

Committee:	Cabinet	Date:	Thursday, 5 September 2024
Title:	Quarter 1 Finance Monitor		
Portfolio Holder:	Cllr Neil Hargreaves, Portfolio Holder for Finance and the Economy		
Report Author:	Gareth Robinson, Director of Finance, Revenues and Benefits (interim) GRobinson@uttlesford.gov.uk	Key decision:	Yes

Summary

1. This report sets out the latest forecast financial performance of the Council including General Fund, Housing Revenue Account (HRA), Capital and Treasury. Forecasts are based upon actual income and expenditure from April to June 2024, together with predictions for the remainder of the financial year.
2. Overall, there is a £38k underspend in the General Fund. While service expenditure is overspending by £590k driven largely by Waste Management, corporate costs have come in lower than expected by £762k primarily due to an early repayment of a major loan at a discount. More detail is provided in paragraphs 14 through 40.
3. The Housing Revenue Account is forecasting a minor overspend of £24k. By end of year, it is anticipated to bring the HRA in on budget. More detail is provided in paragraphs 41 through 50.
4. The current year approved capital programme totals £26.458 million with planned additions of £1.1 million and expected slippage of £1.278 million. Forecast capital expenditure is now £23.759 million. This represents a net underspend of £5.077 million. Further details are set out in paragraphs 50 through 63.
5. There have been additions to the capital programme since budget setting and these are set out in the capital programme section. Typically, these changes represent funding obtained since budget setting. There is a request in a related capital paper for expenditure on Social Housing Decarbonisation following the second largest award in the current round of funding bids. Therefore, if agreed there will be a request for more capital budget in the HRA. It is likely there will be underspend on the repairs and maintenance capital contract and some of the budget will be funded from there in 2024/25. In the following year, the residual request for budget will impact the overall amount available for capital repairs and maintenance. Overall, there is intended to be no extra borrowing required by the HRA.
6. Throughout the period, the Council's treasury management activities have been carried out in accordance with the Treasury Management Strategy

approved by Council in February 2024 and there were no breaches of the policy.

7. There is a fundamental need to re-align budgets within service departments. This is in part due to bringing back in-house the General Fund property work previously delivered by UNSL, and the need to reduce the excess numbers of service budgets in the HRA and thereby simplify budget management, by reflecting reserve movements where appropriate in service budgets. Therefore, the recommendations include delegated responsibilities to the Section 151 Officer to adjust budgets accordingly.
8. However, it is important to note that it will, with one exception, not change the allocation of resources as this will largely be a technical change that also supports the quicker creation of the main accounting statements going forward. The sole exception is the reflection of the aforementioned insourcing of the General Fund property work that took place after budget setting and the need to match budgets to the insourced service model.
9. There is need to update the process for internal support recharges. In 2016/17, CIPFA adjusted the Code of Practice of Local Government to follow International Financial Reporting Standards but the council in common with many others retained the existing process. Currently, almost half the council's budget lines are internal recharges. Support service recharges and their budgets were expected to be removed except where there was a statutory need to ensure separate funds or accounts were not being subsidised or facing an unfair charge. The scale of complexity means it is difficult to identify the true financial position of any service area and it makes it challenging to budget effectively, especially in the HRA. There is a recommendation in the report to simplify the internal overhead approach in line with CIPFA Best Practice.

Recommendations

10. The Cabinet is recommended to:
 - i. Note the contents of this report.
 - ii. Delegate the authority to re-align budgets within the departments to the Section 151 Officer.
 - iii. Approve the additions to the Capital Budgets as noted within the Capital Programme and delegate to the Section 151 Officer to finalise the slippage for 2023/24 and adjust the 2024/25 budgets for Quarter 2 monitoring.
 - iv. Request a paper that approves an approach to simplifying the internal recharges to an approach that meets statutory requirements and also supports strong and effective budget management.

- v. Delegate the authority to the Section 151 Officer to increase and adjust the capital HRA budgets to account for the successful Social Housing Decarbonisation Fund bid.

Financial Implications

11. Financial implications are set out throughout this report.

Background Papers

12. None

Impact

13.

Communication/Consultation	Corporate Management Team (CMT) and Informal Cabinet Briefing (ICB)
Community Safety	N/A
Equalities	N/A
Health and Safety	N/A
Human Rights/Legal Implications	N/A
Sustainability	N/A
Ward-specific impacts	N/A
Workforce/Workplace	N/A

General Fund

Departments	Budget £'000s	Forecast £'000s	Variance £'000s
Planning	1,914	2,144	230
Chief Exec	454	535	81
Resources*	4,268	4,341	73
Business Performance & People	750	886	136
Corporate Services	1,761	1,639	(122)
Digital Services & Commercialisation	3,837	3,982	145
Environmental Services & Climate Change	3,327	3,821	494
Housing, Health & Communities	2,054	1,741	(313)
Net Cost of Services	18,365	19,089	724
Transformation	400	400	0
Investment Properties	1,812	1,019	(793)
Corporate Items	(96)	(65)	31
External Funding	(11,524)	(11,524)	0
Transfers to/(from) Reserves	(1,901)	(1,901)	0
Council Tax	(7,056)	(7,056)	0
Overspend / (underspend)	0	(38)	(38)

*Resources is made up of Finance, Revenues & Benefits and Corporate Management

Planning (£230k overspend)

14. There is a £243k overspend due to challenges in filling permanent posts. There is £153k in additional staffing costs related to specialist support that was not anticipated in budget setting.
15. UDC provide administrative support for a nation-wide conservatory and roof replacement company leading to £131k net additional Building Control income (308k income and £177k cost).
16. Finally, there is £34k of additional planning fee income against budget.

