

Appendix 1

Budget Monitoring & Reporting 2020/2021

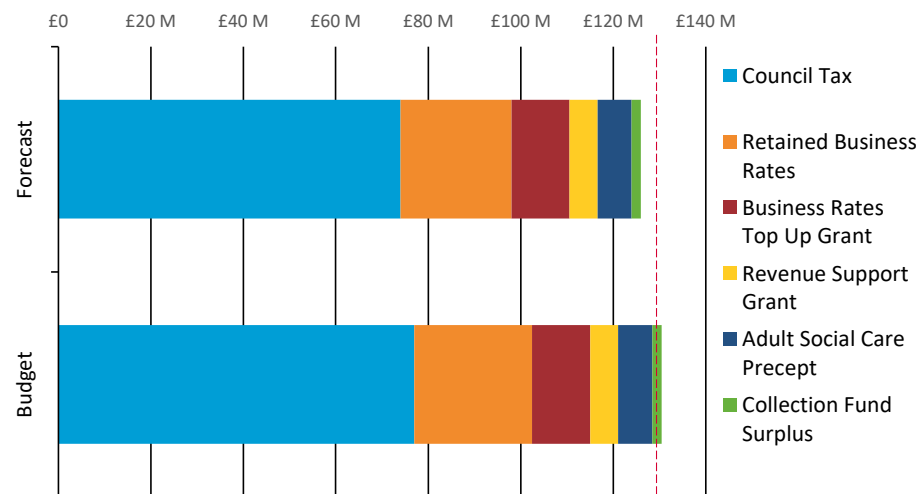
Period 8 - November 2020 Revenue Budget Performance



Summary

Last Reported Variance £M	Portfolio	Revised Budget £M	Forecast Outturn £M	Variance £M
2.000	Leader: Housing, ICT, Revenues & Benefits	17.295	19.459	2.164
3.622	Deputy Leader: Assets, Highways and Transport	4.799	8.234	3.435
1.173	Business, Culture and Tourism	4.914	5.951	1.037
4.862	Children and Learning	31.505	36.168	4.663
0.045	Community Safety and Customer Contact	4.310	4.349	0.039
1.829	Environment and Planning	18.480	20.299	1.819
3.822	Health and Adult Social Care	38.738	41.576	2.838
17.353		120.041	136.036	15.995
(0.360)	Corporate Budgets	25.209	24.878	(0.331)
16.993		145.250	160.914	15.664
0.000	Contribution to / (from) earmarked reserves	(8.577)	(8.577)	0.000
0.000	Revenue Contribution to Capital	0.363	0.363	0.000
(2.683)	COVID-19 Income Compensation	0.000	(4.154)	(4.154)
(13.007)	Non Service Specific Grants	(6.607)	(19.514)	(12.907)
1.303	TOTAL	130.429	129.032	(1.397)
4.600	Funding (including Collection Fund)	(130.429)	(125.979)	4.450
5.903		0.000	3.053	3.053

Sources of funding (£s)



This detailed financial performance report for 2020/21 builds on the information provided at both Period 4 and Period 6 and summarises the forecast position as at the end of November 2020 (Period 8). 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 continue to be 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 up to Period 6. The recent expansion in the number of positive cases nationally and locally though, combined with the uncertainty of the impact of the latest lockdown measures and tier system has now added even more complexity and challenge in accurately predicting the financial forecast by the end of the year. At the time of writing this report we are still awaiting some detailed information from the Spending Review 2020, particularly the guidance on how the new 75% support for irrecoverable losses will be calculated and the detailed technical guidance to enable the spreading of Collection Fund deficits over three years. These assessments have therefore been excluded from this report.

