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Revenue Budget Monitoring Position

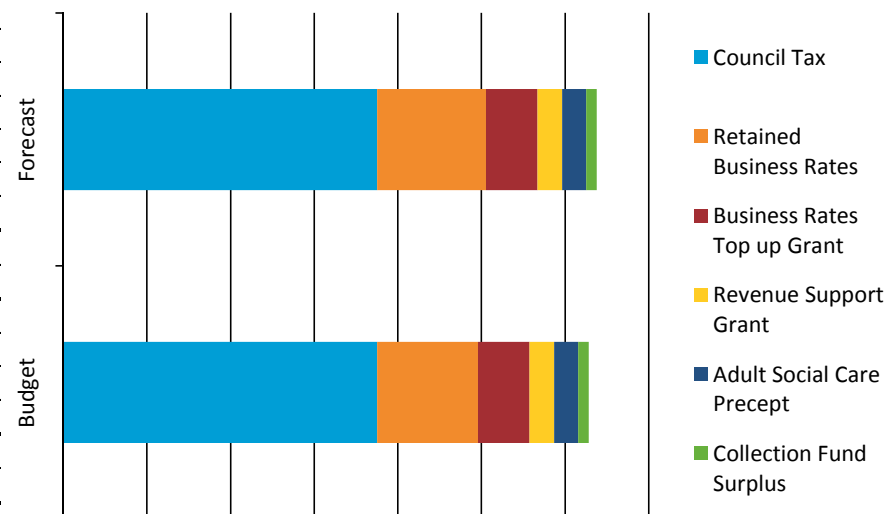
2019/2020 - September 2019

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

Summary

Last Reported Variance £M	Portfolio	Revised Budget £M	Forecast Outturn £M	Variance £M
0.2	Leader	13.1	13.2	0.1
2.8	Deputy Leader	3.1	6.3	3.2
0.0	Business, Culture and Tourism	5.0	5.0	0.0
3.2	Children and Learning	29.6	33.9	4.3
0.0	Community Safety and Customer Contact	5.4	5.3	(0.1)
(0.6)	Environment and Planning	20.4	19.5	(0.9)
0.5	Health and Adult Social Care	36.9	37.5	0.6
6.1		113.5	120.7	7.2
(1.5)	Corporate Budgets	13.1	11.5	(1.6)
4.6		126.6	132.2	5.6
0.0	Earmarked Reserves	(2.3)	(2.3)	0.0
0.0	Revenue Contribution to Capital	5.0	5.0	0.0
0.0	Non Service Specific Grants	(3.9)	(3.9)	0.0
4.6	TOTAL	125.4	131.0	5.6
2.0	Funding	125.4	127.4	2.0
2.6	NET	0.0	3.6	3.6

Sources of funding



At period 6, increasing service demand continues to place a strain on available resources, despite the additional investment that is being put into priority areas. After applying proposed in-year mitigations, the Council is forecasting a revenue overspend of £3.6M against the approved budget .

Childrens Social Care and Highways continue to be the main areas of pressure, although this is partially offset by higher than budgeted income from business rates of £2M.

