

Appendix 1

Budget Monitoring & Reporting 2020/2021

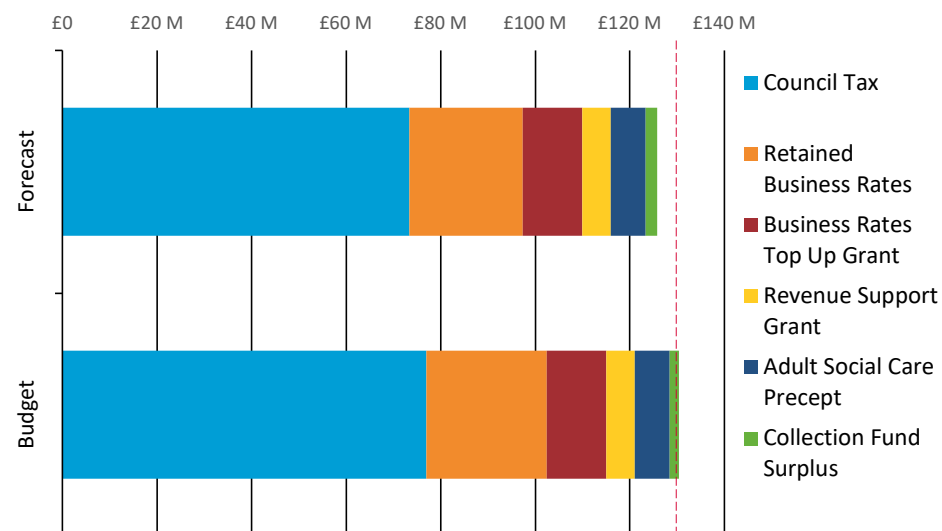
Period 6 - September 2020 Revenue Budget Performance



Summary

Last Reported Portfolio Variance £M		Revised Budget £M	Forecast Outturn £M	Variance £M
1.737	Leader: Housing, ICT, Revenues & Benefits	17.236	19.236	2.000
3.064	Deputy Leader: Assets, Highways and Transport	4.719	8.341	3.622
1.017	Business, Culture and Tourism	4.897	6.069	1.172
4.534	Children and Learning	31.229	36.092	4.863
0.095	Community Safety and Customer Contact	4.297	4.342	0.045
1.483	Environment and Planning	18.578	20.408	1.830
4.047	Health and Adult Social Care	39.006	42.828	3.822
15.977		119.962	137.316	17.354
0.400	Corporate Budgets	25.353	24.993	(0.360)
16.377		145.315	162.309	16.994
0.000	Contribution to / (from) earmarked reserves	(8.642)	(8.642)	0.000
0.000	Revenue Contribution to Capital	0.363	0.363	0.000
0.000	COVID-19 Income Compensation	0.000	(2.683)	(2.683)
(10.638)	Non Service Specific Grants	(6.607)	(19.614)	(13.007)
5.739	TOTAL	130.429	131.733	1.304
4.600	Funding	(130.429)	(125.829)	4.600
10.339		0.000	5.904	5.904

Sources of funding (£s)