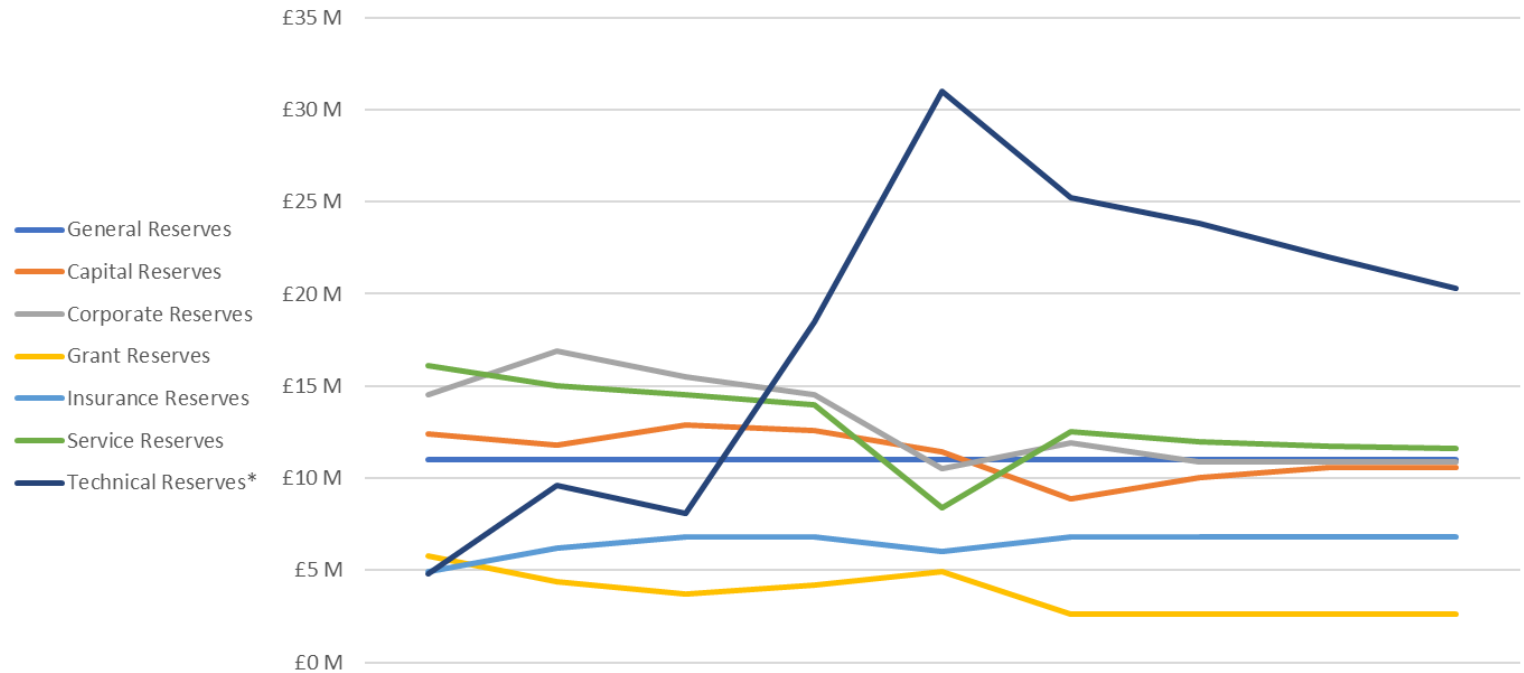
The COVID-19 Income Compensation line (£4.154m) now includes our 2nd claim for the period August - November 2020. The non-service specific grants positive variance of (£12.907M) is the remaining amount of unapplied COVID-19 emergency grant that we have received. The funding line variance of £4.450M highlights the net negative impact on our Collection Fund for additional eligible residents in receipt of support from our Local Council Tax Support Scheme and reduced collection levels for Business Rates and Council Tax. The situation is estimated to improve slightly from Period 6 but this assumes that there continues to be a positive local response from residents and businesses to recent reminders for non-payment. The situation will be continually monitored and a further assessment will be undertaken when Government guidance on Collection Fund accounting treatment is received.

