

Report to the Cabinet

Report reference: C-010-2022/23
Date of meeting: 30th September
2022



Portfolio: Finance – Cllr. John Philip
Subject: Quarter 1 Budget Monitoring Report 2022/23
Responsible Officer: Andrew Small (01992 564278)
Democratic Services: Adrian Hendry (01992 564246)

Recommendations/Decisions Required:

1. The General Fund revenue position at the end of Quarter 1 (30th June 2022) for 2022/23, including actions being or proposed to improve the position, where significant variances have been identified, be noted (*Appendix A*).
2. The General Fund capital position at the end of Quarter 1 (30th June 2022) for 2022/23 be noted (*Appendix B*).
3. The Housing Revenue Account revenue position at the end of Quarter 1 (30th June 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 1 (30th June 2022) for 2022/23 be noted (*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 30th June 2022 (“Quarter 1”).

In terms of General Fund revenue expenditure – at the Quarter 1 stage – a budget overspend of £1.196 million, with projected net expenditure of £16.827 million against an overall budget provision of £15.631 million, is forecast.

The Quarter 1 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 is driving higher pay demands across both the public and private sectors. This report currently assumes that staff will receive an average pay award in the region of 5.0% rather than the 2.0% award assumed in the budget. However, this is currently 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 (as a net borrower).

The funding position on the General Fund at the Quarter 1 stage is relatively subdued, 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 £165,000 in payments that it receives from preceptors as part of the Essex Council Tax Sharing Agreement (CTSA).

The Housing Revenue Account is projected to record a budget underspend of £1.513 million. The HRA is facing the same challenges as the General Fund (especially the impact of inflation on staffing and energy costs), but there is an overall need to reduce contributions to capital to maintain the minimum HRA balance of £2.0 million (a key part of the strategy within the HRA Business Plan); this lowers the size of the planned deficit in the budget.

Turning to capital spending:

- *General Fund Capital Programme* – spending in the first 3 months was £0.516 million, with a forecast outturn of £45.084 million, which – if this materialises – would lead to an underspend of £73.072 million. The drawdown on Qualis loans is lower than the budget and is the most significant variance (£59.247 million); and
- *Housing Revenue Account Capital Programme* – spending in the first 3 months was £2.272 million, with a forecast outturn of £31.417 million, which – if this materialises – would lead to an underspend of £21.082 million. Slippage on the Housing Development Programme is the most notable factor.

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 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 £3.045 million, which is significantly below the Council's formally adopted contingency balance of £4.0 million.

Reason for Decision:

The report enables the Cabinet to monitor and control the Council's financial position for 2022/23 and take whatever action it chooses, based on the information presented.

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 three months of the financial year, and projects forward to the anticipated outturn for the end of the financial year.

1.2 This is the first update for 2022/22 and includes the General Fund and Housing Revenue Account positions, for both revenue and capital, as at 30th June 2022 ("Quarter 1").

2) General Fund Revenue Budget

Net Expenditure

2.1 The General Fund *net expenditure* position for 2022/23, at the Quarter 1 stage – summarised by service area – is presented in **Appendix A**. The headline is a forecast budget overspend of £1.196 million, with projected net expenditure of £16.827 million against an overall budget provision of £15.631 million. The table below summarises the position by service.

GF Net Expenditure Budget 2022/23 (Quarter 1)			
Description	Budget 2022/23	Forecast Spending (31/03/23)	Variance
	£000's	£000's	£000's
Chief Executive	658	657	(1)
Commercial & Technical	139	107	(32)
Community & Wellbeing	1,783	1,765	(18)
Corporate Services	9,763	9,631	(132)
Customer Services	2,255	2,135	(120)
Finance & Audit	2,411	2,431	20
Housing & Property	1,849	1,843	(6)
Place	375	338	(37)
Planning & Development	1,480	2,294	814
Strategy, Delivery & Performance	850	823	(27)
Qualis	(2,909)	(2,208)	701
HRA Recharges	(5,225)	(5,352)	(127)
Financing	2,202	2,363	161
Totals (Net Expenditure)	15,631	16,827	1,196

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:

- **Planning & Development (£813,965 forecast Overspend)** – the continued delay in finalising the Local Plan is 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 before Christmas 2022. Forecast income from Planning Applications in 2022/23 is now £1,000,000, thus driving a negative variance of £711,780.
- **Qualis Income (£700,526 forecast Overspend)** – the delayed Local Plan is also 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 are also 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 £700,526; and

- **Financing Costs (£160,995 forecast Overspend)** – rising interest rates are also having a negative impact on the Council's (non Qualis) net Financing Costs. Forecast Interest Payable on working capital and the General Fund Capital Programme is now £1,171,042 compared to a budget of £863,440, thus driving a negative variance of £307,602. Although forecast Interest Receivable (on cash and short-term investments) is also exceeding budget expectations (by £66,107), rising interest rates are detrimental to the Council (as a net borrower).