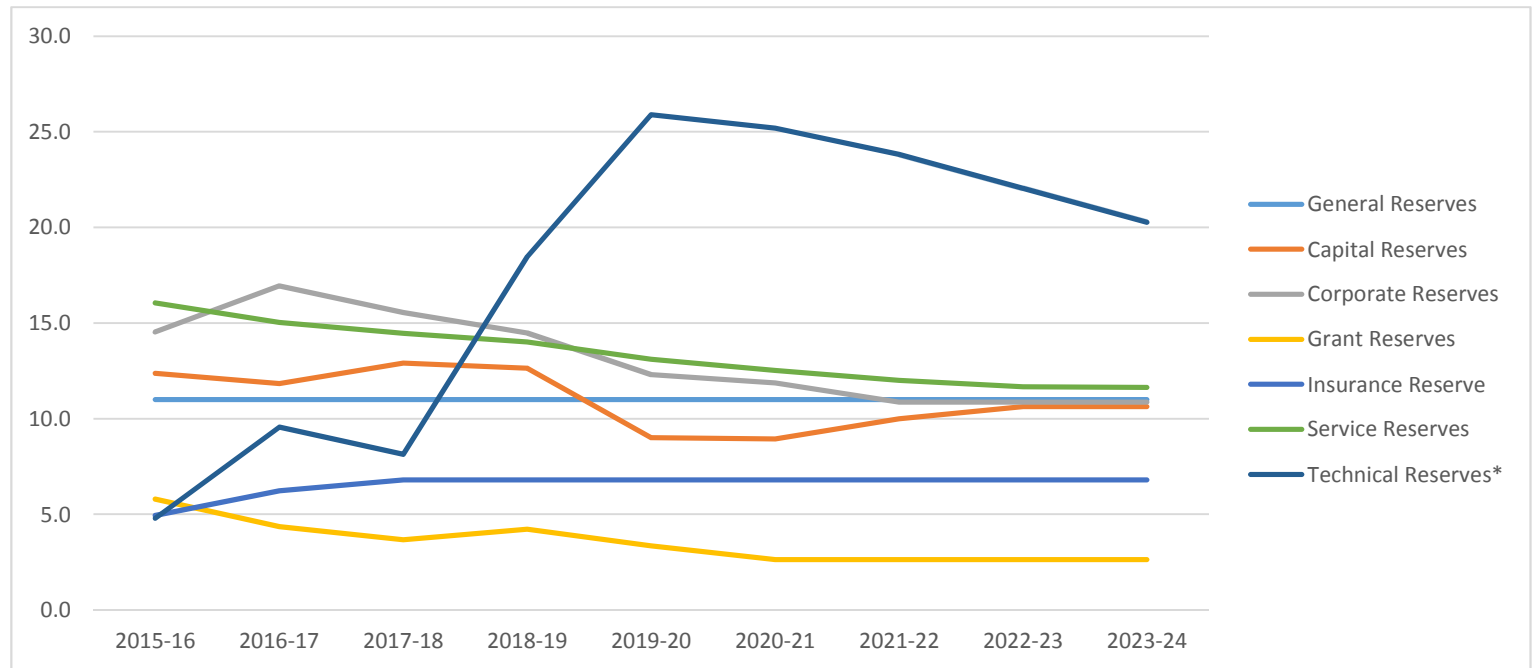
The budget has just under £3M contingency remaining at this stage in the year and it has been assumed in the table above based on historical use, that £1.5M will be released. The table also reflects the release of £2M from the Childrens Social Care reserve as recommended in setting the 2019/20 Council budget and the use of £0.5M from the Interest Equalisation Reserve to meet additional financing costs, as agreed earlier in the year.

In conclusion and despite the current financial pressures being faced, the Council's healthy reserves, 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. This provides a working cashflow balance and also allows a degree of financial security in the case of unexpected events or emergencies.