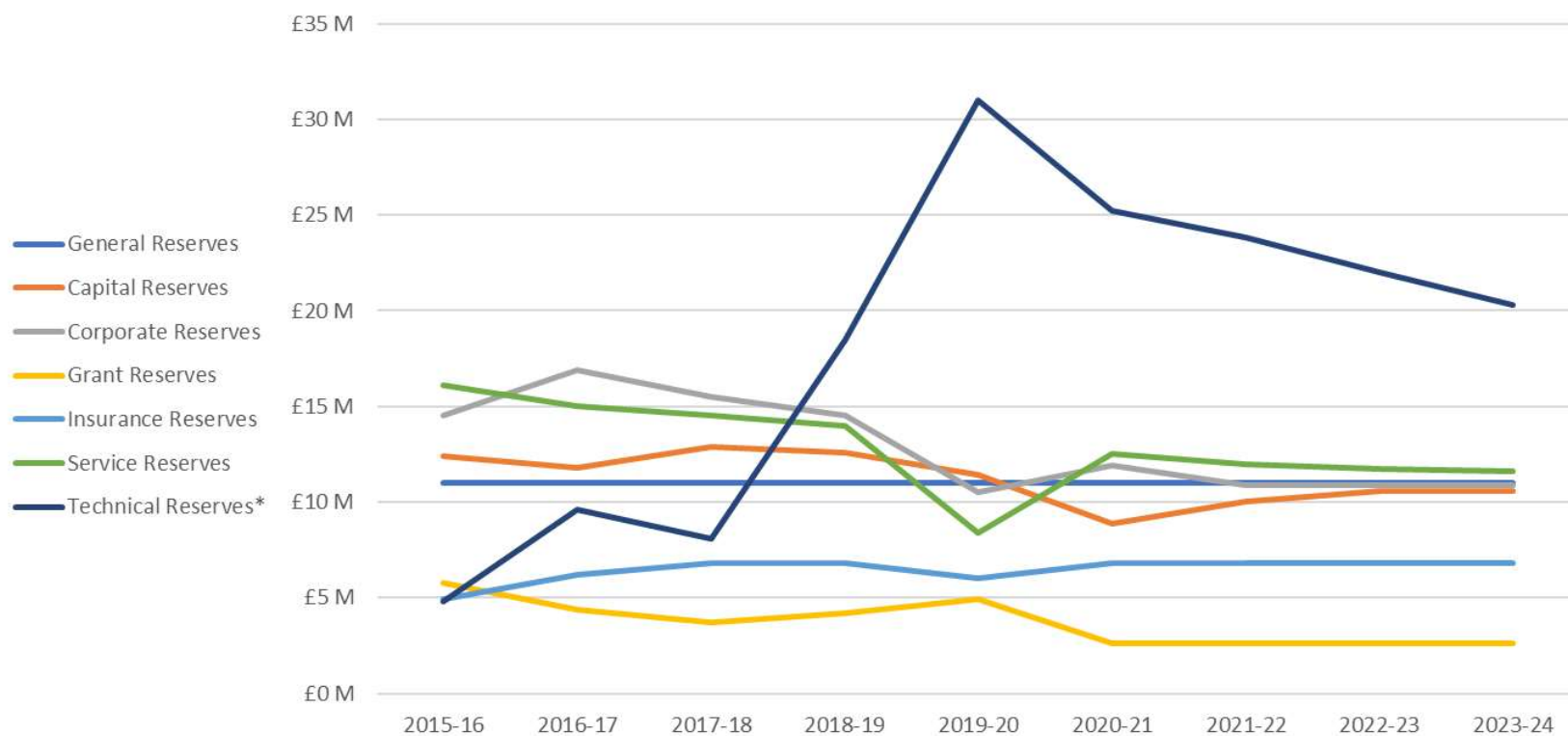
This detailed financial performance report for 2020/21 builds on the information provided at Period 4 and summarises the forecast position as at the end of September 2020 (Period 6). All local authorities right across the country continue to wrestle with the unprecedented circumstances and challenges caused by the impact of COVID-19 on both their operations and finances. All services have been directly or indirectly affected by the pandemic. Our understanding and confidence in predictions, spending patterns, income activity levels and behaviours were increasing each week/month as further data became available. The recent expansion of the number of confirmed cases nationally though and the potential threat of a second wave of the virus and possible impact of further lockdown measures has now created added uncertainty over our financial forecast for the year. This report includes our first claim against the Government's income guarantee scheme (£2.683M compensation). No detailed technical guidance has yet been received to enable the spreading of Collection Fund deficits over three years, so an assessment of this opportunity has been excluded from this report. The corporate budgets variance (£0.360M) is an improvement of £0.760M from Period 4 and is due to a reduction in the level of planned borrowing relating to the Council's Capital Investment Programme. This total saving has been reduced by the forecast loss in investments caused directly by COVID-19. The non-service specific grants positive variance of (£13.007M) is the remaining amount of unapplied COVID-19 emergency grant that we have received and the funding line variance of £4.600M highlights the net negative impact on our Collection Fund for Business Rates and Council Tax.

In conclusion, and despite the effects of COVID-19 and the corresponding financial impact, the Council remains in a relatively strong position compared to many other upper tier authorities across the country. This is because of its level of sensible reserves, financial resilience, and ability to cope with unexpected challenges.

Reserves

The Council maintains General Fund reserves at £11.0M in line with the Medium Term Financial Forecast. This provides a working cashflow balance and allows a degree of financial security in the case of unexpected events or emergencies.