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 (£132,136 forecast Underspend)** – the forecast surplus on Corporate Services is largely driven by a forecast underspend of £168,104 on Insurance Premiums following the commencement of the new Insurance contract, following the completion of a full re-tendering exercise
- **Customer Services (£119,467 forecast Underspend)** – staff vacancies in both the Revenues and Benefits teams are driving anticipated surpluses of £238,721 and £115,030 respectively, which are the dominant factor behind the forecast underspend. This is despite the upward pressure on pay rates (see Paragraph 2.4 below); 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) for July 2022 was 10.1%, which is the highest rate for 40 years. The exceptionally high inflation rate is driving increased pay demands across both the public and private sector. At the time of preparing this report, local government pay negotiations for 2022/23 are still in progress at a national level, with the employers' latest offer being £1,925 to all employees (irrespective of base salary). This (broadly and typically) equates to a 5.0% pay award for the average Epping Forest District Council employee and could potentially drive an overall cost pressure of up to £800,000 on the Council's base budget. The forecast figures presented include the expectation that the Council will have to meet the employers' latest offer. 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. Therefore, senior officers are now working together in developing a joint strategy aimed at containing overall staffing costs within budget for 2022/23. It should be noted that the 2023/24 budget will require additional growth to the base budget if current staffing levels are to be maintained
- **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 (see Paragraph 3.2 below re £237,000 cost pressure). 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, a limited overspend of £59,410 (including the use of £50,000 of a £62,500 contingency) has been assumed. A more detailed review of projected energy costs is being undertaken by Property Services officers at the time of preparing this report; an updated projection will be presented in the Quarter 2 report; and

- **Recycling Income** – although the Commercial & Technical Services directorate is forecast to record a small surplus of £32,094 at this stage, there is an underspend of £565,610 on the Waste Management service underlying the net position (as summarised in **Appendix A**). The dominant factor is an anticipated net underspend of £613,262 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 £541,000. 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. However, attention is drawn to the most recent Medium-Term Financial Plan (MTFP) 2022/23 to 2026/27 adopted by the Council in February 2022, which identifies a major cost pressure – estimated at £1.3 million per annum – expected to impact from December 2024, with the letting of the new Waste Collection contract; a stronger market for recyclable materials would help dampen this cost pressure. It should also be noted that an 11% uplift on the Waste Collection contract has been absorbed in the overall Waste Management forecast (effective from 1st November 2022), representing a forecast cost pressure of £189,000 for 2022/23 (circa £450,000 per annum). Again, 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 1 stage is summarised in the table below.

GF Funding Position 2022/23 (Quarter 1)			
Source Description	Budget Assumption 2022/23	Forecast (31/03/23)	Variance
	£000's	£000's	£000's
Council Tax	(8,639)	(8,639)	0
Business Rates	(5,011)	(5,042)	(31)
Collection Fund Adjustments	(165)	(165)	0
Council Tax Sharing Agreement (CTSA)	(948)	(783)	165
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)	(19)	32
Contribution to/(from) Reserves	337	(1,025)	(1,362)
Total Funding	15,631	16,827	1,196

2.6 The funding position has been mixed for the General Fund in Quarter 1. The Business Rates position has been relatively stable, with a projected Pooling benefit at this stage of £562,000 compared to the budget assumption of £531,000 (up £31,000). Council Tax collection has not been performing quite as well as expected, with slightly lower CTSA payments of £783,000 now anticipated. The Council received a larger than anticipated Credit Loss Adjustment in its 2021/22 Accounts following an updated Fair Value review of the original Qualis Working Capital Loan. Whilst good for the 2021/22 outturn, this leaves less available in the General Fund Reserve to support the 2022/23 budget; latest estimates suggest a potential year end credit adjustment of £18,657, although it should be noted that a range of variable factors underlying the calculation mean that this is an estimate that can fluctuate.