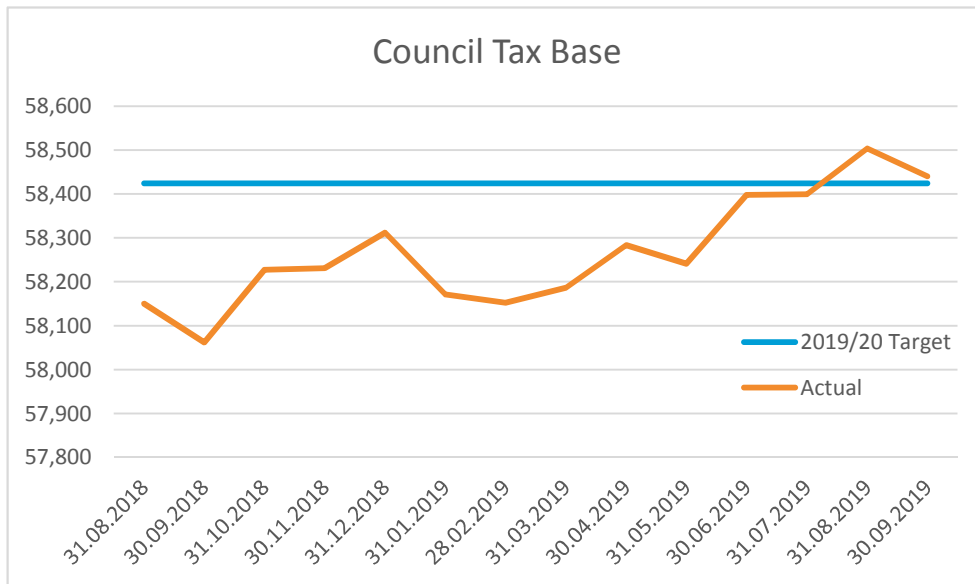
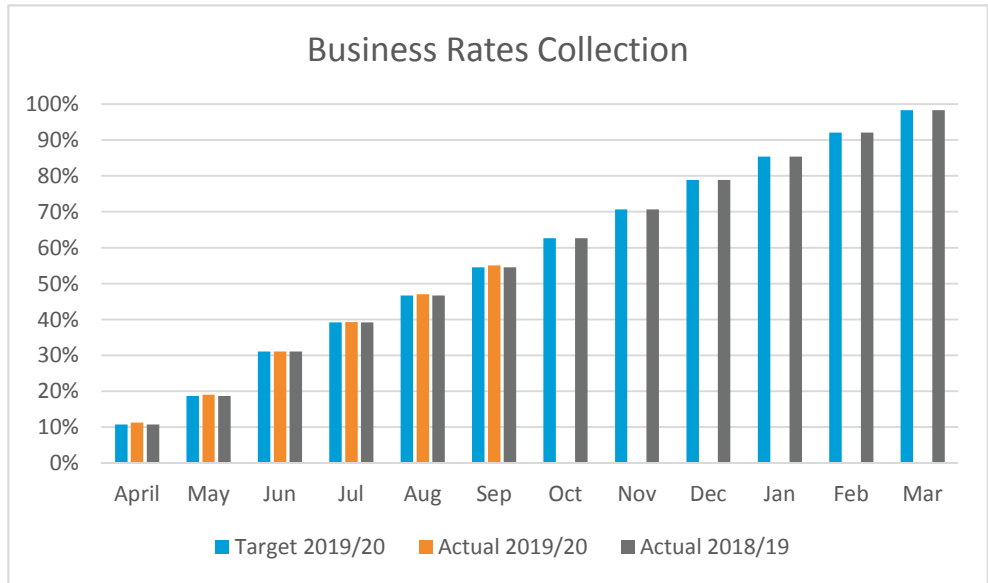
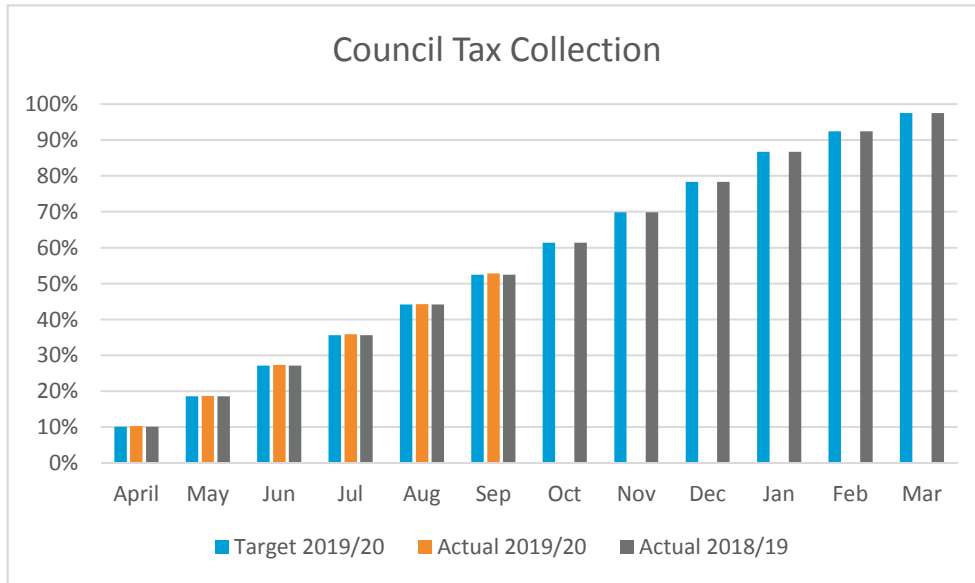
In addition, Earmarked Reserves are set aside to fund future projects and to mitigate specific risk. The level of these reserves will fluctuate as grants are received, risk is realised and projects progress.



