay Settlement for 2022/23 was finalised in November 2022 with staff receiving an uplift of £1,925 at all pay grades, which equates to an average pay award in the region of 5.0% rather than the 2.0% award assumed in the budget. However, this is still being offset – to a large extent – by salary savings due to vacant posts. Senior officers are trying to contain net spending on staff salaries within budgeted cash limits for 2022/23, although it is a pressure that will have to be addressed in setting the budget for 2023/24; and
- **Local Plan** – the continued delay in finalising the Local Plan is causing a major shortfall in income received from Planning Applications. It is also a major factor in the delayed drawdown of Qualis loans due to planning delays on key development sites in the district; this is leading to a shortfall in income that the Council assumed from loan margins in the budget.

The current economic difficulties are also creating a range of other problems with inflation impacting on energy and contract costs, with rising interest rates also working against the Council.

The Funding position on the General Fund at the Quarter 3 stage is relatively stable, with latest forecasts generally on, or very close to budget assumptions, although Council Tax collection rates achieved so far are suggesting that the Council could suffer a shortfall (compared to budget) of £127,000 (£165,000 in Quarter 1) in payments that it receives from preceptors as part of the Essex Council Tax Sharing Agreement (CTSA).

Members attention is drawn to the Council's draft Balance Sheet position as at 31st March 2022, which is showing an unallocated General Fund Reserve (contingency balance) of £4.070 million. If the year-end forecast spending and funding position in this report is accurate – notwithstanding any other reserve adjustments – the balance will fall to £2.964 million, which is significantly below the Council's formally adopted contingency balance of £4.0 million.

Despite facing the same challenges as the General Fund in many respects (especially the impact of inflation on staffing and energy costs), the Housing Revenue Account (HRA) is projected to record a budget underspend of £5.639 million, primarily driven by slippage in the Housing Development Programme; this is leading to significantly reduced borrowing costs and revenue contributions to capital.

If the overall forecast materialises, the HRA Balance will end the year at £6.126 million (the adopted minimum contingency balance in the HRA Business Plan is £2.0 million).

Turning to capital spending:

- General Fund Capital Programme – spending in the first 9 months was £4.837 million, with a forecast outturn of £14.610 million, which – if this materialises – would lead to an underspend of £103.546 million. The drawdown on Qualis loans is lower than the budget and is the most significant variance (£87.497 million); and
- Housing Revenue Account Capital Programme – spending in the first 9 months was £8.005 million, with a forecast outturn of £19.577 million, which – if this materialises – would lead to an underspend of £32.922 million. Slippage on the Housing Development Programme is the most notable factor.

## 1) Background and Introduction

- 1.1 The Council's budget for 2022/23 (both General Fund and Housing Revenue Account) was approved by full Council on 24th February 2022. This report updates the Stronger Council Select Committee on how the Council's services have performed against their budgets in the first nine months of the financial year, and projects forward to the anticipated outturn for the end of the financial year.
- 1.2 This is the third update for 2022/22 and includes the General Fund and Housing Revenue Account positions, for both revenue and capital, as at 31st December 2022 ("Quarter 3").

## 2) General Fund Revenue Budget

### Net Expenditure

- 2.1 The General Fund **net expenditure** position for 2022/23, at the Quarter 3 stage – summarised by service area – is presented in **Appendix A**. The headline is a forecast budget overspend of £1.313 million, with projected net expenditure of £16.944 million against an overall budget provision of £15.631 million. The table below summarises the position by service.

<b>GF Net Expenditure Budget 2022/23 (Quarter 3)</b>			
<b>Description</b>	<b>Budget 2022/23</b>	<b>Q3 Forecast Spending (31/03/23)</b>	<b>Variance</b>
	<b>£000's</b>	<b>£000's</b>	<b>£000's</b>
Chief Executive	658	677	19
Commercial & Technical	139	447	308
Community & Wellbeing	1,783	1,464	(318)
Corporate Services	9,763	9,348	(415)
Customer Services	2,255	2,306	51
Finance & Audit	2,411	2,549	138
Housing & Property	1,849	1,813	(36)
Place	375	295	(80)
Planning & Development	1,480	2,182	702
Strategy, Delivery & Performance	850	651	(199)
Qualis	(2,909)	(1,718)	1,191
HRA Recharges	(5,225)	(5,352)	(127)
Financing	2,202	2,282	79
<b>Totals (Net Expenditure)</b>	<b>15,631</b>	<b>16,944</b>	<b>1,313</b>

2.2 There are a range of notable (over £100,000) **negative** variances – at a service directorate level – to the budget in the table above as follows:

- **Qualis Income (£1,191,226 forecast Overspend)** – the continued delay in finalising the Local Plan is having a detrimental impact on anticipated income from the margins that the Council generates from Qualis loans, with the pace of drawdowns being dampened by planning delays on key development sites. Rising interest rates have also been driving up the cost of PWLB borrowing for the Council, which is expected to put a further squeeze on loan margins. The combined impact is driving a forecast budget shortfall of £1,191,226
- **Planning & Development (£702,266 forecast Overspend)** – the delayed Local Plan is also causing substantial pressure on the Planning & Development budget, with many developers delaying the submission of planning proposals pending formal adoption of the Plan. The 2022/23 budget was prepared based on available intelligence at the time; this included the assumption that the finalised Local Plan would be in place for substantially all of the financial year and generate £1,711,780 in income from Planning Applications. The Local Plan is now not expected to be finalised until March 2023. Forecast income from Planning Applications in 2022/23 is now £1,000,000 and is the most significant factor behind a negative variance of £702,266 for the directorate as a whole; and

- **Commercial & Technical (£308,331 forecast Overspend)** – a combination of factors is leading to a projected overspend of £308,331 on this directorate. This is despite a significant underspend projected on Waste Management driven by additional Recycling Income (see Paragraph 2.4 below for explanation). In terms of cost pressures, the largest area of spending pressure relates to the Car Parking service group, which is projecting an overspend of £340,591, with the most significant item being a forecast shortfall of £99,893 in Long-Stay Car Parking income, added to by a range of other smaller cost pressures including the additional cost of car parts being experienced within the Fleet service (estimated impact £94,100). The Leisure Facilities service group is also expected to overspend by £332,210 driven by an estimated income shortfall of £319,210 on the Leisure Services Management Fee (mainly as a consequence of an estimated contract adjustment of £528,000 to reflect a sharp increase in energy costs incurred by the contractor). In addition, the Land and Property service group is forecast to overspend by £216,758 due to a combination of factors, most notably including a shortfall in rental income at Epping Forest Shopping Park of £136,390 due to the accounting treatment of rent-free incentives, and a projected overspend on Professional Fees of £85,750, driven by costs of £96,000 incurred for asbestos removal from industrial units in Cartersfield Road, Waltham Abbey; and
- **Finance & Audit (£137,664 forecast Overspend)** – the most significant underlying cost pressure in Finance and Audit is a forecast overspend of £133,860 on staff salaries in the Accountancy cost centre. The Accountancy function was reliant on substantial input from agency staff and other contractors during its transition into the new Corporate Finance Team; that process has now concluded, with the new permanent team in place, with almost all interim staff released. This has significantly eased the financial pressure, but a continued delay in the Statement of Accounts audits (for both 2020/21 and 2021/22) does necessitate the limited retention of key interim technical resources.

