

# **Report to Overview & Scrutiny Committee**

**Date of meeting: 23rd April 2024**



**Subject: Quarter 3 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 3 (31st December 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 3 (31st December 2023) for 2023/24 be noted (*including Appendix B*).**
- 3. The Housing Revenue Account revenue position at the end of Quarter 3 (31st December 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 3 (31st December 2023) for 2023/24 be noted (*including Appendix C*); and**
- 5. The wider position on Financial Performance and Risk at the end of Quarter 3 (31st December 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 31st December 2023 ("Quarter 3"). 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 3 (Q3) stage – a budget underspend of £0.584 million, with projected net expenditure of £17.057 million against an overall budget provision of £17.641 million, is forecast. This is a much-improved position compared to previously forecast overspends of £1.523 million and £1.307 in Q1 and Q2 respectively.

The major factor reflected in the Q3 forecast is an underspend (or surplus) on Net Financing Costs of £1.443 million. This position is underpinned by a surplus of £0.968 million on Net Interest Payable following the disposal of land at North Weald Airfield in December 2023 (approved by Cabinet 13th March 2023). The associated capital receipt received by the Council is generating additional interest receipts, whilst at the same time allowing the repayment of short-term borrowing upon maturity; overall, the Q3 forecast represents a 'positive swing' of £1.356 million compared to in Q2 (£1.007 million Interest Receivable + £0.349 Interest Payable) in the forecast Net Interest Payable position.

In contrast, a substantial budget pressure on Planning Applications continues (as reported in Q1 and Q2), with income now expected to be £1.026 million compared to the budget assumption of £1.976 million (representing a shortfall of £0.950 million/48%). Additional income from Planning Applications was expected to follow from the adoption of the Local Plan in March 2023, but it would appear that the economic situation is depressing the number of Planning Applications coming forward. This remains a substantial challenge for the 2023/24 budget, despite the Government recently sanctioning a 35% increase in statutory fees.

Further significant General Fund budget variances (both positive and negative) are explained summarised in Paragraphs 2.1 to 2.3 of the report.

The Funding position on the General Fund at the Quarter 3 stage remains mixed, with surplus income of £755,000 now expected from Business Rates, partly due to an anticipated back-dated Tariff adjustment. But a shortfall of £180,000 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 also 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. However, if the year-end forecast spending and funding position in this report is accurate – notwithstanding any other reserve adjustments – the balance will rise to £4.533 million (i.e. back up above the adopted contingency balance).

The Housing Revenue Account is projected to record a small budget overspend of £0.342 million; 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 £4.255 million (the adopted minimum contingency balance in the HRA Business Plan is £2.0 million).

Turning to capital spending:

- General Fund Capital Programme – spending in the first 9 months was £20.035 million, with a forecast outturn of £43.789 million, which – if this materialises – would lead to an underspend of £33.059 million. Re-profiled spend within Commercial and Technical (£19.902 million) is the most significant variance; and
- Housing Revenue Account Capital Programme – spending in the first 9 months was £11.685 million, with a forecast outturn of £29.883 million, which – if this materialises – would lead to an underspend of £40.848 million. Slippage on Housing Development is the biggest factor.

And finally, wider Financial Performance and Risk. The Quarter 3 position is mixed, reflecting some improved performance (especially on the Payment of Invoices) over the medium-term, but also some areas (such as Business Rates Collection) short-term performance that are slightly off target. As noted in Quarters 1 and 2, the Collection of Sundry Debts remains a challenge. Compliance with Prudential and Local Indicators is not giving any cause for concern.

#### **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 outcome for the end of the financial year.
- 1.2 This is the third update for 2023/24 and includes the General Fund and Housing Revenue Account positions, for both revenue and capital, as at 31st December 2023 ("Quarter 3").

## 2) General Fund Revenue Budget

### Net Expenditure

- 2.1 The General Fund **net expenditure** position for 2023/24, at the Quarter 3 stage – summarised by service area – is presented in **Appendix A**. The headline is a forecast budget underspend of £0.584 million, with projected net expenditure of £17.057 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 3)			
Description	Budget 2023/24	Q3 Forecast Spending (31/03/24)	Variance
	£000's	£000's	£000's
Chief Executive	655	612	(43)
Commercial & Technical	2,060	2,114	54
Community & Wellbeing	1,478	1,080	(398)
Corporate Services	9,085	8,640	(445)
Customer Services	2,158	2,483	325
Finance & Audit	2,069	2,112	43
Housing & Property	1,846	1,662	(184)
Place	280	230	(50)
Planning & Development	723	1,758	1,035
Strategy, Delivery & Performance	821	698	(123)
Qualis	(2,852)	(2,516)	335
HRA Recharges	(4,984)	(4,674)	310
Financing	4,302	2,859	(1,443)
<b>Totals (Net Expenditure)</b>	<b>17,641</b>	<b>17,057</b>	<b>(584)</b>

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

- **Planning & Development (£1,034,467 forecast Overspend)** – the emerging risk of an income shortfall on Planning Applications was highlighted in the Quarter 1 report, with a forecast shortfall of £277,000 (over 14% of budget) at that stage. Unfortunately, there has been no sign of the hoped for recovery in Quarter 2 with a shortfall of £935,000 (47% of the £1.976 million budget provision) now anticipated. This is now the Council's most significant cost pressure in 2023/24. The Quarter 3 position has not improved unfortunately with a shortfall of £950,000 (48% of budget) now anticipated. In addition, also as reported in previous Quarters, there is an overspend expected on Regulatory Services (of £315,240) mainly driven by a shortfall in income from Building Control Fees (of £317,490), with Building Control applications significantly lower compared to normal volumes (private sector applications are also similarly down). Tough economic conditions are thought to be responsible for reduced activity across the sector. In contrast, Planning Service are carrying a number of staff vacancies which are behind a projected underspend of £167,501.
- **Customer Services (£325,200 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 3) forecast includes an assumed year end (negative) adjustment of £250,000 in respect of this item for 2023/24.
- **Qualis Income (£335,078 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 due to much higher interest rates on Council borrowing (although margins have eased slightly on the most recent advances with Qualis now paying a higher rate (6.5%) on Development Loan advances; and
- **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.

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

- **Financing (£1,442,733 forecast Underspend)** – a Capital Receipt received in December 2023 pertaining to a land disposal at North Weald Airfield is now driving an expected surplus of £967,930 on Net Borrowing costs (in sharp contrast to a forecast deficit of £387,690 at the Quarter 2 stage). In addition, 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 3 stage, it is assumed that a total of £335,078 will be required from the Contingency, with the remaining £377,802 reflected as a surplus within projected General Net Expenditure.