	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	9.0	8.9	10.0	10.6	10.6
Corporate Reserves	14.5	16.9	15.5	14.5	12.3	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	13.1	12.5	12.0	11.7	11.6
Technical Reserves*	4.8	9.6	8.1	18.5	25.9	25.2	23.8	22.0	20.3
	58.5	64.0	61.5	70.6	70.4	67.9	66.1	64.6	62.8

* Technical Reserves are held to even out the Council's finances and reduce in year volatility.

Collection Rates



Collection targets for the current financial year exceed the monthly target on both Council Tax (0.3% above target) and Business Rates (0.6% 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 exceeds that used to calculate the base at the start of the year by 15 properties; this is expected to continue to grow monthly but has been affected this month by the sharp increase in exemptions awarded. This is representative of this time of the financial year.

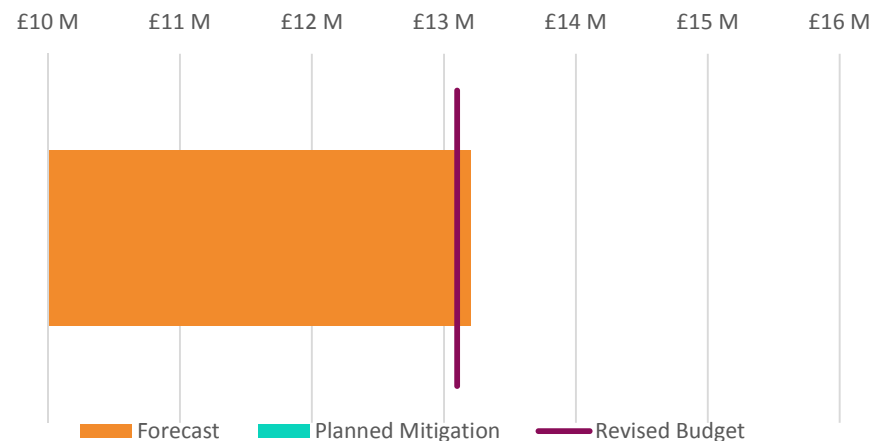
Leader

27.80% of Total Gross Revenue
Service Budget

£0.1M Forecast Revenue
Overspend

0.11% Variance as % of Total Gross Budget
Envelope

Last Reported Variance £M		Revised Budget £M	Forecast Outturn £M	Variance £M
0.0	Strategic Planning and Policy	1.7	1.8	0.1
0.0	Revenues and Benefits	0.9	0.9	0.0
0.0	Housing	3.3	3.1	(0.2)
0.2	Legal and Democratic Services	2.7	2.9	0.2
0.0	Other Services	4.5	4.5	0.0
0.2	TOTAL	13.1	13.2	0.1
	Gross Expenditure	92.1	92.2	0.1
	Gross Income	(79.0)	(79.0)	0.0
	TOTAL	13.1	13.2	0.1



Private Sector Housing is forecasting to underspend by (£150,000) as at the end of period 6. 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.

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.