2.3 There are also a range of notable (over £100,000) **positive** variances – at a service directorate level – to the budget in the table above as follows:

- **Corporate Services (£414,267 forecast Underspend)** – the forecast surplus on Corporate Services is dominated by two substantial underspends. Firstly, the ICT cost centre is projected to underspend by £232,199. A detailed review of all ICT budget lines has been undertaken in the light of the corporate position; this has led to the modification of operational plans in some instances (triggering a combined saving of £51,890 on Professional and Consultants Fees for example). A wide range of other small budget savings have also been identified for different reasons. Most notable in terms of size, is a forecast underspend of £44,880 on the budget for the “Rendezvous” (booking) system, following the identification and implementation of “Symity” as a replacement solution at significantly lower cost. And secondly, as reported in Quarter 1 and Quarter 2, there is a significant saving anticipated on Insurance Premiums following the commencement of the new Insurance contract (driving Quarter 3 budget forecast underspend of £189,326).
- **Community & Wellbeing (£318,289 forecast Underspend)** – the most significant area of savings on this directorate relates to the Homelessness service, which is expected to underspend by £159,238 due to a combination of two vacant Homelessness Officer posts (£103,840) and additional Government grant of £90,000. Staff vacancies in the Museums service is also driving an estimated overall underspend of £77,400 in that service area and the recent promotion of the Service Director to Interim Strategic Director (paid from the Chief Executive’s budget) is projected to result in a further underspend of £52,820.
- **Strategy, Delivery and Performance (£199,352 forecast Underspend)** – the most significant area of underspend in the SDP directorate relates to a decision taken not to recruit to a vacant Performance & PMO Analyst post, resulting in an anticipated saving of £75,404. In addition, the re-scheduling of projects is leading to an anticipated reduction in the budget requirement for Consultancy Fees (impact £51,000); and

- **HRA Recharges (£127,230 forecast Underspend)** – rising costs (exceeding budgets) – especially on staffing – are expected to feed through to higher Recharges from the General Fund to the Housing Revenue Account at the year end.

2.4 Members attention is also drawn to the following:

- **Staffing Budgets** – the budget for 2022/23 was set based on the assumption that staff would receive an annual pay award of 2.0% (plus a small contingency of 0.25%). Unfortunately – since the budget was developed and adopted – UK inflation (in common with the rest of the world) – has risen sharply; the UK Consumer Prices Index (CPI) has so far peaked at 11.1% in October 2022, which was is the highest rate for 41 years. The exceptionally high inflation rate is driving increased pay demands across both the public and private sector. Local government pay negotiations for 2022/23 have now concluded, with the employers' final offer of £1,925 to all employees (irrespective of base salary) accepted by the unions and awarded to employees. This (broadly and typically) equates to a 5.0% pay award for the average Epping Forest District Council employee and is driving an overall cost pressure of up to £800,000 on the Council's base budget, which is embedded in the forecast. The figures also include a range of staff savings, primarily due to temporary vacancies (dampened by agency backfilling costs in some cases). The net impact varies significantly from one service area to another. Senior officers continue to work together to contain overall staffing costs within budget for 2022/23, whilst simultaneously developing and delivering savings proposals – including staff savings – as part of addressing the 2023/24 budget deficit. It should be noted that, even if all of the staff budget pressure for 2022/23 can be offset by savings, the 2023/24 budget still requires additional growth to the base budget to reflect the higher pay award.
- **Energy Costs** – at the time of preparing this report, there is an intense media spotlight on the spiralling worldwide cost of energy including the UK. Most of the Council's exposure to increased energy costs falls within the HRA (a £298,000 pressure embedded in Supervision and Management costs in table below at Paragraph 4.1). Gas and Electric budgets in the General Fund for 2022/23 total £279,720. The Council has had some protection from price rises in the form of forward contracts so far in 2022/23 and, at this stage, an overspend of £184,140 is anticipated (although there is a Specific Contingency budget of £62,500 that dampens the impact). The most affected directorates are Housing & Property Services (£144,960) and Commercial & Technical (£31,620). The energy market is still volatile therefore Property Services officers continue to monitor, review, and update significant changes to energy costs; and
- **Recycling Income** – although the Commercial & Technical Services directorate is forecast to record a deficit £308,331 at this stage, there is a forecast underspend of £519,340 on the Waste Management service underlying the net position (as summarised in **Appendix A**). The dominant factor is an anticipated net underspend of £614,558 on the Recycling contract, primarily due to an income surplus, which is the result of a substantial increase in market rates for recyclable materials (embedded in the contract for 2022/23); total receipts from this source are now expected to exceed original expectations by £483,249. Some further (smaller) cost savings are also anticipated on Recycling, as some budgeted Covid-related costs will no longer be incurred. At the time of preparing this report, market rates for recyclable materials remain strong and the prospects for the 2023/24 budget are therefore positive. But it should be noted that the 2023/24 budget will require additional growth to the base budget to reflect the underlying effects of the higher inflation rate on the Waste Collection contract.

## **Funding**

2.5 The General Fund **funding** position for 2022/23, at the Quarter 3 stage is summarised in the table below.

<b>GF Funding Position 2022/23 (Quarter 3)</b>			
<b>Source Description</b>	<b>Budget Assumption 2022/23</b>	<b>Q3 Forecast (31/03/23)</b>	<b>Variance</b>
	<b>£000's</b>	<b>£000's</b>	<b>£000's</b>
Council Tax	(8,639)	(8,639)	0
Business Rates	(5,011)	(5,059)	(48)
Collection Fund Adjustments	(165)	(165)	0
Council Tax Sharing Agreement (CTSA)	(948)	(821)	127
New Homes Bonus	(776)	(776)	0
Lower-Tier Services Grant	(149)	(149)	0
2022/23 Services Grant	(229)	(229)	0
Other Grants (General)	0	0	0
Credit Loss Adjustment	(51)	0	51
Contribution to/(from) Reserves	337	(1,106)	(1,443)
<b>Total Funding</b>	<b>(15,631)</b>	<b>(16,944)</b>	<b>(1,313)</b>

2.6 The funding position continues to be mixed for the General Fund in Quarter 3. The Business Rates position has been relatively stable, with the projected Pooling benefit retained from Q2 at this stage (Essex Pool Q3 position not released at the time of preparing this report) of £579,000 compared to the budget assumption of £531,000 (up £48,000). Based on latest available information (@ 30th September 2022), Council Tax collection has not been performing quite as well as expected, with slightly lower CTSA payments of £821,000 now anticipated (although up £38,000 compared to Q1). The Council received a larger than anticipated Credit Loss Adjustment (CLA) in its 2021/22 Accounts following an updated Fair Value review of the original Qualis Working Capital Loan. However, following the recent further advance of £1.3 million to Qualis (as part of the 'revolving credit facility'), it is now assumed that a CLA will not be available to support the budget for 2022/23. But it should be noted that a range of variable factors underlying the calculation mean that this is an estimate that can fluctuate significantly (a CLA charge to the General Fund Reserve could potentially materialise).

### 3) General Fund Reserves

#### General Fund Reserve (contingency balance)

- 3.1 The negative outlook of £1.313 million on net expenditure summarised and explained in paragraphs 2.1 to 2.4, and the funding position presented in paragraphs 2.5 and 2.6 above means that – if the forecasts materialise as presented – it will not be possible to contribute £0.337 million to the General Fund (unallocated) Reserve as assumed in setting the budget. Instead, there will be a contribution requirement of £1.106 million from the Reserve to support the budget (as presented in the table in Paragraph 2.5 above). The forecast impact on the General Fund Reserve is presented in the table below.

<b>Movement on General Fund Reserve: Quarter 3 2022/23</b>	
<b>Description</b>	<b>£000's</b>
General Fund Balance 31st March 2022 (pre-audit)	(4,070)
Contribution from Reserves 2022/23 (Q3 forecast)	1,106
<b>General Fund Balance 31st March 2023 (Q3 forecast)</b>	<b>(2,964)</b>

- 3.2 Members are reminded that the Council's unallocated General Fund Reserve is a contingency balance and, following the Section 151 Officer's recommendation in accordance with Section 25 of the Local Government Act 2003, the Council approved the maintenance of a minimum balance of £4.0 million in February 2022.