In conclusion, and despite the enormous effects locally 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

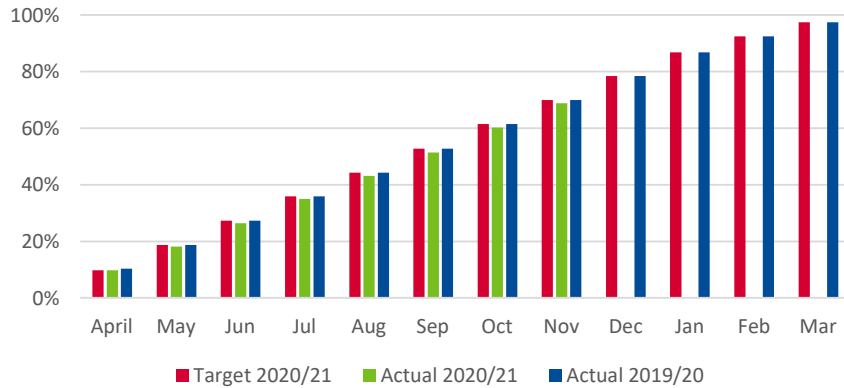


	2015-16	2016-17	2017-18	2018-19	2019-20	2020-21	2021-22	2022-23	2023-24
Reserves in £M	69.5	74.9	72.5	81.6	83.2	78.9	77.1	75.6	73.8
General Reserves	11.0	11.0	11.0	11.0	11.0	11.0	11.0	11.0	11.0
Capital Reserves	12.4	11.8	12.9	12.6	11.4	8.9	10.0	10.6	10.6
Corporate Reserves	14.5	16.9	15.5	14.5	10.5	11.9	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

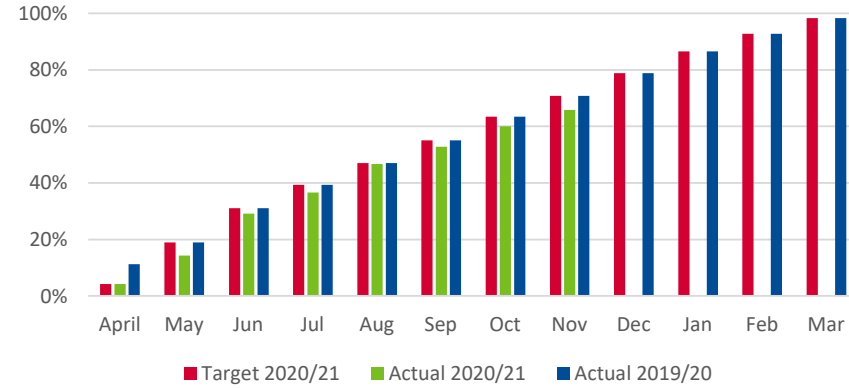
* Technical Reserves are held to even out the Council's finances and reduce in year volatility