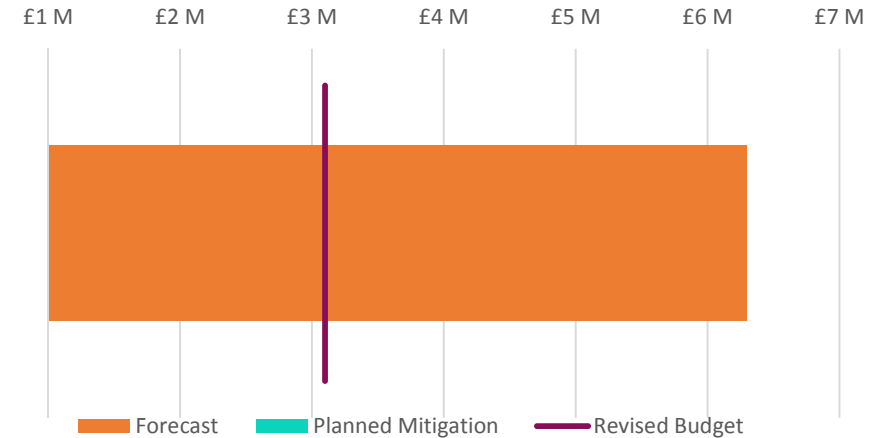
Deputy Leader

5.95% of Total Gross Revenue
Service Budget

£3.2M Forecast Revenue
Overspend

16.24% Variance as % of Total Gross Budget
Envelope

Last Reported Variance £M		Revised Budget £M	Forecast Outturn £M	Variance £M
0.2	Asset and Facilities Management	(0.7)	(0.6)	0.1
0.0	Financial Services	3.5	3.5	0.0
2.6	Highways and Transport	0.3	3.4	3.1
2.8	TOTAL	3.1	6.3	3.2
	Gross Expenditure	19.7	21.9	2.2
	Gross Income	(16.6)	(15.6)	1.0
	TOTAL	3.1	6.3	3.2



Due to the need to maintain or replace damaged street lights and columns, in part due to road traffic collisions, there is a forecast maintenance pressure of £145,000. Processes are in place to attempt to recover these monies if there is any evidence to be followed up.

Tree maintenance costs on the highway in the first half of 19/20 are significantly higher than in the same time period in 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 £120,000.

Car parking 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 deficit of £180,000. Due to instances of anti-social behaviour and managing risk, security costs across all car parks 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 and systems are expected to cost an additional £100,000. Card transaction fees are also expected to cost a further £80,000.

Deputy Leader (cont.)

Expenditure on highways maintenance has remained consistent with 18/19 which means an overspend of £650,000 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 hot 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 9%, it is still forecast that the income collected from these notices will fall short of the income anticipated when the budget was set by £110,000. The contribution to the bad debt provision for historic debts is also expected to be £160,000 higher than the budget provision.

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 to the end of 2017/18, the income for permits, penalties and section 74 charges has reduced considerably since that time. 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. Although there are a number of vacant roles in the department, some are currently filled by interim staff which is expected to result in a net budget pressure of £120,000. Some 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 a further £250,000.

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 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 £110,000. Attempts have been made to reduce the service without a noticeable impact but this hasn't been possible.

Business, Culture and Tourism

3.08%

of Total Gross Revenue
Service Budget

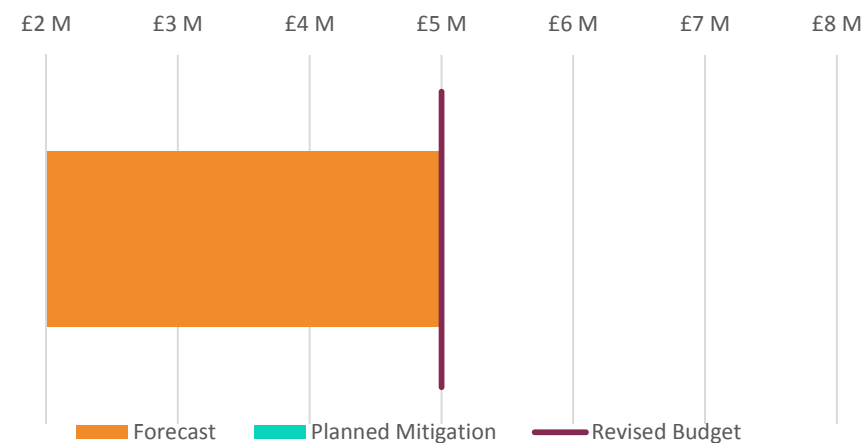
(£0.1M)

Forecast Revenue
Underspend

-0.98%

Variance as % of Total Gross Budget
Envelope

Last Reported Variance £M		Revised Budget £M	Forecast Outturn £M	Variance £M
0.0	Culture	3.6	3.7	0.1
(0.1)	Economic Development and Regeneration	0.8	0.8	0.0
0.1	Tourism	0.7	0.5	(0.2)
0.0	TOTAL	5.1	5.0	(0.1)
	Gross Expenditure	10.2	10.3	0.1
	Gross Income	(5.1)	(5.3)	(0.2)
	TOTAL	5.1	5.0	(0.1)



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). August saw the pier attract a record number of visitors and this is after the new pier entrance was officially opened in June.

