



Revenue Budget Monitor 2018/2019 - November 2018

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General Fund

Portfolio Summary

Portfolio	Original Budget			Virement £'000	Latest Budget			Initial Outturn £'000	Proposed Management Action £'000	Expected Outturn £'000	Forecast Variance £'000	Movement from Period 7
	Gross Expend £'000	Gross Income £'000	Net £'000		Gross Expend £'000	Gross Income £'000	Net £'000					
Leader	13,384	(2,448)	10,936	747	14,062	(2,379)	11,683	11,618	0	11,618	(65)	↑
Growth	8,880	(5,799)	3,081	(99)	9,879	(6,897)	2,982	3,068	(104)	2,964	(18)	↓
Adult and Housing	69,994	(27,117)	42,877	(1,504)	69,201	(27,828)	41,373	42,698	(1,325)	41,373	0	↔
Children and Learning	108,037	(74,481)	33,556	3,086	111,110	(74,468)	36,642	38,172	(480)	37,692	1,050	↑
Healthy Communities and Wellbeing	119,551	(105,915)	13,636	693	102,433	(88,104)	14,329	14,554	(85)	14,469	140	↓
Infrastructure	28,408	(14,235)	14,173	598	28,981	(14,210)	14,771	16,542	0	16,542	1,771	↑
Public Protection	17,515	(3,733)	13,782	504	17,816	(3,530)	14,286	13,443	(31)	13,412	(874)	↑
Portfolio Net Expenditure	365,769	(233,728)	132,041	4,025	353,482	(217,416)	136,066	140,095	(2,025)	138,070	2,004	↑
Reversal of Depreciation	(39,074)	10,793	(28,281)	0	(39,074)	10,793	(28,281)	(28,281)	0	(28,281)	0	↔
Levies	638	0	638	0	638	0	638	638	0	638	0	↔
Financing Costs	8,542	0	8,542	(308)	8,234	0	8,234	8,110	0	8,110	(124)	↑
Contingency	5,716	0	5,716	(1,828)	3,888	0	3,888	3,888	0	3,888	0	↓
Pensions Upfront Funding	(3,734)	0	(3,734)	0	(3,734)	0	(3,734)	(3,734)	0	(3,734)	0	↔
Non Portfolio Net Expenditure	(27,912)	10,793	(17,119)	(2,136)	(30,048)	10,793	(19,255)	(19,379)	0	(19,379)	(124)	↑
Net Operating Expenditure	337,857	(222,935)	114,922	1,889	323,434	(206,623)	116,811	120,716	(2,025)	118,691	1,880	↑
General grants	0	(2,380)	(2,380)	0	0	(2,380)	(2,380)	(2,380)	0	(2,380)	0	↔
Revenue Contribution to Capital	5,058	0	5,058	(2,678)	2,380	0	2,380	2,380	0	2,380	0	↔
Contribution to / (from) Earmarked Reserves	5,436	0	5,436	789	6,225	0	6,225	6,225	(885)	5,340	(885)	↓
Net Expenditure / (Income)	348,351	(225,315)	123,036	0	332,039	(209,003)	123,036	126,941	(2,910)	124,031	995	↓
Revenue Support Grant	0	(10,318)	(10,318)	0	0	(10,318)	(10,318)	(10,318)	0	(10,318)	0	↔
Business Rates Top-up Grant	0	(12,085)	(12,085)	0	0	(12,085)	(12,085)	(12,085)	0	(12,085)	0	↔
Retained Business Rates	0	(21,924)	(21,924)	0	0	(21,924)	(21,924)	(24,424)	0	(24,424)	(2,500)	↓
Collection Fund Surplus	0	(2,500)	(2,500)	0	0	(2,500)	(2,500)	(2,500)	0	(2,500)	0	↔
Contribution to / (from) General Reserves	0	0	0	0	0	0	0	(1,405)	1,405	0	0	↔
Council Tax Requirement	348,351	(272,142)	76,209	0	332,039	(255,830)	76,209	76,209	(1,505)	74,704	(1,505)	↓

Use of General Reserves	
Balance as at 1 April 2018	11,000
(Use) / contribution to in Year	0
Balance as at 31 March 2019	11,000

11,000	11,000		11,000	0	↔
0	(1,405)	1,405	0	0	↔
11,000	9,595	1,405	11,000	0	↔

Overall Budget Performance

This report outlines the budget monitoring position for the General Fund and Housing Revenue Account for 2018/2019, based on the views of the Directors and their Management Teams, in light of expenditure and income to 30th November 2018.

The starting point for the budget monitoring is the original budget as agreed by Council in February 2018.

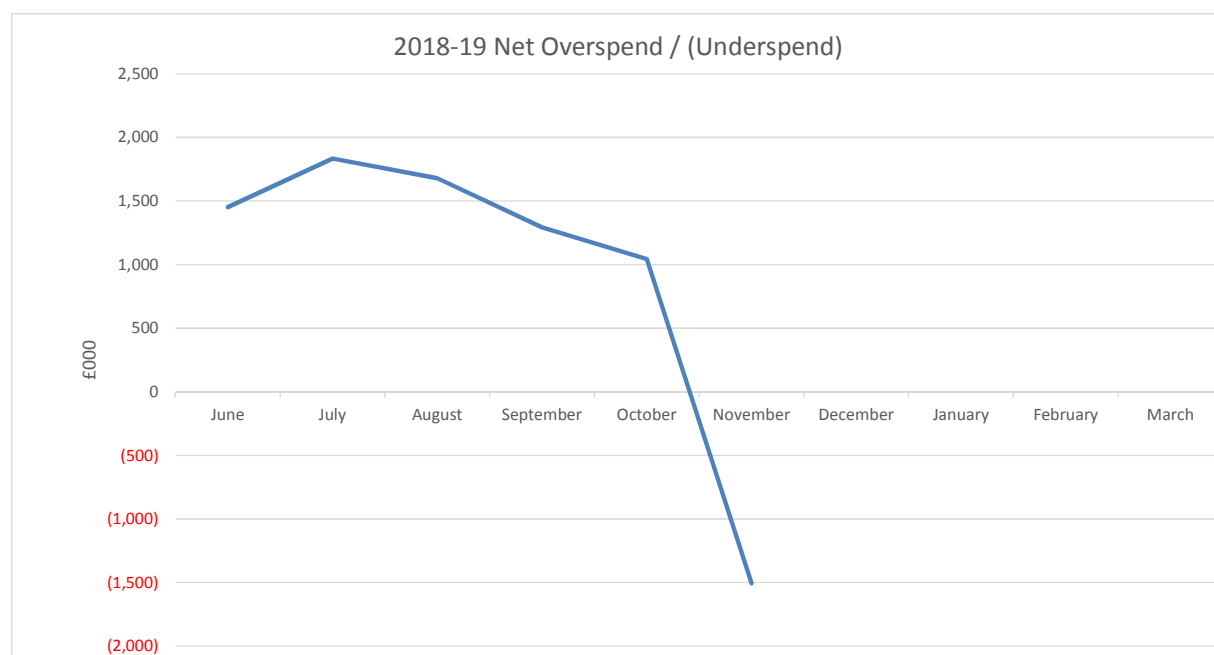
The forecast overall position as at the end of November is a net underspend of (£1,505,000) ((1.2%) of net expenditure, (2.0%) of council tax requirement) compared to an overspend of £1,043,000 at the end of October.