Collection Rates

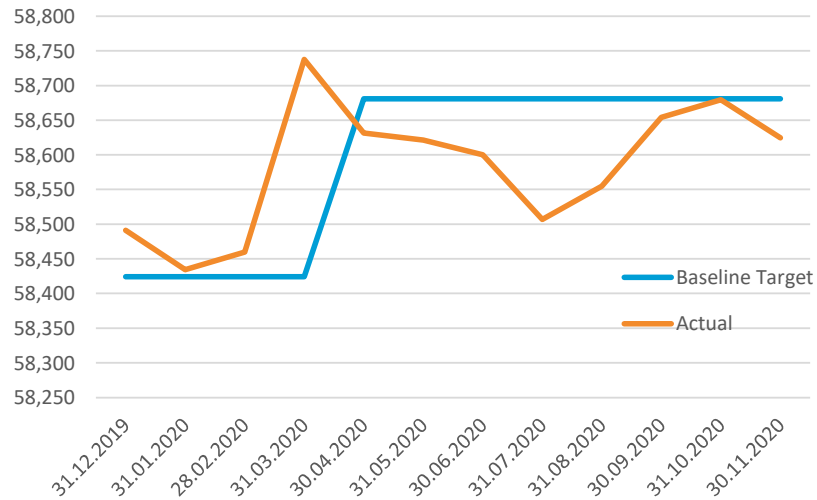
Council Tax Collection



Business Rates Collection



Council Tax Base



Collection rates for the current year are below the monthly target on both Council Tax (1.1% below) and Business Rates (5.0% below). This reduction in performance and impact on the collection fund is directly due to COVID-19. The Council has not taken any formal enforcement action during the pandemic. Focus has been placed on providing advice and financial support to eligible residents and businesses.

The Council Tax Baseline also reflects a decrease of 56.26 band D properties. The Local Council Tax Support Scheme has increased significantly since the setting of the tax base due to COVID-19 with an increase of 1,266 band D equivalents in claimants (including removal of 889 band D equivalents due to the £150 hardship scheme).

The NDR Baseline is reflecting a decrease of £12.6m, 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

27.90%

of Total Gross Revenue
Service Budget

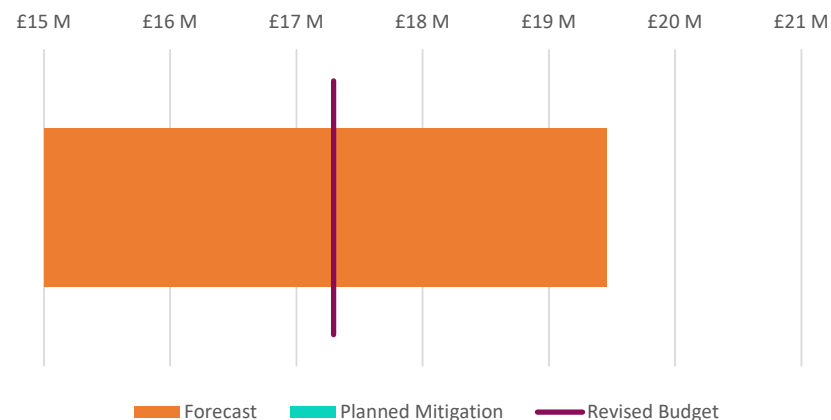
£2.2M

Forecast Adverse Variance

0.68%

Variance as % of Total Gross
Budget Envelope

Last Reported Variance £M	Service Area	Revised Budget £M	Forecast Outturn £M	Variance £M
0.593	Housing	3.439	4.093	0.654
0.294	ICT	3.249	3.476	0.227
(0.050)	Legal and Democratic Services	2.916	2.866	(0.050)
0.160	Other Services	4.849	4.944	0.095
1.003	Revenues and Benefits	1.129	2.367	1.238
0.000	Strategic Planning and Policy	1.713	1.713	0.000
2.000		17.295	19.459	2.164
1.365	Gross Expenditure	88.478	89.850	1.372
0.635	Gross Income	(71.183)	(70.391)	0.792
2.000		17.295	19.459	2.164



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 an ongoing 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 campaign 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 direct result of no court appearances there is now £0.75m less income received by the Council 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