- **Corporate Services (£445,460 forecast Underspend)** – the most significant variance in the Corporate Services directorate relates to ICT, where an underspend of £353,939 is forecast for the year. There are a wide range of individual small budget variances that combine to create the overall position. The most notable variance relates to an anticipated saving of £101,030 on Staff costs due to staff vacancies within the service. Also noteworthy is an anticipated underspend of £81,000 on the budgeted cost “Azure” as the migration of servers to the Cloud has progressed more slowly than expected. Other factors include projected underspends on Microsoft software licenses (£37,210) and the expected cost of the (delayed) new Finance system (£33,160)
- **Community & Wellbeing (£397,709 forecast Underspend)** – a forecast underspend on this directorate is primarily driven by an expected underspend of £246,688 on Homelessness following receipt of a substantially larger Government Grant than was assumed in the budget (the budget had assumed a grant of £532,000, but the actual grant received was £831,000, thus generating an initial surplus of £299,000). Part of the grant (£117,000) has been reallocated to a Housing Subsidy cost centre to compensate for Subsidy loss on the provision Bed and Breakfast accommodation (resulting in a net benefit to the Homelessness cost centre of £182,000).
- **Housing & Property (£183,890 forecast Underspend)** – the Accommodation service activity, with a forecast underspend of £100,160, is the most significant factor here, with the underlying variance being an expected saving of £102,410 in electricity costs (energy costs have not quite reached the peak feared at the time of preparing the budget); and
- **Strategy, Delivery & Performance (SDP) (£122,853 forecast Underspend)** – the most notable variance in the SDP service relates to shared services, whereby an estimated saving of £90,000 is expected to accrue due to the sharing of some management staff costs with partner authorities.

2.4 Members should also note that the Pay Award for 2023/24 has now been settled (comprising a fixed sum of £1,925 to all pay grades, equating to around 5.0% on average) with the full cost reflected in the projections. The residual risk (of a higher award), as highlighted in the Quarter 2 report, has therefore passed, with no *additional* cost to the Council, although the Pay Award was higher overall than the original budget assumption of 4.0%. The additional cost to the Council (approximately £220,000) has been built into the 2024/25 draft budget proposals.

## **Funding**

2.5 The General Fund **funding** position for 2023/24, at the Quarter 3 stage is summarised in the table below.

<b>GF Funding Position 2023/24 (Quarter 3)</b>			
<b>Source Description</b>	<b>Budget Assumption 2023/24</b>	<b>Q3 Forecast (31/03/24)</b>	<b>Variance</b>
	<b>£000's</b>	<b>£000's</b>	<b>£000's</b>
Council Tax	(8,899)	(8,899)	0
Business Rates	(5,766)	(6,521)	(755)
Collection Fund Adjustments	(645)	(645)	0
Council Tax Sharing Agreement (CTSA)	(615)	(435)	180
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)	709	1,160
<b>Total Funding</b>	<b>(17,641)</b>	<b>(17,057)</b>	<b>584</b>

2.6 The funding position for the General Fund in Quarter 3 is mixed. As previously reported, the Business Rates forecast is very positive; a Quarter 1 projected year-end surplus of £646,000 has now risen to projected surplus of £755,000 based on Quarter 2 figures (the latest available at the time of preparing this report). 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.

2.7 In contrast, a shortfall of £180,000 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 (the budget was prepared on the basis of previous performance expectations). See Paragraph 3.1 below for a discussion on the forecast Contribution of £0.709 million to Reserves.

### 3) General Fund Reserves

#### **General Fund Reserve (contingency balance)**

- 3.1 The positive outlook of £0.584 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 – the Council will not need 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 of £0.709 million to the Reserve (as presented in the table in Paragraph 2.5 above). This reflects both the projected underspend 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 £335,078 in Quarter 3). In addition, an assumed transfer of the remaining balance on the “Commutated Sums” Reserve (of £604,736) has been transferred into the General Fund Reserve; these are historic dormant funds, and a review has identified that alternative (duplicate) provision exists elsewhere in the General Fund budget, so are no longer required for their originally intended purpose. The forecast impact on the General Fund Reserve is presented in the table below.

<b>Movement on General Fund Reserve: Quarter 3 2023/24</b>	
<b>Description</b>	<b>£000's</b>
General Fund Balance 31st March 2023 (pre-audit)	(3,219)
Transfer In (“Commutated Sums” Reserve)	(605)
Contribution from/(to) Reserves 2023/24 (Q3 forecast)	(709)
<b>General Fund Balance 31st March 2024 (Q2 forecast)</b>	<b>(4,533)</b>

- 3.2 Members are reminded that the Council's unallocated General Fund Reserve is a contingency balance and, following the Section 151 Officer's recommendation in accordance with Section 25 of the Local Government Act 2003, the Council approved the maintenance of a minimum balance of £4.0 million in February 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 3 stage (31st December 2023) – the Council has received £1.201 million and spent £1.142 million, leaving a balance of £3.145 million. The Movement on General Fund Earmarked Reserves is summarised in the table below.

<b>Movement in General Fund Earmarked Reserves (April to December 2023)</b>					
<b>Description</b>	<b>Opening Balance 01/04/23</b>	<b>Income</b>	<b>Expenditure</b>	<b>Transfers (in)/out</b>	<b>Q3 Balance 31/12/23</b>
	<b>£000's</b>	<b>£000's</b>	<b>£000's</b>	<b>£000's</b>	<b>£000's</b>
District Development Fund (DDF)	(224)	0	9	0	(215)
Community Projects	(435)	(421)	337	0	(519)
<i>Other Reserves:</i>					
All Weather Pitch	(137)	0	0	0	(137)
Dig. Innovation Zone (DIZ)	(127)	(90)	63	0	(153)
Garden Town	(410)	0	117	0	(293)
Homelessness	(256)	(310)	196	0	(371)
Insurance	(150)	0	0	0	(150)
Invest to Save	(114)	0	0	0	(114)
Museum	(110)	0	0	0	(110)
New Burdens	(112)	0	71	0	(41)
North Weald Inland Port	(617)	(100)	176	0	(541)
Prosperity Fund	(33)	(120)	57	0	(96)
Staff Benefits Fund	(31)	(13)	14	0	(30)
Other Ongoing Projects	(330)	(146)	102	0	(374)
<b>Totals</b>	<b>(3,086)</b>	<b>(1,201)</b>	<b>1,142</b>	<b>0</b>	<b>(3,145)</b>

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

3.4 The Community Projects Reserve comprises 20 different project categories and continues to be 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 3 stage, is summarised in the table below. As at 31st December 2023, a £0.342 million overspend is forecast for the year end, with projected net Operating Income of £1.068 million compared to an overall budget provision of £1.410 million.

