

Report to Overview & Scrutiny Committee

Date of meeting: 24th October 2023



Subject: Quarter 1 Budget Monitoring Report 2023/24

Portfolio Holder: Finance & Economic Development – Cllr. John Philip

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Recommendations/Decisions Required:

1. The General Fund revenue position at the end of Quarter 1 (30th June 2023) for 2023/24, including actions being undertaken or proposed to ameliorate the position, where significant variances have been identified, be noted (*including Appendix A*).
2. The General Fund capital position at the end of Quarter 1 (30th June 2023) for 2023/24 be noted (*including Appendix B*).
3. The Housing Revenue Account revenue position at the end of Quarter 1 (30th June 2023) for 2023/24, including actions proposed to ameliorate the position, where significant variances have been identified, be noted.
4. The Housing Revenue Account capital position at the end of Quarter 1 (30th June 2023) for 2023/24 be noted (*including Appendix C*); and
5. The wider position on Financial Performance and Risk at the end of Quarter 1 (30th June 2023) be noted.

Executive Summary:

This report sets out the 2023/24 General Fund and Housing Revenue Account budget positions, for both revenue and capital, as at 30th June 2023 (“Quarter 1”). It also considers a range of other Financial Performance and Risk indicators alongside the budget position.

In terms of General Fund revenue expenditure – at the Quarter 1 stage – a budget overspend of £1.523 million, with projected net expenditure of £19.164 million against an overall budget provision of £17.641 million, is forecast.

The most significant factor reflected in the Q1 forecast is increasing Interest Rates as the Bank of England has continued its strategy of raising the Bank Rate – beyond that foreseen when the Budget was set in February 2023 – in response to stubborn inflation in the economy. The Council is a Net Borrower and higher interest rates are having a detrimental impact in a number of areas. Most notably Net Interest Payable is forecast to be £626,269 over Budget as the windfall from additional Interest Receivable (£240,900) is outweighed by the cost of additional Interest Payable (£867,169). HRA Recharges are also suppressed as the General Fund is obligated to pass on additional Interest Receipts on HRA bank deposits. In addition, although the drawdown of Qualis loans has gathered pace in 2023, margins on on-lending are considerably lower than originally envisaged, and – at the time of reporting – are now below 1.0%.

Service pressures are relatively limited at this stage, although there are some emerging risks, most notably on Employee costs and income from Planning Applications. Firstly, the Budget assumes a Pay Award of 4.0%, but – nationally – Local Government Employers have offered a fixed sum of £1,925 to all pay grades (equating to around 5.0% on average at this Council). The forecast assumes a 5% increase in Employee costs, but Members should note that Unions have rejected the Pay Offer and are currently balloting members on strike action. And secondly, the volume of Planning Applications received in Quarter 1 is lower than expected, following the adoption of the Local Plan in March 2023. Some larger applications are anticipated in the coming months and there is some optimism that income levels will increase, but significant uncertainty remains, especially in the light of the (currently difficult) economic position.

The Funding position on the General Fund at the Quarter 1 stage is mixed, with surplus income of £646,000 expected from Business Rates, partly due to an anticipated back-dated Tariff adjustment. But a shortfall of £286,000 is also anticipated on the payments that the Council 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 2023, which is showing an unallocated General Fund Reserve (contingency balance) of £3.219 million. This is significantly below the Council's formally adopted contingency balance of £4.0 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 £1.606 million.

The Housing Revenue Account is also projected to record a budget overspend of £0.159 million. This is partly due to the same challenges facing the General Fund (especially the impact of inflation on staffing), but also – and to a larger extent – the increasing costs of major void repairs.

If the overall forecast materialises, the HRA Balance will end the year at £4.438 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 3 months was £5.350 million, with a forecast outturn of £66.203 million, which – if this materialises – would lead to an underspend of £10.646 million. The drawdown on Qualis loans is lower than the budget and is the most significant variance (£5.538 million); and
- Housing Revenue Account Capital Programme – spending in the first 3 months was £1.116 million, with a forecast outturn of £52.202 million, which – if this materialises – would lead to an underspend of £18.529 million. Slippage on the Housing Development Programme is the most notable factor.

And finally, this edition of the Budget Monitoring Report – in line with recommended good practice and the updated reporting requirements within the updated Prudential Code (2021) – introduces a summary analysis of the Council's wider Financial Performance and Risk. This includes a range of considerations from how effectively the Council collects its income and pays its bills, through to compliance with the "Prudential Indicators" adopted by the Council within its Capital Strategy. It also considers some local HRA Indicators, which underpin the delivery of the HRA Business Plan. The Quarter 1 position is generally positive with performance and compliance in most areas not raising any concerns, although there are some challenges that should be noted, including the collection of Sundry Debts and rising Financing costs.

Reason for Decision:

The report enables the Cabinet to monitor and control the Council's financial position for 2023/24 and take whatever action it chooses, based on the information presented.

1) Background and Introduction

1.1 The Council's budget for 2023/24 (both General Fund and Housing Revenue Account) was approved by full Council on 28th February 2023. This report updates the Cabinet 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 2023/24 and includes the General Fund and Housing Revenue Account positions, for both revenue and capital, as at 30th June 2023 ("Quarter 1").

2) General Fund Revenue Budget

Net Expenditure

2.1 The General Fund **net expenditure** position for 2023/24, at the Quarter 1 stage – summarised by service area – is presented in **Appendix A**. The headline is a forecast budget overspend of £1.523 million, with projected net expenditure of £19.164 million against an overall budget provision of £17.641 million. The table below summarises the position by service.

GF Net Expenditure Budget 2023/24 (Quarter 1)			
Description	Budget 2023/24	Q1 Forecast Spending (31/03/24)	Variance
	£000's	£000's	£000's
Chief Executive	655	644	(11)
Commercial & Technical	2,060	2,181	121
Community & Wellbeing	1,478	1,444	(34)
Corporate Services	9,048	8,992	(56)
Customer Services	2,158	2,527	369
Finance & Audit	2,069	2,070	1
Housing & Property	1,846	1,824	(22)
Place	280	274	(6)
Planning & Development	760	1,327	567
Strategy, Delivery & Performance	821	752	(69)
Qualis	(2,852)	(2,583)	269
HRA Recharges	(4,984)	(4,674)	310
Financing	4,302	4,386	84
Totals (Net Expenditure)	17,641	19,164	1,523

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 (£566,611 forecast Overspend)** – the most significant factor in the overall forecast overspend relates to a budget pressure of £318,533 on Regulatory Services, driven exclusively by a shortfall in Building Control Fees. Overall Building Control applications (including both Council and private sector) were down by 52% in the period April to June 2023 compared to the same period in 2022/23, with Council applications down by 42%. Tough economic conditions are thought to be responsible for reduced activity across the sector. Overall Planning & Development cost centres are forecast to overspend by £138,086, which is predominantly driven by a forecast shortfall of £276,550 (16.3%) on income from Planning Applications. Planning Services cost centres are also facing an overall budget pressure of £108,520 driven by a range of factors, including a pressure of £125,114 on Agency Staff costs, triggered by maternity cover requirements.
- **Customer Services (£368,955 forecast Overspend)** – Members may recall a late accounting adjustment that was required to the 2022/23 Management Accounts (reported to Cabinet 30th May 2023) due to an upturn in detected Housing Benefit Overpayments (HBOs), partly as a consequence of the rollout of the DWP Housing Benefit Accuracy Award (“HBAA”); the HBAA required the Council to conduct additional testing on Housing Benefit assessments (leading to an increase in detected errors). The potential impact for 2023/24 (the budget was set before the outturn for 2022/23 was known) is still being examined by Finance officers, but the current (Quarter 1) forecast includes an assumed year end (negative) adjustment of £250,000 in respect of this item for 2023/24
- **HRA Recharges (£310,000 forecast Overspend)** – the annual net recharge from the General Fund to the HRA is forecast to be £310,000 lower than anticipated in the Budget, predominantly due to higher-than-expected Interest Rates
- **Qualis Income (£268,922 forecast Overspend)** – the drawdown of Qualis loans has gathered pace in 2023, albeit slightly less so than assumed in the budget. However, on-lending margins are considerably lower than originally envisaged within the Loan Agreements; at the time of reporting, margins are now significantly below 1.0%; and
- **Commercial & Technical (£120,375 forecast Overspend)** – a combination of – relatively small – factors are leading to a projected overspend of £120,375 on this directorate. This includes a surplus of £104,003 on North Weald Airfield driven by additional income from Market Rents; receipts are expected to exceed budget by £112,500. A further surplus of £80,386 is also expected on Waste Management, mainly due to a Service Contingency of £400,000 included in the budget for the purposes of commissioning additional support in developing Future Service Delivery (£238,000 is expected to be spent, leading to a forecast surplus of £162,000). However, the good news is expected to be marginally outweighed by the bad news, with negative variances of £93,235 forecast on Land & Property (mainly due to an income shortfall on Commercial Property Rents e.g. a forecast combined shortfall of £70,000 at Cartersfield and Brooker Roads), £79,093 on Car Parking (due to fleet costs of maintaining GM vehicles post transfer to Qualis), £72,223 on “Cost Centres – Contracts & Technical” (most notable cost pressure £49,645 on salaries) and £66,230 on Contracts & Technical Support Services (including £73,925 on staffing costs in Quarter 1 in the Grounds Maintenance South cost centre, incurred prior to service transfer) all expected.