Chief Exec (£81k overspend)

17. Legal is overspending by £88k due to permanent structure not in place. The rest of the differences are minor variances

Resources (£73k overspend)

18. There are £126k of additional costs in Corporate Management due to agency spend.
19. Housing Benefits anticipates £60k of additional Housing Benefit Overpayment Income. Minor over and underspends net off a residual £8k.

Business Performance & People (£136k overspend)

20. The headline position of an economic development overspend of £118k is misleading. There is grant to fund this expenditure. The overspend reflects the council's budgeting approach, whereby the income is shown in transfers to/from reserves. The council intends to rectify this situation by fixing the council system reports and drawing down reserves directly into service areas.
21. The residual differences reflect a one off £41k contribution to the PFI provider as part payment to resolve the reinforced autoclaved aerated concrete (RAAC) issue identified at the Lord Butler Leisure Centre. There was also a vacancy in Human Resources for half a year (£17k).

Corporate Services (£122k underspend)

22. Vacant posts in Customer Services and Communications have generated a £122k underspend.

Digital Services & Commercialisation (£145k overspend)

23. Overspend in area driven by agency cover for sickness (£43k) and £69k of unbudgeted software. The latter will be considered for growth bids.
24. Collective non-IT budgets are overspending by £30k, which is largely due to agency cover for vacancies. However, individual budget variances are quite significant. This is due to the need to re-align the budgets to expenditure post budget setting due to bringing staff back in-house from UNSL. A provisional realignment is indicated below:

Service	Current Budget £	Revised Budget £
GOF - Office Cleaning	0	260,100
GNP - Norse Partnership	454,290	0
GAM - Asset Management	267,260	270,190
GOF - Offices	584,590	775,850
Total	1,306,140	1,306,140

Environmental Service & Climate Change (£494k)

25. There is a £92k overspend on diesel due to fuel prices being higher than expected.

26. There is £255k overspend expected on vehicle hire alongside a £177k overspend on vehicle parts. The budget is under review to determine whether this overspend is a one off or part of a longer term trend.

27. There is also an under recovery of recycling credits due to lower than expected tonnage and a £34k under recovery of bulky waste income due to lower volumes than last year.

28. These are offset by a one-off vacancy benefit of £42k and a re-profiling of £81k climate change expenditure into 2025/26. Minor variances make up the rest.

Housing, Health & Communities (£332k underspend)

29. There is £233k underspend in licencing due to 2 vacancies (£116k) and £117k higher driver fee income.

30. There are £54k in vacancies across other departments that are not expected to be filled in the current year.

31. A range of minor variances make up the rest of the underspend.

32. Ultimately, there is a need to realign budgets however, this needs to take place as part of Blueprint Uttlesford and the associated service redesign in Housing.

Transformation (Forecast to Budget)

33. As it is Quarter 1, the council is prudently assuming Blueprint Uttlesford will utilise all the budgetary provision.

Investment Income (£793k underspend)

Investment property	Budget £'000s	Forecast £'000s	Variance £'000s
Investment property income (net of management costs)	(11,973)	(12,454)	(481)
Borrowing costs	11,017	11,135	118
Phoenix Loan Savings	0	(930)	(930)
Movement to Commercial Reserve	0	500	500
Sub-total before MRP	(956)	(1,749)	(793)
Minimum revenue provision (MRP)	2,768	2,768	0
Total - Investment property (incl local government charges)	1,812	1,019	(793)

34. Investment income is expected to come in at £481k better than budget as was predicted previously.

35. However, the early repayment of the Phoenix Loan generated a £930k savings in 2024/25 (£1.027m discount and £97k fees to arrange it). This is because

the savings must be spread across 10 years in the General Fund as per local government regulations as opposed to being recognised immediately in its entirety as per International Financial Reporting Standards.

36. The £500k movement to commercial reserve is an estimate based on the prudent assumption that we will not sell Chesterford Research Park and that we will need to refund the Commercial Property reserve for 3 years of interest on a £3.3m loan given out in December 2023. Naturally, if the asset is sold, this cost will be significantly less.

37. It is important to note that the council faces a minimum revenue provision cost, which is a local government accounting charge to reflect the underlying need to borrow. Without this charge, the council would expect to record a £1.749m surplus in 2024/25. Including the £2.768m charge, this leads a deficit of £0.793m. However, as this charge is a non-cash event, the resources are retained by the authority.