The resultant position arises from a projected overspend of £1,405,000 (a projected portfolio overspend of £4,029,000 being partly offset by a (£124,000) underspend on non-portfolio services and (£2,500,000) additional in-year financing). In the absence of any management action to bring the budget back into line, this sum would fall to be met from the General Reserves. That would reduce General Reserves below the optimal level set by the Council's Section 151 Officer in his adequacy of balances statement to the Council in setting the 2018/2019 budget. The cause of the overspend lies entirely within portfolios, with the most significant budget issues continuing to be within Children & Learning and Infrastructure.

However Directors are progressing with their approved management actions, totalling £2,025,000, which would reduce the overspend of portfolio services to £2,004,000. There is also a proposal to utilise planned earmarked reserves totalling (£885,000), which alongside the (£124,000) non portfolio service underspend and the additional (£2,500,000) financing, results in the net expenditure underspend of (£1,505,000).

The financing of the net £123.036M budget of the Council is largely fixed at the start of the year, being derived from the preset revenue support grant and business rates top-up grant from central government, the council tax precept and business rates retained share from local taxpayers, and any release of accumulated collection fund surpluses. However in addition to these fixed amounts, the Council is also in receipt of Section 31 grants paid to compensate the Council for changes made to the Government's business rates scheme, and also new for this year anticipated benefit to be derived from being inside the Essex Business Rate Pool. A review of the anticipated income relating to Section 31 grants and the Essex pool has been undertaken, and it is forecast that the Council will receive some £2,500,000 additional income.

Once factored in, this represents an improved position compared to October 2018, and accelerates the downward trend.



**General Fund Portfolio Forecast Comparison 2018-19
as at Period 8 - November 2018**

Portfolio	Latest Budget 2018/19 £000	Projected Outturn 2018/19 £000	November Forecast Variance £000	October Forecast Variance £000	Trend
Leader	11,683	11,618	(65)	(100)	↑
Growth	2,982	2,964	(18)	(2)	↓
Adult and Housing	41,373	41,373	0	0	↔
Children and Learning	36,642	37,692	1,050	625	↑
Healthy Communities and Wellbeing	14,329	14,469	140	218	↓
Infrastructure	14,771	16,542	1,771	1,761	↑
Public Protection	14,286	13,412	(874)	(897)	↑
Total Portfolio	136,066	138,070	2,004	1,605	↑
Non-Service Areas	(19,255)	(19,379)	(124)	(547)	↑
Earmarked Reserves	6,225	5,340	(885)	(15)	↓
Source of Funding	(46,827)	(49,327)	(2,500)	0	↓
Net Expenditure / (Income)	76,209	74,704	(1,505)	1,043	↓

Performance against Budget Savings Targets

As part of setting the Council budget for 2018/2019, a schedule of Portfolio and Corporate savings was approved totalling £7.594 million. These are required to achieve a balanced budget.

A monthly exercise is in place to monitor the progress of the delivery of these savings. A breakdown, by RAG status, of the Portfolio Savings is shown below:

	a	b	c	b+c	d	e	a-(b+c+e)
	Target	Green	Amber	Expected	Red -	Saving	Residual
	Saving	£000	£000	Delivery of	Estimated not	mitigated	Under /
	£000	£000	£000	Savings	Deliverable	in year	(Over)
				£000	£000	£000	Delivery
							£000
Leader	80	0	0	0	80	80	0
Growth	509	509	0	509	0	0	0
Adults and Housing	2,325	1,000	1,325	2,325	0	0	0
Children and Learning	840	124	370	494	346	346	0
Healthy Communities and Wellbeing	504	355	0	355	149	149	0
Infrastructure	1,006	906	0	906	100	100	0
Public Protection	30	12	0	12	18	18	0
	5,294	2,906	1,695	4,601	693	693	0
Non-Portfolio	2,300	2,300	0	2,300	0	0	0
	7,594	5,206	1,695	6,901	693	693	0

The current forecast is showing £693,000 of savings as being undeliverable in year. These savings are

£000			
Leader			
PL18	80	Print Contract Savings	Saving not deliverable due to on-going management fee funding requirements with new provider
Children and Learning			
PE10	100	Children Services transformation	Saving not deliverable due to required workforce
PE11	165	Children service savings	Saving not deliverable due to required workforce
PE4	25	Passenger transport saving	Saving not deliverable in 2018/19
PE5	56	Education savings	This amount of the Education Saving is undeliverable in 2018/19 but has been mitigated by additional DfE grant income in 2018/19

Healthy Communities and Wellbeing			
PH1	54	Sexual Health	These contracts are being retendered in year, with no expected savings accruing in year, although it is anticipated that the full saving will be achieved for 2019/20. Funding has been drawn down from the Public Health reserve to meet the 2018/19 shortfall
PH2	95	0 - 5 Children's Public Health Service	
Infrastructure			
PL2	100	Cost Reductions in Highways Infrastructure	Increased Highways defects due to adverse weather conditions
Public Protection			
PL9	15	Trade Licence to use Public Highway	Charging arrangements not in place for 2018/19; will be delivered in 2019/20
PL11	3	Food Hygiene Rating Scheme Re-assessment	
693			

Against these undeliverable savings, in year mitigations of £693,000 have been identified against the required savings total of £7.594 million.

Portfolio Performance – Leader

Current Budget	Initial Outturn	Management Actions	Expected Outturn	Forecast Variance
£000	£000	£000	£000	£000
11,683	11,618	0	11,618	(65)

There is currently a forecast underspend of (£65,000) in the Leader's Portfolio which equates to 0.6% of the £11.683M net budget allocation. The key variances are underspends against employee budgets in Internal Audit (£60,000) and Financial Management (£40,000) partially offset by salary overspends in Human Resources £30,000.

