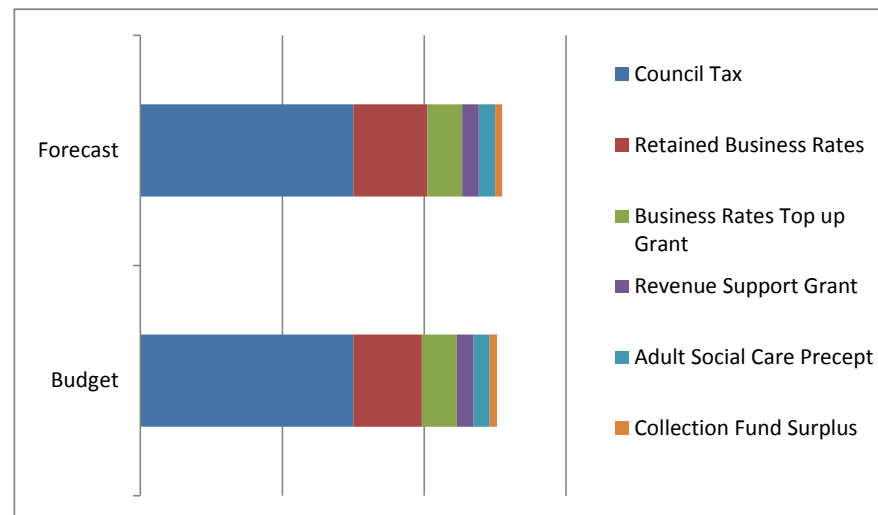


Appendix 1 - Revenue Budget Performance 2019/20 - July 2019

Summary

Portfolio	Revised Budget £M	Forecast £M	Variance £M
Leader	12.7	12.9	0.2
Deputy Leader	3.0	5.8	2.8
Business, Culture and Tourism	4.9	4.9	0.0
Children and Learning	29.3	32.5	3.2
Community Safety and Customer Contact	5.4	5.4	0.0
Environment and Planning	20.3	19.7	-0.6
Health and Adult Social Care	37.0	37.5	0.5
	112.6	118.7	6.1
Corporate Budgets	13.6	12.1	-1.5
	126.2	130.8	4.6
Earmarked Reserves	-1.8	-1.8	0.0
Revenue Contribution to Capital	5.0	5.0	0.0
Non Service Specific Grants	-3.8	-3.8	0.0
TOTAL	125.6	130.2	4.6
Funding	125.6	127.6	2.0
NET	0.0	2.6	2.6

Sources of funding



The first four months of 2019/20 has continued in the same vein as the previous financial year, with increasing service demand placing strain on available resources, despite additional ongoing investment being put into priority areas. The Council is currently forecasting a revenue overspend of £2.6M against the approved budget after applying some in-year mitigations.

Childrens social care and highways continue to be the main pressure areas, although this is offset somewhat by higher than budgeted income from business rates of £2M.