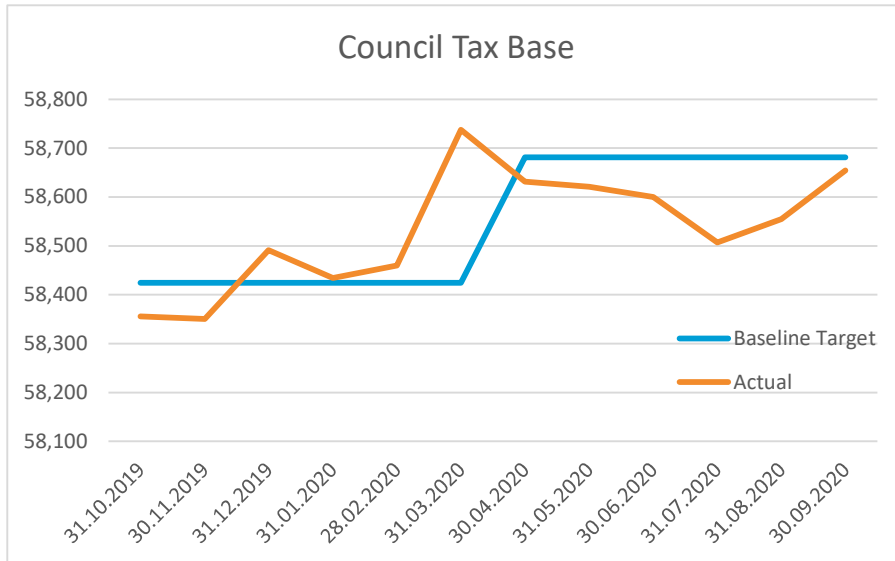
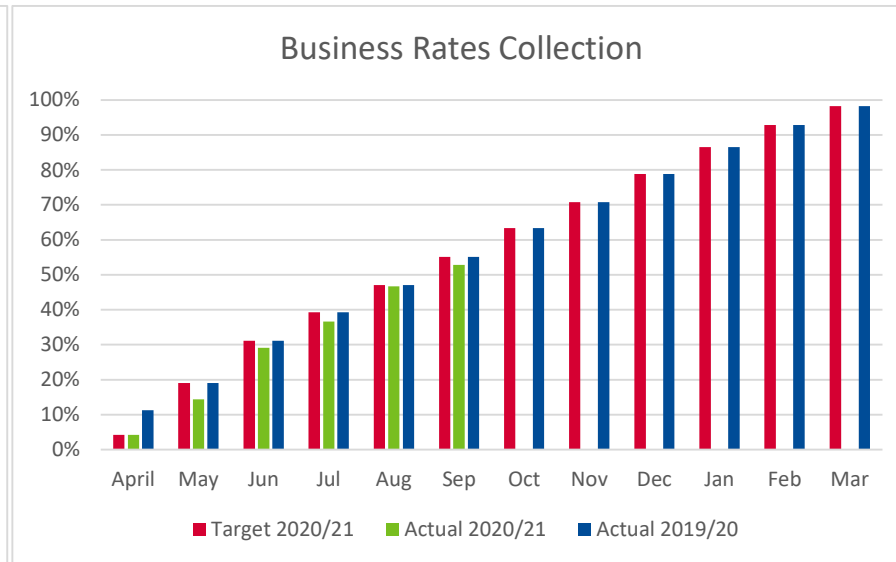
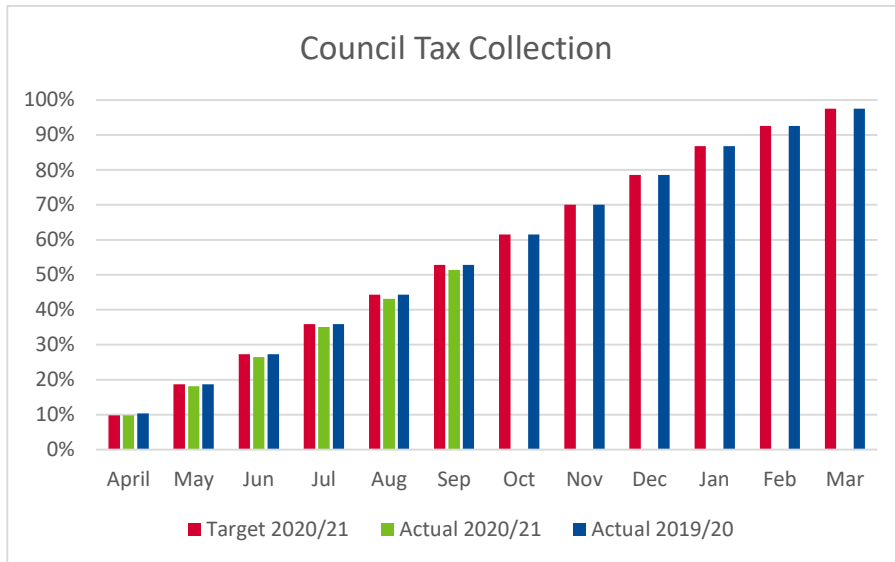
In addition, Earmarked Reserves are set aside to fund future projects and to mitigate specific risk. The level of these reserves will fluctuate as grants are received, risk is realised and projects progress.