Reserves

2.7 The negative outlook of £1.196 million on net expenditure summarised and explained in paragraphs 2.1 to 2.4, and the funding position presented in paragraphs 2.5 to 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 £1.025 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.

Movement on General Fund Reserve: Quarter 1 2022/23	
Description	£000's
General Fund Balance 31st March 2022 (pre-audit)	4,070
Contribution from Reserves 2022/23 (Q1 forecast)	(1,025)
General Fund Balance 31st March 2023 (Q1 forecast)	3,045

2.8 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.

2.9 Expenditure funded from ring-fenced grants and earmarked reserves has been minimal in Quarter 1. A detailed analysis will be presented at the Quarter 2 stage.

3) Housing Revenue Account (revenue)

3.1 The Housing Revenue Account (HRA) revenue position for 2022/23, at the Quarter 1 stage, is summarised in the table below. As at 30th June 2022, a £1.513 million underspend is forecast for the year end, with projected net expenditure of £2.164 million compared to an overall budget provision of £3.677 million.

HRA Budget 2022/23 (Quarter 1)			
Description	Budget 2022/23 (Updated)	Forecast Spending (31/03/23)	Variance
	£000's	£000's	£000's
EXPENDITURE			
Supervision & Management (General)	6,976	7,158	182
Supervision & Management (Special)	4,111	4,397	286
Rents, Rates, Taxes & Insurances	504	478	(26)
Repairs & Maintenance	9,418	9,727	309
Management & Maintenance	21,009	21,760	751
Capital Charges	8,958	8,958	0
Treasury Management Expenses	58	30	(28)
Provision for Bad/Doubtful Debts	93	93	0
Total Expenditure	30,118	30,841	723
INCOME			
Dwelling Rents	(34,973)	(35,196)	(223)
Non-Dwellings Rents	(843)	(772)	71
Charges for Services & Facilities	(1,228)	(1,309)	(81)
Contributions from General Fund	(368)	(368)	0
Total Income	(37,412)	(37,645)	(233)
Net Cost of Services	(7,294)	(6,804)	490
Interest on Receipts and Balances	(6)	(6)	0
Interest Payable on Loans	5,613	5,348	(265)
Net Operating Income	(1,687)	(1,462)	225
<i>Appropriations:</i>			
Direct Revenue Contributions to Capital	5,364	3,626	(1,738)
(Surplus)/Deficit for Year	3,677	2,164	(1,513)

3.2 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.

HRA Budget Reconciliation 2022/23: Quarter 1	
Description	Value (£000's)
(Surplus)/Deficit for Year (approved by full Council 24/02/22)	3,537
<i>Brought forward project budget from 2021/22:</i>	
“More than Bricks and Mortar” Estate Improvement Scheme	140
Total Budget Additions (@ Quarter 1)	140
(Surplus) / Deficit for Year (updated Budget 2022/23 @ Quarter 1)	3,677

3.3 There are five significant factors behind the forecast as follows:

- **Direct Revenue Contributions (£1.738 million forecast Underspend)** – the dominant factor in the overall underspend, is an anticipated significant reduction in Contributions to Capital. This is due to the need to maintain a minimum HRA balance of £2.0 million, which is key part of the strategy embedded in the HRA Business Plan. See Paragraph 3.3 below for a more detailed explanation
- **Repairs and Maintenance (£0.309 million forecast Overspend)** – there are numerous items contributing to this variance, the largest of which relates to the additional short-term costs (£75,000) associated with the new Gas Servicing contract with Qualis, which is expected to deliver substantial future savings
- **Supervision and Management Special (£0.286 million forecast Overspend)** – the most significant factor here, is a forecast budget pressure of £237,000 (50% above budget) due to anticipated increases in energy (gas and electric) costs
- **Interest Payable on Loans (£0.265 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; and
- **Dwelling Rent (£0.223 million forecast Underspend)** – improvements in void turnaround times is leading to rental income levels exceeding budget.

3.4 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). The reduced Contributions to Capital are thus derived as follows:

- | | | |
|---|---|-----------------------|
| • 2021/22 Overspend (Para 3.3) | - | £1.375 million |
| • 2021/22 Roll Forward (Para 3.2) | - | £0.140 million |
| • 2022/23 Net Operating Income Forecast Q1 (Para 3.1) | - | <u>£0.225 million</u> |
| • Impact on Capital Contributions | | £1.740 million |

4) General Fund Capital Programme

4.1 The General Fund Capital Programme for 2022/23 as at 30th June 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 3 months was £0.516 million, with a forecast outturn of £45.084 million, which – if this materialises – would lead to an underspend of £73.072 million.