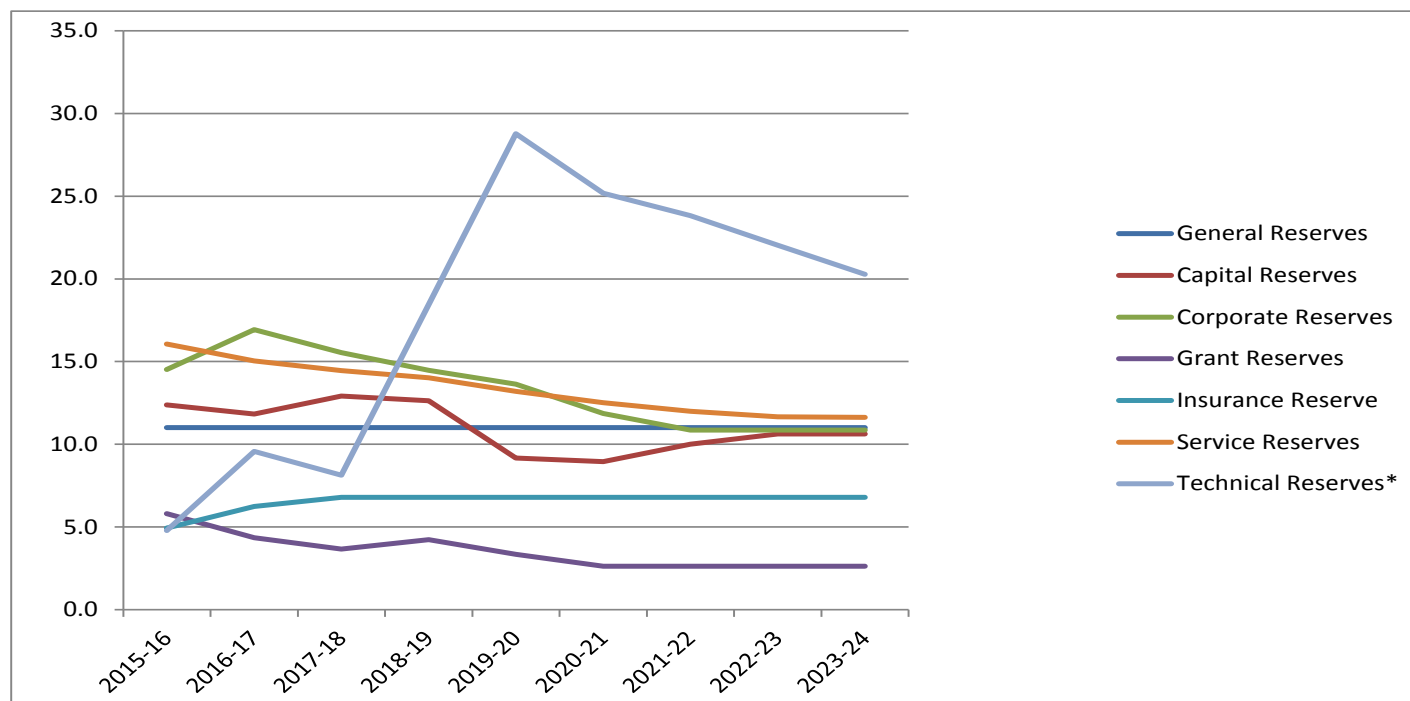
The budget has just under £3M contingency remaining at this stage in the year, and in the table above it has been assumed that £1.5M will be released based upon historical use of the contingency. The table also reflects the release of £2M from the Childrens social care reserve as recommended in setting the 2019/20 Council budget. There is also a planned use of the Interest Equalisation Reserve of £0.5M to meet additional financing costs due to advanced borrowing to take advantage of exceptionally low interest rates.

In conclusion, and despite the current financial pressures being faced and with the Council's healthy reserves, the Council's financial resilience and ability to cope with unexpected challenges remains robust.

Reserves

The Council maintains General fund reserves at £11.0M in line with the Medium Term Financial Plan which was agreed at Full Council in February. This provides a working cashflow balance and also allows a degree of financial security in the case of unexpected events or emergencies.