The residual saving for the Print Contract (PL19) totalling £80,000 is reflected within "Infrastructure" savings. At budget setting it was removed from the Corporate Core budget although the expenditure is ongoing. It is unlikely that the saving can be met although it is expected to be mitigated by other corporate underspends for this year.

A Treasury Management in-year saving of (£15,000) is forecast resulting from lower short-term borrowing and Public Works Loan Board charges. The budget for the post of Strategic Director of Legal & Democratic Services will not be fully utilised due to vacant hours which is expected to result in a further (£25,000) underspend at year-end.

There is currently a forecast pressure of £45,000 against Electoral Registration mainly due to an increase in the salary costs of Canvassers and the impact of them being auto-enrolled in the NEST pension scheme.

Court Costs and Barristers Fees relating to Child Protection have escalated in recent years with 36 active cases in Southend at the end of November. This remains lower than the 44 cases reported at Period 4 giving the team reason to believe that the intervention strategy being adopted by the Department for People is paying dividends. It has still not been possible to recruit to the Children's Solicitor vacancy, however management now plan to appoint a newly qualified solicitor who can be developed into the role over time. It is hoped this approach will partially mitigate the on-going pressure from Barrister Fees.

Portfolio Performance – Growth

Current Budget	Initial Outturn	Management Actions	Expected Outturn	Forecast Variance
£000	£000	£000	£000	£000
2,982	3,068	(104)	2,964	(18)

The forecast underspend of (£18,000) in the Growth Portfolio is 0.6% of the £2.982M net budget allocation.

Asset and Facilities Management

The cost of the cleaning and security contract for the Civic Centre continues to exceed the budget. A saving of £75,000 was agreed in 2017/18 but this hasn't materialised and the current pressure is now £120,000. Attempts have been made to reduce the service without a noticeable impact but this hasn't been possible.

A wide range of responsive repairs and maintenance tasks have been completed in the Civic Centre this year, ranging from boiler repairs and emergency lighting servicing, to door security systems and electrical testing. The number of works which have taken place means that the budget provision is expected to be exceeded by £40,000.

Due to the conversions of schools to academies, a number of trusts have opted out of the schools property service run by the property and regeneration team and utilising their own contractors to deliver works. This is resulting in an income shortfall of £20,000. A number of staff in the property team are employed on the basis of delivering elements of the capital programme and currently more time has been capitalised than expected resulting in a (£20,000) forecast underspend.

Economic Development and Regeneration

Due to the number of events in the Town Centre, additional income has been received from organisations that are using the High Street for promotional purposes. This, alongside the popularity of the High Street markets is resulting in additional income of (£21,000). With the focus on the town centre, new initiatives to better understand the use and popularity of the High Street are being explored which will help provide an evidence base for potential investment decisions by both the private sector and the Council.

A number of the economic growth projects are externally funded and require regular claims to be made to funders – some in advance, some in arrears and others on a payment by results model. All continue to draw down funding in accordance with the terms and conditions of the grants so the committed financial support is being made available to the Council ensuring ongoing delivery and budget management.

Planning

Applications have been made for 7 significant development projects this year and as a result the income received in the Development Control team has been greater than expected. The current forecast is that an additional (£195,000) will have been received by the end of the financial year. In order to cope with the increased demand of these projects, some agency

staff support is in place, and staffing supplements have been agreed to retain talented employees. This is expected to resulting in additional staffing costs of £63,000

Portfolio Performance – Adults and Housing

Current Budget	Initial Outturn	Management Actions	Expected Outturn	Forecast Variance
£000	£000	£000	£000	£000
41,373	42,698	(1,325)	41,373	0

The Adults and Housing Portfolio are forecasting an on line position as at the end of period 8. This forecast is assuming the delivery of all the £1.325M management actions so this forecast is being closely monitored because of the volatility of Adult Social Care budgets.

Adult Social Care

Adult services are reporting a break even position as at the end of period 8. As stated above, this position assumes full delivery of the agreed 2018/19 savings. There is therefore a degree of risk to the accuracy of these projections at his time.

Older People – The management action on Older People has been reduced from £1.2M in period 7 to £800,000 in period 8. The forecast variance is a £244,000 underspend due to an overall reduction in the actual commitment on older people residential and domiciliary care. Although the overall commitment on interim placements and reablement has gone up, the residential placements have gone down from 17/18. This reflects the transformation work currently going on in the service, continuing to promote and encourage maximum independence and support the clients to maintain their wellbeing and better quality of life. This is being achieved by working with providers that support short stays in care homes, through enablement and reablement, with the aim of improving outcomes for residents. This helps them become more independent with daily living activities.

Learning Disabilities - The forecast year end pressure on learning disabilities as at period 8 is £188,000, and this assumes full delivery of the £425,000 management actions. There is currently an increase in the commitment on residential placements and supported living.

Mental Health – The forecast year end pressure on mental health is £56,000, and this is mainly on residential placements, with the current year commitment being higher.

In October the government announced a £240M social care investment to ease winter pressures and Southend has been allocated £824,000. The funding will primarily contribute towards a number of community based initiatives that will enhance our whole system transformational approach to supporting people. By looking at the positives through strengths-based assessments, care planning and focusing on individual abilities and community assets, the investment will help to support a preventative approach in line with locality working.

Housing and Homelessness

General fund housing is forecasting a breakeven position at the end of period 8. Homelessness continues to be an issue in Southend and the hostels have been at full capacity, with some families placed in B&B accommodation.

Southend's bid for the Rough Sleeper Initiative Grant was successful and there is now a further £425,000 available in 2018/19. The service has now finalised service level

agreements with the partners to deliver the intended outcomes, focusing on prevention and intervention. We also have £195,000 Flexible Homelessness Support Grant and £91,000 New Burdens Grant (Homelessness Reduction Act). Since the introduction of the Homelessness Reduction Act in April, we have seen a 51% increase in active homeless cases compared to same period last year. These grants are helping meet the existing demands and pressures, as well as investment in a drive towards further homelessness prevention.

Portfolio Performance – Children and Learning

Current Budget	Initial Outturn	Management Actions	Expected Outturn	Forecast Variance
£000	£000	£000	£000	£000
36,642	38,172	(480)	37,692	1,050

The Portfolio for Children and Learning is currently forecasting a final year end overspend variance of £1.050M or equivalent 2.9% compared to the latest net budget allocation of £36.617M, and this is after the expectation that all current in year management actions of (£480,000) to reduce the initial outturn forecasts are delivered.