#### Earmarked Reserves

- 3.3 In addition to the General Fund Net Expenditure budget (£15,631,000 for 2022/23), the Council also incurs further expenditure on a range of other projects and facilities funded from Earmarked Reserves (which are topped up from third party sources – including grants – and internal appropriations). Activity has been relatively subdued so far this year and – at the Quarter 3 stage (31st December 2022) – the Council has received £0.370 million and spent £0.610 million, leaving a balance of £2.448 million. The Movement on General Fund Earmarked Reserves is summarised in the table below.

<b>Movement in General Fund Earmarked Reserves (April to December 2022)</b>				
<b>Description</b>	<b>Opening Balance 01/04/22</b>	<b>Income</b>	<b>Expenditure</b>	<b>Q3 Balance 31/12/22</b>
	<b>£000's</b>	<b>£000's</b>	<b>£000's</b>	<b>£000's</b>
District Development Fund (DDF)	(612)	(88)	157	(543)
Community Projects	(597)	(282)	289	(590)
<i>Other Reserves:</i>				
All Weather Pitch	(119)	0	0	(119)
Garden Town	(82)	0	37	(45)
Insurance	(150)	0	0	(150)
Invest to Save	(203)	0	0	(203)
Museum	(110)	0	0	(110)
North Weald Inland Port	(660)	0	98	(562)
Staff Benefits Fund	(39)	0	29	(10)
Other Ongoing Projects	(116)	0	0	(116)
<b>Totals</b>	<b>(2,688)</b>	<b>(370)</b>	<b>610</b>	<b>(2,448)</b>

\*Excludes statutory ring-fenced and other reserves used for accounting purposes

3.4 The Community Projects Reserve comprises 21 different project categories and is easily the Council's most 'active' reserve. It now includes three new initiatives ("PCN," "Buxton" and "Crucial Crew" projects), which commenced in 2022/23. It should be noted that the contribution into the DDF mainly represents partner contributions (of £80,000) towards the "Essex & Herts Digital Innovation Zone (DIZ). The closing balance on the DDF includes £136,935 in unallocated funds.

#### 4) Housing Revenue Account (revenue)

4.1 The Housing Revenue Account (HRA) revenue position for 2022/23, at the Quarter 3 stage, is summarised in the table below. As at 31st December 2022, a £5.639 million underspend is forecast for the year end, with projected net surplus of £1.962 million compared to an overall budget provision (planned deficit) of £3.677 million.

<b>HRA Budget 2022/23 (Quarter 3)</b>			
<b>Description</b>	<b>Budget 2022/23 (Updated)</b>	<b>Q3 Forecast (31/03/23)</b>	<b>Variance</b>
	<b>£000's</b>	<b>£000's</b>	<b>£000's</b>
<b>EXPENDITURE</b>			
Supervision & Management (General)	6,976	7,017	41
Supervision & Management (Special)	4,111	4,228	117
Rents, Rates, Taxes & Insurances	504	476	(28)
Repairs & Maintenance	9,418	9,911	493
<b>Management &amp; Maintenance</b>	<b>21,009</b>	<b>21,632</b>	<b>623</b>
Capital Charges	8,958	8,958	0
Treasury Management Expenses	58	38	(20)
Provision for Bad/Doubtful Debts	93	93	0
<b>Total Expenditure</b>	<b>30,118</b>	<b>30,721</b>	<b>603</b>
<b>INCOME</b>			
Dwelling Rents	(34,973)	(35,545)	(572)
Non-Dwellings Rents	(843)	(769)	74
Charges for Services & Facilities	(1,228)	(1,357)	(129)
Contributions from General Fund	(368)	(368)	0
<b>Total Income</b>	<b>(37,412)</b>	<b>(38,039)</b>	<b>(627)</b>
<b>Net Cost of Services</b>	<b>(7,294)</b>	<b>(7,318)</b>	<b>(24)</b>
Interest on Receipts and Balances	(6)	(6)	0
Interest Payable on Loans	5,613	5,362	(251)
<b>Net Operating Income</b>	<b>(1,687)</b>	<b>(1,962)</b>	<b>(275)</b>
<i>Appropriations:</i>			
Direct Revenue Contributions to Capital	5,364	0	(5,364)
<b>(Surplus)/Deficit for Year</b>	<b>3,677</b>	<b>(1,962)</b>	<b>(5,639)</b>

4.2 The HRA outturn for 2021/22 included an underspend of £140,000 on the ring-fenced revenue project “More than Bricks and Mortar” (a scheme primarily aimed at achieving infrastructure improvements on housing estates). Consequently, the unspent budget has been rolled forward and added to the 2022/23 budget agreed by Council in February 2022. The table below reconciles the updated and original budgets.

<b>HRA Budget Reconciliation 2022/23: Quarter 3</b>	
<b>Description</b>	<b>Value (£000's)</b>
<b>(Surplus)/Deficit for Year (approved by full Council 24/02/22)</b>	<b>3,537</b>
<i>Brought forward project budget from 2021/22:</i>	
“More than Bricks and Mortar” Estate Improvement Scheme	140
<b>Total Budget Additions (@ Quarter 3)</b>	<b>140</b>
<b>(Surplus) / Deficit for Year (updated Budget 2022/23 @ Quarter 3)</b>	<b>3,677</b>

4.3 There are four significant factors behind the forecast as follows:

- **Direct Revenue Contributions (£5.364 million forecast Underspend)** – the dominant factor in the overall underspend, is an anticipated significant reduction in Contributions to Capital due to slippage in the HRA Capital Programme
- **Repairs and Maintenance (£0.493 million forecast Overspend)** – there are numerous items contributing to the variance, the largest of which relates to higher than anticipated repair costs on Blocks and Communal Areas (variance £258,000)
- **Dwelling Rent (£0.572 million forecast Underspend)** – improvements in void turnaround times is leading to rental income levels exceeding budget; and
- **Interest Payable on Loans (£0.251 million forecast Underspend)** – the HRA capital spend in 2021/22 was lower than expected, thereby negating the need for additional borrowing, and reducing the associated interest payable in this – the 2022/23 – financial year.

4.4 Members should note that the current HRA Business Plan includes the assumed maintenance of a minimum balance of £2.0 million in the HRA reserve; as at 31st March 2022, the balance was £4.164 million, which reflected an overspend on HRA Net Operating Income of £1.375 million in 2021/22 (reported to Cabinet and Stronger Council Select Committee in July 2022).

<b>Movement on HRA Balance: Quarter 2 2022/23</b>	
<b>Description</b>	<b>£000's</b>
HRA Balance 31st March 2022 (pre-audit)	(4,164)
2021/22 Roll Forward (Para 4.2)	140
2022/23 Budget (Deficit) – full Council 24th February 2022 (Para 4.2)	3,537
2022/23 Net Operating Income Forecast Variance Q3 (Para 4.1)	(275)
2022/23 Reduction in Capital Contributions Q3 (Para 4.1)	(5,364)
<b>HRA Balance 31st March 2023 (Q3 forecast)</b>	<b>(6,126)</b>

## 5) General Fund Capital Programme

5.1 The General Fund Capital Programme for 2022/23 as at 31st December 2022 is summarised – at a service level – in the table below. A more detailed analysis – at a scheme level – is included in **Appendix B**. The updated Programme budget totals £118.156 million. Spending in the first 9 months was £4.837 million, with a forecast outturn of £14.610 million, which – if this materialises – would lead to an underspend of £103.546 million.