	2015-16	2016-17	2017-18	2018-19	2019-20	2020-21	2021-22	2022-23	2023-24
Reserves in £M	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	11.4	8.9	10.0	10.6	10.6
Corporate Reserves	14.5	16.9	15.5	14.5	10.5	11.9	10.9	10.9	10.9
Grant Reserves	5.8	4.4	3.7	4.2	4.9	2.6	2.6	2.6	2.6
Insurance Reserves	4.9	6.2	6.8	6.8	6.0	6.8	6.8	6.8	6.8
Service Reserves	16.1	15.0	14.5	14.0	8.4	12.5	12.0	11.7	11.6
Technical Reserves*	4.8	9.6	8.1	18.5	31.0	25.2	23.8	22.0	20.3
	69.5	74.9	72.5	81.6	83.2	78.9	77.1	75.6	73.8

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

Collection Rates



Collection rates for the current financial year are below the monthly target on both Council Tax (1.4% below) and Business Rates (2.3% below). The reduction in performance and impact on the collection fund is directly due to COVID-19.

The Council Tax Baseline also reflects a decrease of 26.93 band D properties. The Local Council Tax Support Scheme has increased significantly since the setting of the baseline due to COVID-19 with an increase of 1,155 band D equivalents in claimants (including removal of 849 band D equivalents due to the £150 hardship scheme).

The NDR Baseline is reflecting a decrease of £12.2m, however this is covered by the increased S31 grant received from Government to compensate the council for the passporting on of increased rate relief to eligible businesses due to COVID-19.

Leader: Housing, ICT, Revenues & Benefits

28.34%

of Total Gross Revenue
Service Budget

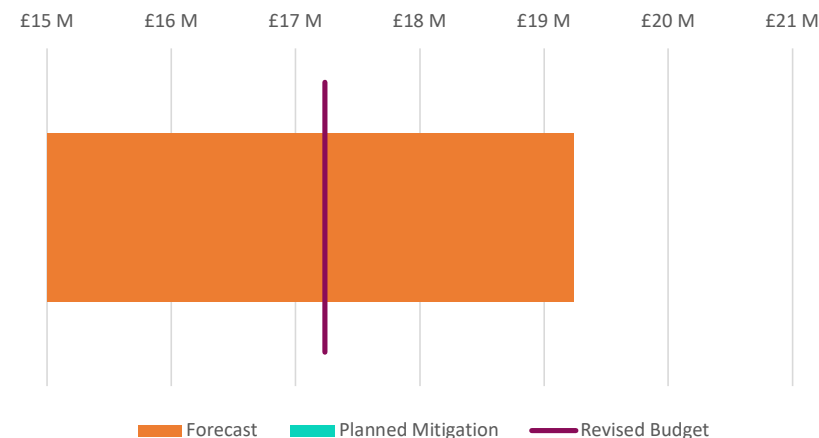
£2.0M

Forecast Adverse Variance

0.64%

Variance as % of Total Gross
Budget Envelope

Last Reported	Service Area	Revised Budget	Forecast Outturn	Variance
Variance £M		£M	£M	£M
0.427	Housing	3.422	4.015	0.593
0.350	ICT	3.271	3.565	0.294
(0.075)	Legal and Democratic Services	2.929	2.879	(0.050)
0.110	Other Services	4.642	4.802	0.160
0.941	Revenues and Benefits	1.141	2.144	1.003
(0.016)	Strategic Planning and Policy	1.831	1.831	0.000
1.737		17.236	19.236	2.000
1.182	Gross Expenditure	88.419	89.784	1.365
0.555	Gross Income	(71.183)	(70.548)	0.635
1.737		17.236	19.236	2.000



All rough sleepers have been placed in temporary accommodation during the period of the COVID-19 emergency. This has resulted in a pressure on Bed and Breakfast spend. The team are moving clients on to permanent accommodation where possible. The anticipated pressure assumes the numbers of rough sleepers in Bed and Breakfast will be reducing over the course of the financial year as more rough sleepers move on to permanent accommodation.

The pressure on temporary accommodation is being slightly offset by an underspend in the Private Sector Housing team due to vacancies. There is a planned recruitment drive to try to fill these vacant posts, together with the potential of engaging agency cover to clear the current backlog of work.

The approved ICT restructure has required a significant recruitment drive to attract the necessary skills, expertise, and experience to the Council and this has resulted in a one-off cost to engage with the specialist market effectively. To ensure robust network connectivity during the extended period of working remotely there have also been additional one-off costs to bring equipment and support arrangements up to date.

Due to COVID-19 there has been an embargo on the issuing of any summons for unpaid council tax and business rates debts. As a result of this reduction in court appearances there is now £0.5m less income received by SBC from court fees. There is also an unfunded gap between the subsidy received from central government and the value of benefits paid to claimants. COVID-19 has seen an increase in the number of working age benefit claimants and this pressure may increase further by the end of the year. Welfare reform changes over the past few years have been managed via our reserves. There will now be a requirement for a permanent increase in the Council's revenue base to deal with the net expenditure that remains after applying the benefits subsidy received from the Government. This increase will form part of the development of the Council's future Medium Term Financial Strategy.