2.3 Overall, there are no notable (over £100,000) **positive** variances – at a service directorate level – to the budget in the table above. However, whilst Net Financing costs are broadly on track to meet budget expectations, there are two substantial underlying variances worthy of mention. Firstly, Members may recall the inclusion of a Corporate Contingency of £712,880 in the budget to cover any emerging shortfall in income from Qualis Loan Margins; at the Quarter 1 stage, it is assumed that a total of £268,922 will be required from the Contingency, with the remaining £443,958 reflected as a surplus within projected General Net Expenditure. And secondly, rapidly rising Interest Rates are driving much higher returns on Council investments, with Interest Receivable forecast to exceed budget by £240,900.

2.4 Members attention is also drawn to the following:

- **Staffing Budgets** – the budget assumes a Pay Award of 4.0% for 2023/24, but – nationally – Local Government Employers have offered a fixed sum of £1,925 to all pay grades (equating to around 5.0% on average at this Council). The overall forecast assumes a 5% increase in Employee costs, but Members should note that Unions have rejected the Pay Offer and are currently balloting members on strike action. The budget includes embedded provision for total Employee Costs of £22.550 million and is by far the largest category of expenditure; each 1.0% in the Pay Award adds around £220,000 to the Council's base budget; and
- **Planning Applications** – the volume of Planning Applications received in Quarter 1 is lower than expected, following the adoption of the Local Plan in March 2023. Some larger applications are anticipated in the coming months and there is some optimism that income levels will increase, but significant uncertainty remains, especially in the light of the (currently difficult) economic position. As noted above, in Paragraph 2.2, a shortfall of 16.3% is assumed at this stage; the budget assumes income of £1.7 million from Planning Applications, with a 1.0% shortfall representing £17,000.

Funding

2.5 The General Fund **funding** position for 2023/24, at the Quarter 1 stage is summarised in the table below.

GF Funding Position 2023/24 (Quarter 1)			
Source Description	Budget Assumption 2023/24	Q1 Forecast (31/03/24)	Variance
	£000's	£000's	£000's
Council Tax	(8,899)	(8,899)	0
Business Rates	(5,766)	(6,412)	(646)
Collection Fund Adjustments	(645)	(645)	0
Council Tax Sharing Agreement (CTSA)	(615)	(329)	286
Revenue Support Grant	(129)	(129)	0
New Homes Bonus	(78)	(78)	0
2023/24 Services Grant	(129)	(135)	(6)
Other Grants (Non-Specific)	(929)	(924)	5
Contribution to/(from) Reserves	(451)	(1,613)	(1,162)
Total Funding	(17,641)	(19,164)	(1,523)

2.6 The funding position for the General Fund in Quarter 1 is mixed. The Business Rates forecast is very positive, with a projected year-end surplus of £646,000. The Council's Business Rates base was revalued as at 1st April 2023, which resulted in a 14.0% uplift in value compared to the previous revaluation (1st April 2017). This is double the national average of 6.9%. The resulting increase in Business Rates revenue is however subject to a range of complex adjustments as part of the Business Rates Retention (BRR) system. A relatively cautious funding assumption was therefore assumed in developing the 2023/24 budget. Updated intelligence now allows more accurate projections to be made; the forecast outturn of £6.412 million presented above includes an anticipated back-dated Tariff adjustment (estimated at £247,000) in respect of the revaluation.

2.7 In contrast, a shortfall of £286,000 is anticipated on CTSA payments from the preceptors, which reflects the late decline in Council Tax collection performance in 2022/23 reported to Cabinet on 30th May 2023. There has been a relative improvement in the Council Tax collection rate in Quarter 1 of 2023/24 (see paragraphs 7.2.8 and 7.2.9 below), but the budget was prepared on the basis of previous performance expectations. See Paragraph 3.1 below for a discussion on the forecast Contribution of £1.613 million *from* Reserves.

3) General Fund Reserves

General Fund Reserve (contingency balance)

- 3.1 The negative outlook of £1.523 million on net expenditure summarised and explained in paragraphs 2.1 to 2.4, and the funding position presented in paragraphs 2.5 to 2.7 above means that – if the forecasts materialise as presented – it will not be possible to contribute £0.263 million *to* the General Fund (unallocated) Reserve, which was an embedded assumption in setting the budget. Instead, there will be a contribution requirement of £1.613 million *from* the Reserve to support the budget (as presented in the table in Paragraph 2.5 above). This reflects both the projected overspend and the utilisation of the Collection Fund Deficit Reserve in closing the 2022/23 Accounts, which removed a previously assumed source of additional contingency funding (impact £268,922 in Quarter 1). The forecast impact on the General Fund Reserve is presented in the table below.

Movement on General Fund Reserve: Quarter 1 2023/24	
Description	£000's
General Fund Balance 31st March 2023 (pre-audit)	(3,219)
Contribution from Reserves 2023/24 (Q1 forecast)	1,613
General Fund Balance 31st March 2024 (Q1 forecast)	(1,606)

- 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 2023.

Earmarked Reserves

- 3.3 In addition to the General Fund Net Expenditure budget (£17,641,020 for 2023/24), 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 1 stage (30th June 2023) – the Council has received £0.518 million and spent £0.303 million, leaving a balance of £3.301 million. The Movement on General Fund Earmarked Reserves is summarised in the table below.

Movement in General Fund Earmarked Reserves (April to June 2023)					
Description	Opening Balance 01/04/23	Income	Expenditure	Transfers (in)/out	Q1 Balance 30/06/23
	£000's	£000's	£000's	£000's	£000's
District Development Fund (DDF)	(224)	0	4	0	(220)
Community Projects	(435)	(192)	105	0	(522)
<i>Other Reserves:</i>					
All Weather Pitch	(137)	0	0	0	(137)
Garden Town	(410)	0	40	0	(370)
Dig. Innovation Zone (DIZ)	(127)	(90)	21	0	(196)
Homelessness	(256)	0	21	0	(235)
Insurance	(150)	0	0	0	(150)
Invest to Save	(114)	0	0	0	(114)
Museum	(110)	0	0	0	(110)
New Burdens	(112)	0	17	0	(95)
North Weald Inland Port	(617)	(100)	22	0	(695)
Prosperity Fund	(33)	0	0	0	(33)
Staff Benefits Fund	(31)	(13)	1	0	(43)
Other Ongoing Projects	(330)	(123)	72	0	(381)
Totals	(3,086)	(518)	303	0	(3,301)

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

3.4 The Community Projects Reserve comprises 20 different project categories and is easily the Council's most 'active' reserve. "Essex & Herts Digital Innovation Zone" (DIZ) funding has now been stripped out of the DDF Reserve for added transparency (with partner contributions of £90,000 now clearly visible). The remaining balance on the DDF Reserve is now fully allocated following the funding of one-off (staff) Severance costs of £260,025 at the end of 2022/23 (approved by Cabinet 30th May 2023).