General Fund Capital Programme 2022/23 (Quarter 1)					
Description	Budget 2022/23 (Updated)	Spending (@ 30 June 2022)	Remaining Budget (@ 30 June 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	16,213	438	15,775	3,366	(12,847)
Corporate Services	3,435	72	3,363	3,308	(127)
Customer Services	160	0	160	160	0
Housing (General Fund)	654	6	648	573	(81)
Place	677	0	677	677	0
Qualis Loans	96,247	0	96,247	37,000	(59,247)
Total Expenditure	118,156	516	117,640	45,084	(73,072)
<i>Capital Financing:</i>					
Borrowing	113,692	387	113,305	42,924	(70,768)
Capital Grants	971	129	842	760	(211)
Capital Receipts	3,493	0	3,493	1,400	(2,093)
Total Financing	118,156	516	117,640	45,084	(73,072)

4.2 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.

4.3 There are two dominant areas of underspending/slippage on the General Fund Capital Programme at the Quarter 1 stage:

- **Qualis (£59.247 million forecast Underspend)** – as described in Paragraph 2.2, 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 (£12.847 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 £0.359 million is now anticipated, resulting in an underspend of £1.077 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; comprehensive vacant possession is required for the site before capital works can commence.

5) Housing Revenue Account (HRA) Capital Programme

5.1 The Housing Revenue Account (HRA) Capital Programme for 2022/23 as at 30th June 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 3 months was £2.272 million, with a forecast outturn of £31.417 million, which – if this materialises – would lead to an underspend of £21.082 million.

HRA Capital Programme 2022/23 (Quarter 1)					
Description	Budget 2022/23 (Updated)	Spending (@ 30 June 2022)	Remaining Budget (@ 30 June 2022)	Forecast Spending (31/03/23)	Variance (Under) / Over
	£000's	£000's	£000's	£000's	£000's
Housing Development	28,809	1,075	27,734	9,557	(19,252)
Capital Works	16,314	1,136	15,178	16,176	(138)
Other Housing Schemes	7,376	61	7,315	5,684	(1,692)
Total Expenditure	52,499	2,272	50,227	31,417	(21,082)
<i>Capital Financing:</i>					
Direct Revenue Contributions	5,364	0	5,364	3,626	(1,738)
Major Repairs Reserve	14,613	1,842	12,771	18,293	3,680
Capital Receipts	5,970	430	5,540	3,823	(2,147)
Other Contributions	466	0	466	466	0
Borrowing	26,086	0	26,086	5,209	(20,877)
Total Financing	52,499	2,272	50,227	31,417	(21,082)

5.2 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.

5.3 There are two significant areas of underspending/slippage on the HRA Capital Programme at the Quarter 1 stage; Housing Development and Other Housing Schemes. Thus:

- **Housing Development (£19.252 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 £5.870 million, which – if this materialises – would lead to an underspend of £9.728 million at year end. Several schemes have encountered planning issues and delays; in particular, two large schemes at Chequers B and Ladyfields, with anticipated spend of over £5.0 million, are subject to planning consent and will not commence until early 2023; and

- Qualis Acquisitions – the budget allocation for this scheme in 2022/23 was £10.461 million. Forecast spending is now £1.0 million, which if this materialises – would lead to an underspend of £9.461 million. Qualis have encountered planning delays, which have halted works, but permissions have now been granted and schemes are expected 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.
- **Other Housing Schemes (£1.692 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 £3.817 million, which – if this materialises – would lead to an ‘overspend’ – against the in-year budget – of £1.045 million (it should be noted that this is covered by a profiled budget provision of £3.0 million in 2023/24). There have been some initial setbacks related to the tender report however, and subject to approval (19th September 2022 Cabinet), the scheme is expected to commence in late September 2022; and in contrast
 - 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 £2.635 million. The project is now expected to be delivered in 2023/24.

5.4 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 £20.877 million reduction in the need to borrow in 2022/23.

Options:

There are no matters for decision in this report. The Cabinet 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 be taken to maintain a balanced budget.