<b>HRA Budget 2023/24 (Quarter 3)</b>			
<b>Description</b>	<b>Budget 2023/24</b>	<b>Forecast Spending (31/03/24)</b>	<b>Variance</b>
	<b>£000's</b>	<b>£000's</b>	<b>£000's</b>
<b>EXPENDITURE</b>			
Supervision & Management (General)	7,140	6,841	(299)
Supervision & Management (Special)	5,007	4,668	(339)
Rents, Rates, Taxes & Insurances	507	521	14
Repairs & Maintenance	11,232	12,981	1,749
<b>Management &amp; Maintenance</b>	<b>23,886</b>	<b>25,011</b>	<b>1,125</b>
Capital Charges	9,137	9,137	0
Treasury Management Expenses	65	30	(35)
Provision for Bad/Doubtful Debts	99	120	21
<b>Total Expenditure</b>	<b>33,187</b>	<b>34,298</b>	<b>1,111</b>
<b>INCOME</b>			
Dwelling Rents	(37,419)	(37,745)	(326)
Non-Dwellings Rents	(930)	(807)	123
Charges for Services & Facilities	(1,473)	(1,463)	10
Contributions from General Fund	(383)	(383)	0
<b>Total Income</b>	<b>(40,205)</b>	<b>(40,398)</b>	<b>(193)</b>
<b>Net Cost of Services</b>	<b>(7,018)</b>	<b>(6,100)</b>	<b>918</b>
Interest on Receipts and Balances	(8)	(361)	(353)
Interest Payable on Loans	5,616	5,393	(223)
<b>Net Operating Income</b>	<b>(1,410)</b>	<b>(1,068)</b>	<b>342</b>
<i>Appropriations:</i>			
Direct Revenue Contributions to Capital	1,364	1,364	0
<b>(Surplus)/Deficit for Year</b>	<b>(46)</b>	<b>296</b>	<b>342</b>

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) project. 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.

<b>HRA Budget Reconciliation 2023/24: Quarter 3</b>	
<b>Description</b>	<b>Value (£000's)</b>
<b>(Surplus)/Deficit for Year (approved by full Council 28/02/23)</b>	<b>(364)</b>
<i>Brought forward project budgets from 2022/23:</i>	
Stock Condition Survey	254
“More than Bricks and Mortar” Estate Improvement Scheme	64
<b>Total Budget Additions (@ Quarter 3)</b>	<b>318</b>
<b>(Surplus) / Deficit for Year (updated Budget 2023/24 @ Quarter 3)</b>	<b>(46)</b>

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

- **Repairs and Maintenance (£1.749 million forecast Overspend)** – there are numerous items contributing to this variance, the most significant of which relates to higher than anticipated Void costs on several properties with further major works anticipated during the remainder of the year (£1.468 million).
- **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 (since the budget was set) 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.
- **Supervision & Management (Special) (£0.339 million forecast Underspend)** – there are numerous items contributing to this underspend, the most significant is the Estates Improvement scheme “More than Bricks and Mortar” (£0.098 million) whereby delays have occurred in progressing some aspects of the project due to delayed land agreements with Parish Councils and Essex Highways. Lower than expected costs relating to neighbourhood clearances is also forecast (£0.055million).
- **Supervision & Management (General) (£0.299 million forecast Underspend)** – there are numerous items contributing to this underspend. The most significant (at £0.162 million) relates to in-year salary savings from vacancies during a re-structure within the Tenancy and Estates team.
- **Dwelling Rent (£0.326 million forecast Underspend)** – improvements in void turnaround times is leading to rental income levels exceeding budget; and
- **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.

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).

<b>Movement on HRA Balance: Quarter 3 2023/24</b>	
<b>Description</b>	<b>£000's</b>
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 2023	(364)
2023/24 Net Operating Income Forecast Variance Q3 (Para 4.1)	342
<b>HRA Balance 31st March 2024 (Q3 Forecast)</b>	<b>(4,255)</b>

## 5. General Fund Capital Programme

5.1 The General Fund Capital Programme for 2023/24 as at 31st December 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 9 months was £20.035 million, with a forecast outturn of £43.789 million, which – if this materialises – would lead to an underspend of £33.059 million.

<b>General Fund Capital Programme 2023/24 (Quarter 3)</b>					
<b>Description</b>	<b>Budget 2023/24 (Updated)</b>	<b>Spending (@ 31 December 2023)</b>	<b>Remaining Budget (@ 31 December 2023)</b>	<b>Forecast Spending (31/03/24)</b>	<b>Variance (Under) / Over</b>
	<b>£000's</b>	<b>£000's</b>	<b>£000's</b>	<b>£000's</b>	<b>£000's</b>
Commercial & Technical	31,008	3,454	27,554	11,106	(19,902)
Corporate Services	4,191	210	3,981	729	(3,462)
Customer Services	148	32	116	38	(110)
Housing (General Fund)	653	89	564	129	(524)
Place	839	0	839	162	(677)
Qualis Loans	40,010	16,250	23,760	31,625	(8,385)
<b>Total Expenditure</b>	<b>76,849</b>	<b>20,035</b>	<b>56,814</b>	<b>43,789</b>	<b>(33,059)</b>
<i>Capital Financing:</i>					
Capital Grants	1,133	766	367	1,133	0
Capital Receipts	1,007	369	638	802	(205)
Borrowing	74,709	18,900	55,809	41,854	(32,854)
<b>Total Financing</b>	<b>76,849</b>	<b>20,035</b>	<b>56,814</b>	<b>43,789</b>	<b>(33,059)</b>

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 3 stage. The table below reconciles the movement.

<b>General Fund Capital Budget Reconciliation 2023/24: Quarter 3</b>	
<b>Description</b>	<b>Value (£000's)</b>
<b>General Fund Capital Budget 2023/24 (full Council 28/02/23)</b>	<b>57,562</b>
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
<b>UPDATED General Fund Capital Budget 2023/24 (@ 31/12/23)</b>	<b>76,849</b>

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 3 stage:

- **Qualis (£8.385 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
- **Commercial and Technical (£19,902 million forecast Underspend)** – There are three main projects driving this underspend as follows:
  - **Waste Vehicle Fleet Replacement** - a Budget allocation of £9.220 million was profiled for the final quarter of 2023/24 so that delivery of the new fleet could take place by October 2024. However – following a financial and operational review – it has been concluded that a contract hire arrangement would be the best approach to procuring the vehicle fleet and would also best suit the operational needs of the service. The Budget is therefore no longer required.
  - **Epping Leisure Centre** - the Budget allocation for this scheme in 2023/24 was £12.170 million. Forecast spending is now £4.50 million, which – if this materialises – would lead to an underspend of £7.670 million. The project was initially delayed due to the late completion of the nearby multi-story carpark. However, an updated construction timetable has now been received and used to establish cashflows and the general phasing of the works. Construction is now due to start in the final quarter of 2023/24; any unspent budget in 2023/24 will be rolled forward into 2024/25; and
  - **Waste Management Depot** – the Budget allocation for this scheme in 2023/24 is £4.167 million. Forecast spending is now £2.0 million, which if this materialises would lead to an underspend of £2.167 million. Construction of the new facility is due to commence in the next few months and be completed by October 2024. The underspend will therefore be re-profiled into 2024/25; and
- **Corporate Services (£3.462 million underspend)** – the most significant area of capital underspending relates to the ICT Strategy, which has a Budget allocation of £3.927 million for 2023/24. The projected outturn is £0.662 million, which if this materialises, would lead to an underspend of £3.265 million. The current ICT Strategy is under review to consider possible changes to service needs in relation to potential shared services, and a further evaluation has led to some current projects, including several earmarked for completion this year, being paused whilst the wider corporate need is being considered, including ICT log management. A cloud-based GIS system will be completed by the end of this financial year, and Phase 1 of the new telephony system is now complete with phase 2 implementation planned for 2024/25. The replacement system for M3PP, the new Finance system, and a cloud-based information@work system have commenced but are unlikely to complete this year, so have been partially re-profiled into 2024/25. Further schemes including a new Bookings/CRM Portal (£187,000), Customer Portal Improvements (£136,000), an ICT Data Storage solution (£116,000), Workplace Collaboration (£150,000) and a Virtual Desktop Infrastructure (VDI) Solution (£160,000), have been delayed and therefore have been re-profiled to 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 31st December 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 9 months was 11.685 million, with a forecast outturn of £29.883 million, which – if this materialises – would lead to an underspend of £40.848 million.

HRA Capital Programme 2023/24 (Quarter 3)					
Description	Budget 2023/24 (Updated)	Spending (@ 31 Dec 2023)	Remaining Budget (@ 31 Dec 2023)	Forecast Spending (31/03/24)	Variance (Under) / Over
	£000's	£000's	£000's	£000's	£000's
Housing Development	35,625	1,640	33,985	8,162	(27,463)
Capital Works	23,819	5,594	18,225	14,547	(9,272)
Other Housing Schemes	11,287	4,451	6,836	7,174	(4,113)
<b>Total Expenditure</b>	<b>70,731</b>	<b>11,685</b>	<b>59,046</b>	<b>29,883</b>	<b>(40,848)</b>
<i>Capital Financing:</i>					
Grants	80	356	(276)	981	901
Capital Receipts	2,786	656	2,130	2,608	(178)
Major Repairs Reserve	9,137	10,673	(1,536)	17,486	8,349
Direct Revenue Contributions	1,364	0	1,364	1,364	0
Borrowing	57,364	0	57,364	7,444	(49,920)
<b>Total Financing</b>	<b>70,731</b>	<b>11,685</b>	<b>59,046</b>	<b>29,883</b>	<b>(40,848)</b>

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 3 stage. Thus:

- **Housing Development (£27.463 million forecast Underspend)** – there are two elements to note:
  - Qualis Acquisitions (£15.435 million Underspend) – the Budget allocation for this scheme in 2023/24 was £19.435 million. Forecast spending is now £5.0 million, which – if this materialises – would lead to an underspend of £14.435 million. Negotiations are progressing with a view to Qualis purchasing some completed units at the Roundhills and St John's development sites, although this may slip into 2024/25; and
  - Housebuilding (£12.562 million Underspend) – the Programme has a total budget of £15.724 million for 2023/24. The forecast outturn is £3.162 million, which – if this materialises – would lead to an underspend of £12.562 million at year end. Most schemes have encountered planning issues and delays with expected starts now anticipated in 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 anticipated between March and May 2024; and

- **Capital Works (£9.272 million forecast Underspend)** – there are numerous schemes contributing to this underspend, the two most significant are Kitchens and Bathrooms (£2.150million) and Window, Door, and Roofing Programmed Works (£1.942 million). Both programmes have been under review following the results of the Council’s recent stock condition survey; and
- **Other Housing Schemes (£4.113 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 small proportion is expected to be spent (on fees) this financial year resulting in a forecast underspend of £2.624 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 in 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.

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 £49.920 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 3 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%	84%	76%	84%	77%		81%
Average Days to Pay an Invoice	20	36	25	32	26	31		26

- 7.2.2 The table above reflects a substantial improvement in the Payment of Invoices over the last 21 months, although performance Quarter 2 and Quarter 3 has dipped slightly compared to Quarter 1. Finance officers are now working directly with Senior Managers and other Budget Holders with a view to getting performance back on track in Quarter 4.
- 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 the 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 and focus to be given to problem areas.

### 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 below).
- 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 3 is presented in the table below.



<b>Sundry Debt Collection 2023/24</b>			
<b>Description</b>	<b>June (Q1)</b>	<b>September (Q2)</b>	<b>December (Q3)</b>
Average Age of Outstanding Sundry Debt (Days)	1,576	1,408	1,415
Total Value of Debt Outstanding over 60 Days Old (£M's)	£3.347	£3.214	£3.736

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, progress is being made, with older cases being reviewed, remaining data anomalies addressed, and backlogs eliminated. However, as the table above demonstrates, this is proving challenging and the work that has taken place so far is not yet bearing fruit in terms of the performance indicators. It is therefore an area that is being given higher priority. A further progress update will be provided to Members in the Quarter 4 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 3.

<b>Local Tax Collection Rates 2023/24 (Quarter 3)</b>		
	<b>31st December 2022</b>	<b>31st December 2023</b>
Council Tax collected (%)	77.11%	77.17%
Business Rates collected (%)	79.75%	77.54%

7.2.9 The table above shows a mixed picture with Council Tax slightly higher compared to the same stage in 2022/23 with Business Rates slightly lower. Local Tax collection statistics were badly affected by the pandemic but have now settled down to more normal patterns (albeit against a difficult economic backdrop), with Council Tax collection back to previous levels with Business Rates just slightly offtrack (although Business Rates collection is more prone to fluctuation, so stronger performance in Quarter 4 is entirely possible).

### **7.3 Prudential Indicators**

7.3.1 The Council is required by regulation to have regard to the Prudential Code (the Code) when performing 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 (Q3)	2024/25 Budget	2025/26 Budget
	£000's	£000's	£000's	£000's
General Fund (GF)	3,949	12,164	19,773*	4,541*
Qualis Investments (GF)	8,000	31,625	22,100*	0*
Housing Revenue Account	15,875	29,883	43,964*	29,326*
<b>TOTALS</b>	<b>27,824</b>	<b>73,672</b>	<b>85,837*</b>	<b>33,867*</b>

\*Capital Strategy budgets unchanged (to be updated in Month 10)

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 Revenue Provision (MRP) and capital receipts used to replace debt.