Deputy Leader: Assets, Highways and Transport

6.30%

of Total Gross Revenue
Service Budget

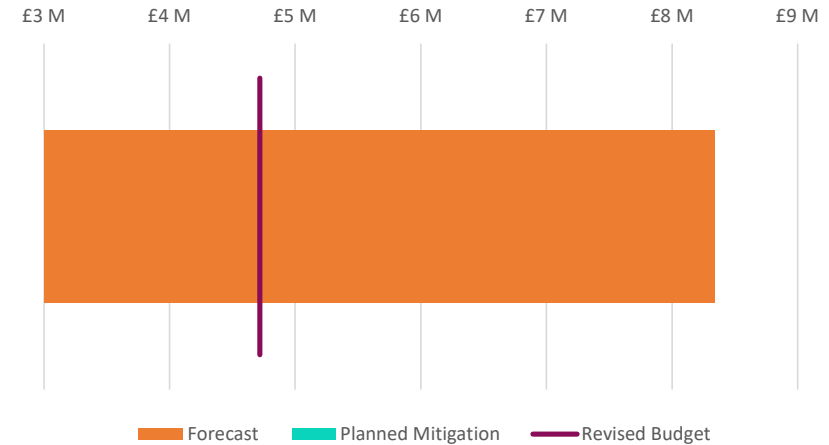
£3.6M

Forecast Adverse Variance

1.16%

Variance as % of Total Gross
Budget Envelope

Last Reported	Service Area	Revised Budget	Forecast Outturn	Variance
Variance £M		£M	£M	£M
(0.010)	Asset and Facilities Management	(0.461)	(0.409)	0.052
(0.070)	Financial Services	3.717	3.487	(0.230)
3.144	Highways and Transport	1.463	5.263	3.800
3.064		4.719	8.341	3.622
0.157	Gross Expenditure	19.656	19.977	0.321
2.907	Gross Income	(14.937)	(11.636)	3.301
3.064		4.719	8.341	3.622



COVID-19 and the associated lockdown and social restrictions have placed an enormous strain on the parking income of the authority during the traditionally busiest time of the year for the town. A reduction in travel has resulted in a reduction in both pay and display income and enforcement activity. There are also a number of expenditure pressures in the parking service including variable contractor works, security costs and the merchant and transaction fees in relation to cashless parking solutions.

There continues to be increased costs associated with the security and cleaning in the Travel Centre. Street lighting columns are replaced when damaged and although there is a continued increase in insurance claims to recover monies where possible there remains a financial pressure in the service overall.

Fixed term interim resources have been deployed to deliver on a range of policies and strategies within parking and transport. Once these policies are in place the recently approved highways and transport staffing structure will be delivered and the temporary staffing pressures should subside.

The overall Financial Services position has improved from Period 4 due to the rescheduling of some audit work into 2021/22 and the intentional holding of several vacant posts to help with the financial challenge across the wider business.

Business, Culture and Tourism

2.36%

of Total Gross Revenue
Service Budget

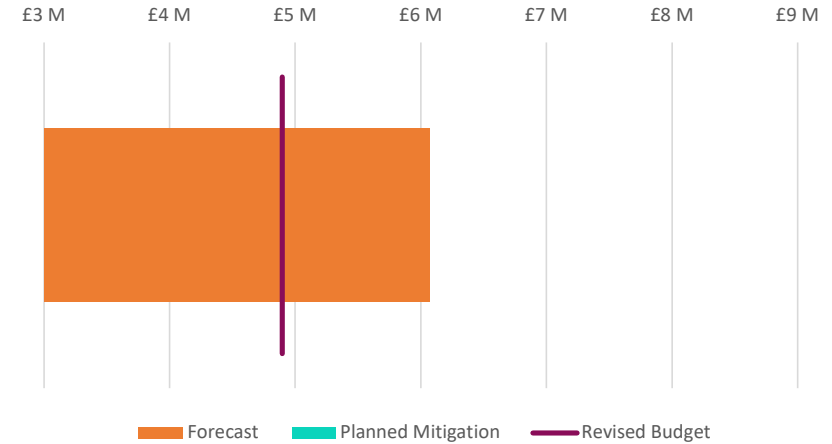
£1.2M

Forecast Adverse Variance

0.38%

Variance as % of Total Gross
Budget Envelope

Last Reported Variance £M	Service Area	Revised Budget £M	Forecast Outturn £M	Variance £M
0.336	Culture	3.643	4.112	0.469
(0.009)	Economic Development and Regeneration	0.599	0.618	0.019
0.690	Tourism	0.655	1.339	0.684
1.017		4.897	6.069	1.172
(0.100)	Gross Expenditure	7.348	7.296	(0.052)
1.117	Gross Income	(2.451)	(1.227)	1.224
1.017		4.897	6.069	1.172



The financial pressures faced within culture and tourism are entirely due to COVID-19. Our leisure provider has been fully supported during the pandemic and as a result no management fee will be received by the council in 2020/21. There has also been no income received from any libraries this financial year to date. The tourism sector was badly affected at the beginning of the pandemic but was starting to show signs of recovery. As a result of the pier being closed for the first quarter of the year and a reduced and socially distanced train service being in operation thereafter, there will be a significant reduction in admission income collected on this key tourist attraction.