General Fund Capital Programme 2022/23 (Quarter 3)					
Description	Budget 2022/23 (Updated)	Spending (@ 31 December 2022)	Remaining Budget (@ 31 December 2022)	Forecast Spending (31/03/23)	Variance (Under) / Over
	£000's	£000's	£000's	£000's	£000's
Community & Wellbeing	770	0	770	0	(770)
Commercial & Technical	16,277	1,619	14,594	4,156	(12,057)
Corporate Services	3,525	373	3,152	685	(2,840)
Customer Services	160	0	160	50	(110)
Housing (General Fund)	500	95	469	292	(272)
Place	677	0	677	677	0
Qualis Loans	96,247	2,750	93,497	8,750	(87,497)
<b>Total Expenditure</b>	<b>118,156</b>	<b>4,837</b>	<b>113,319</b>	<b>14,610</b>	<b>(103,546)</b>
<i>Capital Financing:</i>					
Borrowing	113,692	2,860	110,832	12,410	(101,282)
Capital Grants	971	577	394	800	(171)
Capital Receipts	3,493	1,400	2,093	1,400	(2,093)
<b>Total Financing</b>	<b>118,156</b>	<b>4,837</b>	<b>115,909</b>	<b>26,562</b>	<b>(103,546)</b>

5.2 A General Fund Capital Programme budget of £72.308 million was approved by Council in February 2022. A net total of £45.848 million in unspent budgets have been rolled forward from 2021/22, resulting in an updated Programme budget of £118.156 million.

5.3 There are three dominant areas of underspending/slippage on the General Fund Capital Programme at the Quarter 3 stage:

- **Qualis (£87.497 million forecast Underspend)** – as explained in Paragraph 2.2 above, the drawdown of Qualis loans has been slower than envisaged at the time of preparing the Capital Programme, primarily due to planning delays on development sites; and

- **Commercial and Technical (£12.057 million forecast Underspend)** – there are two big projects driving the underspend as follows:
  - Epping Forest Leisure Centre – the Leisure Centre is a long-term project with an overall budget of £25.0 million (with spending of £10.937 million profiled for 2022/23). However, projected spending for 2022/23 is now a much reduced £0.250 million, resulting in a forecast underspend of £10.687 million. Qualis are in the process of developing a Multi-Storey Car Park on land adjacent to the Leisure Centre site; until this is complete, the development of the Leisure Centre cannot commence; and
  - Cartersfield Road – this project has a budget of £1.436 million for 2022/23. However, anticipated spend of just £0.480 million is now anticipated, resulting in an underspend of £0.957 million. There has been some progress on the project. However, project delays have been experienced as the Council continues to seek vacant possession from some long-term tenants; further spend associated with demolition costs and clearance works to enhance the saleability of the site will take place before the site is transferred to Qualis for re-development. The scheme – as originally planned – involved the Council retaining the asset; the revised approach means that the full £0.957 million underspend will not be required to roll forward into 2023/24.
- **Corporate Services (£2.840 million forecast Underspend)** – the most significant area of capital underspending relates to the ICT Strategy, which has a budget allocation of £3.325 million for 2022/23. The projected outturn is £0.537 million, which if this materialises, would lead to an underspend of £2.788 million. Some individual schemes have progressed well (e.g. Digital Planning and Revenues & Benefits Cloud transfer). However, internal resource constraints and some deliberate alterations to plans has led to slippage on a range of other projects (e.g Azure Cloud, Finance System Upgrade, ICT Security Solutions, and ICT Workplace Collaboration).

5.4 Members should also note the acquisition of the lease on the former Prince of Wales public house in Loughton at a cost of £687,500 (exc. legal fees) (Delegated Decision Ref. HAC-003-2022/23) during Quarter 2. The asset was purchased from the General Fund (see Appendix B), pending transfer to the HRA for the purposes of Housing Development. The capital cost is matched by a debt re-allocation between the General Fund and the HRA (where budget is held), based on market value at the point of transfer (estimated £900,000).

## 6) Housing Revenue Account (HRA) Capital Programme

6.1 The Housing Revenue Account (HRA) Capital Programme for 2022/23 as at 31st December 2022 is summarised in the table below. A more detailed analysis – at a scheme level – is included in **Appendix C**. The updated Programme budget totals £52.499 million. Spending in the first 9 months was £8.005 million, with a forecast outturn of £19.577 million, which – if this materialises – would lead to an underspend of £39.922 million.

HRA Capital Programme 2022/23 (Quarter 3)					
Description	Budget 2022/23 (Updated)	Spending (@ 31 December 2022)	Remaining Budget (@ 31 December 2022)	Forecast Spending (31/03/23)	Variance (Under) / Over
	£000's	£000's	£000's	£000's	£000's
Housing Development	28,809	2,457	26,352	4,585	(24,224)
Capital Works	16,314	5,138	11,176	12,017	(4,297)
Other Housing Schemes	7,376	410	6,966	2,975	(4,401)
<b>Total Expenditure</b>	<b>52,499</b>	<b>8,005</b>	<b>44,494</b>	<b>19,577</b>	<b>(32,922)</b>
<i>Capital Financing:</i>					
Direct Revenue Contributions	5,364	0	5,364	0	(5,364)
Major Repairs Reserve	14,613	6,556	8,057	17,277	2,664
Capital Receipts	5,970	983	4,987	1,834	(4,136)
Other Contributions	466	466	0	466	0
Borrowing	26,086	0	26,086	0	(26,086)
<b>Total Financing</b>	<b>52,499</b>	<b>8,005</b>	<b>44,494</b>	<b>19,577</b>	<b>(32,922)</b>

6.2 An HRA Capital Programme budget of £47.790 million was approved by Council in February 2022. A net total of £4.709 million in unspent budgets have been rolled forward from 2021/22, resulting in an updated Programme budget of £52.499 million for the year.

6.3 There are three significant areas of underspending/slippage on the HRA Capital Programme at the Quarter 3 stage. Thus:

- **Housing Development (£24.224 million forecast Underspend)** – there are two elements to note:
  - **Housebuilding** – the programme for Housebuilding has a total budget of £15.598 million for 2022/23. The forecast outturn is £4.585 million, which – if this materialises – would lead to an underspend of £11.013 million at year end. Several schemes have encountered planning issues and delays, including two schemes (“Pentlow” and “Woollard”), which were originally expected to be completed in Spring and Summer 2022, but completion is now anticipated in 2023/24. A further two large schemes at Chequers B and Ladyfields, with combined anticipated spend of over £8.0 million, are currently subject to planning consent and are not expected to commence until late 2023/24; and
  - **Qualis Acquisitions** – the budget allocation for this scheme in 2022/23 was £10.461 million. No spend is now expected this year resulting in an underspend of the full budget £10.461 million. Qualis have experienced delays in planning consents which initially halted works; although permissions have now been granted and works are due to commence soon. Negotiations have taken place regarding the purchase of some units once completed, although this may be less than originally planned and not until 2023/24.

- **Capital Works (£4.297 million forecast Underspend)** – there have been delays in the delivery of Capital Works following the restructure of the Property Assets Team and the introduction of new working practices. There are two significant underspends as follows:
  - **Structural Works** – an underspend of £1.298 million is anticipated on Structural Works; such works are reactive in nature, which makes budgeting difficult at the start of the year as jobs can often take longer to complete due to their diverse nature and the technical expertise required. There are currently 30 identified sites requiring works including Hornbeam Close (Hillyfields), Roundhills and Springfields; and
  - **Net Zero Carbon Works** – an underspend of £1.40 million is anticipated here. This includes an allocated budget of £1.0 million to match fund a bid to the Social Housing De-Carbonisation Fund in partnership with E-On; the results will be announced in February 2023, and if successful, the works are likely to commence in 2023/24, which would lead to the budget being re-profiled.
  
- **Other Housing Schemes (£4.401 million forecast Underspend)** – there are two regeneration projects primarily driving this variance:
  - **Limes/Copperfield Regeneration** – this project has a profiled budget of £2.772 million for 2022/23. The projected outturn on the scheme in 2022/23 is £2.042 million, which – if this materialises – would lead to an underspend of £0.730 million. Following some initial setbacks, the scheme is now in the early stages of mobilisation with an expected start date on site of mid-January 2023, with an anticipated programme duration of 50 weeks to completion. As the project straddles the financial year-end, the £0.730 million underspend will be re-profiled to be spent in 2023/24; and
  - **Broadway Regeneration** – this project has a total budget of £2.750 million in 2022/23, of which only a very small proportion is expected to be spent (on fees) this financial year resulting in a forecast underspend of £2.676 million. A more detailed review of the project is being undertaken and therefore the scheme is now not expected to be delivered until 2023/24 at the earliest.