Corporate Items

Corporate items	Budget £'000s	Forecast £'000s	Variance £'000s
Capital financing	1,957	1,985	28
Leisure PFI interest	319	319	-
Corporate pension costs (added years and deficit repair)	85	85	-
Treasury investment income	(446)	(443)	3
Net recharges to Housing Revenue Account (HRA)	(2,011)	(2,011)	-
Subtotal - Corporate items	(96)	(65)	31

38. Investment Income is expected to be £3k below budget while borrowing is expected to cost £28k more than expected. More details are provided in the Treasury section.

External Funding (Forecast to Budget)

39. There is no change expected to external funding at this stage in the current financial year.

Transfers to/from reserves

40. A similar situation to external funding, movements to/from reserves are expected to be the same. Moreover, a more modern approach to budget management will lead to this section solely reflecting on overall base budget support in the future with services reflecting the budget transfers.

Housing Revenue Account (HRA)

Net Expenditure by Service Area	Budget £'000s	Forecast £'000s	Variance £'000s
Service income			
Dwelling rents	(18,067)	(17,926)	141
Garage rents	(254)	(246)	8
Other rents	(32)	(35)	(3)
Charges for services & facilities	(1,328)	(1,299)	29
Subtotal - Service income	(19,681)	(19,506)	175
Rents, Rates & other property charges	185	201	16
Maintenance & repairs service expenditure			
Common service flats	488	580	92
Estate maintenance	5	5	-
Housing sewage	21	19	(2)
Newport Depot	3	3	-
Property services	1,043	1,117	74
Housing repairs (Norse)	4,218	4,218	-
Subtotal - Maintenance & repairs service expenditure	5,778	5,942	164
Management & homelessness expenditure			
Housing services	781	784	3
Sheltered housing services	438	463	25
Subtotal - Management & homelessness expenditure	1,219	1,247	28
One-off transformation costs	750	350	(400)
Subtotal - Service expenditure	7,932	7,740	(192)
Other operating income and expenditure	8,867	8,907	40
Subtotal - Operating (surplus)/deficit	(2,882)	(2,859)	23
Capital financing	2,960	2,961	1
Transfers to/(from) earmarked reserves	(78)	(78)	-
(Surplus)/deficit	-	24	24

Service Income (175k overspend)

41. Rental income is forecast to be £141k under budget. New forecasting models will be developed over the current financial year that will break this down at a granular level to determine whether this is a short term effect or an underlying trend.
42. There are under recoveries for various service charges (£29k). This is under investigation. The balance is made up of minor variances.

Rents, Rates & other property charges (£16k overspend)

43. The reasons for the overspend are not obvious but the empty property charge is running at £29k above budget even if the utilities are underspending by the difference.

Maintenance and repairs (£164k overspend)

44. £74k overspend on agency and consultancy in Property Services is actually transformation costs.
45. Common service flats overspend of £82k is higher spend on utilities. The budget needs reviewing for future years. Minor variances otherwise.

Management and homelessness (£28k overspend)

46. Ad hoc repairs on sheltered housing are forecast to be £25k over budget. Minor variances make up the difference.

Transformation (£400k underspend)

47. Delays in setting the new contract structure in place while the current UNSL contract winds down combined with the expenditure largely contained within existing budgets due to vacancies being held has led to an unexpected underspend. However, the need to drive forward the HRA Business Plan may mean that this position changes significantly throughout the year.

Other Operating Income and Expenditure (£40k overspend)

48. The overspend reflects the higher cost of agency in the corporate centre.

Capital Financing (£1k overspend)

49. No reason to expect any difference at this point in the financial year.

Transfers to/(from) Reserves (Forecast to budget)

50. As above.

51. The capital tables below includes the original budget and associated forecast and variance. However, they also include a column for additions and provisional slippage from 2023/24. The revised variance is therefore the variance adjusted downwards for additions and slippage. It is important to recognise slippage is subject to change. A delegation of authority is requested to finalise slippage values for the quarter 2 report due December 5th.

Capital – General Fund

	Budget £'000s	Forecast £'000s	Variance £'000s	Additions £'000s	Provisional Slippage £'000s	Revised Variance £'000s
Resources	400	400	0	0	0	0
Business Performance & People	726	1,006	280	82	298	(100)
Digital Innovation & Commercialisation	732	930	198	0	283	(85)
Environmental Services & Climate Change	995	1,176	181	0	166	15
Housing, Health & Communities	683	1,779	1,096	1,018	78	0
Investments	13,732	13,795	63	0	63	0
Total	17,268	19,086	1,818	1,100	888	(170)

Resources

52. Transformation Fund at this stage of the year expected to utilise all resources.

Business Performance & People

53. Likely delays on superfast broadband means that the project is likely to be delayed by at least £100k. There is a correction required to due to there being more grant than budget. This amounts to £82k.

Digital Innovation & Commercialisation

54. Delays on structural works on Guildhall (£50k) and day centres (£30k) drive the expected underspend in the area

Environmental Services & Climate Change

55. Kitchen caddies' unexpected popularity led to a minor overspend of £15k.

Housing Health & Communities

56. Council obtained extra LAHF Grant, for which it applied. This will deliver 5 extra affordable homes for residents in need. This is one of the additions to the capital programme that needs cabinet approval to increase budgets

Investments

57. Until the sale of Chesterford Research Park is confirmed, it is assumed that all investment expenditure will continue as expected.