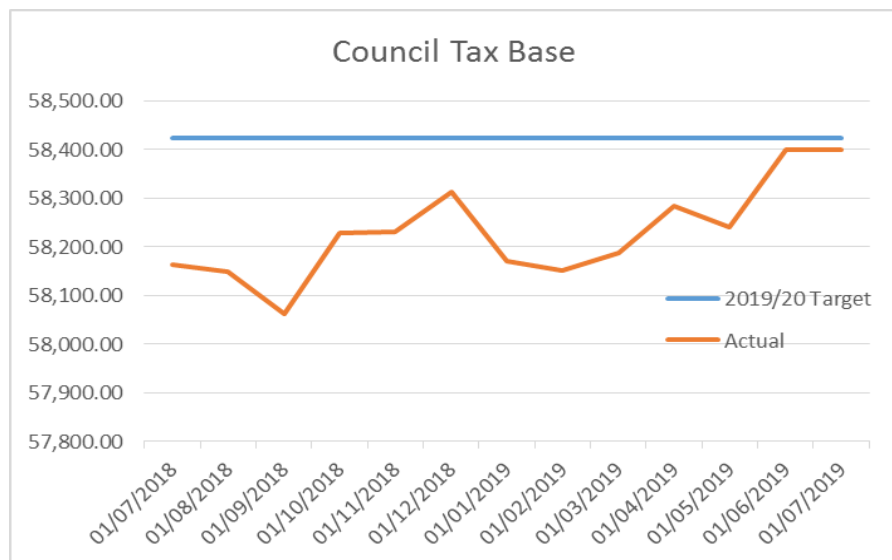
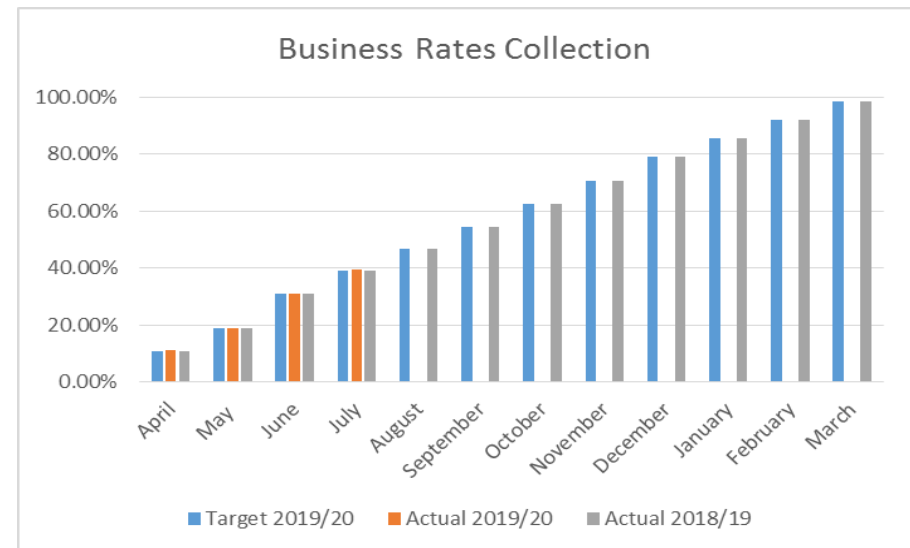
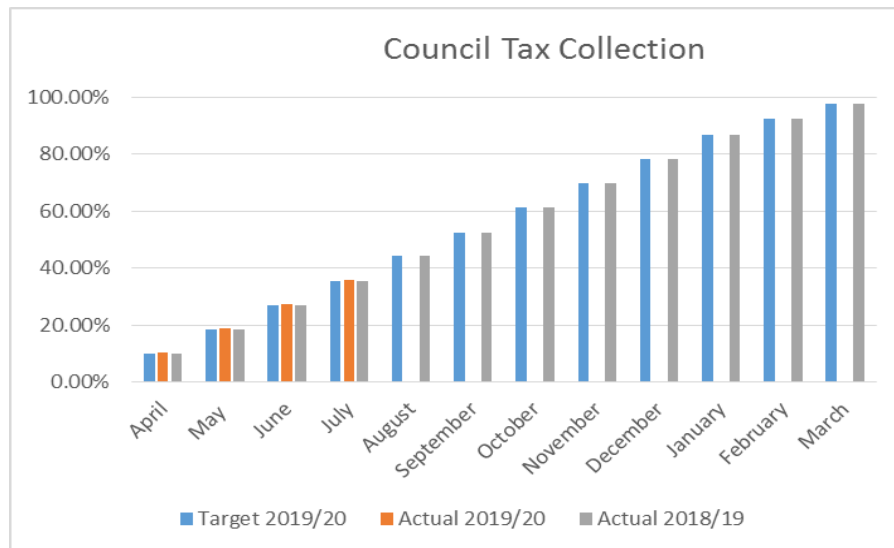
In addition, Earmarked Reserves are set aside to fund future projects and to mitigate specific risk. The level of these reserves will fluctuate as grants are received, risk is realised and projects progress.



	2015-16	2016-17	2017-18	2018-19	2019-20	2020-21	2021-22	2022-23	2023-24
General Reserves	11.0	11.0	11.0	11.0	11.0	11.0	11.0	11.0	11.0
Capital Reserves	12.4	11.8	12.9	12.6	9.2	8.9	10.0	10.6	10.6
Corporate Reserves	14.5	16.9	15.5	14.5	13.6	11.9	10.9	10.9	10.9
Grant Reserves	5.8	4.4	3.7	4.2	3.3	2.6	2.6	2.6	2.6
Insurance Reserve	4.9	6.2	6.8	6.8	6.8	6.8	6.8	6.8	6.8
Service Reserves	16.1	15.0	14.5	14.0	13.2	12.5	12.0	11.7	11.6
Technical Reserves*	4.8	9.6	8.1	18.5	28.8	25.2	23.8	22.0	20.3
	58.5	64.0	61.5	70.6	74.9	67.9	66.1	64.6	62.8

*Technical Reserves are held to even out the impact of cyclical spending pressures across a number of years, and underpin the medium term financial plan, e.g. the pensions reserve.