4) Housing Revenue Account (revenue)

4.1 The Housing Revenue Account (HRA) revenue position for 2023/24, at the Quarter 1 stage, is summarised in the table below. As at 30th June 2023, a £0.159 million overspend is forecast for the year end, with projected net expenditure of £0.113 million compared to an overall budget provision of £3.460 million.

HRA Budget 2023/24 (Quarter 1)			
Description	Budget 2023/24	Forecast Spending (31/03/24)	Variance
	£000's	£000's	£000's
EXPENDITURE			
Supervision & Management (General)	7,140	7,168	28
Supervision & Management (Special)	5,007	4,874	(133)
Rents, Rates, Taxes & Insurances	507	519	12
Repairs & Maintenance	11,232	12,147	915
Management & Maintenance	23,886	24,708	822
Capital Charges	9,137	9,137	0
Treasury Management Expenses	65	30	(35)
Provision for Bad/Doubtful Debts	99	120	21
Total Expenditure	33,187	33,995	808
INCOME			
Dwelling Rents	(37,419)	(37,641)	(222)
Non-Dwellings Rents	(930)	(799)	131
Charges for Services & Facilities	(1,473)	(1,455)	18
Contributions from General Fund	(383)	(383)	0
Total Income	(40,205)	(40,278)	(73)
Net Cost of Services	(7,018)	(6,283)	735
Interest on Receipts and Balances	(8)	(361)	(353)
Interest Payable on Loans	5,616	5,393	(223)
Net Operating Income	(1,410)	(1,251)	159
<i>Appropriations:</i>			
Direct Revenue Contributions to Capital	1,364	1,364	0
(Surplus)/Deficit for Year	(46)	113	159

4.2 The HRA revenue outturn for 2022/23 included underspends on the Stock Condition Survey (£254,000) and the “More than Bricks and Mortar” (a scheme primarily aimed at achieving infrastructure improvements on housing estates) (£64,000) projects. Consequently, the unspent budgets have been rolled forward and added to the 2023/24 budget agreed by the Council in February 2023. The table below reconciles the updated and original budgets.

HRA Budget Reconciliation 2023/24: Quarter 1	
Description	Value (£000's)
(Surplus)/Deficit for Year (approved by full Council 28/02/23)	(364)
<i>Brought forward project budgets from 2022/23:</i>	
Stock Condition Survey	254
“More than Bricks and Mortar” Estate Improvement Scheme	64
Total Budget Additions (@ Quarter 1)	318
(Surplus) / Deficit for Year (updated Budget 2023/24 @ Quarter 1)	(46)

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

- **Repairs and Maintenance (£0.915 million forecast Overspend)** – there are numerous items contributing to this variance, the most significant of which relates to higher than anticipated Void costs in Quarter 1 on several properties with further major works anticipated during the remainder of the year (£765,000).
- **Interest on Receipts and Balances (£0.353 million forecast Underspend)** – the HRA is credited (from the General Fund) with interest based on its average revenue balances held throughout the year. A recent sharp increase in SONIA (“Sterling Overnight Index Average” interest rate), plus future expectations of sustained higher interest rates is leading to significantly higher than expected interest receipts.
- **Interest Payable on Loans (£0.223 million forecast Underspend)** – HRA capital spending was lower than expected in 2022/23, thereby reducing the need for additional borrowing; this has reduced the associated interest payable in this – the 2023/24 – financial year; and
- **Dwelling Rent (£0.222 million forecast Underspend)** – improvements in void turnaround times is leading to rental income levels exceeding budget.

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 2023, the balance was £4.551 million, which reflected an underspend on HRA Net Operating Income of £0.388 million in 2022/23 (reported to Cabinet on 30th May 2023).

Movement on HRA Balance: Quarter 1 2023/24	
Description	£000's
HRA Balance 31st March 2023 (pre-audit)	(4,551)
2022/23 Roll Forward (Para 4.2)	318
2023/24 Budget (Surplus) – full Council 28th February 2022	(364)
2023/24 Net Operating Income Forecast Variance Q1 (Para 3.1)	159
HRA Balance 31st March 2024 (Q1 Forecast)	(4,438)

5. General Fund Capital Programme

5.1 The General Fund Capital Programme for 2023/24 as at 30th June 2023 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 £76.849 million. Spending in the first 3 months was £5.350 million, with a forecast outturn of £66.203 million, which – if this materialises – would lead to an underspend of £10.646 million.

General Fund Capital Programme 2023/24 (Quarter 1)					
Description	Budget 2023/24 (Updated)	Spending (@ 30 June 2023)	Remaining Budget (@ 30 June 2023)	Forecast Spending (31/03/24)	Variance (Under) / Over
	£000's	£000's	£000's	£000's	£000's
Commercial & Technical	31,008	436	30,572	27,853	(3,155)
Corporate Services	4,191	123	4,068	2,386	(1,805)
Customer Services	148	0	148	0	(148)
Housing (General Fund)	653	41	612	653	0
Place	839	0	839	839	0
Qualis Loans	40,010	4,750	35,260	34,472	(5,538)
Total Expenditure	76,849	5,350	71,499	66,203	(10,646)
<i>Capital Financing:</i>					
Borrowing	74,709	5,078	69,631	64,296	(10,413)
Capital Grants	1,133	145	988	1,092	(41)
Capital Receipts	1,007	127	880	815	(192)
Total Financing	76,849	5,350	71,499	66,203	(10,646)

5.2 A General Fund Capital Programme budget of £57.562 million was approved by Council in February 2023. Subsequent updates, including unspent rolled forward balances from 2022/23, have resulted in an updated budget of £76.849 million at the Quarter 1 stage. The table below reconciles the movement.

General Fund Capital Budget Reconciliation 2023/24: Quarter 1	
Description	Value (£000's)
General Fund Capital Budget 2023/24 (full Council 28/02/23)	57,562
Unspent Budgets from 2022/23 Rolled Forward	17,625
UK Shared Prosperity Fund (added projects) Cabinet (18th July 2022, Ref. C-008-2022/23)	53
Rural Prosperity Fund (added projects) Cabinet (6th February 2023, Ref. C-033-2022/23)	109
Investment Property Acquisition Fund (added investment) Cabinet (30th May 2023, Ref. C-006-2023/24)	1,500
UPDATED General Fund Capital Budget 2023/24 (@ 30/06/23)	76,849

5.3 In addition, a further scheme to provide design, cost, and development options for the employment land released at North Weald under the Local Plan, was also approved by Cabinet on 30th May 2023 (C-005-2023/24) at an estimated cost of £500,000. At the time of reporting, the scheme has not been added to the Capital Programme, pending identification of the precise nature of the spending (whether revenue or capital), which affects the accounting treatment; but it should be emphasised that the spending commitment is fully funded, with any accounting implications entirely cost neutral).