Capital – Housing Revenue Account

	Budget £'000s	Forecast £'000s	Variance £'000s	Additions £'000s	Provisional Slippage £'000s	Revised Variance £'000s
Existing Stock Maintenance	5,330	4,203	(1,127)	0	390	(1,517)
New builds	1,410	306	(1,104)	0	0	(1,104)
Unidentified New Builds and Redevelopment	2,400	114	(2,286)	0	0	(2,286)
Cash incentive scheme grants	50	50	0	0	0	0
Total	9,190	4,673	(4,517)	0	390	(4,907)

Existing Stock Maintenance

58. End of contract means an expected tailing off of expenditure to ensure no ongoing commitment in future years. Some elements of the capital budget subject to negotiations are not expected to be used (commercially sensitive).

New Builds

59. Takeley expected to be delayed (£1.08m). Planning application pending.

60. Garden sites and Woodlands are in the final stages of completion. Between them there is a net underspend of £24k.

Unidentified New Builds and Redevelopment

61. No schemes have been devised and therefore no expenditure in 2024/25 leading to £2.35m underspend. This budget will be removed from the active capital programme and moved to the pipeline till appropriate business cases come forward.

62. There are final unbudgeted retention payments on Walden place leading to an overspend of £64k.

Cash Incentive Scheme Grants (forecast to budget)

63. This is difficult to forecast so currently forecast to budget as it is quarter 1.

Treasury Management

64. Treasury management activities have been carried out throughout the period in accordance with the Treasury Management Strategy approved by Council in February 2024, without any breaches in the first quarter of 2024/25.

65. For the period from April to June 2024, the Council's weighted average cost of borrowing was 3.92%, whilst the weighted average return on treasury investments was 5.46%. The return on investments is higher than the cost of borrowing as investments tend to be placed for a shorter period (less than one year and sometimes as short as overnight), whereas a significant proportion of the Council's borrowing has been fixed for the longer term. This means that recent increases in interest rates have been reflected relatively quickly within the investment portfolio, whereas the Council continues to benefit from lower interest rates on its borrowing where this was secured in earlier years. Nevertheless, the Council's borrowing far exceeds the balances invested, and the Council remains exposed to interest rate risk on refinancing.

Treasury Forecast as at Quarter 1

	Budget £'000s	Q1 Forecast £'000s	Difference £'000s
Investments			
Local Authorities (inc HRA share)	(334)	(294)	40
MMFs	(100)	(136)	(36)
Barclays	(12)	(13)	(1)
Aspire	(2,416)	(2,415)	1
Total	(2,862)	(2,858)	4
Borrowing			
Local Authorities	6,755	6,315	(440)
PWLB	3,346	4,489	1,143
Private	1,006	332	(674)
Total	11,107	11,136	29
Net	8,245	8,278	33

66. The council repaid its £35.471m loan with £25.192m (£10.279m discount). As per local government General Fund regulations, this discount is spread over 10 years. The current annuity loan is at 2.86% and the replacement loans averaged 4.925% for an average of 5 years. Therefore, in short term, the annual interest cost will be higher till it can be refinanced when interest rates are lower. There was a one off fee cost of £97k for arranging the discount. However, the gross savings for 2024/25 is approximately £930k due to the discount before taking account of any new borrowing.

Prudential Indicators	Budget	Forecast	Variance
	£'000s	£'000s	£'000s
Estimate of Capital Expenditure (CAPEX)			
General Fund	5,461	5,291	(170)
Commercial Investments	13,795	13,795	0
Housing Revenue Account	9,580	4,673	(4,907)
Total Estimate of CAPEX	28,836	23,759	(5,077)
Estimate of Capital Financing Requirement at 31 March*			
General Fund	18,400	20,059	1,659
Commercial Investments	253,100	264,127	11,027
Housing Revenue Account	80,900	85,573	4,673
Total - Estimate of CFR at 31 March	352,400	369,759	17,359
Gross Debt at 31 March	320,100	340,100	20,000
Authorised Limit			
Authorised Limit for borrowing	415	415	0
Authorised Limit for other long-term liabilities	10	10	0
Total - Authorised limit for external debt	425	425	0
Operational boundary			
Operational boundary for borrowing	395	395	0
Operational boundary for other long-term liabilities**	10	10	0
Total - Operational boundary for external debt	405	405	0
Proportion of financing costs to net revenue stream	82%	78%	-4%
Proportion of net income from commercial investments to net revenue stream	64%	68%	4%

* The draft accounts are not produced while the council undertakes a forensic review to ensure there is a sound basis to all its numbers. It is anticipated by Quarter 2, a very solid draft position should be available, which will not change for the Draft Accounts.

** Includes Private Finance Initiative (PFI) and lease liabilities

67. As this quarter 1, these numbers are subject to significant updates, while the Accounts are finalised.

Risk Analysis

68.