Description	2022/23 Actual	2023/24 Forecast (Q3)	2024/25 Budget	2025/26 Budget
	£000's	£000's	£000's	£000's
General Fund (including Qualis Investments)	159,088	200,942	243,588*	240,679*
Housing Revenue Account	154,475	161,919	202,142*	214,438*
<b>TOTAL CFR</b>	<b>313,563</b>	<b>362,861</b>	<b>445,730*</b>	<b>455,117*</b>

\*Capital Strategy budgets unchanged (to be updated in Month 10)

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 3 forecast (as at 31st December 2023) of £363.737 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 (Q3)	2024/25 Budget	2025/26 Budget	Actual Debt (31/12/23)
	£M's	£M's	£M's	£M's	£M's
Outstanding Debt (including leases)	281.6	<b>270.8</b>	219.0*	216.7*	290.3
Capital Financing Requirement (CFR)	313.6	362.9	445.7*	455.1*	N/A

\*Capital Strategy budgets unchanged (to be updated in Month 10)

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	Q3 2023/24 Maximum	31/12/23 Actual	Operational Boundary 2023/24	Authorised Limit 2023/24	Complied? (Yes/No)
	£000's	£000's	£000's	£000's	£000's
Borrowing	297,598	293,444	443,184	453,184	Yes
PFI and Finance Leases	0	0	0	0	Yes
<b>Total Debt</b>	<b>297,598</b>	<b>293,444</b>	<b>443,184</b>	<b>453,184</b>	<b>Yes</b>

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 (Q3)	2024/25 Budget	2025/26 Budget
	£000's	£000's	£000's	£000's
Total Net Income from Service and Commercial Investments	10,428	11,063	12,097*	12,434*
Proportion of Net Revenue Stream	66%	65%	72%*	72%*

\*Capital Strategy budgets unchanged (to be updated in Month 10)

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). A new rental agreement for the Market at North Weald Airfield (effective from 1st January 2024) provides a further boost.

### 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 (Q2)	2024/25 Budget	2025/26 Budget
	£000's	£000's	£000's	£000's
Financing Costs	3,547	3,880*	8,516**	9,048**
Proportion of Net Revenue Stream (Standard CIPFA Indicator)	22%	23%*	50%**	52%**
<b>Proportion of Net Revenue Stream (Local Indicator)</b>	<b>13%</b>	<b>13%*</b>	<b>27%**</b>	<b>27%**</b>

*\*Capital Strategy budgets unchanged (to be updated in Month 10)*

7.3.14 The position on this indicator has significantly improved as a consequence of the capital receipt received from the land disposal at North Weald Airfield in December 2023 (explained above). Thus, the following changes have occurred in Quarter 3 (compared to Quarter 2):

- Net Financing Costs – down £1.362 million (from £5.242 million in Q2)
- Proportion of Net Revenue Stream (CIPFA) – down 8% (from 31% in Q2); and
- Proportion of Net Revenue Stream (Local) – down 5% (18% in Q2).

7.3.15 Both indicators are now well within the forecasts assumed within the adopted Capital Strategy (2023/24 to 2025/26).

## **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 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 (Q3)
	Ratio	Ratio	Ratio
Loan to Value	0.19	0.19	0.19
<b>Target Maximum (LTV)</b>	<b>0.70</b>	<b>0.70</b>	<b>0.70</b>

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 (Q3)
	Ratio	Ratio	Ratio
HRA Interest Cover	1.02	1.25	1.13
<b>Target Minimum (IC)</b>	<b>1.25</b>	<b>1.25</b>	<b>1.25</b>

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 has now been 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 was considered by the Cabinet on 5th February 2024 and facilitates the scrutiny of the Council's financial position for 2023/24.