6.4 The HRA Capital Programme is financed from several sources; external sources such as Grants and Capital Receipts are prioritised and applied first, followed by internal resources such as the Major Repairs Reserve and HRA Revenue contributions. The approach minimises the need to borrow and helps protect the HRA from higher interest payments. The forecast underspend on the Programme has an impact on all sources of financing with the most significant being a £26.086 million reduction in the need to borrow in 2022/23.

**Reason for Decision:**

This report facilitates the scrutiny of the Council's financial position for 2022/23.

The comments made at this Committee, where relevant, will be reported to Cabinet for consideration at their meeting on 6th February 2023.

**Options:**

There are no matters for decision in this report. The Committee is asked to note the contents but may choose to take further action depending on the matters reported.

**Resource Implications:**

The resource implications in this report are overwhelmingly financial in nature, in the form of budgetary control. Robust budget monitoring processes maximise the opportunity for services to react quickly to potential problems as they emerge, thus reducing the risk of financial problems, impeding the delivery of strategic priorities.

**Legal and Governance Implications:**

The Council has a statutory obligation to maintain a balanced budget and the monitoring process enables the Committee to remain aware of issues and the process to maintain a balanced budget.

**Safer, Cleaner, Greener Implications:**

There are no SCG implications.

**Consultation Undertaken:**

The development of the detailed 2022/23 budget was informed by the democratic scrutiny processes.

**Background Papers:**

Management Accounts 2022/23 (Month 9)

**Risk Management**

The report is primarily presented for information only and has no direct risk management implications, although regular monitoring and reporting of the type included in this report ensures early warning of significant issues that may place the Council at financial risk. This gives the Cabinet the best opportunity to take actions to mitigate such risks.

## General Fund Revenue Budget 2022/23

## Quarter 3 Forecast

Epping Forest DC: General Fund Revenue Budget 2022/23							
@ 31 December 2022 (Month 9)							
<b>General Fund</b>							
Service Area	Activity	Full Year Budget £'s	Net Expenditure			Forecast £'s	Variance £'s
			Budget (M9) £'s	Actual £'s	Variance £'s		
<b>Chief Executive</b>	Chief Executive Support Services	532,530	399,398	440,615	41,218	581,710	49,180
	Corporate Activities	75,820	56,865	52,513	(4,352)	70,129	(5,691)
	Chief Executive Other Activities	50,000	37,500	1,959	(35,541)	25,000	(25,000)
	<b>Sub-Total</b>	<b>658,350</b>	<b>493,763</b>	<b>495,087</b>	<b>1,325</b>	<b>676,839</b>	<b>18,489</b>
<b>Commercial &amp; Technical Services</b>	Car Parking	(894,030)	(670,523)	(739,175)	(68,652)	(553,439)	340,591
	C&T Community & Partnership	232,330	174,248	136,824	(37,424)	227,440	(4,890)
	Contracts & Technical Support Services	1,810,440	1,357,830	1,515,499	157,669	1,690,006	(120,434)
	Cost Centres - Contracts & Technical	3,325,580	2,494,185	2,313,907	(180,278)	3,317,555	(8,025)
	C&T Emergency Planning & Other	2,500	1,875	2,411	536	3,800	1,300
	Environmental Health	232,250	174,188	221,028	46,841	242,402	10,152
	Land Drainage/Sewerage	129,830	97,373	50,663	(46,710)	128,790	(1,040)
	Land & Property	(7,688,610)	(5,766,458)	(5,590,436)	176,022	(7,471,852)	216,758
	Leisure Facilities	(1,215,530)	(911,648)	(626,919)	284,728	(883,320)	332,210
	North Weald Centre	(1,152,230)	(864,173)	(973,468)	(109,296)	(1,251,195)	(98,965)
	Parks & Grounds	471,920	353,940	53,340	(300,600)	505,110	33,190
	Private Sector Housing	(96,790)	(72,593)	(38,594)	(33,999)	(41,820)	54,970
	C&T Regulatory Services	(255,480)	(191,610)	(169,979)	21,631	(183,625)	71,855
	Waste Management	5,236,990	3,927,743	2,341,164	(1,586,579)	4,717,650	(519,340)
	<b>Sub-Total</b>	<b>139,170</b>	<b>104,378</b>	<b>(1,503,735)</b>	<b>(1,608,113)</b>	<b>447,501</b>	<b>308,331</b>
<b>Community &amp; Wellbeing</b>	Community, Health & Wellbeing	120,340	90,255	19,876	(70,379)	88,505	(31,835)
	Cost Centres - Community & Wellbeing	457,670	343,253	345,032	1,780	463,684	6,014
	Economic Projects Support Serv	198,290	148,718	121,384	(27,333)	145,470	(52,820)
	Homelessness	73,000	54,750	(435,454)	(490,204)	(86,238)	(159,238)
	Museum, Heritage & Culture	682,640	511,980	454,115	(57,865)	605,240	(77,400)
	Voluntary Sector Support	250,740	188,055	232,789	44,734	247,730	(3,010)
	<b>Sub-Total</b>	<b>1,782,680</b>	<b>1,337,010</b>	<b>737,742</b>	<b>(599,268)</b>	<b>1,464,389</b>	<b>(318,289)</b>
<b>Corporate Services</b>	Business Support	1,925,860	1,444,395	1,290,631	(153,764)	1,982,589	56,729
	Cost Centres - Corporate Support	335,600	251,700	257,129	5,429	335,792	192
	Elections	222,460	166,845	151,995	(14,850)	208,366	(14,094)
	Emergency Planning & Other	115,840	86,880	56,088	(30,792)	87,208	(28,632)
	ICT	3,810,130	2,857,598	3,127,773	270,176	3,577,931	(232,199)
	Insurance Premiums	810,060	607,545	797,568	190,023	620,734	(189,326)
	Corp Serv - Member Activities	381,760	286,320	266,328	(19,992)	376,610	(5,150)
	Other Support Services	1,866,960	1,400,220	1,241,087	(159,133)	1,847,671	(19,289)
	Strategy Support Services	294,150	220,613	234,052	13,439	311,652	17,502
	<b>Sub-Total</b>	<b>9,762,820</b>	<b>7,322,115</b>	<b>7,422,650</b>	<b>100,535</b>	<b>9,348,553</b>	<b>(414,267)</b>
<b>Customer Services</b>	Cost Centres - Customer Services	2,472,370	1,854,278	1,808,272	(46,006)	2,455,925	(16,445)
	Customer Support Services	1,621,990	1,216,493	1,235,272	18,780	1,715,598	93,608
	Housing Benefits	(1,172,620)	(879,465)	(1,336,089)	(456,624)	(1,212,365)	(39,745)
	Local Taxation	(693,360)	(520,020)	(46,974)	473,046	(673,290)	20,070
	Customer Services - Members Activities	26,470	19,853	82,081	62,229	20,070	(6,400)
	<b>Sub-Total</b>	<b>2,254,850</b>	<b>1,691,138</b>	<b>1,742,562</b>	<b>51,425</b>	<b>2,305,938</b>	<b>51,088</b>
<b>Finance &amp; Audit</b>	Audit Support Services	384,470	288,353	283,133	(5,219)	384,320	(150)
	Finance Support Services	1,063,390	797,543	806,194	8,652	1,301,204	237,814
	Finance & Other Activities	963,630	722,723	407,877	(314,846)	863,630	(100,000)
	<b>Sub-Total</b>	<b>2,411,490</b>	<b>1,808,618</b>	<b>1,497,204</b>	<b>(311,413)</b>	<b>2,549,154</b>	<b>137,664</b>
<b>Housing &amp; Property</b>	Accommodation	457,940	343,455	277,974	(65,481)	430,377	(27,563)
	Cost Centres - Housing & Property	510,440	382,830	400,634	17,804	546,191	35,751
	Facilities & Depot Management	528,200	396,150	243,677	(152,473)	472,600	(55,600)
	Housing & Property Support Services	352,110	264,083	243,873	(20,210)	363,443	11,333
	<b>Sub-Total</b>	<b>1,848,690</b>	<b>1,386,518</b>	<b>1,166,158</b>	<b>(220,359)</b>	<b>1,812,611</b>	<b>(36,079)</b>
<b>Place</b>	Place - Community & Partnership	40,920	30,690	1,566	(29,124)	41,890	970
	Cost Centres - Place	334,020	250,515	190,920	(59,595)	253,230	(80,790)
	<b>Sub-Total</b>	<b>374,940</b>	<b>281,205</b>	<b>192,486</b>	<b>(88,719)</b>	<b>295,120</b>	<b>(79,820)</b>
<b>Planning &amp; Development</b>	Cost Centres - Planning Services	2,324,800	1,743,600	1,678,136	(65,464)	2,297,656	(27,144)
	Local Plan Implementation	1,048,700	786,525	(110,076)	(896,601)	1,043,914	(4,786)
	Planning & Development	(1,655,730)	(1,241,798)	(657,730)	584,068	(881,993)	773,737
	Planning Support Services	291,970	218,978	170,109	(48,868)	230,589	(61,381)
	Regulatory Services	(529,840)	(397,380)	(458,290)	(60,910)	(508,000)	21,840
	<b>Sub-Total</b>	<b>1,479,900</b>	<b>1,109,925</b>	<b>622,149</b>	<b>(487,776)</b>	<b>2,182,166</b>	<b>702,266</b>
<b>Strategy, Delivery &amp; Performance</b>	Strategy - Other Activities	161,600	121,200	91,153	(30,047)	118,100	(43,500)
	Strategy, Delivery & Performance Support Services	688,040	516,030	354,576	(161,454)	532,187	(155,853)
	<b>Sub-Total</b>	<b>849,640</b>	<b>637,230</b>	<b>445,729</b>	<b>(191,501)</b>	<b>650,287</b>	<b>(199,352)</b>
<b>General Fund Total</b>		<b>21,562,530</b>	<b>16,171,898</b>	<b>12,818,034</b>	<b>(3,353,864)</b>	<b>21,732,560</b>	<b>170,030</b>
	<b>Qualis Income</b>	(2,909,440)	-	-	-	(1,718,214)	1,191,226
	<b>HRA Recharges</b>	(5,224,670)	-	-	-	(5,351,900)	(127,230)
	<b>Financing</b>						
	<i>Interest (exc. Qualis):</i>						
	Interest Receivable	(50,000)	-	-	-	(292,869)	(242,869)
	Interest Payable	863,440	-	-	-	1,449,894	586,454
	Minimum Revenue Provision	1,327,000	-	-	-	1,125,000	(202,000)
	Specific Contingency (GF Energy)	62,500	-	-	-	0	(62,500)
<b>General Fund (Net Expenditure)</b>		<b>15,631,360</b>	<b>16,171,898</b>	<b>12,818,034</b>	<b>(3,353,864)</b>	<b>16,944,471</b>	<b>1,313,111</b>