The management actions of (£480,000) reflect any outstanding amber budgeted 2018/19 saving allocations targets which are either yet to be delivered or at risk of non-delivery, and these are identified as (£370,000) for this portfolio, and a further targeted (£110,000) troubled families' payment by results income.

The forecast overspend variance is entirely attributable to financial pressures within Children Social Care. It should be noted that financial pressures within Children Social Care is now recognised as a national issue as well as our own local authority position.

Children's Social Care

As previously reported and recognised, our local financial pressure, is due to both an increased demand for children's social care which has emerged since the middle of 2016/17, alongside an OFSTED inspection in July 2016 that has resulted in Children Social Care itself being under a transformational journey for the last 2 years.

To further explain, whilst additional social work capacity, training and development has been required to support child in need (a budget pressure of £145,000 in totality). Southend has also experienced an increase in the numbers of children who have been taken into care including the complexity of the needs for some of those children.

Southend's current locally employed foster carers are also at maximum capacity. This combined with a private external care market that has reduced capacity regionally, has seen children social care experience higher average costs in external care placements since 2016/17, and this is practically apparent in the external residential care market (a budget pressure of £290,000).

The service has also now been required to place 4 children in secured residential accommodation this year for their safety. These placements, as for all local authorities are unfortunately, at significant cost, and additional one off funding is required to support these placements and budget. As sensibly planned for, in the Council's annual budget cycle, the Children Social Care reserve fund was created to support the Council's annual budget and mitigate the in year financial risk to budget, when considerable unexpected costs occur. Therefore £340,000 had been drawn already to support these placements at the start of this financial year, and this report is recommending the remainder of the children social reserve £413,000 is drawn to support the additional secured placements in 2018/19 (a current additional budget pressure of £425,000).

It also needs to be noted, that once a child turns 16, they are transitioned over to the leaving care team, who will then fully support the costs of a child from 16 to 18 if they are in supported accommodation type placement. Therefore due to the increase in the numbers of looked after children and a private market that has reduced capacity, this has also added to increased ongoing cost pressures (a budget pressure of £190,000).

The directorate continues to look towards reducing the ongoing financial pressures on a longer term basis, but given the current known forecast, this is now very unlikely to be able to reduce by the end of this year, and at further a risk of increase, given the volatility in the nature of service.

It also needs to be noted, that in accordance with agreed budgeted savings for 2018/19, children social care, are also still anticipating the full deliver of current outstanding budgeted savings of (£200,000), although these savings are either yet to be achieved or currently at risk of delivery in full.

The department have also declared £265,000 of the 2018/19 budgeted savings 'PE10 – Children's services transformation' £100,000 and 'PE11 Children's service savings' - £165,000 as undeliverable. As part, of the Children Social Care transformational journey the department has chosen to mitigate this budget saving by re-directing £265,000 of the 2018/19 budgeted £1.2M investment 'P3 – PVI placements and In-House Fostering Care' toward these savings. The departments strategic intention, is to continue on the trajectory of maintaining a stable and strong Social Care workforce that meets case load demand, with the outcome benefits of ensuring our Children in Need, where possible, and safe to do so are kept with their families or Carers. Therefore, in the longer term, whilst most importantly beneficial for the outcome of the Child, from a financial perspective continues to look to reduce the council's costs of placing Children in Care and high cost external placements.

Youth and Family Support

Youth and Family Support, is forecasting a final net expenditure position on-line to budget, but this is dependent upon the anticipated full delivery of (£210,000) management actions. The management action is entirely attributable to targeted additional troubled families' payment by results income levels compared to last financial year. (£100,000) relates to the additional 2018/19 budgeted targeted income, and a further (£110,000) covering the reduction in the fixed amounts of troubled families grants for both the attachment fees and service transformation grant, which are all distributed from the MHCLG.

Education and Schools

Education and Schools is forecasting a final net expenditure position on-line to budget, dependent upon the anticipated full delivery of (£70,000) remaining management actions.

The remaining (£70,000) of required management actions falls within the Council's Learning department, and is in line with the budgeted saving targets for 2018/19 which are therefore either currently outstanding or subject to risk of full delivery.

Whilst, the Council's Learning department is forecasting a total position on line to budget, it should be noted that there is a £100,000 overspend pressure on School Support and Education Transport, which is mainly attributable to in year pressures on Educational

Transport. This is offset by a (£100,000) underspend within the Councils element of High Need educational funding due to a continued, but unexpected government grant receipt in 2018/19 for the SEN reforms. Although, a welcome receipt, the government had not announced this grant would continue for another year, before the original council budget was set.

The department have also declared £56,000 of the 2018/19 budgeted saving PE5 Education savings as undeliverable in 2018/19, and £25,000 of the 2018/19 budgeted PE4 transport saving, however, the department has mitigated the pressure this financial year through the unexpected receipt of a Department for Education (DfE) School Improvement grant £50,000, and remaining (£31,000) in years underspends within Schools Support services.

Education and Schools (Dedicated Schools Grant only)

The Dedicated Schools Grant (DSG) is a specific and ring fenced government grant to support both education and early years providers and therefore sits outside of the Council's own general fund resources.

As clearly highlighted within both this report, and the Education Board - Dedicated School Grant reports themselves, from the autumn term of 2016/17 the High Needs budget has experienced considerable increase in costs, associated with need and therefore demand for special school placements, mainstream schools and Independent provider placements. This position is not just a local issue but a national issue.

In response, to the high need funding pressures and as presented and agreed through the Southend Education Board, the High Needs budget has been constrained for the last two financial years and savings delivered to mitigate further spend pressures.

It also needs to be strongly noted that under the Government's revised National Funding Formulae administered from 2018/19, Southend is now also recognised as significantly underfunded on its high need block allocation, and will therefore be receiving additional, and much needed funding towards its the high needs block funding allocation in 2019/20. However, as funding caps are applied on any gains from DSG funding distributions, it is currently unknown from what financial year Southend will receive its expected full funding allocation.

Therefore, due to the explained financial pressures on high needs, the Dedicated Schools grant reserve balance in totality closed the 2018/19 financial year with a small deficit balance of (£65,000). This was made up of a (£567,000) deficit on High Needs, and a £502,000 surplus balance on Early Years.