6.22%

of Total Gross Revenue
Service Budget

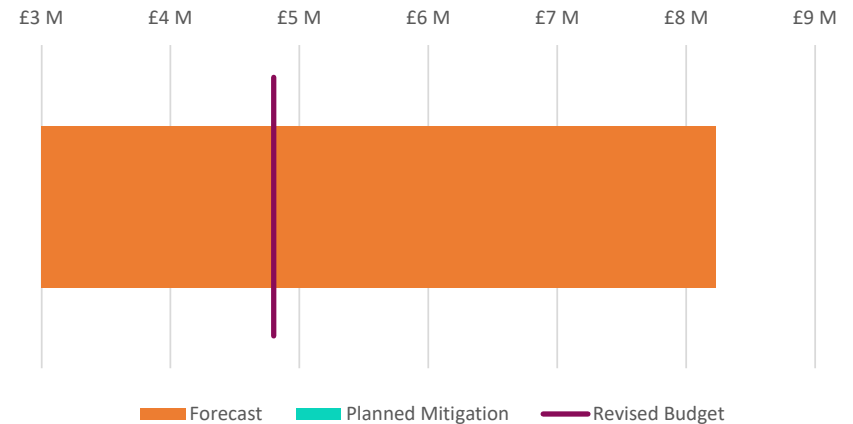
£3.4M

Forecast Adverse Variance

1.08%

Variance as % of Total Gross
Budget Envelope

Last Reported Variance £M	Service Area	Revised Budget £M	Forecast Outturn £M	Variance £M
0.052	Asset and Facilities Management	(0.398)	(0.351)	0.047
(0.230)	Financial Services	3.676	3.411	(0.265)
3.800	Highways and Transport	1.521	5.174	3.653
3.622		4.799	8.234	3.435
0.321	Gross Expenditure	19.736	20.015	0.279
3.301	Gross Income	(14.937)	(11.781)	3.156
3.622		4.799	8.234	3.435



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 during the first lockdown resulted in a substantial loss in both pay and display income and enforcement activity. The November restrictions have further exacerbated this income loss. 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 and other street furniture 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 new policies and strategies within parking and transport. Once these new arrangements are in place the recently approved highways and transport staffing structure will be implemented and the temporary staffing pressures should subside.

The overall Financial Services position has improved from earlier in the year 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 Council business areas.

Business, Culture and Tourism

2.32%

of Total Gross Revenue
Service Budget

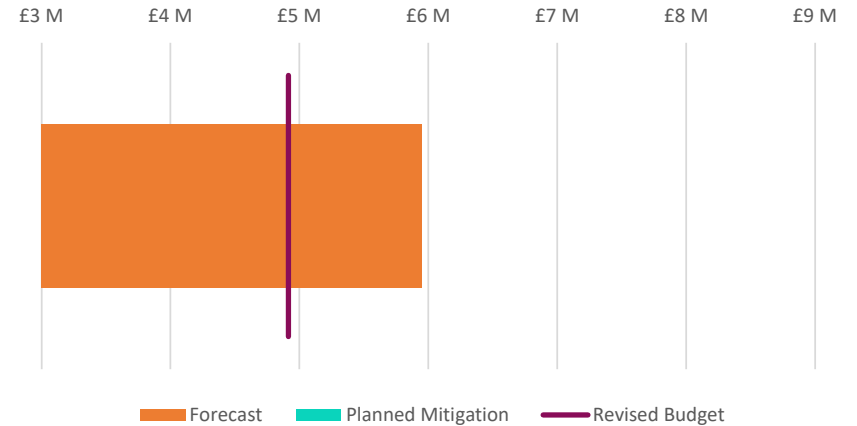
£1.0M

Forecast Adverse Variance

0.33%

Variance as % of Total Gross
Budget Envelope

Last Reported Variance £M	Service Area	Revised Budget £M	Forecast Outturn £M	Variance £M
0.469	Culture	3.639	4.149	0.510
0.019	Economic Development and Regeneration	0.594	0.559	(0.035)
0.684	Tourism	0.681	1.244	0.563
1.172		4.914	5.952	1.038
(0.052)	Gross Expenditure	7.366	7.326	(0.040)
1.224	Gross Income	(2.452)	(1.374)	1.078
1.172		4.914	5.952	1.038



The financial pressures faced within the culture and tourism service 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 minimal income received from any libraries this financial year to date. The tourism sector was badly affected at the beginning of the pandemic but had started to show signs of recovery, before the latest lockdown. 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