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

- **Qualis (£5.538 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 financial viability reassessments on some sites in the light of changing market factors; and
- **Commercial and Technical (£3.355 million forecast Underspend)** – the dominant factor driving the underspend relates to the new Waste Management Depot at North Weald Airfield (£2.137 million). The project is in the early stages of design with current spend mainly directed towards consultancy and fees. Construction of the new facility is now expected to commence in January 2024 and be completed by October 2024. The underspend will therefore be re-profiled into 2024/25; and
- **Corporate Services (£1.805 million Underspend)** - the most significant area of capital underspending relates to the ICT Strategy, which has a budget allocation of £3.807 million for 2023/24. The projected outturn is now £2.208 million, which if this materialises, would lead to an underspend of £1.719 million. The current ICT strategy is now under review, with major schemes related to Workplace Collaboration, Digitisation, and Application Strategy expected to be completed during the year, along with a new ICT Security System and a new Telephony System. Some projects, including the new Finance System, a cloud-based Information at Work System, and planned improvements to the Customer Portal have commenced but are unlikely to be completed this year, so will be re-profiled into 2024/25. A further four schemes (total value £384,000), including a new Bookings/CRM Portal (£187,000) and a Virtual Desktop Infrastructure (VDI) Solution (£160,000) have been delayed, and will be re-profiled to be complete in 2024/25.

6) Housing Revenue Account (HRA) Capital Programme

6.1 The Housing Revenue Account (HRA) Capital Programme for 2023/24 as at 30th June 2023 is summarised in the table below. A more detailed analysis – at a scheme level – is included in **Appendix C**. The updated Programme budget totals £70.731 million. Spending in the first 3 months was £1.116 million, with a forecast outturn of £52.202 million, which – if this materialises – would lead to an underspend of £18.529 million.

HRA Capital Programme 2023/24 (Quarter 1)					
Description	Budget 2023/24 (Updated)	Spending (@ 30 June 2023)	Remaining Budget (@ 30 June 2023)	Forecast Spending (31/03/24)	Variance (Under) / Over
	£000's	£000's	£000's	£000's	£000's
Housing Development	35,625	188	35,437	21,231	(14,394)
Capital Works	23,819	554	23,265	22,609	(1,210)
Other Housing Schemes	11,287	374	10,913	8,362	(2,925)
Total Expenditure	70,731	1,116	69,615	52,202	(18,529)
<i>Capital Financing:</i>					
Direct Revenue Contributions	1,364	0	1,364	1,364	0
Major Repairs Reserve	9,137	0	9,137	17,486	8,349
Capital Receipts	1,599	827	772	1,977	378
Other Contributions	1,267	289	978	3,106	1,839
Borrowing	57,364	0	57,364	28,269	(28,915)
Total Financing	70,731	1,116	69,615	52,202	(18,529)

6.2 An HRA Capital Programme budget of £35.019 million was approved by Council in February 2023. A net total of £35.712 million in unspent budgets have been rolled forward from 2022/23, resulting in an updated Programme budget of £70.731 million for the year.

6.3 There are three significant areas of underspending/slippage on the HRA Capital Programme at the Quarter 1 stage. Thus:

- **Housing Development (£14.394 million forecast Underspend)** – there are two elements to note:
 - **Housebuilding (£10.745 million Underspend)** – the programme has a total budget of £15.724 million for 2023/24. The forecast outturn is £7.765 million, which – if this materialises – would lead to an underspend of £7.956 million at year end. Most schemes have encountered planning issues and delays with expected starts now anticipated in the either the final quarter of 2023/24 or early 2024/25. However, two schemes – at Pentlow Way and Woollard Street – are progressing well, with completion now anticipated by year end; and
 - **Qualis Acquisitions (£6.435 million Underspend)** – the budget allocation for this scheme in 2023/24 was £19.435 million. Forecast spending is now £13.0 million, which – if this materialises – would lead to an underspend of £6.435 million. Negotiations are progressing with a view to Qualis purchasing some completed units at the Roundhills and Pyrles Lane development sites, although this may slip into 2024/25.

- **Other Housing Schemes (£2.925 million forecast Underspend)** – the Broadway Regeneration project is the dominant factor, which is driving the variance. It has a total budget of £2.728 million in 2023/24, of which only a very small proportion is expected to be spent (on fees) this financial year resulting in a forecast underspend of £2.628 million. A detailed review of the project has been undertaken and a report presented to Cabinet on 13th March 2023 (C-044-2022/23) approving an increase of the overall project budget to £6.0 million. Consultation with residents and leaseholders is due to commence during the year; followed by any necessary planning consents. The project is expected to complete by 2025/26; and
- **Capital Works (£1.210 million forecast Underspend)** – there is one significant underspend driving this variance related to Net Zero Carbon Works (£1.20 million). The Council secured funding from the Social Housing Decarbonisation Fund (SHDF) in February 2023 in partnership with E-on to improve energy efficiency in Council homes through various measures including cavity wall insulation. The match funded project aims to complete by September 2024; the unspent budget from this financial year will be re-profiled into 2024/25.

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 £28.915 million reduction in the need to borrow in 2023/24.

7) Wider Financial Performance & Risk

7.1 Introduction

7.1.1 This (quarterly) Budget Monitoring report has been purposely developed in recent years, through the incremental inclusion of emerging good practice in order to improve transparency and aid effective scrutiny and decision-making. This section of the report, represents a further expansion of that approach in considering the following:

- **Performance Indicators** – covering the Council's wider financial performance, including how effectively it collects its income and pays its bills, through setting, monitoring, and reporting on a selected range of Indicators.
- **Prudential Indicators** - it is now a requirement of the CIPFA Prudential Code (2021 Edition) that progress against the Prudential Indicators adopted in the Council's Capital Strategy is reported on a quarterly basis. It is good practice to report these alongside updates on the Capital Programme, providing Members with further insight on how the Council manages its capital expenditure, borrowing and commercial and service investments; and
- **HRA Local Indicators** – In accordance with generally accepted good practice across the wider social housing sector, the Council's adopted Capital Strategy also includes two further (optional) 'local indicators', tailored to the risk management requirements of the HRA Business Plan.

7.2 Performance Indicators

Accounts Payable (Payment of Invoices)

- 7.2.1 The prompt payment of invoices is an important objective for any business but – as a community leader and ‘place shaper’ – it is even more important that the Council leads by example; suppliers, including many small local businesses, are reliant on the cash flow generated by the services they provide to the Council; being viewed as ‘good to do business with’ also enhances the Council’s reputation. There are also negative cost implications associated with the late Payment of Invoices; it is often symptomatic of inefficient administration processes and penalties for late payment can also be triggered. The Council therefore records and monitors the payment of invoices using a 30-Day Indicator and also measures the time taken to pay invoices. Performance as at Quarter 1 is presented in the table below.

Payment of Invoices 2023/24								
Description	Quarter 1		Quarter 2		Quarter 3		Quarter 4	
	23/24	22/23	23/24	22/23	23/24	22/23	23/24	22/23
Invoices Paid in 30 Days (%)	88%	70%		76%		77%		81%
Average Days to Pay an Invoice	20	36		32		31		26

- 7.2.2 The table above clearly shows an improving trend in the Payment of Invoices over the last 15 months, which has been maintained in Quarter 1 this year.

- 7.2.3 Members should note that, due to current system limitations, it is not practical to record the date that invoices are physically received; the indicators above therefore measure from invoice date only, which means that – in practice – payment performance will be higher in many cases. Nevertheless, performance is measured on a ‘like-for-like’ basis, which allows performance to be tracked.

Accounts Receivable (Sundry Debt Collection)

- 7.2.4 It is also important that the Council efficiently collects all of the income that it is due. Failure to do that can be costly both in terms of process inefficiencies and the potential write-off of uncollectable debt.

- 7.2.5 General Fund income – to a large extent – comprises general Fees and Charges which are paid by the customer before the service is provided (e.g., Car Parking charges). However, some income sources are billed and collected through the Accounts Receivable (“Sundry Debts”) system. This includes periodic payments (e.g., Commercial Property Rents) or income collected in arrears (e.g., the recoupment of Bed & Breakfast payments incurred by the Homelessness service). The collection of Local Tax (Council Tax and Business Rates) – raised and collected through the “Academy” system – is considered separately below (see paragraphs 7.2.8 and 7.2.9).

- 7.2.6 The collection of Sundry Debts was, for many years, an individual service responsibility, although the system has – more recently – been consolidated into a single service function (within the Revenues service). The Council records and monitors the Collection of Sundry Debts using a 60-Day Indicator and also measures the age of outstanding debt. Performance as at Quarter 1 is presented in the table below.