Risk	Likelihood	Impact	Mitigating actions
Actual outturn will vary from forecast, requiring adjustments to budget and/or service delivery	2 – as the current forecasts have been prepared towards the end of the year, the likelihood of significant variances at outturn should be reduced	2 – budget will continue to be closely monitored and prompt action taken if necessary to control and report variances	Continued regular analysis of the financial position

1 = Little or no risk or impact

2 = Some risk or impact – action may be necessary.

3 = Significant risk or impact – action required

4 = Near certainty of risk occurring, catastrophic effect or failure of project.

Appendix A: Service Breakdown – General Fund

Planning	Budget	Forecast	Variance
GPS - Building Control	(7)	(171)	(164)
GDC - Development Management	(270)	(39)	231
GPM - Planning Management	528	520	(8)
GPP - Planning Policy	1,378	1,482	105
GPS - Planning Specialists	285	352	67
Total Expenditure	1,914	2,144	231

Chief Executive	Budget	Forecast	Variance
GLC - Land Charges	(72)	(62)	10
GEL - Conducting Elections	0	0	0
GER - Electoral Registration	193	175	(18)
GLG - Legal Services	333	422	89
Total Expenditure	454	535	81

Resources	Budget	Forecast	Variance
GBA - Benefits Administration	421	436	15
GHB - Housing Benefits	212	152	(60)
GLT - Council Tax Collection	(100)	(100)	0
GNR - Non Domestic Rates Collection	(152)	(148)	4
GRA - Revenues Administration	585	618	33
GTB - Council Tax Support	(32)	(72)	(40)
GFS - Financial Services	1,423	1,432	9
GCM - Corporate Management	1,910	1,897	(13)
Total Expenditure	4,267	4,215	(52)

Business Performance & People	Budget	Forecast	Variance
GHR - Human Resources	425	408	(17)
GCP - Car Parks	(851)	(855)	(4)
GED - Economic Development	319	437	118
GPF - Private Finance Initiative	482	525	43
GBP - Contract, Performance and Risk Management	199	197	(2)
GIA - Internal Audit	176	174	(2)
Total Expenditure	750	886	136

Corporate Services	Budget	Forecast	Variance
GMM - Saffron Walden Museum	276	273	(3)
GCE - Customer Services Centre	645	562	(83)
GCI - Community Information Centres	11	11	0
GCA - Committee Administration	182	182	0
GDR - Democratic Representation	371	371	0
GPR - Communications	276	240	(36)
Total Expenditure	1,761	1,639	(122)

Digital Innovation & Commercialisation	Budget	Forecast	Variance
GAM - Asset Management	267	103	(164)
GCS - Central Services	462	464	2
GIC - Information Technology	1,970	2,091	121
GNP - Norse Partnership	454	164	(290)
GIG - Information Governance	111	109	(2)
GOF - Offices	585	1,064	479
GLA - Local Amenities	(13)	(13)	0
Total	3,836	3,982	146

Environmental Services & Climate Change	Budget	Forecast	Variance
GCL - Grounds Maintenance	450	433	(17)
GDP - Depots	29	50	21
GEE - Climate Change	457	370	(87)

GHC - Street Cleansing	513	498	(15)
GMA - Vehicle Management	566	746	180
GRY - Waste Management	976	1,497	521
GWM - Street Services	335	227	(108)
Total Expenditure	3,326	3,821	495

Housing, Health & Communities	Budget	Forecast	Variance
GDY - Community Hubs	95	95	0
GEP - Emergency Planning	34	39	5
GGC - Grants & Contributions	234	233	(1)
GHI - Health Improvement	182	148	(34)
GNH - Ward Member Grants	78	78	0
GSA - Community Safety	400	368	(32)
GAW - Animal Welfare	0	0	0
GEN - Environmental Protection	540	529	(11)
GIF - Imported Food	(191)	(206)	(15)
GLE - Licensing	(159)	(392)	(233)
GPH - Environmental Health - Commercial	581	596	15
GHM - Homelessness	182	176	(6)
GHT - Housing Strategy	77	77	0
Total Expenditure	2,053	1,741	(312)

Appendix B: Service Breakdown – Housing Revenue Account

Estate Maintenance (HHE)

	Budget	Forecast	Variance
Expenditure	4,880.00	4,880.00	0.00
Income	0.00	0.00	0.00
Net Expenditure	4,880.00	4,880.00	0.00

Housing Services (HHS)

	Budget	Forecast	Variance
Expenditure	781,290.00	783,639.78	2,349.78
Income	0.00	0.00	0.00
Net Expenditure	781,290.00	783,639.78	2,349.78

Newport Depot (HNE)

	Budget	Forecast	Variance
Expenditure	3,050.00	3,052.00	2.00
Income	0.00	0.00	0.00
Net Expenditure	3,050.00	3,052.00	2.00

Norse Partnership (HNP)

	Budget	Forecast	Variance
Expenditure	4,217,810.00	4,217,806.00	(4.00)
Income	0.00	0.00	0.00
Net Expenditure	4,217,810.00	4,217,806.00	(4.00)

Housing Repairs (HRE)

	Budget	Forecast	Variance
Expenditure	0.00	190.00	190.00
Income	0.00	(354.00)	(354.00)
Net Expenditure	0.00	(164.00)	(164.00)