28.67%

of Total Gross Revenue
Service Budget

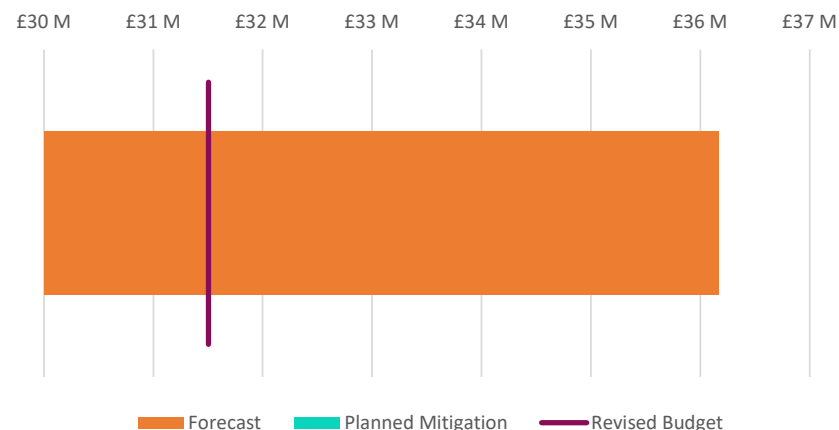
£4.7M

Forecast Adverse Variance

1.47%

Variance as % of Total Gross
Budget Envelope

Last Reported Variance £M	Service Area	Revised Budget £M	Forecast Outturn £M	Variance £M
4.776	Childrens Social Care	23.529	28.065	4.536
0.004	Education and Schools	4.928	4.986	0.058
0.000	Maintained Schools Delegated	0.000	0.000	0.000
0.082	Youth and Family Support	3.047	3.116	0.069
4.862		31.504	36.167	4.663
4.685	Gross Expenditure	90.916	95.189	4.273
0.177	Gross Income	(59.412)	(59.022)	0.390
4.862		31.504	36.167	4.663



As expected, Children & Learning Services remains a significant pressure area and is currently forecasting a net overall overspend of circa £4.7M, 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 slightly 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 in 2019/20 the average number was 81 cases. As reported at Period 6 there were 100 ongoing external care packages, at Period 8 this has now reduced to 92. This is a positive decrease of 8 placements (5 external fostering and 3 external residential care) as some children have either returned home, been successfully placed in adoption or moved onto supported accommodation. 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 in-house care provision and will be assisting to mitigate previous in-house fostering capacity issues. The service has also now reduced its reliance on agency staff which is again having some positive impact within the financial forecasts.

The intention to continue to build capacity within the in-house foster care provision remains as a key priority. This will not only improve the outcomes for the child, but also help to alleviate external care spending 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 could potentially increase the current predicted level of spending forecasts considerably.

