

TITLE: BUDGET MONITORING REPORT

Committee: Operational Services Committee

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Report No: X180

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1.0 ISSUE

1.1 This report provides Members with details of the financial position for services under the Operational Services Committee.

2.0 RECOMMENDATION(S)

- 2.1 Members are requested to note that Committee is currently projecting a £250,000 overspend at the end of the year on revenue, when compared to its approved budget of £5,802,153.
- 2.2 Members are further requested to note that the Committee has a projected capital programme outturn of £1,895,888. This is an underspend of £1,809,963 when compared to its revised budget.

3.0 BACKGROUND/OPTIONS

- 3.1 Under Financial Regulations each policy committee is required to consider projections of financial performance against both its revenue and capital budget on a quarterly basis.
- 3.1. This is the third quarter report for the 2022/23 financial year and details actual expenditure incurred and income received as at 31st December 2022 and current projections as to the year-end position.

Revenue

- 3.2. The revenue budget for each service that falls under the stewardship of this Committee has been reviewed with appendix 1 detailing the current variance and forecast outturn for each service line.
- 3.3. The significant variances of actual spend compared to profiled budgeted spend at the end of December, where no variance is forecast for yearend, are detailed in the table on the next page:

Service	Variance £	Explanation
Community Infrastructure Levy (CIL)	(£2,672,662)	CIL transactions are treated as a revenue income or expense during the year, but any balance on the account at yearend will be transferred to reserve
Climate Change	(£13,491)	An up-dated Environment Plan was agreed in June 2022, but spend to date is behind profile
Community Safety	(£13,128)	Grants will be rolled forward into 2023/24
Community Projects and Grants	£61,388	Expenditure has been incurred, which will be funded from Section 106 contributions at yearend
Environmental Issues	(£34,631)	Grants from 2021/22 have been rolled forward and are expected to be spent in this financial year
Leisure Centre	£43,287	The invoice to GLL for the Council's share of the 2021/22 surplus has been raised, but proved to be for less than was reserved
Licensing	(£23,193)	Taxi licences are multi-year, so the element for future years will be rolled forward into 2023/24
Marketing and Grants	(£26,627)	Grants available for town councils have not yet been claimed. And further, we await the Government's announcement on the shared prosperity fund before determining where our own funding will be directed, this is expected in the final quarter
Travellers	£61,120	Maintenance costs are currently ahead of profile and rental income behind, but this will be balanced via the maintenance reserve at yearend

- 3.4. The net revenue expenditure for this Committee at yearend is forecast to be £6,052,153. This reflects a forecast £250,000 overspend when compared to the approved budget. This is the combination of seven forecast variations on service lines, as detailed in the table below.

- 3.5. It should be noted that the Local Government pay award, has now been agreed, and is higher than that the 2% built into the budget in February 2022. This additional cost is now showing on individual service lines

Service	Forecast Outturn Variance £	Explanation
Building Regulations	£20,000	A number of factors are attributable to the £20,000 overspend - The cost of living crisis has resulted in individual homeowners putting a freeze on their building work and the significant increase in material costs has resulted in developers also putting the brakes on and postponing work, therefore reducing income to the Team
Customer Services	(£15,000)	The underspend is due to vacancies in the Team in the first half of the year
Health – Admin and Miscellaneous	£25,000	The staffing budget is overspent because of the pay increase being higher than budgeted. Plus fine income in relation to fly tipping has been less than expected.
Homelessness	(£130,000)	There were vacancies in the Housing Team during the first half of the year. Plus, some staff costs have now been matched against Government funding, provided by the County Council, for supporting people from Ukraine
IT	£75,000	Inflation has increased software and hardware costs by 10-15% in the current financial year.
Planning	(£25,000)	We received a number of high fee earning applications; i.e. major applications, in the first quarter of 2022/23, however in the second and third quarters income was below profile – so the latest yearend forecast is now lower than previously reported

<p>Refuse Collection</p>	<p>£300,000 (As at the end of December 2022)</p>	<p>While there, has (to this point, December 2022) been no formal request from ECSS for an increase in management fee as a consequence of the pay negotiations with staff, this is expected, and will result in an overspend on this budget</p> <p><i>Please Note: The £300,000 value and the above text in this report remains the value reported as the forecast position as at the end of December 2022 when the report was drafted. This value was carried forward to the Finance and Assets report (on the 23rd January 2023) detailing the overall Council position.</i></p> <p><i>However, members will be aware that following a request from the ECSS Board and the decision at Council (21st February 2023), the overspend is now forecast to be up to £500,000. The final figure, to be determined through the closedown process, will be reported to Committee as part of the closedown report.</i></p>
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Capital

- 3.6. The revised capital budget for Operational Services Committee stands at £3,705,851; including £214,764 of slippage brought forward from 2021/22.
- 3.7. The main yearend forecast is in relation to Waste vehicles, while it remains a possibility that new vehicles will be ordered during 2022/23 because of the time lapse between order and delivery, these vehicles will not be delivered and in operation before the end of March 2023 and as such, will be an expense in 2023/24. The budget for 2023/24 has been amended to reflect this.
- 3.8. The cost of vehicle purchases will be higher this year than budgeted as ECTC, parks and gardens team, have replaced a number of their vehicles. The cost of these are initially met from Section 106 contributions, with the Council benefiting from the hire charge it makes to ECTC for the vehicles' use during their useful life.
- 3.9. Around £1,000,000 of CIL receipts received in 2022/23 will be used as funding towards the historic cost of the Leisure Centre, therefore reducing the borrowing on this project.

4.0 ARGUMENTS/CONCLUSION(S)

- 4.1. The current forecast is that the Committee's net revenue position will be an overspend of £250,000 at the end of the financial year.

5.0 FINANCIAL IMPLICATIONS / EQUALITY IMPACT STATEMENT / CARBON IMPACT ASSESSMENT

- 5.1. There are no additional financial implications arising from this report other than those detailed above.
- 5.2. An equality Impact Assessment (INRA) is not required.
- 5.3. A Carbon Impact Assessment (CIA) is not required.

6.0 APPENDICES

Appendix 1 – Revenue budget monitoring report – 31st December 2022

Appendix 2 – Capital budget monitoring report – 31st December 2022

Background Documents:

Council Budget approved by Full Council on the 22nd February 2022