Collection Rates



Collection targets for the current financial year exceed the monthly target on both Council Tax (0.3% above target) and Business Rates (0.1% above target) for this month. Although this has no immediate impact of the financial situation for 2019/20, if maintained it will provide releasable surpluses for future year budget planning.

The Council Tax Baseline remains less than that used to calculate the base at the start of the year, however following the addition of some properties to the base this month this is just 25 properties less in comparison to the Council Tax Base Setting for the year; this is expected to continue to grow monthly.

Leader

29.26%

of Total Gross Revenue
Service Budget

£0.2M

Forecast
Revenue
Overspend

0.22%

Variance as % of Total
Gross Budget
Envelope

Leader	Revised Budget £M	Forecast £M	Variance £M
Strategic Planning and Policy	1.8	1.8	0.0
Revenue and Benefits	0.8	0.8	0.0
Housing	3.1	3.1	0.0
Legal and Democratic Services	2.7	2.9	0.2
Other Services	4.3	4.3	0.0
TOTAL	12.7	12.9	0.2
Gross Expenditure	91.4		
Gross Income	78.7		
TOTAL	12.7		

Budget £M **12.7**

Forecast £M **12.9**

Private Sector Housing is forecasting to underspend by (£246,000) as at the end of period 4. This is because of the vacant posts currently in the team, some of which are being temporarily covered by agency staff. There has recently been a recruitment drive to recruit on a permanent basis.

Strategy & Planning for Housing is forecasting a year end pressure of £200,000. This is in respect of the new temporary staffing structure that is currently in place to implement and deliver the housing strategy.

As a result of the increase in the number of looked after children, there is a forecast £235,000 overspend on barrister's fees for childcare cases, reflecting the overspend last year given that the average number of active cases has not changed.

Deputy Leader

6.27%

of Total Gross Revenue
Service Budget

£2.8M

Forecast
Revenue
Overspend

14.29%

Variance as % of Total
Gross Budget Envelope

Dputy Leader	Revised Budget £M	Forecast £M	Variance £M
Asset and Facilities Management	-0.7	-0.5	0.2
Financial Services	3.5	3.5	0.0
Highways and Transport	0.2	2.8	2.6
TOTAL	3.0	5.8	2.8
Gross Expenditure	19.6		
Gross Income	16.6		
TOTAL	3.0		

Budget £M **3.0**

Forecast £M **5.8**

Although the energy used by our new LED street lights is 45% lower than in 15/16, the average unit cost of electricity for our unmetered supply has risen by 17% over this time period. As a result, there is currently a forecast pressure of £75,000 for energy costs. Due to the need to maintain or replace damaged lights and columns, there is also a maintenance pressure of £85,000.

Tree maintenance costs on the highway in Q1 of 19/20 are significantly higher than in Q1 of 18/19. This is likely to be as a result of the storms in March 2019 creating additional damage. The budget area is currently forecasting an overspend of £140,000.

The income received in both our on street and off street car parks is higher than expected. Tariffs are being amended to support businesses in the town centre and the cost impact has been provided for by the use of the contingency budget. University Square car park continues to cost more money than it collects in income. The overall income position across the car parking estate is a forecast surplus of (£185,000). However due to instances of anti-social behaviour, security costs at University Square are expected to reach £185,000 at year end, contractor costs are forecast to exceed the budget by £100,000 due to ad-hoc works and parking machine charges of £50,000 have been incurred.

Expenditure on highways maintenance has remained consistent with 18/19 which means an overspend of £630,000 is expected. This was partly

offset last year due to the award of the DfT pothole fund which isn't guaranteed for this year. The demand on the service due to potholes is weather dependant, and after cases of extreme hold and cold weather there is a risk that the infrastructure in places may not be as robust as expected. Additional capital investment in 19/20 and 20/21 has been made in an attempt to improve the quality of the most affected surfaces with the aim to reduce the ongoing maintenance requirement.