Children and Learning

29.05%

of Total Gross Revenue
Service Budget

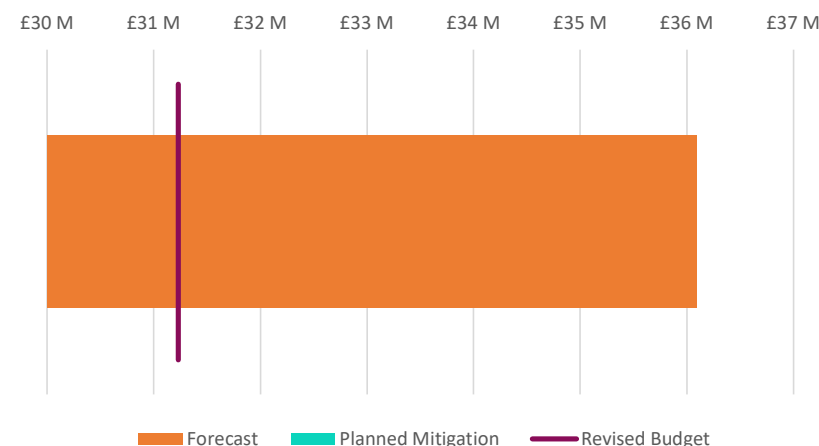
£4.9M

Forecast Adverse Variance

1.56%

Variance as % of Total Gross
Budget Envelope

Last Reported Variance £M	Service Area	Revised Budget £M	Forecast Outturn £M	Variance £M
4.530	Childrens Social Care	23.230	28.006	4.776
0.004	Education and Schools	4.951	4.956	0.005
0.000	Maintained Schools Delegated	0.000	0.000	0.000
0.000	Youth and Family Support	3.048	3.130	0.082
4.534		31.229	36.092	4.863
4.594	Gross Expenditure	90.640	95.326	4.686
(0.060)	Gross Income	(59.411)	(59.234)	0.177
4.534		31.229	36.092	4.863



As expected, Children Services remains a significant pressure area forecasting a £4.9M overspend, excluding the one off £3M put aside to support the service as part of the approved 2020/21 budget. Looked After Children (LAC) numbers have currently reduced from their peak in 2019/20, following three consecutive years of increases. This reduction has not yet been experienced on our LAC external care placements though. This is the most expensive provision and there are currently 100 ongoing care packages compared to an average of 81 in 2019/20, this is an increase of 10 placements (7 external fostering and 3 external residential care) since the Period 4 report. External care placements remain the most significant cause of the cost pressures but there is also continued spending pressures on the leaving care and unaccompanied asylum seeker care placements too. Pressures on social work staffing (although reduced from 2019/20) and independent professional assessment fees are also having an impact. Like nearly every service area there are also increased costs related to COVID-19 resulting from both placement extensions and additional staffing to respond to the crisis. COVID-19 has also naturally impacted on some areas of our traded income activity with Schools.

It is positive for the financial position that the LAC numbers have currently reduced, and this is benefiting the inhouse care provision and will be assisting to mitigate previous in-house fostering capacity issues. The service has also reduced reliance on agency staff which is again having some positive impact within the forecasts.

The intention to continue to build capacity within the inhouse foster care provision remains as a key priority. This will not only benefit the outcomes of the child, but also help to alleviate external care spend pressures moving forward. There is always a risk to these forecasts that one or two extra residential or additional secured placements can have a significant cost impact and would increase the current predicted level of spending forecasts considerably.