Safer, Cleaner, Greener Implications:

There are no SGS 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 3)

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 1 Forecast

Epping Forest DC: General Fund Revenue Budget 2022/23							
@ 30 June 2022 (Month 3)							
Service Area	Activity	Net Expenditure					
		Full Year Budget	Budget (M3)	Actual	Variance	Forecast	Variance
		£'s	£'s	£'s	£'s	£'s	£'s
Chief Executive	Chief Executive Support Services	532,530	133,133	129,102	- 4,030	520,410	- 12,120
	Corporate Activities	75,820	18,955	16,300	- 2,655	87,137	11,317
	Chief Executive Other Activities	50,000	12,500	-	- 12,500	50,000	0
	Sub-Total	658,350	164,588	145,402	- 19,185	657,547	- 803
Commercial & Technical Services	Car Parking	- 894,030	- 223,508	- 113,183	110,325	- 820,200	73,830
	C&T Community & Partnership	232,330	58,083	- 113,980	- 172,062	235,329	2,999
	Contracts & Technical Support Services	1,810,440	452,610	481,205	28,595	1,898,543	88,103
	Cost Centres - Contracts & Technical	3,325,580	831,395	710,378	- 121,017	3,424,424	98,844
	C&T Emergency Planning & Other	2,500	625	2,400	1,775	2,500	-
	Environmental Health	232,250	58,063	61,580	3,517	233,051	801
	Land Drainage/Sewerage	129,830	32,458	9,924	- 22,533	125,719	- 4,111
	Land & Property	- 7,688,610	- 1,922,153	- 1,691,991	230,162	- 7,520,971	167,639
	Leisure Facilities	- 1,215,530	- 303,883	- 35,342	268,540	- 1,099,469	116,061
	North Weald Centre	- 1,152,230	- 288,058	- 495,270	- 207,213	- 1,194,408	- 42,178
	Parks & Grounds	471,920	117,980	- 15,352	133,332	508,329	36,409
	Private Sector Housing	- 96,790	- 24,198	- 36,166	- 11,969	- 101,669	- 4,879
	C&T Regulatory Services	- 255,480	- 63,870	- 40,832	23,038	- 255,480	0
	Waste Management	5,236,990	1,309,248	907,148	- 402,100	4,671,380	- 565,610
	Sub-Total	139,170	34,793	- 369,482	- 404,274	107,076	- 32,094
Community & Wellbeing	Community, Health & Wellbeing	120,340	30,085	30,324	239	107,949	- 12,391
	Cost Centres - Community & Wellbeing	457,670	114,418	118,513	4,095	457,158	- 512
	Economic Projects Support Serv	198,290	49,573	49,513	- 60	200,000	1,710
	Homelessness	73,000	18,250	- 766,677	- 784,927	108,042	35,042
	Museum, Heritage & Culture	682,640	170,660	149,580	- 21,080	640,629	- 42,011
	Voluntary Sector Support	250,740	62,685	269	- 62,416	251,592	852
	Sub-Total	1,782,680	445,670	- 418,479	- 864,149	1,765,370	- 17,310
Corporate Services	Business Support	1,925,860	481,465	352,746	- 128,719	1,972,984	47,124
	Cost Centres - Corporate Support	335,600	83,900	97,681	13,781	336,468	868
	Elections	222,460	55,615	130,468	74,853	208,264	- 14,196
	Emergency Planning & Other	115,840	28,960	17,171	- 11,789	108,721	- 7,119
	ICT	3,810,130	952,533	1,764,203	811,671	3,790,720	- 19,410
	Insurance Premiums	810,060	202,515	- 2,391	- 204,906	641,956	- 168,104
	Corp Serv - Member Activities	381,760	95,440	88,942	- 6,498	381,760	-
	Other Support Services	1,866,960	466,740	374,167	- 92,573	1,871,718	4,758