This report (and as explained in full in the Education Board DSG reports), is highlighting the further 2018/19 financial funding requirement, that a current further £472,000 in totality, will need to be drawn from the DSG reserve to support DSG resources in 2018/19. And this is made up of £205,000 to support early years, as a one off 2017/18 early years income DSG funding adjustment (which will be drawn from the £502,000 early years DSG surplus balance put aside), £110,000 for growth funding spending pressure awarded to schools, and a £157,000 high need 18/19 expected overspend pressure against the totality of high need funding allocation.

After this funding has been applied, this will then unfortunately leave the DSG reserve balance with an expected (£537,000) deficit balance as at the end of 2018/19.

However, this is a temporary position, and the DSG reserve balances are targeted to be restored by the end of 2019/20, by continuing to constrain high needs funding applied to settings until the DSG reserve is restored to balance, and a revised funding method for the award of growth funding applied to the required growing schools.

Maintained Schools Delegated

Forecast on line to budget. This simply reflects the dedicated schools grant revenue funding and pupil premium funding that is passed through to support our local maintained schools, as well as including the enhanced pupil premium funding attached to our local looked after children.

Portfolio Performance – Healthy Communities and Wellbeing

Current Budget	Initial Outturn	Management Actions	Expected Outturn	Forecast Variance
£000	£000	£000	£000	£000
14,329	14,554	(85)	14,469	140

The forecast overspend of £140,000 in the Healthy Communities and Wellbeing Portfolio is 1% of the £14.329M net budget allocation.

Culture

The delivery partner of Twenty One have terminated their agreement with us and as a result, the venue is now only open for any events which were arranged prior to its closure. These events continue up until the end of October and most of them do not pay a hire charge for the venue. At this moment there is no agreed course of action for the future of the venue and therefore we remain liable for the Business Rates and running costs of the site resulting in an overspend of £20,000.

The entire Grounds Maintenance service was brought in-house in January 2016 and after a period of time, the service have been able to understand their staffing requirements and the savings attached to this move have been delivered. One of the biggest challenges this year has been income generation. The service lost a number of contracts in 2017 which it has struggled to replace but the cost base has not been reduced to compensate for this. The current shortfall in income is forecast at £120,000.

The income received from outdoor sports teams and the Belfairs Golf Course has reduced considerably over the last 5 years. After a review to understand where this has taken place and the sports mostly affected by this, it is believed that the increase in budget gyms and the uptake of cycling has had an impact on organised team sports which subsequently has reduced the income this generates within our parks by £210,000. The Parks service currently have a vacant Project Officer post which it is anticipated will not be filled by the end of the financial year. This will result in a staffing underspend of (£20,000). It is expected that this post will be filled in 2019/20 and the team will be fully staffed.

The mobile library has been off of the road for over two months due to maintenance problems. Alternative service provision has been put in place and this revised service is reaching more people who have limited mobility themselves. We are using standard vehicles rather than a bespoke mobile library which is also proving cost effective. Any such proven savings can be built into the permanent budget for 2019/20.

Customer Services

During the period April to November, the Registrations team have recorded 7% fewer births (from 2,569 in 2017/18 to 2,385 in 2018/19) and 6% higher deaths (from 1,778 to 1,892). Notice of Marriages are 23% higher than the same period last year (from 790 to 971) but this trend is not reflected in the number of weddings which are 14% lower than last year (from 414 to 356).

The Group Manager of the Customer Service team is leading the “Channel Shift” Project meaning that a proportion of her salary costs can be capitalised. This will create an underspend against her salary budget. Despite high costs for agency staff, this, along with other staff vacancies, have resulted in an underspend of (£170,000) being forecast. The team are currently in the process of a management restructure but have been experiencing difficulties recruiting to the vacant positions. As a result of additional support from the Human Resources team, one of the posts has now been appointed to.

Revenues and Benefits

Council Tax collections are only 0.1% below target at 69.8% with Business Rates (NDR) collections being 70.7% against a target of 71.1%. NDR collections of arrears remain significantly higher than budget due to the settlement of some large debts in year. Continuing the trend this year, Council Tax arrears is 2% below target at 27.4% partly due to the effects of the Single Person Discount Review whereby additional debt has been raised against previous years. The collection of Council Tax from those in receipt of Council Tax Reduction (CTR) discounts continues to be strong and compares favourably to other areas in Essex. Council Tax Baseline continues to increase with 749 more properties than when the base was set. The NDR rateable value is currently £242,000 higher than base and the number of properties is only 3 higher at 6,008 than when the NNDR1 Base was set in January 2018.

At the end of November there were 2,380 people receiving Housing Benefit or Council Tax Reduction (CTR) with Universal Credit (UC) as their income. 68 Housing Benefit claims were closed in November and migrated to UC (total since going live in July 2017 is 1,546) and the rate of Housing Benefit claims closure is slowing each month since the peak of 187 in November 2017. The level of work outstanding is 10 days for new claims and 5 days for changes; with the error level remaining at a healthy 2% (from 4% at this stage in 2017-18). This reflects the investment made by the team managers over the past two years to provide staff training and closer monitoring of claims.

As the volume of the Council’s future Housing Benefit responsibilities is unknown, the core team is supplemented with outsourced services which, although more costly, will avoid possible future redundancy costs. The overspend on these contractors is offset by vacancies and additional transitional income awarded by the Department for Work and Pensions (DWP) resulting in a (£50,000) forecast underspend for the year.

Public Health

Public health is forecasting an online position as at the end of period 8. As with all activity driven services, it is challenging to predict an accurate outturn on some of the services like Smoking cessation and NHS Health Checks. However, based on current forecasts, Public health will be online. It should be noted that the Council are going out to tender the Sexual Health contract, and the 0-5 contract is currently under review.

Voluntary and Community Services

The Community Hub service which offers financial advice and support to has been commissioned for three years and will be delivered via the South Essex Community Hub. This is funded through a voluntary grant from the Council. Under the terms of the property lease, the Council remains liable for accommodation costs so the grant is reduced accordingly. There is a £15,000 pressure due to backdated rent which was not accounted for at the end of last year.

Portfolio Performance – Infrastructure

Current Budget	Initial Outturn	Management Actions	Expected Outturn	Forecast Variance
£000	£000	£000	£000	£000
14,771	16,542	0	16,542	1,771

The forecast overspend of £1.771M in the Infrastructure Portfolio is 12% of the £14.771M net budget allocation. The key variances are £597,000 within the highways maintenance budget, £705,000 relating to car parking and a £362,000 shortfall in streetworks regulation & compliance income.