Community Safety and Customer Contact

1.76%

of Total Gross Revenue
Service Budget

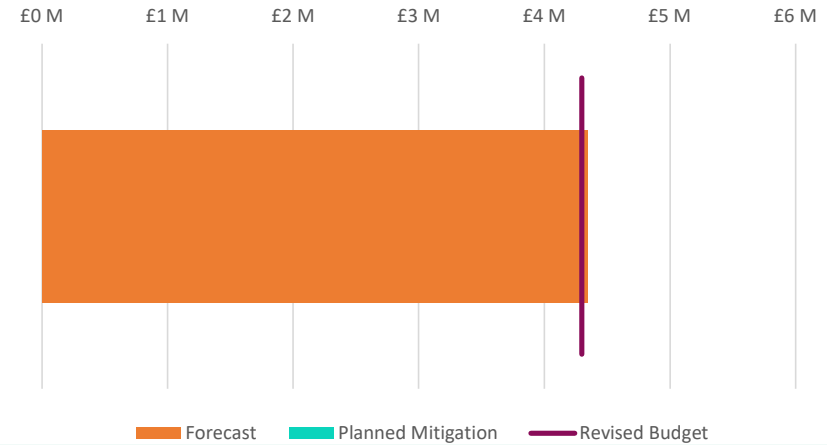
£0.05M

Forecast Adverse Variance

0.00%

Variance as % of Total Gross
Budget Envelope

Last Reported	Service Area	Revised Budget £M	Forecast Outturn £M	Variance £M
Variance £M				
0.031	Community Safety	1.268	1.278	0.010
0.085	Customer Services	1.901	1.961	0.060
(0.021)	Regulatory Services	1.128	1.103	(0.025)
0.095		4.297	4.342	0.045
0.010	Gross Expenditure	5.494	5.338	(0.156)
0.085	Gross Income	(1.197)	(0.996)	0.201
0.095		4.297	4.342	0.045



Due to the restrictions on wedding services there has been a significant reduction in the use of our wedding venues in 2020/21 resulting in a £100k loss to fees and charges. A number of these services have been re-scheduled for future years but the opportunity to generate revenue from these venues has now passed for this financial year, resulting in a loss of income.

Staffing vacancies in Customer Services are off-setting part of the loss in income, however the vacancies relate to posts that previously provided Customer Services to South Essex

Environment and Planning

7.75%

of Total Gross Revenue
Service Budget

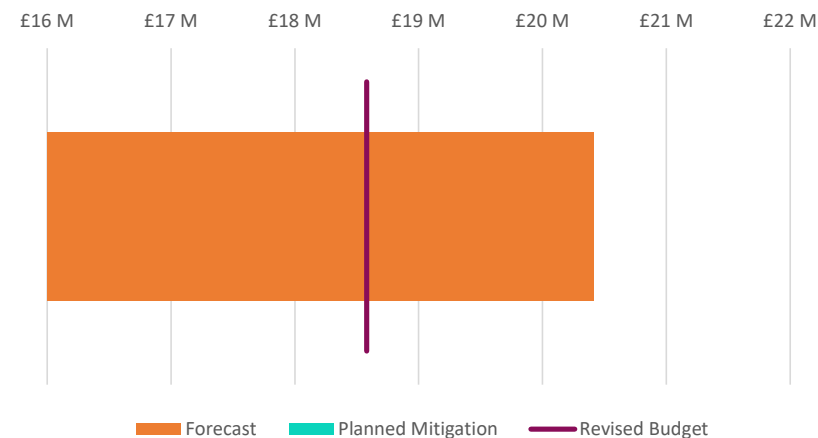
£1.8M

Forecast Adverse Variance

0.38%

Variance as % of Total Gross
Budget Envelope

Last Reported	Service Area	Revised Budget	Forecast	Variance
Variance £M		£M	£M	£M
0.033	Cemeteries and Crematorium	(1.615)	(1.601)	0.014
0.000	Energy	0.106	0.129	0.023
0.265	Flooding	0.401	0.666	0.265
0.106	Parks and Open Spaces	4.510	4.718	0.208
0.129	Planning	1.108	1.256	0.148
0.950	Waste and Street Scene	14.068	15.240	1.172
1.483		18.578	20.408	1.830
1.279	Gross Expenditure	24.188	25.762	1.574
0.204	Gross Income	(5.610)	(5.354)	0.256
1.483		18.578	20.408	1.830



Storms early in 2020 have resulted in damage along our shoreline, both immediately and via increased repairs and maintenance identified during inspections of the coastline. This running list of repairs across one of our most valuable assets continues to result in a budget pressure for the service.

Due to COVID-19 and the restrictions in place regarding organised outdoors sports there has been a reduction in the income received from sports pitches and park event bookings. This position has deteriorated further since the forecast at Period 4. There was also a reduction in the number of planning and building applications particularly in the first two months of the year resulting in a further reduction of income for the authority.

As a result of the measures implemented to reduce the spread of COVID-19, residents have remained at home for a substantial period. Many people are working from home now and will continue to do so for the foreseeable future. One by-product of this change in how people are living is a significant increase in the volume of household waste which is being collected and disposed of. As a waste disposal authority, the financial implication of this is borne by council.