Sundry Debt Collection 2023/24			
Description	Quarter 1		
	April	May	June
Average Age of Outstanding Sundry Debt (Days)	1,574 Days	1,568 Days	1,576 Days
Total Value of Debt Outstanding over 60 Days Old (£'s)	£3.313 Million	£3.783 Million	£3.347 Million

7.2.7 The implementation of the “ASH” Debtors system (which went live in August 2021, with data transferring in December 2021) proved to be a difficult exercise, which led to a number of data anomalies and a work backlog. The situation was further compounded by a shortfall in staff resources. Both factors conspired to the detriment of collection performance but, more recently, substantial progress is being made, with older cases being reviewed, remaining data anomalies addressed, and backlogs eliminated. The Sundry Debts function is now given a high priority and is better resourced (e.g., the latest available performance information – as at 31st August 2023 – shows that the Average Age of Outstanding Debt has declined to 1,461 days). A further progress update will be provided to Members in the Quarter 2 report.

Local Tax Collection

7.2.8 The prompt collection of Council Tax and Business Rates is essential if the Council is to maximise resources from its major funding sources for the benefit of protecting local services. Experience shows that the longer debts remain outstanding, the harder they are to collect, which ultimately leads to an increase in write-offs; this has a negative impact on the Council’s General Fund Reserve and reduces funds available to support Net Expenditure. The table below sets out the Collection Rates achieved for Council Tax and Business Rates in Quarter 1.

Local Tax Collection Rates 2023/24 (Quarter 1)		
	30th June 2023	30th June 2022
Council Tax collected (%)	27.18%	26.97%
Business Rates collected (%)	28.51%	28.95%

7.2.9 The table above shows a mixed picture, although it is too early in the financial year to draw any firm conclusions. It is a difficult financial backdrop generally and there has been a Business Rates Revaluation (which has increased bills by an average of 14%) effective from 2023/24. Council Tax collection performance is encouraging, especially in the light of significant fears that collection would be negatively impacted as the ‘cost of living crisis’ continues.

7.3 Prudential Indicators

7.3.1 The Council is required by regulation to have regard to the Prudential Code (the Code) when carrying out its duties under Part 1 of the Local Government Act 2003. The 2017 edition of the Code first introduced a requirement to produce and adopt a Capital Strategy, including a range of (previously established) capital-related “Prudential Indicators”. The updated 2021 edition of the Code revised and further strengthened – with effect from 2023/24 – the capital reporting obligations of the Council. This includes a new quarterly reporting requirement.

7.3.2 In compliance with the 2021 Code, and recommended good practice, this report now provides an updated position on the Prudential Indicators included in the Capital Strategy (2023/24 to 2025/26) adopted by the Council in February 2023 as follows:

- Capital Expenditure
- Capital Financing Requirement (CFR)
- Gross Debt and the Capital Financing Requirement
- Debt and the Authorised Limit and Operational Boundary
- Net Income from Commercial and Service Investments to Net Revenue Stream; and
- Proportion of Financing Costs to Net Revenue Stream.

Capital Expenditure

7.3.3 The Council has undertaken and is planning capital expenditure as summarised in the table below.

Description	2022/23 Actual	2023/24 Forecast (Q1)	2024/25 Budget	2025/26 Budget
	£000's	£000's	£000's	£000's
General Fund (GF)	3,949	31,731	19,773*	4,541*
Qualis Investments (GF)	8,000	34,472	22,100*	0*
Housing Revenue Account	15,875	52,202	43,964*	29,326*
TOTALS	27,824	118,405	85,837*	33,867*

*Capital Strategy budgets unchanged (to be updated in Quarter 3)

7.3.4 A detailed analysis of the capital projects included in the table above is presented in *Appendix B* (General Fund and Qualis Investments) and *Appendix C* (Housing Revenue Account).

Capital Financing Requirement (CFR)

7.3.5 The Council's cumulative outstanding debt is measured by the Capital Financing Requirement (CFR). This increases with new debt-financed capital expenditure and reduces with Minimum (MRP) and capital receipts used to replace debt.

Description	2022/23 Actual	2023/24 Forecast (Q1)	2024/25 Budget	2025/26 Budget
	£000's	£000's	£000's	£000's
General Fund (including Qualis Investments)	159,088	215,799	243,588*	240,679*
Housing Revenue Account	154,475	187,537	202,142*	214,438*
TOTAL CFR	313,563	403,336	445,730*	455,117*

*Capital Strategy budgets unchanged (to be updated in Quarter 3)

7.3.6 The table above shows that there has been little change compared to the CFR budget estimate for 2023/24 included in the Capital Strategy (formulated in January 2023), with a Quarter 1 forecast (as at 30th June 2023) of £403.3 million (compared to the Capital Strategy estimate of £388.9 million).

Gross Debt and the Capital Financing Requirement

7.3.7 Statutory guidance requires debt to remain below the Capital Financing Requirement, except in the short term. The Council has complied and expects to continue to comply with this requirement in the medium term as is shown below.

Description	2022/23 Actual	2023/24 Forecast (Q1)	2024/25 Budget	2025/26 Budget	Actual Debt (30/06/23)
	£M's	£M's	£M's	£M's	£M's
Outstanding Debt (including leases)	281.6	336.3	219.0*	216.7*	286.8
Capital Financing Requirement (CFR)	313.6	403.3	445.7*	455.1*	N/A

*Capital Strategy budgets unchanged (to be updated in Quarter 3)

Debt and the Authorised Limit and Operational Boundary

7.3.8 The Council is legally obliged to set an affordable borrowing limit (also termed the "Authorised Limit" for external debt) each year. In line with statutory guidance, a lower "Operational Boundary" is also set as a warning level should debt approach the limit.

Description	Q1 2023/24 Maximum	30/06/23 Actual	Operational Boundary 2023/24	Authorised Limit 2023/24	Complied? (Yes/No)
	£000's	£000's	£000's	£000's	£000's
Borrowing	286,764	286,764	443,184	453,184	Yes
PFI and Finance Leases	0	0	0	0	Yes
Total Debt	286,764	286,764	443,184	453,184	Yes

7.3.9 The table above shows that the Council continues to operate well within its Authorised Limit and Operational Boundary.

Net Income from Commercial and Service Investments to Net Revenue Stream

7.3.10 The Council's income from commercial and service investments as a proportion of its net revenue stream has been and is expected to be as indicated below.

Description	2022/23 Actual	2023/24 Forecast (Q1)	2024/25 Budget	2025/26 Budget
	£000's	£000's	£000's	£000's
Total Net Income from Service and Commercial Investments	10,428	11,003	12,097*	12,434*
Proportion of Net Revenue Stream	66%	65%	72%*	72%*

*Capital Strategy budgets unchanged (to be updated in Quarter 3)

7.3.11 The 65% forecast for 2023/24 compares to an expectation of 69% in the Capital Strategy. This partly reflects reduced income expectations from Qualis loans, including reduced margins as a consequence of rising PWLB borrowing rates. It also reflects a series of reduced rental incentives on new Commercial Property leases (income from these leases will increase as full rentals become payable by tenants).

Proportion of Financing Costs to Net Revenue Stream

- 7.3.12 Although capital expenditure is not charged directly to the revenue budget, interest payable on loans and MRP are charged to revenue, offset by any investment income receivable. The net annual charge is known as Financing Costs; the 'standard' CIPFA Prudential Indicator compares this to "Net Revenue Stream" (the amount funded from Council Tax, Business Rates, and general Government grants).
- 7.3.13 However, the standard definition of Net Revenue Stream does not adequately take account of the circumstances of Epping Forest District Council, which has had – for many years – a major income stream from Commercial Property and – more recently – an additional income stream from Qualis loan margins. Factoring in those two major sources of income produces a more meaningful Prudential Indicator, tailored to the specific circumstances of this Council. The 'local' Prudential Indicator is presented in the table below, alongside the standard CIPFA Indicator (for comparison purposes only).