**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 9)

**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 3 Forecast

Epping Forest DC: General Fund Revenue Budget 2023/24							
@ 31 December 2023 (Month 9)							
General Fund							
Service Area	Activity	Net Expenditure					
		Full Year Budget £'s	Budget (M9) £'s	Actual (M9) £'s	Variance £'s	Forecast £'s	Variance £'s
<b>Chief Executive</b>	Chief Executive Support Services	550,030	412,523	422,455	9,933	516,787	33,243
	Corporate Activities	73,740	55,305	48,927	6,378	63,711	10,029
	Chief Executive Other Activities	31,500	23,625	5,805	17,820	31,500	-
	<b>Sub-Total</b>	<b>655,270</b>	<b>491,453</b>	<b>477,187</b>	<b>14,265</b>	<b>611,998</b>	<b>43,272</b>
<b>Commercial &amp; Technical Services</b>	Car Parking	548,140	411,105	575,940	164,835	496,452	51,688
	C&T Community & Partnership	195,250	146,438	144,111	2,327	195,190	60
	Contracts & Technical Support Services	2,172,960	1,629,720	1,524,713	105,007	2,611,215	438,255
	Cost Centres - Contracts & Technical	3,554,670	2,666,003	2,656,111	9,892	3,481,462	73,208
	C&T Emergency Planning & Other	1,830	1,373	2,337	964	2,360	530
	Environmental Health	242,010	181,508	128,173	53,334	187,930	54,080
	Land Drainage/Sewerage	113,090	84,818	67,244	17,574	124,260	11,170
	Land & Property	8,087,160	6,065,370	5,765,059	300,311	8,127,290	40,130
	Leisure Facilities	905,880	679,410	986,497	307,087	1,091,495	185,615
	North Weald Centre	515,340	386,505	751,335	364,830	463,339	52,001
	Parks & Grounds	514,100	385,575	94,501	291,074	561,281	47,181
	Private Sector Housing	112,170	84,128	211,342	127,214	253,022	140,852
	C&T Regulatory Services	233,910	175,433	181,733	6,301	213,364	20,546
	Waste Management	5,672,670	4,254,503	3,693,411	561,091	5,599,706	72,964
	<b>Sub-Total</b>	<b>2,060,320</b>	<b>1,545,240</b>	<b>1,665,979</b>	<b>1,711,219</b>	<b>2,113,722</b>	<b>53,401</b>
<b>Community &amp; Wellbeing</b>	Community, Health & Wellbeing	72,060	54,045	151,426	205,471	56,805	15,255
	Cost Centres - Community & Wellbeing	416,790	312,593	299,521	13,071	397,399	19,391
	Economic Projects Support Serv	215,050	161,288	75,681	85,606	105,663	109,387
	Homelessness	73,360	55,020	474,845	529,865	173,328	246,688
	Museum, Heritage & Culture	481,030	360,773	453,085	92,312	474,042	6,988
	Voluntary Sector Support	219,470	164,603	178,890	14,287	219,470	-
	<b>Sub-Total</b>	<b>1,477,760</b>	<b>1,108,320</b>	<b>380,905</b>	<b>727,415</b>	<b>1,080,051</b>	<b>397,709</b>
<b>Corporate Services</b>	Business Support	1,667,861	1,250,896	1,060,906	189,989	1,628,005	39,856
	Cost Centres - Corporate Support	307,500	230,625	234,117	3,492	352,435	44,935
	Elections	208,860	156,645	134,514	22,131	198,926	9,934
	Emergency Planning & Other	79,250	59,438	61,020	1,583	82,643	3,393
	ICT	3,625,730	2,719,298	2,772,310	53,012	3,271,791	353,939
	Insurance Premiums	719,750	539,813	579,109	39,297	703,480	16,270
	Corp Serv - Member Activities	370,400	277,800	258,966	18,834	358,457	11,943
	Other Support Services	1,886,170	1,414,628	1,275,017	139,611	1,828,588	57,582
	Strategy Support Services	219,360	164,520	157,514	7,006	215,097	4,263
	<b>Sub-Total</b>	<b>9,084,881</b>	<b>6,813,661</b>	<b>6,533,474</b>	<b>280,187</b>	<b>8,639,421</b>	<b>445,460</b>
<b>Customer Services</b>	Cost Centres - Customer Services	2,404,772	1,803,579	1,827,277	23,698	2,365,389	39,383
	Customer Support Services	1,671,920	1,253,940	1,236,006	17,934	1,694,985	23,065
	Housing Benefits	1,175,090	881,318	2,983,503	2,102,185	852,420	322,670
	Local Taxation	771,660	578,745	125,239	453,506	752,812	18,848
	Customer Services - Members Activities	27,800	20,850	16,143	4,707	27,800	-
	<b>Sub-Total</b>	<b>2,157,742</b>	<b>1,618,307</b>	<b>29,316</b>	<b>1,647,622</b>	<b>2,482,942</b>	<b>325,200</b>
<b>Finance &amp; Audit</b>	Audit Support Services	304,850	228,638	223,600	5,037	303,790	1,060
	Finance Support Services	1,254,140	940,605	737,534	203,071	1,298,103	43,963
	Finance & Other Activities	509,630	382,223	185,574	196,648	509,630	-
	<b>Sub-Total</b>	<b>2,068,620</b>	<b>1,551,465</b>	<b>1,146,708</b>	<b>404,757</b>	<b>2,111,523</b>	<b>42,903</b>
<b>Housing &amp; Property</b>	Accommodation	469,530	352,148	218,531	133,617	369,370	100,160
	Cost Centres - Housing & Property	468,550	351,413	296,102	55,310	451,240	17,310
	Facilities & Depot Management	525,530	394,148	321,961	72,186	478,897	46,633
	Housing & Property Support Services	382,010	286,508	244,802	41,705	362,223	19,787
	<b>Sub-Total</b>	<b>1,845,620</b>	<b>1,384,215</b>	<b>1,081,396</b>	<b>302,819</b>	<b>1,661,730</b>	<b>183,890</b>
<b>Place</b>	Place - Community & Partnership	34,940	26,205	62,873	89,078	38,727	3,787
	Cost Centres - Place	245,260	183,945	157,826	26,119	191,835	53,425
	<b>Sub-Total</b>	<b>280,200</b>	<b>210,150</b>	<b>94,952</b>	<b>115,198</b>	<b>230,562</b>	<b>49,638</b>
<b>Planning &amp; Development</b>	Cost Centres - Planning Services	2,244,319	1,683,239	1,520,966	162,273	2,076,818	167,501
	Local Plan Implementation	807,810	605,858	306,962	298,896	783,908	23,902
	Planning & Development	2,051,570	1,538,678	756,804	781,873	1,053,317	998,253
	Planning Support Services	305,390	229,043	163,096	65,946	217,770	87,620
	Regulatory Services	582,710	437,033	252,696	184,336	267,473	315,237
	<b>Sub-Total</b>	<b>723,239</b>	<b>542,429</b>	<b>981,524</b>	<b>439,094</b>	<b>1,757,706</b>	<b>1,034,467</b>
<b>Strategy, Delivery &amp; Performance</b>	Strategy - Other Activities	83,510	62,633	105,263	42,630	82,570	940
	Strategy, Delivery & Performance Support Services	737,318	552,989	429,012	123,977	615,405	121,913
	<b>Sub-Total</b>	<b>820,828</b>	<b>615,621</b>	<b>534,274</b>	<b>81,347</b>	<b>697,975</b>	<b>122,853</b>
<b>General Fund Total</b>		<b>21,174,480</b>	<b>15,880,860</b>	<b>11,035,126</b>	<b>4,845,734</b>	<b>21,387,630</b>	<b>213,150</b>
	<b>Qualis Income</b>	- 2,851,520	-	-	-	2,516,442	335,078
	<b>HRA Recharges</b>	- 4,984,450	-	-	-	4,674,450	310,000
	<b>Financing</b>						
	Interest (exc. Qualis):						
	Interest Receivable	- 478,500	-	-	-	1,679,871	1,201,371
	Interest Payable	2,807,130	-	-	-	3,040,570	233,440
	Minimum Revenue Provision	1,261,000	-	-	-	1,164,000	97,000
	Specific Contingency (Qualis)	712,880	-	-	-	335,078	377,802
<b>General Fund (Net Expenditure)</b>		<b>17,641,020</b>	<b>15,880,860</b>	<b>11,035,126</b>	<b>4,845,734</b>	<b>17,056,515</b>	<b>584,505</b>