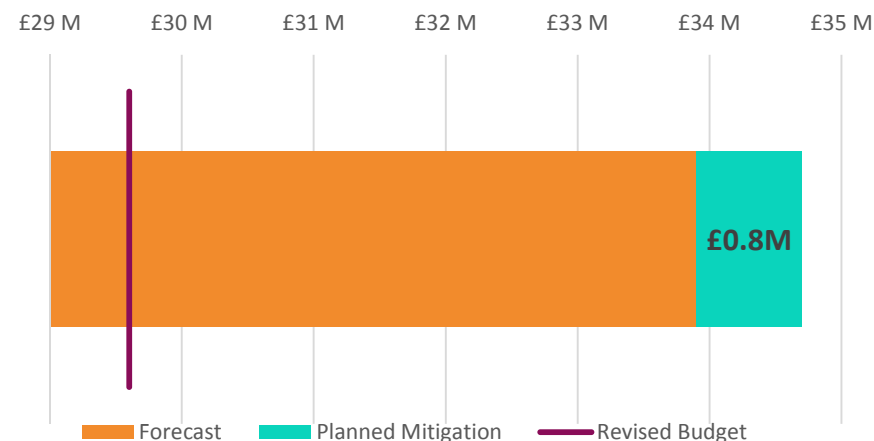
Children and Learning

25.78% of Total Gross Revenue Service Budget

£4.3M Forecast Revenue Overspend

5.04% Variance as % of Total Gross Budget Envelope

Last Reported Variance £M		Revised Budget £M	Forecast Outturn £M	Variance £M
2.9	Childrens Social Care	21.4	25.3	3.9
0.1	Education and Schools	5.4	5.5	0.1
0.0	Maintained Schools Delegated	0.0	0.0	0.0
0.2	Youth and Family Support	2.8	3.1	0.3
3.2	TOTAL	29.6	33.9	4.3
	Gross Expenditure	85.4	89.7	4.3
	Gross Income	(55.8)	(55.8)	0.0
	TOTAL	29.6	33.9	4.3



The total forecast overspend of £4.3M, has mainly been driven by an overall net increase in the required numbers of looked after children (LAC). Over the last 4 years this pattern has continued and has been recognised as a national funding challenge. There has also been an increased case load demand on Social Care teams.

The increased LAC numbers has resulted in an expenditure pressure on private looked after children care placements for both external foster care and residential. This has resulted in a forecast overspend of £2.3M (which includes the approved budget release of £2M put aside in the Children Social Care reserve). The longer term strategy to assist with managing this demand is to continue to build further inhouse foster care capacity, source our own local residential care provision, and continue the work of the Edge of Care team, ensuring children can remain at home where safe.

The resulting increase in case load for our Social Workers has required the use of agency staff, additional newly qualified social workers (NQSWS) and temporary additional posts. This has contributed to a forecast staffing pressure of £900,000. The medium to long term strategy is to increase the use of NQSWS's and permanently employed Social Workers which should result in less reliance on agency staff and the removal of the current range of temporary posts.

Children and Learning (cont.)

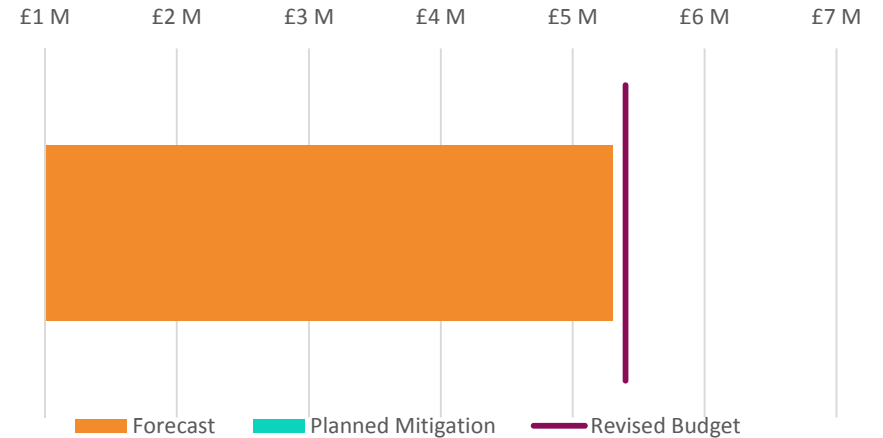
Other spend pressure areas although smaller are also contributing to the overall forecast overspend: Care package support has continued to grow for placements of children with disabilities creating a budget pressure of £120,000. The national issue of Unaccompanied Asylum Seeker care package support being inadequately funded by the Home Office grant is also contributing to a wider budget pressure of £270,000. There is also growing demand for temporary accommodation payments resulting in a forecast overspend of £200,000. This is used to support families, young people and required families under no recourse to public funds that need to be temporarily accommodated. The troubled families service continues to target increased payment by results, the fixed element of this grant funding has reduced, which is resulting in a shortfall of £295,000 against the total grant target this year.