Transport

As a result of the poor weather conditions in late February / early March labelled as the “Beast from the East”, the condition of the road network deteriorated and as a result there was a large increase in the number of defects on the highways and footways. An increase in the number of Highway Inspectors has also resulted in a greater area being inspected more frequently which is also identifying more defects than usual. The launch of MySouthend is giving residents the opportunity to report defects and these are focussing the Inspectors on verifying MySouthend calls which will ultimately result in more works to the Highway. All of these factors are resulting in a pressure of approximately £465,000 above the original budget although over a period of time we will be able to understand better if this is a current spike in identification of defects, or the new norm under an enhanced inspection regime. As part of the Autumn budget statement the Council has received £617,000 of additional funding in 2018/19 for pothole funding. Of this, (£400,000) has been allocated to the main revenue budget for routine maintenance and as such, a £65,000 pressure at the end of the year is anticipated based on current assumptions to the end of the financial year.

There have been a number of incidents across the Borough which has resulted in damage to street furniture. Unfortunately due to a lack of evidence to identify the culprit the cost to rectify this damage has been met by the service area. With regards to street lighting, this is expected to result in an additional £80,000 of repairs and maintenance expenditure which with more information as to how the incident occurred, could have been recharged to the offender. The number of incidents is also impacting on the traffic signals budget whereby the maintenance contractor is undertaking chargeable works to reinstate the signals, and the highways maintenance contract is being utilised for any reactive maintenance for required civil engineering works. This is resulting in a forecast overspend in the Traffic Signals budget of £89,000.

Income from rechargeable works has historically been low and based on current income a shortfall of £125,000 is likely. However the service area are engaging with an external insurance specialist on a payment by results trial basis in an attempt to pursue claims for damage to the Highway.

In an effort to increase the number of Highways Inspectors within the Borough, the establishment was increased by 3 additional Inspectors who were to be funded by the additional income generated from streetwork permits and the inspections after work has been completed. Unfortunately this additional income hasn't materialised and therefore the cost of these staff is resulting in a forecast overspend of £90,000.

There has been on average a 14% increase in the number of PCN's (Penalty Charge Notice) issued against the same time period last year and a £85,000 increase in the income collected for those tickets as at the end of October. However there is still an anticipated shortfall in the income budget of £190,000. Due to a significant write off of historic debt which can no longer be collected, it is anticipated that (£210,000) will be released from the bad debt provision built up over prior years. The number of PCN's registered with the Traffic Enforcement Centre has also increased in 2018/19 in an attempt to collect outstanding debts. Although there is a cost associated with this registration, estimated at £15,000 for this financial year, it allows further opportunities for the debt to be collected. The implementation of a CCTV (closed circuit television) vehicle is resulting in an increase in the number of PCN's issued, however there are start-up costs associated with this in year one.

The rollout from the parking and enforcement contract had a number of improvements and efficiencies over a number of years and savings were agreed in the budget to reflect these. Unfortunately, due to delays in the ICT infrastructure from third parties some of these efficiencies are yet to be implemented. This is resulting in an overspend of £55,000 in decriminalised parking and £70,000 in car parking.

As part of the 2018/19 budget, an increase of £700,000 in the income budget for car parking was agreed after independent advice from Steer Davies Gleave (SDG) which modelled the impact of removing the 1, 3 and 5 hour parking rates in a number of car parks. As at period 8, car parking income has increased significant, especially in June and July when we enjoyed a very dry spell and a heatwave. Within that, there has been an 11% shift in usage from on street car parks to off street surface car parks. From an analysis of 7 town centre car parks which have retained the same machines over this period, projections suggest that the off street car parks will perform even better than SDG suggested. However, due to the shift from on street to off street (where VAT is payable) the additional income from the removal of 1, 3 and 5 hour parking charges is currently being negated by the loss in on street parking income (where no VAT is payable). The total effect of this is an anticipated shortfall in income of £324,000. There is also an anticipate shortfall in the income generated from season tickets and resident permit schemes of £105,000. Security at the University Square car park has been increased to 24 hours which increases the pressure on this budget to £89,000 and an additional £60,000 has been spent on upgrades to the pay & display machines within the borough.

The latest estimates from our concessionary fares consultants suggest that the concessionary fares budget will underspend by approximately (£156,000). This is due to the decision made in 2016 to switch to a calculator method rather than a fixed amount which takes account of actual passenger numbers. Due to declining numbers, the amount to be paid to Essex County Council in relation to the concessionary fares scheme will also reduce.

Unfortunately the Travel Centre has been vandalised on a number of occasions and incidents of anti-social behaviour have resulted in the necessity to provide regular security patrols at the site in order to provide a safe environment for bus users. This security service is estimated to result in an overspend of £90,000.

The management system used to log and inspect streetwork permits had a number of changes made to it towards the end of the last financial year. These changes resulted in works which overran the length of their permits not being correctly categorised, and

therefore the financial penalties which have been levied were not correct which is currently resulting in an income shortfall of £360,000. Work is currently underway to revisit these cases to charge the correct amount, but in the meantime, the system has been corrected and works are now being charged for correctly.

In order to deliver a number of projects within the Traffic Management team, a project manager has been employed on a fixed term contract until March 2019 for which there is no budget provision. This, alongside a reduction in the amount of staff time being spent on schemes within the capital programme and therefore being transferred from revenue to capital, is resulting in a forecast pressure of £115,000.

Portfolio Performance – Public Protection

Current Budget	Initial Outturn	Management Actions	Expected Outturn	Forecast Variance
£000	£000	£000	£000	£000
14,286	13,443	(31)	13,412	(874)

The forecast underspend of (£874,000) in the Public Protection Portfolio is 6.1% of the £14.286M net budget allocation.

Community Safety

Due to a review of the strategy for replacement and procurement of new CCTV equipment, the additional revenue provision for maintenance is currently not required. This is resulting in a forecast underspend of (£40,000). A carry forward request has been made for the remaining capital funding and a further capital bid has been submitted for 2019/20.

Cemeteries and Crematorium

There have been 312 burials in the first eight months of the year to November which is the same as this period last year. Cremations are considerably higher (1,693 in the current year compared to 1,571 at the same time last year) which equates to an 8% increase. Income of £1,656,000 achieved at Period 8 is over £90,000 higher than for the same period last year and an underspend of (£100,000) has been forecast at year-end. This anticipates a £20,000 pressure as a result of the hospital processing more Public Health Act funerals. As at Period 8, only 6 of the 246 Mini Graves have been sold.