## General Fund Capital Programme 2023/24

## Quarter 3 Forecast

General Fund Capital Programme 2023/24: Quarter 3 Forecast										
Scheme	2022/23 Budget Outturn (xtract)			2023/24 Budget			2023/24 Budget Progress (@ 31st December 2023 - Q3)			
	2022/23 Unspent / (Overspent) Balances	(Savings) / Overspends not c/fwd	Balances Rolled Forward into 2023/24	2023/24 Budget Allocation	Q1/Q2/Q3 Changes	2023/24 Budget (Updated)	Actuals to Q3	Remaining Budget	Forecast Outturn 2023/24	Forecast (Uspend)/ Opend 2023/24
	£'s	£'s	£'s	£'s	£'s	£'s	£'s	£'s	£'s	£'s
<b>Community &amp; Wellbeing</b>										
Joint Museum and Library Facility	770,000	(770,000)	-	-	-	-	-	-	-	-
<b>Sub-Totals</b>	<b>770,000</b>	<b>(770,000)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Commercial &amp; Technical</b>										
Cartersfield Road	1,060,979	-	1,060,979	-	-	1,060,979	662,696	398,283	672,696	(388,283)
Investment Property Acquisition Fund	596,497	-	596,497	-	1,500,000	2,096,497	788,153	1,308,344	1,922,293	(174,204)
Princess of Wales PH - lease acquisition	(695,489)	695,489	-	-	-	-	-	-	-	-
EFDC Shopping Park	-	-	-	-	-	-	(13,616)	13,616	-	-
Centric Parade Redevelopment	-	-	-	-	-	-	22,250	22,250	21,925	21,925
CCTV Replacement Programme	69,373	(47,373)	22,000	25,000	-	47,000	35,302	11,698	39,697	(7,303)
CarPark CCTV Systems	13,080	(3,080)	10,000	25,000	-	35,000	22,300	12,700	33,530	(1,470)
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	766,319	204,891	971,210	-
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	43,000	3,000
Highways - Pavement Widening Scheme	-	-	-	100,000	-	100,000	-	100,000	30,000	(70,000)
Grounds Maintenance	38,295	-	38,295	30,000	-	68,295	16,872	51,423	47,150	(21,145)
Highways (REFCuS)	97,564	(1,500)	96,064	-	-	96,064	-	96,064	30,000	(66,064)
H2 Taxiway (ex NWA Prep Phase 1)	156,112	-	156,112	-	-	156,112	19,870	136,242	40,000	(116,112)
NWA Vehicles & Equipment	(18,855)	18,855	-	-	-	-	-	-	-	-
NWA Waste Depot	-	-	-	4,167,000	-	4,167,000	12,012	4,154,988	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	901,751	11,267,879	4,500,000	(7,669,630)
<b>Sub-Totals</b>	<b>13,037,350</b>	<b>434,682</b>	<b>13,472,032</b>	<b>16,036,410</b>	<b>1,500,000</b>	<b>31,008,442</b>	<b>3,453,744</b>	<b>27,554,698</b>	<b>11,106,641</b>	<b>(19,901,801)</b>
<b>Corporate Services</b>										
ICT General Schemes	170,483	-	170,483	93,000	-	263,483	44,356	219,127	67,436	(196,047)
ICT Strategy	2,841,192	-	2,841,192	1,086,000	-	3,927,192	165,990	3,761,202	661,552	(3,265,640)
Civic Offices Accommodation Project (ICT)	(1,341)	1,341	-	-	-	-	-	-	-	-
<b>Sub-Totals</b>	<b>3,010,334</b>	<b>1,341</b>	<b>3,011,675</b>	<b>1,179,000</b>	<b>-</b>	<b>4,190,675</b>	<b>210,346</b>	<b>3,980,329</b>	<b>728,988</b>	<b>(3,461,687)</b>
<b>Customer Services</b>										
Council Chamber AV Upgrade	147,649	-	147,649	-	-	147,649	31,785	115,864	38,000	(109,649)
<b>Sub-Totals</b>	<b>147,649</b>	<b>-</b>	<b>147,649</b>	<b>-</b>	<b>-</b>	<b>147,649</b>	<b>31,785</b>	<b>115,864</b>	<b>38,000</b>	<b>(109,649)</b>
<b>Housing (Property Services)</b>										
Oakwood Hill Depot Extension	(18,155)	18,155	-	-	-	-	-	-	-	-
Investment Properties (Planned Works)	187,677	(147,831)	39,846	250,000	(77,605)	212,241	7,375	204,866	32,375	(179,866)
202-220 Loughton HR - roof and H & S works	(147,831)	147,831	-	-	77,605	77,605	55,700	21,905	55,700	(21,905)
Operational Properties (Planned Works) (inc EV)	295,732	(18,433)	277,299	86,000	-	363,299	25,719	337,580	40,719	(322,580)
<b>Sub-Totals</b>	<b>317,423</b>	<b>(278)</b>	<b>317,145</b>	<b>336,000</b>	<b>-</b>	<b>653,145</b>	<b>88,794</b>	<b>564,351</b>	<b>128,794</b>	<b>(524,351)</b>
<b>Place</b>										
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)
<b>Sub-Totals</b>	<b>676,984</b>	<b>-</b>	<b>676,984</b>	<b>-</b>	<b>161,784</b>	<b>838,768</b>	<b>-</b>	<b>838,768</b>	<b>161,784</b>	<b>(676,984)</b>
<b>Qualis</b>										
Regeneration Finance Loans	88,247,500	(88,247,500)	-	40,010,000	-	40,010,000	16,250,000	23,760,000	31,625,000	(8,385,000)
<b>Sub-Totals</b>	<b>88,247,500</b>	<b>(88,247,500)</b>	<b>-</b>	<b>40,010,000</b>	<b>-</b>	<b>40,010,000</b>	<b>16,250,000</b>	<b>23,760,000</b>	<b>31,625,000</b>	<b>(8,385,000)</b>
<b>Total Expenditure</b>	<b>106,207,240</b>	<b>(88,581,755)</b>	<b>17,625,485</b>	<b>57,561,410</b>	<b>1,661,784</b>	<b>76,848,679</b>	<b>20,034,669</b>	<b>56,814,010</b>	<b>43,789,207</b>	<b>(33,059,472)</b>
<b>Capital Financing Analysis:</b>										
Capital Grants	218,152	(218,152)	-	971,210	161,784	1,132,994	766,319	366,675	1,132,994	-
Capital Receipts	-	-	-	1,007,280	-	1,007,280	368,814	638,466	801,720	(205,560)
Borrowing	105,989,088	88,363,603	17,625,485	55,582,920	1,500,000	74,708,405	18,899,536	55,808,869	41,854,493	(32,853,912)
<b>Total Financing</b>	<b>106,207,240</b>	<b>(88,581,755)</b>	<b>17,625,485</b>	<b>57,561,410</b>	<b>1,661,784</b>	<b>76,848,679</b>	<b>20,034,669</b>	<b>56,814,010</b>	<b>43,789,207</b>	<b>(33,059,472)</b>