	Strategy Support Services	294,150	73,538	76,765	3,227	318,092	23,942
	Sub-Total	9,762,820	2,440,705	2,899,753	459,048	9,630,684	- 132,136
Customer Services	Cost Centres - Customer Services	2,472,370	618,093	579,343	- 38,750	2,304,458	- 167,912
	Customer Support Services	1,621,990	405,498	388,566	- 16,931	1,657,356	35,366
	Housing Benefits	- 1,172,620	- 293,155	- 714,621	- 421,466	- 1,174,829	- 2,209
	Local Taxation	- 693,360	- 173,340	- 7,109,217	- 6,935,877	- 678,070	15,290
	Customer Services - Members Activities	26,470	6,618	80,596	73,979	26,469	- 1
	Sub-Total	2,254,850	563,713	- 6,775,334	- 7,339,046	2,135,383	- 119,467
Finance & Audit	Audit Support Services	384,470	96,118	93,558	- 2,560	378,719	- 5,751
	Finance Support Services	1,063,390	265,848	103,459	- 162,388	1,188,612	125,222
	Finance & Other Activities	963,630	240,908	-	- 240,908	863,630	- 100,000
	Sub-Total	2,411,490	602,873	197,017	- 405,855	2,430,961	19,471
Housing & Property	Accommodation	457,940	114,485	555,936	441,451	463,066	5,126
	Cost Centres - Housing & Property	510,440	127,610	125,025	- 2,585	532,770	22,330
	Facilities & Depot Management	528,200	132,050	148,463	16,413	485,339	- 42,861
	Housing & Property Support Services	352,110	88,028	80,114	- 7,913	361,626	9,516
	Housing Policy	-	-	-	-	-	-
	Sub-Total	1,848,690	462,173	909,539	447,366	1,842,802	- 5,888
Place	Place - Community & Partnership	40,920	10,230	- 21,173	- 31,403	37,574	- 3,346
	Cost Centres - Place	334,020	83,505	72,138	- 11,367	300,139	- 33,881
	Economic Resilience Fund	-	-	-	-	-	-
	Sub-Total	374,940	93,735	50,965	- 42,770	337,714	- 37,226
Planning & Development	Cost Centres - Planning Services	2,324,800	581,200	558,046	- 23,154	2,371,077	46,277
	Local Plan Implementation	1,048,700	262,175	- 523,873	- 786,048	1,029,908	- 18,792
	Planning & Development	- 1,655,730	- 413,933	- 185,477	228,455	- 843,402	812,328
	Planning Support Services	291,970	72,993	53,802	- 19,191	278,364	- 13,606
	Regulatory Services	- 529,840	- 132,460	- 226,461	- 94,001	- 542,080	- 12,240
	Sub-Total	1,479,900	369,975	- 323,964	- 693,939	2,293,865	813,965
Strategy, Delivery & Performance	Strategy - Other Activities	161,600	40,400	16,476	- 23,924	161,600	0
	Strategy, Delivery & Performance Support Services	688,040	172,010	103,418	- 68,592	661,577	- 26,463
	Sub-Total	849,640	212,410	119,894	- 92,516	823,177	- 26,463
General Fund Total		21,562,530	5,390,633	- 3,564,690	- 8,955,322	22,024,580	462,050
	Qualis Income	- 2,909,440	-	128,207	-	- 2,208,914	700,526
	HRA Recharges	- 5,224,670	-	-	-	- 5,351,900	- 127,230
	Financing						
	Interest (exc. Qualis):						
	Interest Receivable	- 50,000	-	-	-	116,107	66,107
	Interest Payable	863,440	-	-	-	- 1,171,042	- 307,602
	Minimum Revenue Provision	1,327,000	-	-	-	- 1,259,000	- 68,000
	Specific Contingency (GF Energy)	62,500	-	-	-	- 50,000	- 12,500
General Fund (Net Expenditure)		15,631,360	5,390,633	- 3,436,483	- 8,955,322	16,827,701	1,196,341