Flooding

There are a number of engineering vacancies within the Flood Defences section which are yet to be filled. Recruitment is ongoing, but until the posts are filled there will be an underspend on staffing costs within this team. No additional consultancy or contractor costs have been incurred during this time, and due to a lack of engineers, the expected contractor costs have reduced significantly due to no works being identified and this is resulting in a forecast underspend of (£200,000).

Regulatory Services

Due to internal promotions there is currently a vacancy within the team which will result in a staffing underspend of approximately (£50,000). Attempts to fill vacancies throughout the year have proved difficult and it is felt that our proximity to London is making it difficult to recruit staff. As a result, attempts are now being made to develop a programme to 'grow our own' to train and retain staff.

Income generated through the Building Control Trading Account is significantly less than in previous years. Currently the levels of income received are at their lowest levels since 2012/13. It is felt that this is due to increased levels of competition from private businesses, and the level of service provided by the contact centre who deal with a range of queries rather than specialising in Building Control.

Waste and Street Scene

Due to the Mechanical Biological Treatment plant (MBT) in Basildon continuing to fail to meet the performance requirements of the original specification, the reduced gate fee during the commissioning phase is still in place. This is allowing SBC to dispose of residual waste at a lower rate than the original business case. However, due to poor performance at the facility, the average cost per tonne for disposal this year has increased to £122, whereas the cost of landfill is £102. This, along with a change in the disposal of food waste which now provides us with an income, is resulting in a forecast underspend of (£385,000). There is an opportunity to source a short term agreement for our waste disposal requirement from January 2020 up until October 2023 when the Waste Collection contract will expire with a view to procuring a joint waste collection and disposal contract from October 2023 onwards.

As a result of the revised agreement with Essex County Council relating to the waste Joint Working Agreement, we are continuing to receive a share of the Waste Infrastructure Grant in relation to the MBT. The value of this income in 2018/19 is forecast to be (£130,000).

Non Portfolio Performance

Current Budget	Initial Outturn	Management Actions	Expected Outturn	Forecast Variance
£000	£000	£000	£000	£000
(19,230)	(19,354)	25	(19,379)	(149)

Financing Costs

The (£124,000) favourable variance is lower than forecast at Period 7 mainly due to the statutory mitigation required by MHCLG in response to the new accounting standard affecting this area;

- Income of (£72,000) resulting from additional investment of £10M into the Property Fund which is £278,000 lower than forecast in Period 7 (as mentioned above);
- A loan made to South Essex College is attracting interest at market rates. Due to the unknown timing of the capital receipt at budget setting, additional interest of (£152,000) will be received;
- A favourable variance of (£222,000) is expected to arise due to reduced long term Public Works Loan Board borrowing which is now anticipated to be in the region of £20M, half the amount that was originally forecast.
- An adverse variance of £24,000, partly offset by a (£11,000) short-term borrowing favourable variance has also resulted from the statutory mitigation mentioned above.
- There is expected to be an adverse variance of £309,000 due to greater Capital Expenditure in 2017-18 than expected.

Contingency

The Strategic Director of Finance and Resources has delegated authority to release funds held as contingencies within the approved budget. As at Period 8 the following drawdowns have been approved:-

	£000
Drawdowns agreed as at period 6	1,598
• Funding for a communications campaign to target alternative donation methods for the homeless as agreed at the High Street summit	20
• Increased demand on Regulatory Services from the planning process	8
• Staff training conducted by the Public Service Transformation Academy	10
• Grounds maintenance costs for rugby pitches at Westbarrow Farm relating to the Airport Business Park project	15
• Additional personnel to make the Emergency Planning team more resilient	70
• Funding for two additional posts in Human Resources team to promote the apprenticeship programme	32
• Earmarked RCCO to fund setup costs to move hosting and support for Northgate as per November Cabinet	50
• Funding to support the violence and vulnerability campaign	25
Total	1,828

Revenue Contribution to Capital

The original budget for 2018/19 included planned revenue contributions for capital investments, via the use of Earmarked Reserves, of £5,058,000. Due to slippage from 2018/19 into 2019/20 agreed at Cabinet in November 2018, this budget has now decreased to £2,380,000. The Capital Reserve will fund £1,940,000 of this, £238,000 is funded from the Agresso Reserve and the remaining £202,000 is funded from the People Workforce Strategy Team, energy savings generated from energy efficiency projects and contingency.

Transfers to / (from) Earmarked Reserves

Net transfers to Earmarked Reserves totalling £5,436,000 were agreed by Council when setting the 2018/19 budget in February 2018. The current outturn position allows for further in-year net transfers to reserves totalling £789,000. Total net transfers to reserves for 2018/19 are therefore forecast to be £6,225,000.

The net change of £ 789,400 comprises the following agreed additional transfers

Transfers to Earmarked Reserves

- £2,736,000 to the Capital Reserve due to programme re-profiling

Transfers from Earmarked Reserves

- (£1,106,000) from the Children's Social Care Reserve – to support the OFSTED improvement programme, Edge of Care Team, secured looked after children placements and Children's Local Safeguarding Board.
- (£237,600) from the Business Transformation Reserve – for specific projects agreed by CMT.
- (£22,000) from the Troubled Families Reserve – for supporting the targeting of additional troubled families payment by results income.
- (£20,000) from the Adult Social Care Reserve – for the Adult's Safeguarding Board.
- (£240,000) from the Public Health Reserve – for the Interim Director of Public Health and unachieved 2018/19 Sexual Health and 0-5 contract savings.
- (£203,000) from the Licensing Reserve to recognise income received in 2017/18 relating to part of 2018/19.
- (£40,000) from the Grants Reserve to fund the final cost of the Cultural Destinations project, funded by the Arts Council.
- (£23,000) from the Grants Reserve to fund 2018/19 costs relating to the 60 Minute Mentor programme, which has been extended in Southend.
- (£40,000) from the Grants Reserve to fund the reimbursement of the remainder of the TRACE (Walking and Cycling Tracking Services) grant
- (£15,000) from the Election Reserve to supplement funding for the Local Government Elections held in May

However as part of the proposed management actions, there is a request to transfer a further £885,000 of earmarked reserves; namely

- (£413,000) from the Children Social Care Reserve to support additional secured looked after children placements
- (£472,000) from the Dedicated Schools Grant Reserve, to support in year DSG funding pressures

Providing the request to transfer (£885,000) above is agreed, there will be a need to transfer £1,505,000 to the Business Transformation Reserve for the projected residual underspend at year end.