## General Fund Capital Programme 2022/23

## Quarter 3 Forecast

Scheme	2021/22 Budget Outturn (xtract)			2022/23 Budget			2022/23 Budget Progress (@ 31st December 2022 - Q3)			
	2021/22 Unspent / (Overspent) Balances	(Savings) / Overspends not c/fwd	Balances Rolled Forward into 2022/23	2022/23 Budget Allocation	Q1-Q3 Changes	2022/23 Budget @ Q3 (Updated)	Actuals to Q3	Remaining Budget	Forecast Outturn 2022/23	Forecast (Uspend)/ Opend 2022/23
	£'s	£'s	£'s	£'s	£'s	£'s	£'s	£'s	£'s	£'s
<b>Community &amp; Wellbeing</b>										
Joint Museum and Library Facility	688,018	- 688,018	-	770,000	-	770,000	-	770,000	-	770,000
<b>Sub-Totals</b>	<b>688,018</b>	<b>- 688,018</b>	<b>-</b>	<b>770,000</b>	<b>-</b>	<b>770,000</b>	<b>-</b>	<b>770,000</b>	<b>-</b>	<b>770,000</b>
<b>Commercial &amp; Technical</b>										
Cartersfield Road	1,436,464	-	1,436,464	-	-	1,436,464	-	1,436,464	479,873	- 956,591
Investment Property Acquisition Fund	1,117,867	-	1,117,867	-	-	1,117,867	505,000	612,867	1,319,000	- 201,133
Princess of Wales PH - lease acquisition**	-	-	-	-	-	-	-	-	695,500	- 695,500
CCTV Replacement Programme	85,437	- 44,992	40,445	102,000	-	142,445	48,325	94,120	81,635	- 60,810
CarPark CCTV Systems	10,259	- 10,259	-	20,000	-	20,000	6,920	13,080	6,920	- 13,080
Superfast Broadband (REFCuS)	350,000	-	350,000	-	-	350,000	-	350,000	-	- 350,000
Disabled Facilities Grants (REFCuS)	218,152	- 218,152	-	971,210	-	971,210	577,278	393,932	800,000	- 171,210
Home Assist Grants (REFCuS)	-	-	-	30,000	-	30,000	-	30,000	-	- 30,000
Car Park Schemes	18,785	- 18,785	-	-	-	-	-	-	-	-
Civic Offices Accommodation Project	108,169	- 108,169	-	-	-	-	869	869	869	- 869
Civic Offices Café External Access	75,979	-	75,979	100,000	-	175,979	-	175,979	-	- 175,979
Highway Ranger Vehicle & Equipment	519	- 519	-	40,000	-	40,000	-	40,000	-	- 40,000
Grounds Maintenance	40,945	-	40,945	30,000	-	70,945	32,650	38,295	62,650	- 8,295
Highways (REFCuS)	97,564	-	97,564	-	-	97,564	11,580	85,984	21,580	- 75,984
H2 Taxiway (ex NWA Prep Phase 1)	200,000	-	200,000	-	-	200,000	3,009	196,991	3,009	- 196,991
NWA Vehicles & Equipment	-	-	-	-	-	-	18,855	18,855	18,855	- 18,855
Vehicle Fleet Replacement & OHD Equipment	622,740	-	622,740	-	-	622,740	345,994	276,746	415,994	- 206,746
Ongar Leisure Centre	4,953	- 4,953	-	-	-	-	-	-	-	-
Epping Leisure Centre (Bakers Lane)	1,562,560	-	1,562,560	12,500,000	-	10,937,440	69,763	10,867,677	250,000	- 10,687,440
<b>Sub-Totals</b>	<b>2,540,941</b>	<b>- 121,497</b>	<b>2,419,444</b>	<b>13,793,210</b>	<b>- 205,600</b>	<b>16,212,654</b>	<b>1,618,505</b>	<b>14,594,149</b>	<b>4,155,885</b>	<b>- 12,056,769</b>
<b>Corporate Services</b>										
ICT General Schemes	142,379	- 54,608	87,771	103,000	-	190,771	2,339	188,432	137,585	- 53,186
ICT Strategy	1,715,452	- 145,487	1,569,965	1,960,910	- 205,600	3,325,275	360,654	2,964,621	537,212	- 2,788,063
Civic Offices Accommodation Project (ICT)	63,830	- 55,288	8,542	-	-	8,542	9,883	1,341	9,883	- 1,341
<b>Sub-Totals</b>	<b>1,921,661</b>	<b>- 255,383</b>	<b>1,666,278</b>	<b>2,063,910</b>	<b>- 205,600</b>	<b>3,524,588</b>	<b>372,876</b>	<b>3,151,712</b>	<b>684,680</b>	<b>- 2,839,908</b>
<b>Customer Services</b>										
Council Chamber Upgrade	-	-	-	160,000	-	160,000	-	160,000	50,000	- 110,000
<b>Sub-Totals</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>160,000</b>	<b>-</b>	<b>160,000</b>	<b>-</b>	<b>160,000</b>	<b>50,000</b>	<b>- 110,000</b>
<b>Housing (Property Services)</b>										
Oakwood Hill Depot Extension	6,572	-	6,572	-	-	6,572	24,727	18,155	24,727	- 18,155
Investment Properties (Planned Works)	80,316	- 80,316	-	19,220	83,657	102,877	-	102,877	38,767	- 64,110
202-220 Loughton HR - roof and H & S works	-	-	-	-	141,490	141,490	64,468	77,022	141,490	-
Operational Properties (Planned Works)	93,230	- 12,250	80,980	252,000	- 19,547	313,433	5,843	307,590	87,000	- 226,433
<b>Sub-Totals</b>	<b>19,486</b>	<b>- 68,066</b>	<b>87,552</b>	<b>271,220</b>	<b>- 205,600</b>	<b>564,372</b>	<b>95,038</b>	<b>469,334</b>	<b>291,984</b>	<b>- 272,388</b>
<b>Place</b>										
Climate & Environmental Projects	426,984	-	426,984	250,000	-	676,984	-	676,984	676,984	-
<b>Sub-Totals</b>	<b>426,984</b>	<b>-</b>	<b>426,984</b>	<b>250,000</b>	<b>-</b>	<b>676,984</b>	<b>-</b>	<b>676,984</b>	<b>676,984</b>	<b>-</b>
<b>Qualis</b>										
Regeneration Finance Loans	41,247,500	-	41,247,500	55,000,000	-	96,247,500	2,750,000	93,497,500	8,750,000	- 87,497,500
<b>Sub-Totals</b>	<b>41,247,500</b>	<b>-</b>	<b>41,247,500</b>	<b>55,000,000</b>	<b>-</b>	<b>96,247,500</b>	<b>2,750,000</b>	<b>93,497,500</b>	<b>8,750,000</b>	<b>- 87,497,500</b>
<b>Total Expenditure</b>	<b>46,844,590</b>	<b>- 996,832</b>	<b>45,847,758</b>	<b>72,308,340</b>	<b>-</b>	<b>118,156,098</b>	<b>4,836,419</b>	<b>113,319,679</b>	<b>14,609,533</b>	<b>- 103,546,565</b>
** to be transferred to the HRA for development										
<b>Capital Financing:</b>										
Borrowing	46,626,438	- 778,680	45,847,758	67,844,380	-	113,692,138	2,859,141	110,832,997	12,409,533	- 101,282,605
Capital Grants	218,152	- 218,152	-	971,210	-	971,210	577,278	393,932	800,000	- 171,210
Capital Receipts	-	-	-	3,492,750	-	3,492,750	1,400,000	2,092,750	1,400,000	- 2,092,750
<b>Total Financing</b>	<b>46,844,590</b>	<b>- 996,832</b>	<b>45,847,758</b>	<b>72,308,340</b>	<b>-</b>	<b>118,156,098</b>	<b>4,836,419</b>	<b>113,319,679</b>	<b>14,609,533</b>	<b>- 103,546,565</b>