Although the number of PCN's issued has increased by 10%, it is still forecast that the income collected from these notices will fall short of the income anticipated when the budget was set by £430,000.

After a transition year regarding the administration of streetwork permits which saw a significant income shortfall in 18/19, there is now a better understanding of the different elements of income anticipated in 19/20. Whilst the income received from permit applications has remained relatively consistent over the past 4 years, the income for penalties and section 74 charges has reduced considerably. The income shortfall is forecast to be £500,000 at the end of the year.

Ongoing support for the Symology system is expected to cost the organisation £100,000 this year. Staff are currently being deployed on a number of projects and initiatives which were not anticipated when the budget was set. This is expected to result in a pressure on the revenue budget of £150,000.

Business, Culture and Tourism

3.20% of Total Gross Revenue
Service Budget

£0M

Forecast
Revenue
Overspend

0.00% Variance as % of Total
Gross Budget Envelope

Business, Culture and Tourism	Revised Budget £M	Forecast £M	Variance £M
Economic Development and Regeneration	0.8	0.8	0.0
Tourism	0.5	0.4	-0.1
Culture	3.6	3.7	0.1
TOTAL	4.9	4.9	0.0
Gross Expenditure	10.0		
Gross Income	5.1		
TOTAL	4.9		

Budget £M **4.9**

Forecast £M **4.9**

Due to the popularity of the pier, the income received for admissions and associated sales is forecast to be above the income budget by (£150,000). July, August and September are traditionally the busiest months on the pier and so this forecast may fluctuate depending upon the number of visitors over this busy time.

Children and Learning

27.14% of Total Gross Revenue
Service Budget

£3.2M

Forecast
Revenue
Overspend

3.77% Variance as % of Total
Gross Budget Envelope

Children and Learning	Revised Budget £M	Forecast £M	Variance £M
Childrens Social Care	21.3	24.2	2.9
Youth and Family Support	2.8	3.0	0.2
Education and Schools	5.2	5.3	0.1
Maintained Schools Delegated	0.0	0.0	0.0
TOTAL	29.3	32.5	3.2

Gross Expenditure	84.8
Gross Income	55.5
TOTAL	29.3

Budget £M **29.3**

Forecast £M **32.5**

As a result of an overall net increase in the numbers of looked after children (LAC) over the last 4 years (rising from 261 at the start of April 2016 to now current est. 319 as at June 2019), more expensive residential care placements (due to market conditions), and an increase in the number of expensive secured care placements required there is a forecast pressure of £3.5M against the original budget for external private fostering, residential and secured placements. This increase in LAC numbers also means there is an increase in leaving care placements which is creating a pressure on the budget. Care package support has also continued to grow for placements of children with disabilities creating an overspend of £140,000 against the budget. It is recommended that £2M is released from the Childrens Social Care Reserve to fund some of this additional cost.

However, there are signs that the number of looked after children is decreasing from the high seen in April 2019 and there has been a continuous month on month reduction up to and including July.

The national issue of Unaccompanied Asylum Seeker care package support being inadequately funded by the Home Office grant is also contributing to a wider budget pressure of £330,000.

There is an increased case load for our social workers which requires the use of agency staff and additional newly qualified social

workers (NQSW) to support which is resulting in an forecast staffing pressure of £700,000. The service are currently reviewing the use of NQSW and any further increases will be met by a reduction in agency staff which should reduce this pressure.

Although the troubled families service continue to target increased payment by results, the fixed element of the grant funding has continued to reduce which is resulting in a shortfall of the £295,000 against the grant target.