General Fund Capital Programme 2022/23

Quarter 1 Forecast

General Fund Capital Programme 2022/23: Quarter 1 Forecast										
Scheme	2021/22 Budget Outturn (xtract)			2022/23 Budget		2022/23 Budget Progress (@ 30th June 2022 - Q1)				
	2021/22 Unspent / (Overspent) Balances	(Savings) / Overspends not c/fwd	Balances Rolled Forward into 2022/23	2022/23 Budget Allocation	Q1 Changes	2022/23 Budget (Updated)	Actuals to Q1	Remaining Budget	Forecast Outturn 2022/23	Forecast (Uspend)/ Opend 2022/23
	£'s	£'s	£'s	£'s	£'s	£'s	£'s	£'s	£'s	£'s
Community & Wellbeing										
Joint Museum and Library Facility	688,018	- 688,018	-	770,000	-	770,000	-	770,000	-	770,000
Sub-Totals	688,018	- 688,018	-	770,000	-	770,000	-	770,000	-	770,000
Commercial & Technical										
Cartersfield Road	1,436,464	-	1,436,464	-	-	1,436,464	-	1,436,464	359,116	1,077,348
Investment Property Acquisition Fund	1,117,867	-	1,117,867	-	-	1,117,867	-	1,117,867	425,000	692,867
EFDC Shopping Park	-	-	-	-	-	-	-	-	-	-
CCTV Replacement Programme	85,437	- 44,992	40,445	102,000	-	142,445	12,978	129,467	100,110	42,335
CarPark CCTV Systems	10,259	10,259	-	20,000	-	20,000	-	20,000	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	128,427	842,783	760,000	211,210
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	-	-	-	-	-	-	92,976	92,976
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	-	70,945	62,650	8,295
Highways (REFCuS) Orig E100k 21/22 budget	97,564	-	97,564	-	-	97,564	-	97,564	97,564	-
H2 Taxiway (ex NWA Prep Phase 1)	200,000	-	200,000	-	-	200,000	-	200,000	200,000	-
NWA Employment Land Develop	-	-	-	-	-	-	21,812	21,812	21,812	21,812
NWA Vehicles & Equipment (funded by vehicle sales)	-	-	-	-	-	-	23,970	23,970	23,970	23,970
Vehicle Fleet Replacement & OHD Equipment	622,740	-	622,740	-	-	622,740	250,197	372,543	369,574	253,166
Ongar Leisure Centre	4,953	4,953	-	-	-	-	-	-	-	-
Epping Leisure Centre (Bakers Lane)	1,562,560	-	1,562,560	12,500,000	-	10,937,440	-	10,937,440	250,000	10,687,440
Sub-Totals	2,540,941	- 121,497	2,419,444	13,793,210	- 294,910	16,212,654	437,384	15,775,270	3,365,671	- 12,846,983
Corporate Services										
ICT General Schemes	142,379	- 54,608	87,771	103,000	-	190,771	-	190,771	189,439	1,332
ICT Strategy	1,715,452	- 145,487	1,569,965	1,960,910	- 294,910	3,235,965	72,430	3,163,535	3,109,800	126,165
Civic Offices Accommodation Project (ICT)	63,830	- 55,288	8,542	-	-	8,542	-	8,542	8,542	-
Sub-Totals	1,921,661	- 255,383	1,666,278	2,063,910	- 294,910	3,435,278	72,430	3,362,848	3,307,781	- 127,497
Customer Services										
Council Chamber Upgrade	-	-	-	160,000	-	160,000	-	160,000	160,000	-
Sub-Totals	-	-	-	160,000	-	160,000	-	160,000	160,000	-
Housing (Property Services)										
Oakwood Hill Depot Extension	6,572	-	6,572	-	-	6,572	-	6,572	24,727	18,155
Investment Properties (Planned Works)	80,316	80,316	-	19,220	294,910	314,130	-	314,130	314,130	-
Operational Properties (Planned Works)	93,230	- 12,250	80,980	252,000	-	332,980	5,843	327,137	234,547	98,433
Sub-Totals	19,486	68,066	87,552	271,220	294,910	653,682	5,843	647,839	573,404	- 80,278
Place										
Climate & Environmental Projects	426,984	-	426,984	250,000	-	676,984	-	676,984	676,984	-
Sub-Totals	426,984	-	426,984	250,000	-	676,984	-	676,984	676,984	-
Qualis										
Asset Purchase Loan	1,247,500	-	1,247,500	-	-	1,247,500	-	1,247,500	-	1,247,500
Regeneration Finance Loans	40,000,000	-	40,000,000	55,000,000	-	95,000,000	-	95,000,000	37,000,000	58,000,000
Sub-Totals	41,247,500	-	41,247,500	55,000,000	-	96,247,500	-	96,247,500	37,000,000	- 59,247,500
Total Expenditure	46,844,590	- 996,832	45,847,758	72,308,340	-	118,156,098	515,657	117,640,441	45,083,840	- 73,072,258
Capital Financing:										
Borrowing	46,626,438	- 778,680	45,847,758	67,844,380	-	113,692,138	387,230	113,304,908	42,923,840	70,768,298
Capital Grants	218,152	- 218,152	-	971,210	-	971,210	128,427	842,783	760,000	211,210
Capital Receipts	-	-	-	3,492,750	-	3,492,750	-	3,492,750	1,400,000	2,092,750
Total Financing	46,844,590	- 996,832	45,847,758	72,308,340	-	118,156,098	515,657	117,640,441	45,083,840	- 73,072,258