## Housing Revenue Account Capital Programme 2022/23

## Quarter 3 Forecast

HRA Capital Programme 2022/23: Quarter 3 Forecast										
	2021/22 Budget Outturn (xtract)			2022/23 Budget			2022/23 Budget Progress (@ 31 December 2022 - Q3)			
	2021/22 Unspent/ (Overspent) Balances	Savings	Balances Rolled Forward into 2022/23	2022/23 Budget Allocation	Q1-Q3 Changes	2022/23 Budget (Updated)	Actuals to Q3	Remaining Budget	Forecast Outturn 2022/23	Forecast (Uspend) / Ospend 2022/23
Schemes	£	£	£	£	£	£	£	£	£	£
<b>Housing Development Programme:</b>										
Housebuilding	8,335,830	8,335,830	-	15,597,810	-	15,597,810	2,457,050	13,140,760	4,584,590	- 11,013,220
Acquisition of Land for Building	-	-	-	2,750,000	-	2,750,000	-	2,750,000	-	- 2,750,000
Acquisition of Street Properties	2,968,310	2,968,310	-	-	-	-	-	-	-	-
Qualis Acquisitions	7,492,000	7,492,000	-	10,461,190	-	10,461,190	-	10,461,190	-	- 10,461,190
<b>Sub-Totals</b>	<b>12,859,520</b>	<b>12,859,520</b>	<b>-</b>	<b>28,809,000</b>	<b>-</b>	<b>28,809,000</b>	<b>2,457,050</b>	<b>26,351,950</b>	<b>4,584,590</b>	<b>- 24,224,410</b>
<b>Capital Works:</b>										
Net Zero Carbon Works	100,000	0	100,000	500,000	900,000	1,500,000	-	1,500,000	100,000	- 1,400,000
Heating	691,840	-	691,840	1,556,000	-	2,247,840	929,860	1,317,970	2,038,380	- 209,460
Windows, Door and Roofing	848,550	-	848,550	2,886,000	300,000	3,434,550	1,647,920	1,786,630	3,079,940	- 354,610
Compliance Planned Maintenance	439,160	-	439,160	250,000	-	689,160	308,680	380,480	525,640	- 163,520
Kitchens & Bathrooms	566,420	-	566,420	2,300,000	-	2,866,420	376,640	2,489,780	2,414,810	- 451,610
Electrical	101,390	18,380	119,770	1,711,000	-	1,830,770	988,820	841,950	1,752,510	- 78,260
Sprinklers	275,000	275,000	-	-	-	-	-	-	-	-
Environmental	306,280	150,940	155,340	275,000	-	430,340	36,430	393,910	320,940	- 109,400
Structural works	1,636,520	-	1,636,520	949,000	600,000	1,985,520	362,510	1,623,010	687,990	- 1,297,530
Disabled adaptations	114,620	-	114,620	1,145,000	-	1,030,380	454,880	575,520	939,200	- 91,180
Asbestos Removal	219,190	100,000	119,190	130,000	-	249,190	28,190	220,990	133,000	- 116,190
Estate Improvements	56,110	56,110	-	50,000	-	50,000	4,130	45,870	25,000	- 25,000
<b>Sub-Totals</b>	<b>5,125,840</b>	<b>563,670</b>	<b>4,562,170</b>	<b>11,752,000</b>	<b>-</b>	<b>16,314,170</b>	<b>5,138,060</b>	<b>11,176,110</b>	<b>12,017,410</b>	<b>- 4,296,760</b>
<b>Other Housing Schemes:</b>										
Service Enhancements										
HAM Project	251,730	-	251,730	400,000	-	651,730	278,630	373,100	524,170	- 127,560
HFHH Act Project	24,210	-	24,210	154,000	-	178,210	730	177,480	150,000	- 28,210
Limes/Copperfield Regeneration Project	228,510	-	228,510	3,000,000	-	2,771,490	130,650	2,640,840	2,042,000	- 729,490
The Broadway Regeneration Project	-	-	-	2,750,000	-	2,750,000	-	2,750,000	74,000	- 2,675,990
Frank Bretton Refurbishment	115,720	115,720	-	-	-	-	-	-	-	-
Emergency Alarm System Upgrade	-	-	-	360,000	-	360,000	-	360,000	-	- 360,000
Sheltered Blocks Refurbishment	-	-	-	330,000	-	330,000	-	330,000	175,000	- 155,000
Door Replacemnt Programme	99,000	-	99,000	235,000	-	334,000	-	334,000	10,000	- 324,000
<b>Sub-Totals</b>	<b>30,710</b>	<b>115,720</b>	<b>146,430</b>	<b>7,229,000</b>	<b>-</b>	<b>7,375,430</b>	<b>410,010</b>	<b>6,965,420</b>	<b>2,975,170</b>	<b>- 4,400,250</b>
<b>Vehicle Replacements</b>	<b>80,070</b>	<b>80,070</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Total Expenditure</b>	<b>17,936,000</b>	<b>13,227,410</b>	<b>4,708,590</b>	<b>47,790,000</b>	<b>-</b>	<b>52,498,590</b>	<b>8,005,110</b>	<b>44,493,480</b>	<b>19,577,170</b>	<b>- 32,921,420</b>
<b>Capital Financing:</b>										
Direct Revenue Contributions	-	-	-	5,364,000	-	5,364,000	-	5,364,000	-	- 5,364,000
Major Repairs Reserve	4,708,590	-	4,708,590	9,904,000	-	14,612,590	6,556,290	8,056,300	17,277,330	2,664,740
Capital Receipts	-	-	-	5,970,000	-	5,970,000	982,820	4,987,180	1,833,840	- 4,136,160
Other Contributions	-	-	-	466,000	-	466,000	466,000	-	466,000	-
Borrowing	13,227,410	13,227,410	-	26,086,000	-	26,086,000	-	26,086,000	-	- 26,086,000
	<b>17,936,000</b>	<b>13,227,410</b>	<b>4,708,590</b>	<b>47,790,000</b>	<b>-</b>	<b>52,498,590</b>	<b>8,005,110</b>	<b>44,493,480</b>	<b>19,577,170</b>	<b>- 32,921,420</b>