Community Safety and Customer Contact

3.33%

of Total Gross Revenue
Service Budget

£0M

Forecast
Revenue
Overspend

0.00%

Variance as % of Total
Gross Budget
Envelope

Community Safety and Customer Contact	Revised		
	Budget £M	Forecast £M	Variance £M
Customer Services	1.9	1.9	0.0
Community Safety	1.0	1.0	0.0
Cemeteries and Crematorium	-1.6	-1.6	0.0
Regulatory Services	1.0	1.0	0.0
ICT	3.1	3.1	0.0
TOTAL	5.4	5.4	0.0
Gross Expenditure	10.4		
Gross Income	5.0		
TOTAL	5.4		

Budget £M

5.4

Forecast £M

5.4

No variances to report

Environment and Planning

7.23%

of Total Gross Revenue
Service Budget

£-0.6M

Forecast
Revenue
Underspend

-2.65%

Variance as % of Total
Gross Budget
Envelope

Environment and Planning	Revised Budget £M	Forecast £M	Variance £M
Energy	-0.1	-0.1	0.0
Flooding	0.4	0.4	0.0
Planning	1.0	1.1	0.1
Parks and Open Spaces	4.4	4.5	0.1
Waste and Street Scene	14.6	13.8	-0.8
TOTAL	20.3	19.7	-0.6

Budget £M **20.3**

Forecast £M **19.7**

Gross Expenditure	22.6
Gross Income	2.3
TOTAL	20.3

Applications have been made for a number of significant development projects this year and as a result the income received in the Development Control team has been greater than expected, especially in July. The current forecast is that an additional (£100,000) will have been received by the end of the financial year. In order to cope with the increased demand of these projects as well as the work required to progress the Local Plan, some additional staff support is in place, and staffing supplements have been agreed to retain talented employees. This is expected to result in additional staffing costs of £190,000

Due to the Mechanical Biological Treatment plant (MBT) in Basildon continuing to operate within a commissioning phase SBC are able to dispose of residual waste at a lower rate than the original business case. However, due to uncertainty regarding the availability of the plant, alternative disposal methods need to be utilised during periods of closure. The current average cost of disposal at the MBT is £102, whereas the cost of landfill (including haulage) is £118. Estimates have been made regarding the probability of disposing of waste at the MBT and at landfill and this is resulting in a forecast underspend of (£500,000). 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 2019/20 is forecast to be (£230,000).

Health and Adult Social Care

23.56% of Total Gross Revenue
Service Budget

£0.5M

Forecast
Revenue
Overspend

0.68% Variance as % of Total
Gross Budget Envelope

Health and Adult Social Care	Revised Budget £M	Forecast £M	Variance £M
Adult Social Care	36.3	36.8	0.5
Health	0.0	0.0	0.0
Voluntary and Community Services	0.7	0.7	0.0
TOTAL	37.0	37.5	0.5
Gross Expenditure	73.6		
Gross Income	36.6		
TOTAL	37.0		

Budget £M **37.0**

Forecast £M **37.5**

Learning Disabilities – forecasting a year end overspend of £188,000 after management actions of (£200,000). The overspend mainly relates to LD passenger transport and this will be mitigated once the Joint Venture goes live from January 2020, but there is also a pressure on LD Supported Living placements. The management actions relate to Supported Living contracts, which will be reviewed in the course of the year with a targeted (£200,000) saving.

Mental Health - forecasting to overspend by £92,000. The main pressure is on supported living placements, with the current year commitment being higher. There has also been more use of agency staff to cover vacant social worker posts on the mental health team, which is costing more than permanent staff.

Older People – forecasting to be £106,000 overspent, with management actions of £900,000. The pressure is mainly on interim residential placements. This is expected, as clients go in interim placements in the first instance, to support them to eventually go back home. The pressure we saw in 2018/19 has continued into 2019/20.

Housing Revenue Account

-£0.2M Forecast Revenue Underspend **-0.8%** Variance as % of Total Gross Budget Envelope

Housing Revenue Account	Revised Budget £M	Forecast £M	Variance £M	
Gross Expenditure	24.7	24.7	0.0	
Gross Income	-28.0	-28.2	-0.2	
NET OPERATING EXPENDITURE	-3.3	-3.5	-0.2	Budget £M -3.3
Revenue Contribution to Capital	2.3	2.3	0.0	
Contribution to / (from) Earmarked Reserves	1.0	1.2	0.2	
TOTAL	0.0	0.0	0.0	Forecast £M -3.5

The HRA budget for 2019/20 anticipated an operating surplus of £3,328,000.

The latest forecast as at period 4 indicates that the HRA will have an operating surplus of £3,528,000, an increase of £200,000 in 2019/20. This is because predictions as at the end of period 4 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 July has been less. Rather than increase the HRA balance, normal custom and practice would see this surplus transferred to the HRA Capital Investment Reserve.