Community Safety and Customer Contact

3.14% of Total Gross Revenue Service Budget **(£0.1M)** Forecast Revenue Underspend

-0.96% Variance as % of Total Gross Budget Envelope

Last Reported Variance £M		Revised Budget £M	Forecast Outturn £M	Variance £M
0.0	Cemeteries and Crematorium	(1.6)	(1.5)	0.1
0.0	Community Safety	1.0	1.0	0.0
0.0	Customer Services	1.9	1.7	(0.2)
0.0	ICT	3.1	3.1	0.0
0.0	Regulatory Services	1.0	1.0	0.0
0.0	TOTAL	5.4	5.3	(0.1)
	Gross Expenditure	10.4	10.2	(0.2)
	Gross Income	(5.0)	(4.9)	0.1
	TOTAL	5.4	5.3	(0.1)



Income raised from Bereavement Services is lower than anticipated at period 6 which correlates with information provided by the Registrations team which is showing a decline in deaths registered during the first six months of the year. A £100,000 pressure at the end of the year is expected.

The Customer Service team are implementing a restructure meaning that they are currently holding a number of vacancies. This will result in a one-off underspend at year-end of (£200,000).

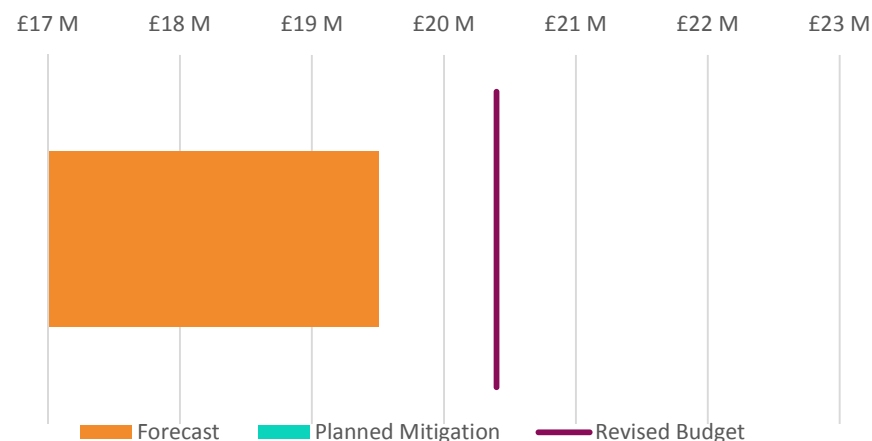
Environment and Planning

6.85% of Total Gross Revenue
Service Budget

(£0.9M) Forecast Revenue
Underspend

-3.96% Variance as % of Total Gross Budget
Envelope

Last Reported Variance £M		Revised Budget £M	Forecast Outturn £M	Variance £M
0.0	Energy	(0.1)	(0.1)	0.0
0.0	Flooding	0.4	0.4	0.0
0.1	Parks and Open Spaces	4.4	4.4	0.0
0.1	Planning	1.0	1.0	0.0
(0.8)	Waste and Street Scene	14.7	13.8	(0.9)
(0.6)	TOTAL	20.4	19.5	(0.9)
	Gross Expenditure	22.7	22.2	(0.5)
	Gross Income	(2.3)	(2.7)	(0.4)
	TOTAL	20.4	19.5	(0.9)



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 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 £125,000.