Housing Revenue Account Capital Programme 2022/23

Quarter 1 Forecast

HRA Capital Programme 2022/23: Quarter 1 Forecast										
	2021/22 Budget Outturn (xtract)			2022/23 Budget			2022/23 Budget Progress (@ 30 June 2022 - Q1)			
	2021/22 Unspent/ (Overspent) Balances	Savings	Balances Rolled Forward into 2022/23	2022/23 Budget Allocation	Q1 Changes	2022/23 Budget (Updated)	Actuals to Q1	Remaining Budget	Forecast Outturn 2022/23	Forecast (Uspend) / Ospend 2022/23
Schemes	£	£	£	£	£	£	£	£	£	£
Housing Development Programme:										
Housebuilding	8,335,830	8,335,830	-	15,597,810	-	15,597,810	1,074,950	14,522,860	5,869,530	- 9,728,280
Acquisition of Land for Building	-	-	-	2,750,000	-	2,750,000	-	2,750,000	2,687,500	- 62,500
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	1,000,000	- 9,461,190
Sub-Totals	12,859,520	12,859,520	-	28,809,000	-	28,809,000	1,074,950	27,734,050	9,557,030	- 19,251,970
Capital Works:										
Heating	691,840	-	691,840	1,556,000	-	2,247,840	57,790	2,190,050	1,849,160	- 398,680
Windows, Door and Roofing	848,550	-	848,550	2,886,000	- 300,000	3,434,550	489,830	2,944,720	3,495,830	61,280
Compliance Planned Maintenance	439,160	-	439,160	250,000	-	689,160	138,660	550,510	708,670	19,510
Kitchens & Bathrooms	566,420	-	566,420	2,300,000	-	2,866,420	172,990	2,693,420	2,918,220	51,800
Electrical	201,390	18,380	219,770	2,211,000	900,000	3,330,770	172,660	3,158,110	3,372,280	41,510
Sprinklers	275,000	275,000	-	-	-	-	-	-	-	-
Environmental	306,280	150,940	155,340	275,000	-	430,340	9,940	420,400	454,310	23,970
Structural works	1,636,520	-	1,636,520	949,000	- 600,000	1,985,520	40,700	1,944,820	2,008,700	23,180
Disabled adaptations	114,620	-	114,620	1,145,000	-	1,030,380	40,590	989,790	1,069,580	39,200
Asbestos Removal	219,190	100,000	119,190	130,000	-	249,190	9,240	239,950	249,190	-
Estate Improvements	56,110	56,110	-	50,000	-	50,000	4,130	45,870	50,000	-
Sub-Totals	5,125,840	563,670	4,562,170	11,752,000	-	16,314,170	1,136,530	15,177,640	16,175,940	- 138,230
Other Housing Schemes:										
Service Enhancements										
HAM Project	251,730	-	251,730	400,000	-	651,730	60,820	590,910	650,000	- 1,730
HFHH Act Project	24,210	-	24,210	154,000	-	178,210	-	178,210	178,210	-
Limes/Copperfield Regeneration Project	228,510	-	228,510	3,000,000	-	2,771,490	-	2,771,490	3,816,870	1,045,380
The Broadway Regeneration Project	-	-	-	2,750,000	-	2,750,000	-	2,750,000	115,340	- 2,634,660
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	230,000	- 100,000
Door Replacemnt Programme	99,000	-	99,000	235,000	-	334,000	-	334,000	334,000	-
Sub-Totals	30,710	115,720	146,430	7,229,000	-	7,375,430	60,820	7,314,610	5,684,420	- 1,691,010
Vehicle Replacements	80,070	80,070	-	-	-	-	-	-	-	-
Total Expenditure	17,936,000	13,227,410	4,708,590	47,790,000	-	52,498,590	2,272,290	50,226,300	31,417,390	- 21,081,200
Capital Financing:										
Direct Revenue Contributions	-	-	-	5,364,000	-	5,364,000	-	5,364,000	3,626,000	- 1,738,000
Major Repairs Reserve	4,708,590	-	4,708,590	9,904,000	-	14,612,590	1,842,310	12,770,280	18,293,000	3,680,410
Capital Receipts	-	-	-	5,970,000	-	5,970,000	429,980	5,540,020	3,822,810	- 2,147,190
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	5,209,580	- 20,876,420
	17,936,000	13,227,410	4,708,590	47,790,000	-	52,498,590	2,272,290	50,226,300	31,417,390	- 21,081,200