Housing Revenue Account

	Original Budget			Virement £'000	Latest Budget			Initial Outturn £'000	Proposed Management Action £'000	Expected Outturn £'000	Forecast Variance £'000	Movement from Period 7
	Gross Expend £'000	Gross Income £'000	Net £'000		Gross Expend £'000	Gross Income £'000	Net £'000					
Employees	210	0	210	0	210	0	210	210	0	210	0	↔
Premises (excluding repairs)	790	0	790	0	790	0	790	765	0	765	(25)	↓
Repairs	4,930	0	4,930	469	5,399	0	5,399	5,399	0	5,399	0	↓
Supplies and Services	69	0	69	0	69	0	69	69	0	69	0	↔
Management Fee	5,579	0	5,579	38	5,617	0	5,617	5,617	0	5,617	0	↓
MATS	1,146	0	1,146	0	1,146	0	1,146	1,146	0	1,146	0	↔
Provision for Bad Debts	394	0	394	0	394	0	394	394	0	394	0	↔
Depreciation	6,284	0	6,284	0	6,284	0	6,284	6,284	0	6,284	0	↔
Capital Financing Charges	3,515	0	3,515	0	3,515	0	3,515	3,505	0	3,505	(10)	↓
Gross Expenditure	22,917	0	22,917	507	23,424	0	23,424	23,389	0	23,389	(35)	↓
			0									
Fees and Charges	0	(349)	(349)	0	0	(349)	(349)	(349)	0	(349)	0	↔
Dwelling Rents	0	(24,900)	(24,900)	(507)	0	(25,407)	(25,407)	(25,495)	0	(25,495)	(88)	↑
Other Rents	0	(1,372)	(1,372)	0	0	(1,372)	(1,372)	(1,372)	0	(1,372)	0	↔
Other Income	0	(27)	(27)	0	0	(27)	(27)	(27)	0	(27)	0	↔
Interest	0	(250)	(250)	0	0	(250)	(250)	(240)	0	(240)	10	↑
Recharges	0	(566)	(566)	0	0	(566)	(566)	(525)	0	(525)	41	↑
Non Department Net Expenditure	0	(27,464)	(27,464)	(507)	0	(27,971)	(27,971)	(28,008)	0	(28,008)	(37)	↑
Net Operating Expenditure	22,917	(27,464)	(4,547)	0	23,424	(27,971)	(4,547)	(4,619)	0	(4,619)	(72)	↑
Revenue Contribution to Capital	1,925	0	1,925	0	1,925	0	1,925	1,973	0	1,973	48	↑
Contribution to/ (from) Earmarked Reserves	2,622	0	2,622	0	2,622	0	2,622	2,646	0	2,646	24	↓
Contribution to/ (from) General Reserves	0	0	0	0	0	0	0	0	0	0	0	↔
Net Expenditure/ (Income)	27,464	(27,464)	0	0	27,971	(27,971)	0	0	0	0	0	↔

Use of general Reserves		
Balances as at 1 April 2018		3,502
(Use)/ contribution to in Year		0
Balance as at 31 March 2019		3,502

3,502	3,502	0	3,502	0	↔
0	0	0	0	0	↔
3,502	3,502	0	3,502	0	↔

Overall Budget Performance

The HRA budget was approved by Council in February 2018 and anticipated an operating surplus of £4,547,000.

The closing HRA balance as at March 2018 was £3,502,000.

The latest forecast as at November 2018 indicates that the HRA will have an operating surplus of £4,619,000, an increase of (£72,000) in 2018/19. The main reasons are as follows:

- (£25,000) underspend on council tax because the actual council tax on void sheltered properties is higher than estimated in the budget. The assumption for the council tax budget was at higher voids than the actual to date.
- (£88,000) over recovery of rental income - This is because predictions as at the end of period 7 are showing higher rental income than budgeted for. The estimate assumes a 4% void allowance across all properties and the actual up to end of October has been less. Rather than increase the HRA balance, normal custom and practice would see this surplus transferred to the HRA Capital Investment Reserve.
- £41,000 overspend on the recharge to the HRA capital programme. This is because of the anticipated underspend on the capital budget.

Rather than increase the HRA balance, normal custom and practice would see this surplus transferred to the HRA Capital Investment Reserve.

Revenue Contribution to Capital Expenditure

The original budget for 2018/19 included planned revenue contributions for capital investments, via the use of earmarked reserves, of £1,925,000. There had been earlier thoughts to finance the majority of this through different means, but for now it is considered that it is appropriate to stick with the original proposal. Due to a revision in the capital programme however the RCCO has risen by £48,000.

Transfers to / (from) Earmarked Reserves

Net transfers to Earmarked Reserves totalling £2,622,000 were agreed by Council when setting the 2018/19 budget in February 2018. Based on the current forecasts, there will be the need to transfer a further £24,000 to the HRA Capital Investment Reserve in respect of the projected residual underspend at year end.

Budget Transfers

In line with the approved financial procedure rules all budget transfers (Virements) over £50,000 between portfolio services or between pay and non-pay budgets are to be approved by Cabinet. Below is a table showing the transfers which fall within these parameters

	DR £000	CR £000
Transfers approved under delegated authority	949	(949)
Transfers over £50,000 previously reported	11,238	(11,238)
Transfers over £50,000 in this period for approval	205	(205)
Total Budget Transfers	12,392	(12,392)

The budget transfers for Cabinet approval this period are:

	£000
1) Allocation of Children's recruitment and DBS re-alignment back to service lines.	55
2) Allocation of the Rough Sleeper Initiative Grant	425
3) Housing Revenue Account repairs contract price increase	469
Total	949

Decisions Required

Members are asked to

- Note the forecast outturn for the General Fund and Housing Revenue Accounts as at November 2018
- Note the planned management actions of £2,025,000 to achieve that forecast outturn;
- Agree the planned budget transfers (Virements) of £949,000;
- Agree the transfer of (£413,000) from the Children Social Care reserve to support additional secured placements
- Agree the transfer of (£472,000) from the Dedicated School Grant reserve to support 2018/19 in year funding pressures.
- Note the potential transfer of £1,505,000 to the Business Transformation Reserve in respect of the forecast General Fund underspend; and
- Note the potential transfer of £24,000 to the HRA Capital Investment Reserve in respect of the forecast HRA underspend