General Fund Financing Costs	2022/23 Actual	2023/24 Forecast (Q1)	2024/25 Budget	2025/26 Budget
	£000's	£000's	£000's	£000's
Financing Costs	3,547	5,508	8,516*	9,048*
Proportion of Net Revenue Stream (Standard CIPFA Indicator)	22%	33%	50%*	52%*
Proportion of Net Revenue Stream (Local Indicator)	13%	19%	27%*	27%*

**Capital Strategy budgets unchanged (to be updated in Quarter 3)*

- 7.3.14 Unsurprisingly Financing Costs are beginning to increase slightly as a proportion of Net Revenue Stream, with both the 'standard' and 'local' forecasts for 2023/24 now 1% higher than assumed within the Capital Strategy (although the dampening effect of increasing interest receipts and robust Commercial Property income should be noted). This is an indicator, which will be closely monitored in the build up to developing the 2024/25 budget.

7.4 HRA Local Indicators

- 7.4.1 The requirement to borrow and the risk associated with HRA borrowing can be distinguished from that of the General Fund. The HRA is underpinned by a very large property portfolio (6,442 properties, with a Balance Sheet value of £806.892 million as at 31st March 2023). Accordingly, the different risk profile is reflected within the capital financing rules e.g., the Local Government Act 2003 established the requirement for councils to put aside resources (through making a "Minimum Revenue Provision") to repay debt in later years; it was (still is) a legal requirement that only applies to General Fund borrowing.
- 7.4.2 Nevertheless, HRA borrowing is not risk free; HRA capital investment plans must be just as prudent, affordable, and sustainable as General Fund capital investment plans. Two local indicators have therefore been developed, which are used to gauge, and provide assurance, around the Council's HRA borrowing plans.

Loan to Value

7.4.3 This indicator is widely used as a measure of default risk by lenders in Housing finance. It is determined by calculating the outstanding debt as a proportion of the total value of assets.

Description	2022/23 Actual	2023/24 Estimate	2023/24 Forecast (Q1)
	Ratio	Ratio	Ratio
Loan to Value	0.19	0.19	0.22
Target Maximum (LTV)	0.70	0.70	0.70

7.4.4 It can be seen from the table above that, based on current projections, HRA borrowing plans are well within acceptable Loan to Value limits.

HRA Interest Cover

7.4.5 This is a financing indicator and reflects how able the HRA is to meet interest costs from its Net Cost of Services.

Description	2022/23 Actual	2023/24 Estimate (Updated)	2023/24 Forecast (Q1)
	Ratio	Ratio	Ratio
HRA Interest Cover	1.02	1.25	1.17
Target Minimum (IC)	1.25	1.25	1.25

7.4.6 It can be seen from the table above that based on current projections, the HRA Interest cover ratio has fallen marginally below the target minimum set by the Council due to substantial major Void repair costs increasing the Net Cost of Service forecast. It is however an improvement on the outturn for 2022/23 (also impacted by higher Void costs).

7.4.7 The future costs associated with Voids is difficult to predict. However, a Stock Condition Survey is now being concluded and a more in-depth Asset Management Strategy is being developed, which will provide more detailed information on the current status of the Council's assets and any resultant major works. Such intelligence will assist in navigating this indicator moving forwards.

Reason for Decision:

This report facilitates the scrutiny of the Council's financial position for 2023/24.

The comments made at this Committee, where relevant, will be reported to Cabinet for consideration at their meeting on 13th November 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 2023/24 budget was informed by the democratic scrutiny processes.

Background Papers:

Management Accounts 2023/24 (Month 3)

Risk Management

The report is primarily presented for information, although some risk management implications are contained in Section 7. Regular monitoring and reporting of the issues 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 2023/24

Quarter 1 Forecast

Epping Forest DC: General Fund Revenue Budget 2023/24							
@ 30 June 2023 (Month 3)							
General Fund							
Service Area	Activity	Full Year Budget £'s	Net Expenditure			Forecast £'s	Variance £'s
			Budget (M9) £'s	Actual £'s	Variance £'s		
Chief Executive	Chief Executive Support Services	550,030	137,508	146,444	8,937	550,466	436
	Corporate Activities	73,740	18,435	20,971	2,536	62,201	(11,539)
	Chief Executive Other Activities	31,500	7,875	-	(7,875)	31,500	-
	Sub-Total	655,270	163,818	167,415	3,598	644,167	(11,103)
Commercial & Technical Services	Car Parking	(548,140)	(137,035)	(128,358)	8,677	(469,047)	79,093
	C&T Community & Partnership	195,250	48,813	5,607	(43,206)	195,250	-
	Contracts & Technical Support Services	2,172,960	543,240	423,070	(120,171)	2,239,190	66,230
	Cost Centres - Contracts & Technical	3,554,670	888,668	784,832	(103,835)	3,626,893	72,223
	C&T Emergency Planning & Other	(1,830)	(458)	(833)	(376)	2,700	4,530
	Environmental Health	242,010	60,503	10,660	(49,842)	233,010	(9,000)
	Land Drainage/Sewerage	113,090	28,273	15,543	(12,730)	124,260	11,170
	Land & Property	(8,087,160)	(2,021,790)	(1,809,654)	212,136	(7,993,925)	93,235
	Leisure Facilities	(905,880)	(226,470)	20,666	247,136	(903,839)	2,041
	North Weald Centre	(515,340)	(128,835)	(396,706)	(267,871)	(619,343)	(104,003)
	Parks & Grounds	514,100	128,525	2,162	(126,363)	547,712	33,612
	Private Sector Housing	(112,170)	(28,043)	(40,377)	(12,335)	(162,170)	(50,000)
	C&T Regulatory Services	(233,910)	(58,478)	(47,066)	11,411	(232,280)	1,630
	Waste Management	5,672,670	1,418,168	917,529	(500,639)	5,592,284	(80,386)
	Sub-Total	2,060,320	515,080	(242,927)	(758,007)	2,180,695	120,375
Community & Wellbeing	Community, Health & Wellbeing	72,060	18,015	(85,654)	(103,669)	80,795	8,735
	Cost Centres - Community & Wellbeing	416,790	104,198	107,853	3,656	444,170	27,380
	Economic Projects Support Serv	215,050	53,763	23,917	(29,845)	98,165	(116,885)
	Homelessness	73,360	18,340	175,675	157,335	131,456	58,096
	Museum, Heritage & Culture	481,030	120,258	158,171	37,914	470,297	(10,733)
	Voluntary Sector Support	219,470	54,868	(3,320)	(58,188)	219,470	-
	Sub-Total	1,477,760	369,440	376,643	7,203	1,444,353	(33,407)
Corporate Services	Business Support	1,630,990	407,748	262,872	(144,875)	1,649,391	18,401
	Cost Centres - Corporate Support	307,500	76,875	91,172	14,297	344,921	37,421
	Elections	208,860	52,215	90,833	38,618	186,058	(22,802)
	Emergency Planning & Other	79,250	19,813	21,872	2,059	86,384	7,134
	ICT	3,625,730	906,433	1,635,441	729,008	3,575,681	(50,049)
	Insurance Premiums	719,750	179,938	17,186	(162,752)	719,750	-
	Corp Serv - Member Activities	370,400	92,600	88,217	(4,383)	370,290	(110)
	Other Support Services	1,886,170	471,543	403,160	(68,382)	1,834,705	(51,465)
	Strategy Support Services	219,360	54,840	58,701	3,861	225,060	5,700
	Sub-Total	9,048,010	2,262,003	2,669,453	407,450	8,992,240	(55,770)
Customer Services	Cost Centres - Customer Services	2,404,772	601,193	604,397	3,204	2,426,140	21,368
	Customer Support Services	1,671,920	417,980	391,675	(26,305)	1,676,365	4,445
	Housing Benefits	(1,175,090)	(293,773)	(65,695)	(228,078)	(818,808)	356,282
	Local Taxation	(771,660)	(192,915)	(64,685)	128,230	(784,800)	(13,140)
	Customer Services - Members Activities	27,800	6,950	12,610	5,660	27,800	-
	Sub-Total	2,157,742	539,436	878,302	338,867	2,526,697	368,955
Finance & Audit	Audit Support Services	304,850	76,213	300,140	223,928	300,140	(4,710)
	Finance Support Services	1,254,140	313,535	105,791	(207,744)	1,260,480	6,340
	Finance & Other Activities	509,630	127,408	-	(127,408)	509,630	-
	Sub-Total	2,068,620	517,155	405,931	(111,224)	2,070,250	1,630
Housing & Property	Accommodation	469,530	117,383	431,553	314,170	431,553	(37,977)
	Cost Centres - Housing & Property	468,550	117,138	468,550	351,413	468,550	-
	Facilities & Depot Management	525,530	131,383	543,475	412,093	543,475	17,945
	Housing & Property Support Services	382,010	95,503	380,132	284,630	380,132	(1,878)
	Sub-Total	1,845,620	461,405	1,823,710	1,362,305	1,823,710	(21,910)
Place	Place - Community & Partnership	34,940	8,735	(54,312)	(63,047)	35,414	474
	Cost Centres - Place	245,260	61,315	58,511	(2,804)	238,285	(6,975)
	Sub-Total	280,200	70,050	4,200	(65,850)	273,699	(6,501)
Planning & Development	Cost Centres - Planning Services	2,281,190	570,298	520,633	(49,664)	2,389,710	108,520
	Local Plan Implementation	807,810	201,953	(205,895)	(407,848)	901,787	93,977
	Planning & Development	(2,051,570)	(512,893)	(276,374)	236,518	(1,913,484)	138,086
	Planning Support Services	305,390	76,348	52,834	(23,514)	212,885	(92,505)
	Regulatory Services	(582,710)	(145,678)	(148,357)	(2,679)	(264,177)	318,533
	Sub-Total	760,110	190,028	(57,159)	(247,187)	1,326,721	566,611
Strategy, Delivery & Performance	Strategy - Other Activities	83,510	20,878	34,388	13,511	82,630	(880)
	Strategy, Delivery & Performance Support Services	737,318	184,330	112,836	(71,493)	669,592	(67,726)
	Sub-Total	820,828	205,207	147,224	(57,983)	752,222	(68,606)
General Fund Total		21,174,480	5,293,620	6,172,792	879,172	22,034,754	860,274
	Qualis Income	(2,851,520)	-	-	-	(2,582,598)	268,922
	HRA Recharges	(4,984,450)	-	-	-	(4,674,450)	310,000
	Financing						
	<i>Interest (exc. Qualis):</i>						
	Interest Receivable	(478,500)	-	-	-	(719,400)	(240,900)
	Interest Payable	2,807,130	-	-	-	3,674,299	867,169
	Minimum Revenue Provision	1,261,000	-	-	-	1,162,000	(99,000)
	Specific Contingency (Qualis)	712,880	-	-	-	268,922	(443,958)
General Fund (Net Expenditure)		17,641,020	5,293,620	6,172,792	879,172	19,163,527	1,522,507