## Housing Revenue Account Capital Programme 2023/24

## Quarter 3 Forecast

HRA Capital Programme 2023/24: Quarter 3 Forecast												
Schemes	2022/23 Budget Outturn (xtract)			2023/24 Budget					2023/24 Budget Progress (@ 31 December 2023 - Q3)			
	2022/23 Unspent/ (Overspent) Balances	Savings	Balances Rolled Forward into 2023/24	2023/24 Budget Allocation	Q1 Changes	23/24 Budget (Updated)	Q2 & Q3 Changes	23/24 Budget (Updated)	Actuals to (Q3)	Remaining Budget	Forecast Outturn 2023/24	Forecast (Uspend)/Ospend 2023/24
	£'s	£'s	£'s	£'s	£'s	£'s	£'s	£'s	£'s	£'s	£'s	£'s
<b>Housing Development Programme:</b>												
Housebuilding	10,965,260	(1,383,590)	12,348,850	3,375,500	-	15,724,350	-	15,724,350	1,640,109	14,084,241	3,162,252	(12,562,098)
Qualis Acquisitions	10,461,190	-	10,461,190	8,973,500	-	19,434,690	-	19,434,690	-	19,434,690	5,000,000	(14,434,690)
Development Land Purchases	1,850,000	1,383,590	466,410	-	-	466,410	-	466,410	-	466,410	-	(466,410)
<b>Sub-Totals</b>	<b>23,276,450</b>	<b>-</b>	<b>23,276,450</b>	<b>12,349,000</b>	<b>-</b>	<b>35,625,450</b>	<b>-</b>	<b>35,625,450</b>	<b>1,640,109</b>	<b>33,985,341</b>	<b>8,162,252</b>	<b>(27,463,198)</b>
<b>Capital Works:</b>												
Heating	393,830	144,870	248,960	1,724,000	-	1,972,960	-	1,972,960	540,252	1,432,708	1,626,795	(346,165)
Windows, Door and Roofing	1,224,510	(32,780)	1,257,290	6,386,110	(2,137,270)	5,506,130	-	5,506,130	1,002,169	4,503,961	3,564,468	(1,941,662)
Compliance Planned Maintenance	272,800	203,880	68,920	1,725,000	(1,000,000)	793,920	-	793,920	120,601	673,319	387,160	(406,760)
Kitchens & Bathrooms (inc void allocation)	1,990,160	-	1,990,160	4,786,000	-	6,776,160	-	6,776,160	2,478,224	4,297,936	4,625,512	(2,150,648)
Electrical	226,430	-	226,430	300,000	1,381,790	1,908,220	-	1,908,220	164,393	1,743,827	814,655	(1,093,565)
Net Zero Carbon Works	1,500,000	-	1,500,000	1,100,000	-	2,600,000	-	2,600,000	68,007.54	2,531,992	1,111,000	(1,489,000)
Environmental	266,980	146,980	120,000	1,118,530	-	1,238,530	-	1,238,530	236,615	1,001,915	549,900	(688,630)
Structural works	1,449,170	58,430	1,390,740	850,000	(644,520)	1,596,220	-	1,596,220	302,437	1,293,783	557,033	(1,039,187)
Disabled Adaptations	(20,750)	(20,750)	-	650,000	400,000	1,050,000	-	1,050,000	614,980	435,020	1,104,714	54,714
Asbestos Removal	166,630	166,630	-	280,800	-	280,800	-	280,800	66,156	214,644	133,516	(147,284)
Estate Improvements	45,870	-	45,870	50,000	-	95,870	-	95,870	-	95,870	72,329	(23,541)
<b>Sub-Totals</b>	<b>7,515,630</b>	<b>667,260</b>	<b>6,848,370</b>	<b>18,970,440</b>	<b>(2,000,000)</b>	<b>23,818,810</b>	<b>-</b>	<b>23,818,810</b>	<b>5,593,836</b>	<b>18,224,974</b>	<b>14,547,081</b>	<b>(9,271,729)</b>
<b>Regeneration Projects:</b>												
Limes Avenue and Copperfield	1,980,510	-	1,980,510	2,000,000	2,000,000	5,980,510	-	5,980,510	3,929,929	2,050,581	5,980,510	-
Broadway	2,728,070	-	2,728,070	-	-	2,728,070	-	2,728,070	2,185.78	2,725,884	104,120	(2,623,950)
<b>Sub-Totals</b>	<b>4,708,580</b>	<b>-</b>	<b>4,708,580</b>	<b>2,000,000</b>	<b>2,000,000</b>	<b>8,708,580</b>	<b>-</b>	<b>8,708,580</b>	<b>3,932,114</b>	<b>4,776,466</b>	<b>6,084,630</b>	<b>(2,623,950)</b>
<b>Other Housing Schemes:</b>												
Service Enhancements (General)	-	-	-	204,020	-	204,020	-	204,020	-	204,020	-	(204,020)
Housing Asset Management Project	188,780	-	188,780	540,000	-	728,780	-	728,780	379,523	349,257	431,610	(297,170)
Service Enhancements (HFFPH)	(31,620)	(31,620)	-	154,000	-	154,000	-	154,000	-	154,000	-	(154,000)
Door Replacement Programme (Leasehold)	311,670	311,670	-	233,540	-	233,540	-	233,540	-	233,540	50,000	(183,540)
Sheltered Block Refurbishments	330,000	-	330,000	100,000	-	430,000	-	430,000	139,489	290,511	140,000	(290,000)
Emergency Alarm Upgrades	360,000	-	360,000	-	-	360,000	-	360,000	-	360,000	-	(360,000)
Sheltered Housing Works	-	-	-	468,000	-	468,000	-	468,000	-	468,000	468,000	-
<b>Sub-Totals</b>	<b>1,158,830</b>	<b>280,050</b>	<b>878,780</b>	<b>1,699,560</b>	<b>-</b>	<b>2,578,340</b>	<b>-</b>	<b>2,578,340</b>	<b>519,012</b>	<b>2,059,328</b>	<b>1,089,610</b>	<b>(1,488,730)</b>
<b>Vehicle Replacements</b>	<b>(36,270)</b>	<b>(36,270)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Total Expenditure</b>	<b>36,623,220</b>	<b>911,040</b>	<b>35,712,180</b>	<b>35,019,000</b>	<b>-</b>	<b>70,731,180</b>	<b>-</b>	<b>70,731,180</b>	<b>11,685,072</b>	<b>59,046,108</b>	<b>29,883,573</b>	<b>(40,847,607)</b>
<b>Capital Financing Analysis:</b>												
Grants	-	-	-	80,000	-	80,000	-	80,000	355,900	275,900	981,360	901,360
RTB Receipts	-	-	-	1,599,000	-	1,599,000	-	1,599,000	656,000	943,000	1,421,500	177,500
Other Contributions	-	-	-	1,187,000	-	1,187,000	-	1,187,000	-	1,187,000	1,187,000	-
Major Repairs Reserve	-	-	-	9,137,000	-	9,137,000	-	9,137,000	10,673,172	1,536,172	17,486,000	8,349,000
Direct Revenue Contributions	-	-	-	1,282,000	82,000	1,364,000	-	1,364,000	-	1,364,000	1,364,000	-
Borrowing	36,623,220	911,040	35,712,180	21,734,000	(82,000)	57,364,180	-	57,364,180	-	57,364,180	7,443,713	(49,920,467)
<b>Total Financing</b>	<b>36,623,220</b>	<b>911,040</b>	<b>35,712,180</b>	<b>35,019,000</b>	<b>-</b>	<b>70,731,180</b>	<b>-</b>	<b>70,731,180</b>	<b>11,685,072</b>	<b>59,046,108</b>	<b>29,883,573</b>	<b>(40,847,607)</b>