Community Safety and Customer Contact

1.74%

of Total Gross Revenue
Service Budget

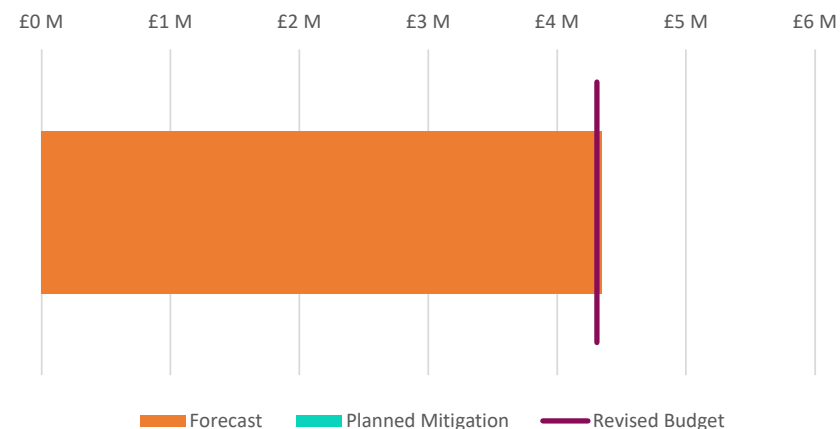
£0.04M

Forecast Adverse Variance

0.00%

Variance as % of Total Gross
Budget Envelope

Last Reported Variance £M	Service Area	Revised Budget £M	Forecast Outturn £M	Variance £M
0.010	Community Safety	1.282	1.304	0.022
0.060	Customer Services	1.894	1.934	0.040
(0.026)	Regulatory Services	1.133	1.111	(0.022)
0.044		4.309	4.349	0.040
(0.157)	Gross Expenditure	5.506	5.318	(0.188)
0.201	Gross Income	(1.197)	(0.969)	0.228
0.044		4.309	4.349	0.040



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 £105k 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 4.0 FTE of the vacancies relate to posts that previously provided Customer Services to South Essex Homes and the contractual requirements have been reduced which will mean less fees and charges income for Customer Services in the future. Overall the contract changes result in a net £15k in year saving.

Environment and Planning

7.60%

of Total Gross Revenue
Service Budget

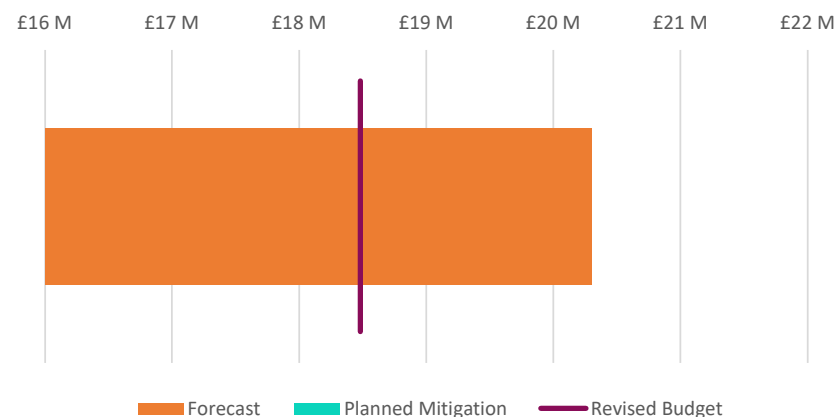
£1.8M

Forecast Adverse Variance

0.37%

Variance as % of Total Gross
Budget Envelope

Last Reported Variance £M	Service Area	Revised Budget £M	Forecast Outturn £M	Variance £M
0.013	Cemeteries and Crematorium	(1.623)	(1.584)	0.039
0.023	Energy	0.122	0.144	0.022
0.265	Flooding	0.401	0.595	0.194
0.209	Parks and Open Spaces	4.510	4.714	0.204
0.148	Planning	1.097	1.285	0.188
1.172	Waste and Street Scene	13.973	15.145	1.172
1.830		18.480	20.299	1.819
1.573	Gross Expenditure	24.090	25.633	1.543
0.257	Gross Income	(5.610)	(5.334)	0.276
1.830		18.480	20.299	1.819



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 at the beginning of the year regarding organised outdoors sports there has been a reduction in the income received from sports pitches and park event bookings. 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. Building Control income has also suffered considerably due to the recent November lockdown.

As a result of the measures implemented to reduce the spread of COVID-19, residents have now remained at home for a substantial period of time. Many people are also 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 consequences of this increase is borne by the Council.