Health and Adult Social Care

24.43%

of Total Gross Revenue
Service Budget

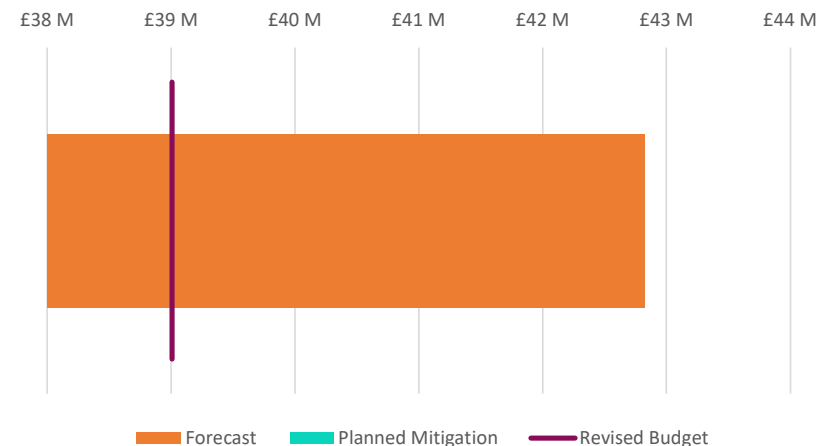
£3.8M

Forecast Adverse Variance

1.23%

Variance as % of Total Gross
Budget Envelope

Last Reported	Service Area	Revised Budget	Forecast Outturn	Variance
Variance £M		£M	£M	£M
3.748	Adult Social Care	38.077	41.600	3.523
0.303	Health	0.228	0.531	0.303
(0.004)	Voluntary and Community Services	0.701	0.697	(0.004)
4.047		39.006	42.828	3.822
3.604	Gross Expenditure	76.218	79.575	3.357
0.443	Gross Income	(37.212)	(36.747)	0.465
4.047		39.006	42.828	3.822



There continues to be a pressure on Adult Social Care services, with £3.5M being the forecast year end variance as at period 6. This is a slight improvement from period 4's forecast position. The main pressures remain in Older People's interim residential placements, home care and reablement services. Extra investment was provided as part of setting the budget for 2020/21 but the impact of COVID-19 and the additional demands and response to the crisis has made it very difficult to fully implement previous recovery plans and develop new mitigation proposals. Extra investment has also been made into the provider market as part of our COVID-19 response.

There also remains a significant pressure on the Learning Disabilities (LD) service. In 2019/20 we saw an increasing demand on LD Supported Living placements, more than the usual transitions increase. We had more families where parents were older, and it was necessary for Social Care to support their loved ones to move to an environment that continued to provide the appropriate level of support but also maximised their independence. This pressure anticipates further demand increases in 2020/21 and this is being closely reviewed with the service. There is also a pressure on services provided to those with a social care need but have No Recourse to Public Funds.

In response to the COVID-19 emergency additional Personal Protective Equipment (PPE) has been made available to care providers across the borough. This has resulted in a pressure on the Public Health budget.

Housing Revenue Account

(£0.4M)

Forecast Favourable Variance

-1.8%

Variance as % of Gross Operating Expenditure

Last Reported Variance £M	Service Area	Revised Budget £M	Forecast Outturn £M	Variance £M
0.000	Gross Expenditure	23.335	23.643	0.308
(0.300)	Gross Income	(28.522)	(29.258)	(0.736)
(0.300)	NET OPERATING EXPENDITURE	(5.186)	(5.614)	(0.428)
0.000	Revenue Contribution to Capital	8.708	8.708	0.000
0.300	Contribution to / (from) Earmarked Reserves	(3.522)	(3.094)	0.428
0.000	TOTAL	0.000	0.000	0.000

Despite the challenges of COVID-19 the current forecast for the Housing Revenue Account (HRA) indicates that it will have a net surplus of (£428,000) in 2020/21, a positive variance of around (-1.8%) of gross operating expenditure. It must be noted that there is a risk to the levels of rent arrears due to the impact of COVID-19 on tenants' income and their ability to pay. An estimate of £250,000 anticipated pressure has been built into the current forecast and used to increase our provision for potential bad and doubtful debts. The situation will continue to be closely monitored. There has also been extra cost pressures on staffing required to clear the backlog of works on voids and gas appliances directly due to the impact of COVID-19. There are other potential expenditure implications which are still under discussion with South Essex Homes. Any agreed changes will be included in the Period 8 report.

Positively the anticipated rental income is higher than originally budgeted. This position is predominantly due to increased levels of rental income received as a result of lower level of voids within the housing stock. This demonstrates good housing management practice. As the acquisitions programme progresses into quarter 3 there is an anticipated increase in the numbers of units within the housing stock that will further increase the HRA's rental income stream.

It is currently anticipated that any surplus will be transferred to the HRA Capital Investment Reserve at the year-end for future planned investment into the housing stock. Potential to use some of the forecast surplus to fund additional revenue contributions to capital is also under consideration.