General Fund Capital Programme 2023/24

Quarter 1 Forecast

General Fund Capital Programme 2023/24: Quarter 1 Forecast										
Scheme	2022/23 Budget Outturn (xtract)			2023/24 Budget			2023/24 Budget Progress (@ 30th June 2023 - Q1)			
	2022/23 Unspent / (Overspend) Balances	(Savings) / Overspends not of fwd	Balances Rolled Forward into 2023/24	2023/24 Budget Allocation	Q1 Changes	2023/24 Budget (Updated)	Actuals to Q1	Remaining Budget	Forecast Outturn 2023/24	Forecast (Uspend)/ O spend 2023/24
	£'s	£'s	£'s	£'s	£'s	£'s	£'s	£'s	£'s	£'s
Community & Wellbeing										
Joint Museum and Library Facility	770,000	(770,000)	-	-	-	-	-	-	-	-
Sub-Totals	770,000	(770,000)	-	-	-	-	-	-	-	-
Commercial & Technical										
Carterfield Road	1,060,979	-	1,060,979	-	-	1,060,979	51,448	1,009,531	585,187	(475,792)
Investment Property Acquisition Fund	596,497	-	596,497	-	1,500,000	2,096,497	-	2,096,497	2,039,100	(57,397)
Princess of Wales PH - lease acquisition	(695,489)	695,489	-	-	-	-	-	-	-	-
EFDC Shopping Park	-	-	-	-	-	-	(38,603)	38,603	57,397	57,397
Centric Parade Redevelopment	-	-	-	-	-	-	-	-	-	-
CCTV Replacement Programme	69,375	(47,373)	22,000	25,000	-	47,000	-	47,000	25,000	(22,000)
CarPark CCTV Systems	13,080	(3,080)	10,000	25,000	-	35,000	-	35,000	25,000	(10,000)
Superfast Broadband (REFCUS)	350,000	-	350,000	-	-	350,000	-	350,000	350,000	-
Disabled Facilities Grants (REFCUS)	31,250	(31,250)	-	971,210	-	971,210	145,735	825,475	930,000	(41,210)
Home Assist Grants (REFCUS)	20,480	(20,480)	-	30,000	-	30,000	-	30,000	10,000	(20,000)
Civic Offices Café External Access	175,979	(175,979)	-	-	-	-	-	-	-	-
Highway Ranger Vehicle & Equipment	40,000	-	40,000	-	-	40,000	-	40,000	40,000	-
Highways - Pavement Widening Scheme	-	-	-	100,000	-	100,000	-	100,000	-	(100,000)
Grounds Maintenance	38,295	-	38,295	30,000	-	68,295	-	68,295	55,000	(13,295)
Highways (REFCUS)	97,564	(1,500)	96,064	-	-	96,064	-	96,064	96,064	-
H2 Taxiway (ex NWA Prep Phase 1)	156,112	-	156,112	-	-	156,112	19,870	136,242	25,000	(131,112)
NWA Employment Land Develop	-	-	-	-	-	-	-	-	-	-
NWA Vehicles & Equipment	(18,855)	18,855	-	-	-	-	-	-	-	-
NWA Aviation Development	-	-	-	-	-	-	-	-	-	-
NWA Waste Depot	-	-	-	4,167,000	-	4,167,000	-	4,167,000	2,000,000	(2,167,000)
Waste Vehicle Fleet Replacement	-	-	-	9,220,000	-	9,220,000	-	9,220,000	9,220,000	-
Vehicle Fleet Replacement & OHD Equipment	245,015	-	245,015	-	-	245,015	69,710	175,305	245,015	-
Leisure Centre Energy Saving Schemes	-	-	-	155,640	-	155,640	150,125	5,515	150,125	(5,515)
Epping Leisure Centre (Bakers Lane)	10,857,070	-	10,857,070	1,312,560	-	12,169,630	58,024	12,131,606	12,000,000	(189,630)
Sub-Totals	13,037,350	434,682	13,472,032	16,036,410	1,500,000	31,008,442	436,309	30,572,133	27,852,888	(3,155,554)
Corporate Services										
ICT General Schemes	170,483	-	170,483	95,000	-	263,483	2,958	260,525	177,706	(85,777)
ICT Strategy	2,841,192	-	2,841,192	1,086,000	-	3,927,192	120,224	3,806,968	2,208,372	(1,718,820)
Civic Offices Accommodation Project (ICT)	(1,341)	1,341	-	-	-	-	-	-	-	-
Sub-Totals	3,010,334	1,341	3,011,675	1,179,000	-	4,190,675	123,182	4,067,493	2,386,078	(1,804,597)
Customer Services										
Council Chamber Upgrade	147,649	-	147,649	-	-	147,649	-	147,649	-	(147,649)
Sub-Totals	147,649	-	147,649	-	-	147,649	-	147,649	-	(147,649)
Housing (Property Services)										
Oakwood Hill Depot Extension	(18,155)	18,155	-	-	-	-	-	-	-	-
Investment Properties (Planned Works)	187,577	(147,831)	39,846	250,000	(77,605)	212,241	-	212,241	212,241	-
202-220 Loughton HR - roof and H & S works	(147,831)	147,831	-	-	77,605	77,605	-	77,605	77,605	-
Operational Properties (Planned Works)	295,732	(18,433)	277,299	86,000	-	363,299	41,332	321,967	363,299	-
Sub-Totals	317,423	(278)	317,145	336,000	-	653,145	41,332	611,813	653,145	-
Place										
UK Prosperity Fund Projects	-	-	-	-	161,784	161,784	-	161,784	161,784	-
Climate & Environmental Projects	676,984	-	676,984	-	-	676,984	-	676,984	676,984	-
Sub-Totals	676,984	-	676,984	-	161,784	838,768	-	838,768	838,768	-
Qualls										
Regeneration Finance Loans	88,247,500	(88,247,500)	-	40,010,000	-	40,010,000	4,750,000	35,260,000	34,472,165	(5,537,835)
Sub-Totals	88,247,500	(88,247,500)	-	40,010,000	-	40,010,000	4,750,000	35,260,000	34,472,165	(5,537,835)
Total Expenditure	106,207,240	(88,581,755)	17,625,485	57,561,410	1,661,784	76,848,679	5,350,823	71,497,856	66,203,044	(10,645,635)
Capital Financing Analysis:										
Borrowing	105,989,088	(88,363,603)	17,625,485	55,582,920	1,500,000	74,708,405	5,078,139	69,630,266	64,295,839	(10,412,566)
Capital Grants	218,152	(218,152)	-	971,210	161,784	1,132,994	145,735	987,259	1,091,784	(41,210)
Capital Receipts	-	-	-	1,007,280	-	1,007,280	126,949	880,331	815,421	(191,859)
Total Financing	106,207,240	(88,581,755)	17,625,485	57,561,410	1,661,784	76,848,679	5,350,823	71,497,856	66,203,044	(10,645,635)