Housing Sewage (HSW)

	Budget	Forecast	Variance
Expenditure	20,830.00	19,131.00	(1,699.00)
Income	(80,610.00)	(56,475.00)	24,135.00
Net Expenditure	(59,780.00)	(37,344.00)	22,436.00

Common Services Flats (HHF)

	Budget	Forecast	Variance
Expenditure	487,990.00	579,517.00	91,527.00
Income	(400,240.00)	(409,522.00)	(9,282.00)
Net Expenditure	87,750.00	169,995.00	82,245.00

Rates & Property (HHP)

	Budget	Forecast	Variance
Expenditure	185,160.00	201,492.00	16,332.00
Income	(18,361,240.00)	(18,214,958.00)	146,282.00
Net Expenditure	(18,176,080.00)	(18,013,466.00)	162,614.00

Sheltered Housing (HSH)

	Budget	Forecast	Variance
Expenditure	437,140.00	462,815.00	25,675.00
Income	(838,720.00)	(824,610.00)	14,110.00
Net Expenditure	(401,580.00)	(361,795.00)	39,785.00

Property Services (HPS)

	Budget	Forecast	Variance
Expenditure	1,043,050.00	1,116,571.00	73,521.00
Income	0.00	(800.00)	(800.00)
Net Expenditure	1,043,050.00	1,115,771.00	72,721.00

Appendix C: Capital – General Fund

	Budget	Forecast	Variance	Additions	Provisional Slippage	Revised Variance	
	£'000s	£'000s	£'000s	£'000s	£'000s	£'000s	Explanation
Transformation Fund	400	400	0	0	0	0	Fund anticipated to be used to meet Blueprint Uttlesford costs
	400	400	0	0	0	0	

Business Performance & People

	Budget	Forecast	Variance	Additions	Provisional Slippage	Revised Variance	
	£'000s	£'000s	£'000s	£'000s	£'000s	£'000s	Explanation
Car parking machine replacement	0	39	39	0	39	0	
Superfast broadband	0	108	108	0	208	(100)	Likely delays in completing project.
UK Shared Prosperity Fund (UKSPF)	116	200	84	82	2	0	
Rural England Prosperity Fund (REPF)	610	659	49	0	49	0	
	726	1,006	280	82	298	(100)	

Digital Innovation & Commercialisation

	Budget	Forecast	Variance	Additions	Provisional Slippage	Revised Variance	
	£'000s	£'000s	£'000s	£'000s	£'000s	£'000s	Explanation

							Significant spend needed on SW Day Centre due to sinking. Waiting on professional assessment for accurate cost
Day centre cyclical improvements	10	0	(10)	0	20	(30)	
Museum boiler	0	18	18	0	18	0	2k invoice in dispute. Asbestos found which also needs to be removed
Guildhall exterior works	0	0	0	0	50	(50)	Structural work needed, likely more than 50k. Some will be offset by Historic England
Museum buildings	30	30	0	0	0	0	
Electric car chargers	15	40	25	0	25	0	
Council offices improvements (general)	170	170	0	0	0	0	
London Road - fire alarm upgrade	0	50	50	0	50	0	
Minor items IT	20	20	0	0	0	0	
PCI compliance	20	20	0	0	0	0	
PSN CoCo	30	45	15	0	15	0	
Cyber security	20	33	13	0	13	0	
Grounds maintenance and vehicle systems	0	43	43	0	43	0	
Scanner replacement and postal software	0	9	9	0	14	(5)	Project is complete.
Move to servers Azure/AWS	0	35	35	0	35	0	
Saffron Walden CCTV	100	100	0	0	0	0	
Council's Assets Management Plan	317	317	0	0	0	0	
	732	930	198	0	283	(85)	

Environmental Services & Climate Change

	Budget	Forecast	Variance	Additions	Provisional Slippage	Revised Variance	Explanation
	£'000s	£'000s	£'000s	£'000s	£'000s	£'000s	
Household bins	70	70	0	0	0	0	
Trade waste bins	10	10	0	0	0	0	
Kitchen caddies	10	25	15	0	0	15	Unexpected popularity of kitchen caddies
Garden waste bins	20	20	0	0	0	0	
Vehicle replacement programme	885	1,051	166	0	166	0	
	995	1,176	181	0	166	15	

Housing, Health & Communities

	Budget	Forecast	Variance	Additions	Provisional Slippage	Revised Variance	Explanation
	£'000s	£'000s	£'000s	£'000s	£'000s	£'000s	
LAHF - Cap Grt L&B	0	1,018	1,018	1,018	0	0	DLUHC will provide grant of £1.18m, UDC have agreed to provide 5 homes
Community project grants	110	110	0	0	0	0	
Air quality monitoring (Saffron Walden Project)	239	239	0	0	0	0	
Private sector renewal grants (UHRA)	35	35	0	0	0	0	
Disabled Facilities Grants	294	298	4	0	4	0	
Empty dwellings	5	5	0	0	0	0	
Mortimer's Gate	0	74	74	0	74	0	
	683	1,779	1,096	1,018	78	0	