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 per ton, whereas the cost of landfill (including haulage) is £118 per ton. 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 (£650,000). 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).

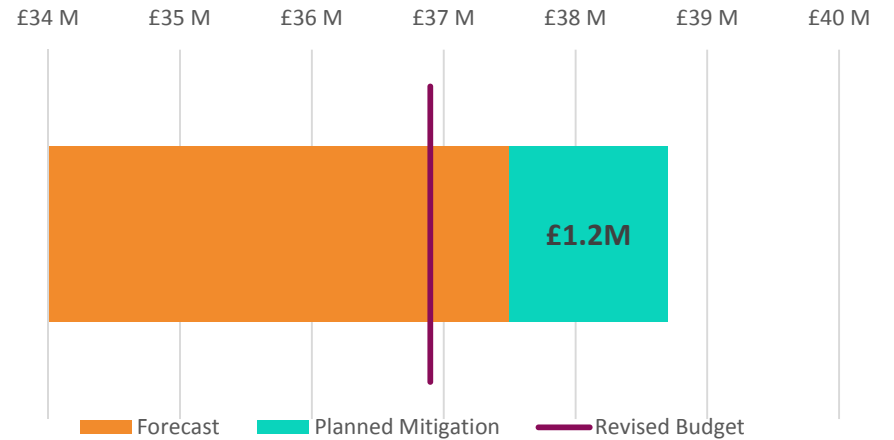
Health and Adult Social Care

22.15% of Total Gross Revenue Service Budget

£0.6M Forecast Revenue Overspend

0.82% Variance as % of Total Gross Budget Envelope

Last Reported Variance £M		Revised Budget £M	Forecast Outturn £M	Variance £M
0.5	Adult Social Care	36.2	36.8	0.6
0.0	Health	0.0	0.0	0.0
0.0	Voluntary and Community Services	0.7	0.7	0.0
0.5	TOTAL	36.9	37.5	0.6
	Gross Expenditure	73.4	74.3	0.9
	Gross Income	(36.5)	(36.8)	(0.3)
	TOTAL	36.9	37.5	0.6



Learning Disabilities (LD) is forecasting a year end overspend of £280,000 assuming delivery of the planned management actions. The overspend mainly relates to LD passenger transport and this will be mitigated once the Joint Venture goes live from January 2020. There is also a demand pressure on LD Supported Living placements. The management actions relate to Supported Living contracts which will be reviewed during the course of the year with a targeted saving of (£200,000).

Older People is forecasting to be £151,000 overspent, assuming the delivery of management actions totalling (£820,000). The pressure is mainly on interim residential placements and the planned mitigation is to reduce the length of time clients are spending in this setting, clients will benefit from returning home quicker with a tailored package of support. The pressure highlighted in 2018/19 has continued into 2019/20.

There is also a pressure of £150,000 on Physical and Sensory Impairment due to an increased demand on the equipment service. Over the last 3 quarters there has been a steady increase on the demand for equipment as more people are supported at home for longer, rather than in residential setting. Investment in equipment is essential to help them with their continuing independence.

An in depth review is being undertaken of all expenditure within Adult Social Care with a view to mitigating the overspend in the service area.

Housing Revenue Account

(£0.3M) Forecast Revenue
Underspend

-1.21% Variance as % of Total Gross Budget
Envelope

	Revised Budget £M	Forecast Outturn £M	Variance £M
Gross Expenditure	24.7	24.7	0.0
Gross Income	(28.0)	(28.3)	(0.3)
NET OPERATING EXPENDITURE	(3.3)	(3.6)	(0.3)
Revenue Contribution to Capital	2.3	2.3	0.0
Contribution to / (from) Earmarked Reserves	1.0	1.3	0.3
TOTAL	0.0	0.0	(0.0)

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

The latest forecast as at period 6 indicates that the HRA will have an operating surplus of £3,618,000, an increase of £270,000 in 2019/20. The approved budget for housing rental income assumed a 4% void allowance across all properties. The actual rental income received up to end of September has been higher due to a lower level of voids. It is anticipated that this strong performance continues for the rest of the year. It is planned that any surplus is transferred into the HRA Capital Investment Reserve for future planned investment into the housing stock.