Health and Adult Social Care

25.56%

of Total Gross Revenue
Service Budget

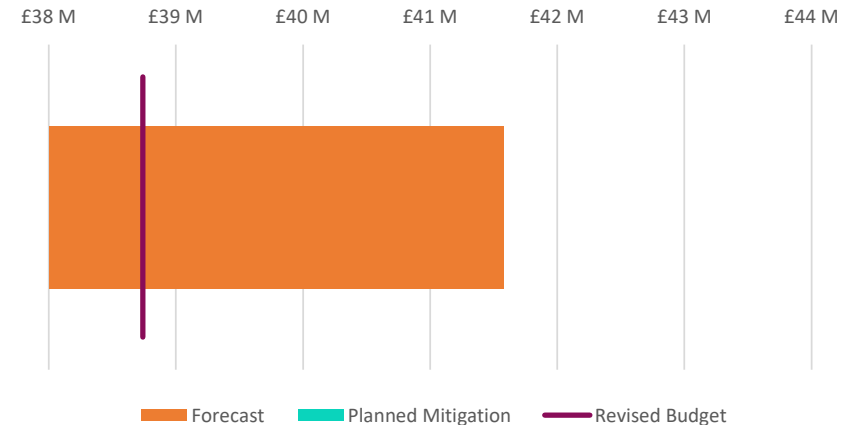
£2.8M

Forecast Adverse Variance

0.89%

Variance as % of Total Gross
Budget Envelope

Last Reported Variance £M	Service Area	Revised Budget £M	Forecast Outturn £M	Variance £M
3.523	Adult Social Care	37.914	40.446	2.532
0.303	Health	0.127	0.433	0.306
(0.004)	Voluntary and Community Services	0.697	0.697	0.000
3.822		38.738	41.576	2.838
3.358	Gross Expenditure	81.052	85.066	4.014
0.464	Gross Income	(42.314)	(43.490)	(1.176)
3.822		38.738	41.576	2.838



Despite a major improvement from the forecast position at Period 6, there continues to be significant pressures on our range of Adult Social Care services, with £2.5M being the forecast overspend as at Period 8. The main contributory factors for the improving financial position include an increase in the number of packages of care being paused by people or their families as they are being supported in other ways during the pandemic, and the utilisation of additional financial support provided for COVID-19 related challenges across the health and social care system. The main pressures that remain are on Older People's 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 also made it very difficult to fully implement previously established 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 reported pressure anticipates further demand increases in 2020/21 and this is being closely reviewed. 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 all care providers across the borough. This has

Housing Revenue Account

(£0.6M)

Forecast Favourable Variance

-2.7%

Variance as % of Gross Operating Expenditure

Last Reported Variance £M	Service Area	Revised Budget £M	Forecast Outturn £M	Variance £M
0.308	Gross Expenditure	23.335	23.543	0.208
(0.736)	Gross Income	(28.522)	(29.359)	(0.837)
(0.428)	NET OPERATING EXPENDITURE	(5.186)	(5.815)	(0.629)
0.000	Revenue Contribution to Capital	8.708	8.708	0.000
0.428	Contribution to / (from) Earmarked Reserves	(3.522)	(2.893)	0.629
0.000	TOTAL	0.000	0.000	(0.000)

HRA Reserves 2020/21	Opening Balance	Forecast Movement	Closing Balance
Capital Investment Reserve	23.2	(3.0)	20.2
Major Repairs Reserve	8.2	(1.3)	6.9
Repairs Contract Pension Reserve	0.6	0.1	0.7
HRA Reserve	3.5	0.0	3.5
HRA Reserves Total	35.5	(4.2)	31.3

Despite the challenges of COVID-19 the current forecast for the Housing Revenue Account (HRA) indicates that it will have a net surplus of (£629,000) in 2020/21, a positive variance of around (-2.7%) 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.

The anticipated rental income is now estimated to be circa £800,000 higher than originally budgeted. This position is predominantly due to increased levels of rental income received as a result of a lower level of voids within the housing stock. This demonstrates good housing management practice. As the acquisitions programme progresses into quarter 4 there is also an anticipated increase in the numbers of units within the housing stock that will further increase the HRA's rental income stream in the future.

Further work has now been completed on the financing of the Council's overall Capital Programme for 2020/21 and it is now expected to result in an estimated underspend of around £160,000 for the HRA based on the revised internal borrowing requirement.

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.