Investments

	Budget	Forecast	Variance	Additions	Provisional Slippage	Revised Variance	
	£'000s	£'000s	£'000s	£'000s	£'000s	£'000s	Explanation
Investments	13,732	13,795	63	0	63	0	Until or unless Aspire (CRP) is sold, it is assumed that capital expenditure will continue.
	13,732	13,795	63	0	63	0	

Appendix D: Capital – HRA

Existing Stock Maintenance

	Budget	Forecast	Variance	Additions	Provisional Slippage	Revised Variance	Explanation
	£'000s	£'000s	£'000s	£'000s	£'000s	£'000s	
Existing stock maintenance	5,330	4,203	(1,127)	0	390	(1,517)	End of contract means an expected tailoring off of expenditure to ensure no expenditure happens in future years. Some elements of the capital budget subject to negotiations are not expected to be used (commercially sensitive).
Total	5,330	4,203	(1,127)	0	390	(1,517)	

New Builds

	Budget	Forecast	Variance	Additions	Provisional Slippage	Revised Variance	Explanation
	£'000s	£'000s	£'000s	£'000s	£'000s	£'000s	
Thaxted Road	55	55	0	0	0	0	Retention monies only
Takeley	1,080	0	(1,080)	0	0	(1,080)	Planning application pending - start delayed likely till 2025/26.
Woodlands, Great Dunmow	0	93	93	0	0	93	Final payment expected. Project Completion.
Garden sites	275	158	(117)	0	0	(117)	Final payments to be made over. However, project completion expected.
Total	1,410	306	(1,104)	0	0	(1,104)	

Unidentified New Builds and Redevelopment

	Budget £'000s	Forecast £'000s	Variance £'000s	Additions £'000s	Provisional Slippage £'000s	Revised Variance £'000s	Explanation
Walden Place	50	114	64	0	0	64	Retention payment only.
Unidentified New Builds and Redevelopment Budget (Future Pipeline)	2,350	0	(2,350)	0	0	(2,350)	Budget to be removed to Capital Pipeline. No expenditure expected in 2024/25.
Total	2,400	114	(2,286)	0	0	(2,286)	

Cash Incentive Scheme Grant

	Budget £'000s	Forecast £'000s	Variance £'000s	Additions £'000s	Provisional Slippage £'000s	Revised Variance £'000s	Explanation
Cash incentive scheme grants	50	50	0	0	0	0	Cash incentive to residents who downsize. Currently to budget but challenging to forecast.
Total	50	50	0	0	0	0	

Appendix E: General Fund Reserves

General Fund Revenue Reserves	Estimated 31/03/2024 Position £'000s	Additions to reserves £'000s	Use of Reserves £'000s	Forecast at 31 March 2025 £'000s
Ringfenced reserves				
Business rates	486	1,736	-	2,222
Capital slippage	116	-	(116)	-
Licensing	89	7	-	96
Leisure/Private Finance Initiative	807	-	(100)	707
Working balance	1,844	65	-	1,909
Total - Ringfenced reserves	3,342	1,808	(216)	4,934
Core reserves				
Commercial assets	4,893	1,500	(869)	5,524
Transformation	2,000	-	(800)	1,200
Medium Term Financial Strategy	8,157	25	(1,141)	7,041
Total - Core reserves	15,050	1,525	(2,810)	13,765
Member priorities				
Economic development	184	-	(184)	-
Planning	714	-	(21)	693
Sustainable communities	1,250	-	(742)	508
Climate change	552	-	(388)	164
Major sports facilities	-	-	-	-
Voluntary sector	35	-	(35)	-
Coronation celebration grants	-	-	-	-
Cost of living support fund	135	-	(135)	-
Total - Member priorities	2,870	-	(1,505)	1,365

Grants				
Homelessness	337	-	(104)	233
Health and wellbeing	194	-	(24)	170
Air quality	-	-	-	-
Public health	207	-	(76)	131
Shared Prosperity Fund	-	-	-	-
Other	48	3	(2)	49
Total - Grants	786	3	(206)	583
Total General Fund revenue reserves	22,048	3,336	(4,737)	20,647

Appendix F: Housing Revenue Account Reserves

HRA Reserves	Estimated 31/03/2024 Position £'000s	Additions to reserves £'000s	Use of Reserves £'000s	Forecast at 31 March 2025 £'000s
Ringfenced reserves				
Working balance	594	61	-	655
Subtotal - Ringfenced reserves	594	61	-	655
Usable reserves				
Revenue reserves	500	193	-	693
Transformation	580	420	(750)	250
Subtotal - Usable reserves	1,080	613	(750)	943
Earmarked for capital purposes				
Potential projects reserve	10	-	-	10
HRA capital slippage reserve	2	-	(2)	-
Subtotal - Earmarked for capital purposes	12	-	(2)	10
Total - HRA revenue reserves	1,686	674	(752)	1,608

Appendix H: External Context for Treasury

Economic background:

UK headline consumer price inflation (CPI) continued to decline over the quarter, falling from an annual rate of 3.2% in March to 2.0% in May, in line with the Bank of England's target. The core measure of inflation, however, only declined from 4.2% to 3.5% over the same period, which, together with stubbornly services price inflation at 5.7% in May, helped contribute to the BoE maintaining Bank Rate at 5.25% during the period, a level unchanged since August 2023.

