

**TITLE: EAST CAMBS STREET SCENE FINANCE REPORT**

Committee: Operational Services

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**1.0 ISSUE**

1.1. To receive an update on the current ECSS financial position.

**2.0 RECOMMENDATION(S)**

2.1. Members are requested to note the contents of this report.

**3.0 BACKGROUND/OPTIONS**

3.1. On 19 October 2023 (Agenda Item 11) Council approved changes to the Memorandum of Agreement, specifically to insert a clause which states 'The Company shall prepare and review Management Accounts on a quarterly basis. In the event that the Management Accounts show a full year projected overspend/underspend in the sum of £50,000 (or over) in that quarter, the Company shall report the overspend/underspend to the next Operational Services Committee. The report will include measures of mitigation.'

3.2. On 1 November 2023 ECSS formally agreed the insertion of this clause into the Memorandum of Agreement.

3.3. On 1 November 2023 ECSS noted the Quarter 2 Management Accounts which show a net full year overspend of £80,066 and this has triggered the reporting requirements set out in 3.1 above.

3.4. It should be noted that ECSS has budgeted for a 4% 2023/24 pay increase. At the time of writing this report the NJC has not agreed the 2023/24 pay award. Any pay award above 4% will have an impact the budget. This will be reported (if the pay award is agreed by the end of December) in the Quarter 3 Management Accounts.

3.5. The following factors have contributed to the projected net overspend:

3.5.1. Staffing costs

- Management and administration costs are £20k higher than budget and this has largely arisen from increased administrative support and recruitment fees.

- There has been a £98k net underspend on directly employed staff. The budget assumes 60 employees; the average in the first half of the year is 57 employees; 55 in Quarter 1 and 59 in Quarter 2.
- Overtime costs are currently £34k over budget and this mostly relates to the additional King's Coronation Bank Holiday and changes to the overtime rate. Agency staff were used from April 2023 to October 2023, and this was necessary to cover the statutory requirements related to the Operator Licence.
- The budget was based on an average of 2.5 agency staff, however in the first six months the average has been just over 8 agency staff.

### 3.5.2. Non-staffing costs

- Vehicle costs- Repairs costs are currently £25k lower than budget, however, hire costs are currently £73k higher than budget. New vehicles are arriving. At the time of writing this report 2 vehicles have been delivered and the remainder are to be delivered by 3 November 2023
- Fuel- There has been a net underspend of £33k on fuel.
- Miscellaneous- The cost of improving the overall efficiency and effectiveness of the service has resulted in a net overspend of £49k.

## 4.0 **ARGUMENTS/CONCLUSION(S)**

- 4.1. It is important to note that this net overspend is manageable within the cashflow of the Company, i.e. there is enough cash in the Company to accommodate the net overspend.
- 4.2. The Director (ECSS) will focus on a review to assess what can be done to reduce the projected net overspend and mitigate the potential for increased overspends in the second half of the financial year.
- 4.3. Areas of review will include (but not limited to):
  - Planned spend for the remainder of the year, focusing on essential spend that is necessary to deliver the service,
  - Opportunities arising from Project Street Smart which includes workstreams to review current contracts to ensure they deliver value for money, and improved third-party contract management, and
  - Ensuring that resources (both human and financial) are deployed efficiently and effectively.
- 4.4. At the conclusion of the review and if necessary, the Director (ECSS) will bring a report to Operational Services Committee in January 2024 which will detail the actions taken in Quarter 3 to mitigate overspends. In the event that overspends cannot be reduced, or continue to increase, options will be presented to the Committee. Such options will include service delivery choices, increased 2023/24 Management Fee request or a carry forward of 2023/24 losses which could be recovered in the 2024/25 Management Fee.

**5.0 FINANCIAL IMPLICATIONS / EQUALITY IMPACT STATEMENT / CARBON IMPACT ASSESSMENT**

- 5.1. These are considered within the main body of the report.
- 5.2. Equality Impact Assessment (EIA) not required.
- 5.3. Carbon Impact Assessment (CIA) not required.

**6.0 APPENDICES**

None

Background Documents:

Exempt- ECSS Management Accounts Quarter 2  
Council- 19 October 2023 (Agenda Item 11)