Housing Revenue Account Capital Programme 2023/24

Quarter 1 Forecast

HRA Capital Programme 2023/24: Quarter 1 Forecast										
Schemes	2022/23 Budget Outturn (Extract)			2023/24 Budget			2023/24 Budget Progress (@ 30 June 2023 - Q1)			
	2022/23 Unspent/ (Over)spent Balances	(Savings)/ Overspends not c/fwd	Balances Rolled Forward Into 2023/24	2023/24 Budget Allocation	Q1 Changes	23/24 Budget (Updated)	Actuals to Q1	Remaining Budget	Forecast Outturn 2023/24	Forecast (Us)pend/(Os)pend 2023/24
	£'s	£'s	£'s	£'s	£'s	£'s	£'s	£'s	£'s	£'s
Housing Development Programme:										
Housebuilding	10,965,260	-	10,965,260	3,375,500	1,383,590	15,724,350	187,558	15,536,792	7,764,730	(7,959,620)
Qualis Acquisitions	10,461,190	-	10,461,190	8,973,500	-	19,434,690	-	19,434,690	13,000,000	(6,434,690)
Development Land Purchases	1,850,000	-	1,850,000	-	(1,383,590)	466,410	-	466,410	466,410	-
Sub-Totals	23,276,450	-	23,276,450	12,349,000	-	35,625,450	187,558	35,437,892	21,231,140	(14,394,310)
Capital Works:										
Heating	393,830	(144,870)	248,960	1,724,000	-	1,972,960	55,370	1,917,590	1,972,960	-
Windows, Door and Roofing	1,224,510	32,780	1,257,290	6,386,110	(2,137,270)	5,506,130	59,275	5,446,855	5,500,110	(6,020)
Compliance Planned Maintenance	272,800	(203,880)	68,920	1,725,000	(1,000,000)	793,920	31,202	762,718	793,920	-
Kitchens & Bathrooms (Inc void allocation)	1,990,160	-	1,990,160	4,786,000	-	6,776,160	182,182	6,593,978	6,776,160	-
Electrical	226,430	-	226,430	300,000	1,381,790	1,908,220	86,445	1,821,775	1,908,220	-
Net Zero Carbon Works	1,500,000	-	1,500,000	1,100,000	-	2,600,000	-	2,600,000	1,396,000	(1,204,000)
Environmental	266,980	(146,980)	120,000	1,118,530	-	1,238,530	50,318	1,188,212	1,238,530	-
Structural works	1,449,170	(58,430)	1,390,740	850,000	(644,520)	1,596,220	5,854	1,590,366	1,596,100	(120)
Disabled Adaptations	(20,750)	20,750	-	650,000	400,000	1,050,000	76,975	973,025	1,050,000	-
Asbestos Removal	166,630	(166,630)	-	280,800	-	280,800	6,706	274,094	280,800	-
Estate Improvements	45,870	-	45,870	50,000	-	95,870	-	95,870	95,870	-
Sub-Totals	7,515,630	(667,260)	6,848,370	18,970,440	(2,000,000)	23,818,810	554,327	23,264,483	22,608,670	(1,210,140)
Regeneration Projects:										
Limes Avenue and Copperfield	1,980,510	-	1,980,510	2,000,000	2,000,000	5,980,510	288,887	5,691,623	5,980,510	-
Broadway	2,728,070	-	2,728,070	-	-	2,728,070	-	2,728,070	100,000	(2,628,070)
Sub-Totals	4,708,580	-	4,708,580	2,000,000	2,000,000	8,708,580	288,887	8,419,693	6,080,510	(2,628,070)
Other Housing Schemes:										
Service Enhancements (General)	-	-	-	204,020	-	204,020	-	204,020	204,020	-
Housing Asset Management Project	188,780	-	188,780	540,000	-	728,780	85,247	643,533	431,610	(297,170)
Service Enhancements (HFFHH)	(31,620)	31,620	-	154,000	-	154,000	-	154,000	154,000	-
Door Replacement Programme (Leasehold)	311,670	(311,670)	-	233,540	-	233,540	-	233,540	233,540	-
Sheltered Block Refurbishments	330,000	-	330,000	100,000	-	430,000	-	430,000	430,000	-
Emergency Alarm Upgrades	360,000	-	360,000	-	-	360,000	-	360,000	360,000	-
Sheltered Housing Works	-	-	-	468,000	-	468,000	-	468,000	468,000	-
Sub-Totals	1,158,830	(280,050)	878,780	1,699,560	-	2,578,340	85,247	2,493,093	2,281,170	(297,170)
Vehicle Replacements	(36,270)	36,270	-	-	-	-	-	-	-	-
Total Expenditure	36,623,220	(911,040)	35,712,180	35,019,000	-	70,731,180	1,116,019	69,615,161	52,201,490	(18,529,690)
Capital Financing Analysis:										
Direct Revenue Contributions	-	-	-	1,282,000	82,000	1,364,000	-	1,364,000	1,364,000	-
Major Repairs Reserve	-	-	-	9,137,000	-	9,137,000	1,116,019	8,020,981	17,486,000	8,349,000
RTB Receipts	-	-	-	1,599,000	-	1,599,000	-	1,599,000	1,976,970	377,970
Grants	-	-	-	80,000	-	80,000	-	80,000	1,918,300	1,838,300
Other Contributions	-	-	-	1,187,000	-	1,187,000	-	1,187,000	1,187,000	-
Borrowing	36,623,220	(911,040)	35,712,180	21,734,000	(82,000)	57,364,180	-	57,364,180	28,269,220	(29,094,960)
Total Financing	36,623,220	(911,040)	35,712,180	35,019,000	-	70,731,180	1,116,019	69,615,161	52,201,490	(18,529,690)