Data released during the period showed that showed the UK economy had emerged from the technical recession at the end of 2023 to expand by 0.7% (upwardly revised from the initial estimate of 0.6%) in the first quarter of the calendar year. Monthly GDP data showed zero growth in April following an expansion of 0.4% in the previous month.

Labour market data continued to provide mixed messages for policymakers, exacerbated by issues the Office for National Statistics is having compiling the labour force survey. In the three months between February and April 2024, unemployment was up, employment fell, while the decline in vacancies slowed and wage growth remained elevated. Unemployment rose to 4.4% (3mth/year) while average regular earnings (excluding bonuses) was 6.0% and total earnings (including bonuses) was 5.9%. Adjusting for inflation, real regular pay rose by 2.3% and total pay by 2.2%. Given how keenly the 'second-round' impact of inflation on wages is watched by the BoE, policymakers will likely want to see more downward movement before cutting interest rates.

Having started the financial year at 5.25%, the Bank of England's Monetary Policy Committee (MPC) maintained Bank Rate at this level throughout the quarter. In line with expectations, at its June meeting, the Committee voted by a majority of 7-2 in favour of maintaining the status quo. The two dissenters preferred an immediate 0.25% reduction in Bank Rate to 5.0%. This continued dovish tilt by the Committee increased financial market expectations that the first cut in Bank Rate will likely be in August.

Earlier in May, in addition to an identical MPC rate decision and voting pattern, the Bank published the latest version of its Monetary Policy Report (MPR). Within the Report, the Committee noted that it expected four-quarter GDP growth to increase over the forecast period, reflecting the declining negative effects of past Bank Rate increases and the predicted downward path of interest rates which should provide support to economic activity. The trajectory of inflation was broadly similar to that in the previous MPR, albeit slightly lower towards the end of the forecast horizon due to the Committee's revised assessment of falling external inflationary pressures from past import price increases. This meant the Committee expected headline inflation to hit the 2% target two quarters sooner than in the February MPR. As was highlighted earlier, inflation data published in June showed that CPI inflation fell to the 2% target in May.

Arlingclose, the Council's treasury adviser, maintained its central view that 5.25% is the peak in Bank Rate and that interest rates will most likely be cut later in H2 2024.

The risks over the medium term are deemed to be to the upside as while inflation has fallen to target, it is expected to pick up again later in the year and as services price inflation and wage growth are still on the firmer side, the MPC could well delay before delivering the first rate cut.

The US Federal Reserve also maintained interest rates over the period, holding the Fed Funds Rate at 5.25%-5.50% for the seventh consecutive month in June, as was expected. US policymakers have maintained a relatively dovish stance throughout the period but have steadily reduced their predictions around the pace and timing of rate cuts in the face of higher inflation and firmer economic growth. At the meeting, economic projections pointed to one rate cut in calendar 2024 and four in 2025.

The European Central Bank cut rates in June, reducing its main refinancing rate from 4.50% to 4.25%. Inflation in the region fell to 2.5% in May, having increased in the previous month, but since February has been fairly sticky at between 2.4% and 2.6%. Economic growth in the region has picked up but remains weak, and with inflation above the ECB's target this continues put pressure on policymakers on how to balance these factors when setting monetary policy.

Financial markets:

Sentiment in financial markets showed signs of improvement over the quarter, but bond yields remained volatile. Early in the period yields climbed steadily, but mixed signals from economic data and investors' constant reassessment of when rate cuts might come caused a couple of fairly pronounced but short lived dips in yields. Towards the end of the quarter yields rose once again and were generally higher than at the start of the period.

Over the quarter, the 10-year UK benchmark gilt yield started at 3.94% and ended at 4.18% having reached 4.41% in May. While the 20-year gilt started at 4.40%, hit 4.82% in May, before ending the period at 4.61%. The Sterling Overnight Rate (SONIA) averaged 5.20% over the quarter to 30th June.

Credit review:

Arlingclose maintained its advised recommended maximum unsecured duration limit on all banks on its counterparty list at 100 days.

During the quarter, Fitch revised its outlook on Transport for London (TfL) to stable from negative while S&P upgraded its long-term rating for TfL to AA- from A+, in line with its rating of the UK sovereign.

Fitch also upgraded the long-term ratings for the main four Australian banks – Australia & New Zealand Banking Group, Commonwealth Bank of Australia, National Australia Bank and Westpac.

Having placed Warrington Borough Council on review for a downgrade in March, Moody's subsequently withdrew its ratings for the council in June.

Credit default swap prices started and ended the quarter at broadly similar levels in the UK as they did for the European, Singaporean and Australian lenders on

Arlingclose's counterparty list, while Canadian banks generally trended modestly downwards.

Financial market volatility is expected to remain a feature, at least in the near term and, credit default swap levels will be monitored for signs of ongoing credit stress. As ever, the institutions and durations on the Council's counterparty list recommended by Arlingclose remain under constant review.