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**DRAFT SAVINGS PROPOSALS ANALYSIS**

**1. Introduction**

1.1 As presented in **Attachment 1** (Appendix A, Paragraph 2.3), given the scale of the projected budget deficit for 2023/24 (£4.126 million) identified in the updated MTFP adopted in October 2022, senior officers, under the strategic direction of Cabinet, prepared initial savings proposals of £4.293 million (the net impact on the General Fund is £3.889 million, after adjusting for HRA Recharges) in order to achieve a draft balanced budget. The savings are assumed and embedded in Budget presented in **Attachment 1**. The table below summarises those savings by subjective heading.

**Table 1: Embedded Savings Proposals**

<b>Draft General Fund 2023/24 (@ December 2022): Embedded Savings Proposals</b>	
<b>Description</b>	<b>Value</b>
	<b>£'s</b>
Vacant Posts	1,411,297
Employees	1,024,585
Employees (other)	225,832
Premises	74,439
Transport	1,730
Supplies & Services	1,158,085
Fees & Charges	324,022
Miscellaneous Income	73,000
<b>Overall Savings Total</b>	<b>4,292,990</b>
HRA Recharges Adjustment	(403,944)
<b>Net Savings in General Fund</b>	<b>3,889,046</b>

1.2 The identification of savings on this scale (27.0% of the 2022/23 General Fund Net Expenditure budget) is critical to ensure the financial sustainability of the Council. Nevertheless – in developing the proposals – Cabinet and senior officers have been mindful of the overriding need to protect public services and, where the removal of posts is unavoidable, priority has been given to vacant posts, with compulsory redundancies an absolute last resort in the case of occupied posts.

1.3 The delivery of the savings proposals presented above requires a formal statutory consultation process, which formally commenced on 9th January 2023 and is currently still in progress. As described in the December 2022 Cabinet report on the draft Budget for 2023/24, the purpose of this attachment is to provide the Committee with more details on the draft savings proposals in order to enhance transparency, invite comment and generally facilitate the robust scrutiny of the draft Budget prior to final consideration by Cabinet on 6th February 2023.

## 2. Draft Savings Proposals 2023/24 (portfolio analysis)

2.1 The draft Savings Proposals presented above in Table 1 are further analysis by Cabinet portfolio in the table below.

**Table 2: Draft Savings Proposals: Portfolio Summary**

Portfolio	Gross Savings	HRA Adjustments	Net Savings (General Fund)
	£'s	£'s	£'s
Leader	20,000	(4,000)	16,000
Place	312,850	0	312,850
Finance	1,229,934	(99,845)	1,130,089
Housing & Community	270,504	(31,255)	239,249
Wellbeing & Community Partnerships	458,423	0	458,423
Customer	75,103	(28,794)	46,309
Contracts & Commissioning	52,000	0	52,000
Technical Services	737,944	(408)	737,537
Internal Resources	1,060,597	(224,514)	836,083
Reviews & Efficiency	75,635	(15,127)	60,508
<b>TOTALS</b>	<b>4,292,990</b>	<b>(403,944)</b>	<b>3,889,046</b>

2.2 The individual portfolio savings included in Table 2 above comprise the following budget reductions in 2023/24:

- **Leader (£20,000)** – a 40% reduction in anticipated Legal Fees saving £20,000.
- **Place (£312,850)** – a reduction in the Master Planning budget saving £101,100, the removal of one staff post, saving £28,750, and a range of other savings realising a total of £183,000 (including a range of savings on Local Plan costs following its assumed adoption in time for 2023/24).
- **Finance (£1,229,934)** – the savings in the Finance portfolio are dominated by staff savings achieved from (predominately vacant) posts comprising Revenues & Benefits (£416,637), Economic Development (£219,475), Business Support (£219,098), Audit Services (£89,474) and North Weald Airfield (£58,831).
- **Housing & Community (£270,504)** – the savings in this portfolio predominantly include a wide range of smaller savings in areas such as premises costs (e.g., £23,990 following the disposal of Epping Town Depot, and £23,500 relating to a reduction in Planned Maintenance Costs). The savings also include the removal of one staff post (£75,874) and the assumed realisation of cost savings on the dedicated Policing Team (£45,000).

- **Wellbeing & Community Partnerships (£458,423)** – the savings in this portfolio are dominated by staff savings achieved from (predominately vacant) posts (£334,183). A proposed reduction in third sector grants of £31,895 also forms part of the proposals.
- **Customer (£75,103)** – the proposed savings in the Customer portfolio comprise of mainly miscellaneous small savings totalling £45,551 (including the removal of kiosks in Waltham Abbey and Epping, which realises £7,657). The single largest item relates to the removal of one staff post saving £29,552.
- **Contracts & Commissioning (£52,000)** – the single largest budget saving relates to the introduction of charges for additional Waste Containers (£25,000).
- **Technical Services (£737,944)** – the savings in the Technical Services portfolio are dominated by staff savings achieved from (predominately vacant) posts (£459,682). In addition, an assumed saving of £101,944 will be realised from above inflation increases in fees for Pre-Application Planning Advice and Planning Applications themselves.
- **Internal Resources (£1,060,597)** – the largest area of savings in the Internal Resources portfolio are staff savings achieved from (predominately vacant) posts totalling £447,066 (including Business Support £121,185, Democratic Services £96,429, HR £78,993, and ICT £71,186). The second largest reduction relates to a wide range of small savings on ICT costs in areas such as software and licenses (£282,589). Further highlights include a planned reduction in the use of Agency Staff (£61,990) and the introduction of Car Park charges at Beaumont Drive, Roydon (£22,000); and
- **Reviews & Efficiency (£75,635)** – total staff savings of £75,635 are proposed to be realised from one post.

2.3 To conclude, the detailed review of all budget headings has been successful in the identification of a range of savings that can predominantly be realised without any impact on services; the emphasis has been firmly on protecting frontline services. However, it is regrettably inevitable that a limited number of Council services will be adversely affected, either partially or fully. Thus, if the savings proposals are accepted, the frontline service impacts include the following:

- **Community Safety** – the size of the dedicated Policing Team will be reduced; and
- **Community Programmes** – a range of community activities that the Council delivers or leads on will be either reduced or discontinued. This includes activities such as Yoga, Pilates, Bowls, Life Walks, Theatre Production (in schools) and Youth Projects; in certain instances, these activities will still continue, but will be led by other providers such as schools (in the case of Theatre Productions).

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