

Appendix 1

Budget Monitoring & Reporting 2022/2023

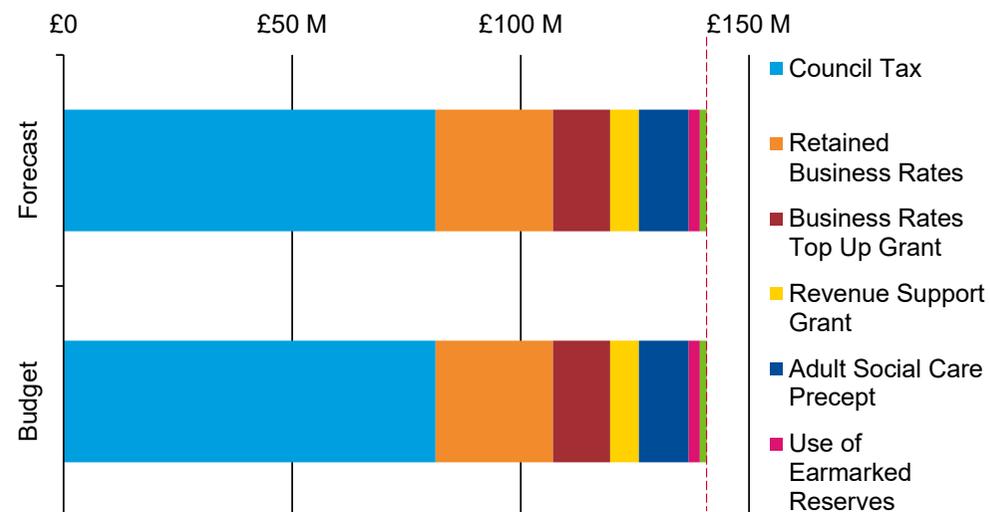
Period 04 - July 2022 Revenue Budget Performance



Summary

Last Reported Variance £M	Portfolio	Revised Budget £M	Forecast Outturn £M	Variance £M
0.000	Leader: Corporate Matters and Performance Delivery	19.835	20.202	0.367
0.000	Deputy Leader (May-Oct): Environment, Culture and Tourism	11.342	12.603	1.261
0.000	Deputy Leader (Nov-May): Public Protection	14.303	16.556	2.253
0.000	Adult Social Care & Health Integration	44.907	47.085	2.178
0.000	Asset Management and Inward Investment	4.498	5.291	0.793
0.000	Children and Learning and Inclusion	32.471	39.089	6.618
0.000	Economic Recovery, Regeneration and Housing	3.614	3.385	(0.229)
0.000	Highways, Transport and Parking	0.922	2.164	1.242
0.000		131.892	146.375	14.483
0.000	Corporate Budgets	21.807	21.807	0.000
0.000		153.699	168.182	14.483
0.000	Contribution to / (from) earmarked reserves	(0.764)	(0.764)	0.000
0.000	Revenue Contribution to Capital	0.418	0.418	0.000
0.000	Non Service Specific Grants	(12.612)	(12.612)	0.000
0.000	TOTAL	140.741	155.224	14.483
0.000	Funding (including Collection Fund)	(138.241)	(138.241)	0.000
0.000	Planned contributions from reserves	(2.500)	(2.500)	0.000
0.000		0.000	14.483	14.483

Sources of funding (£s)

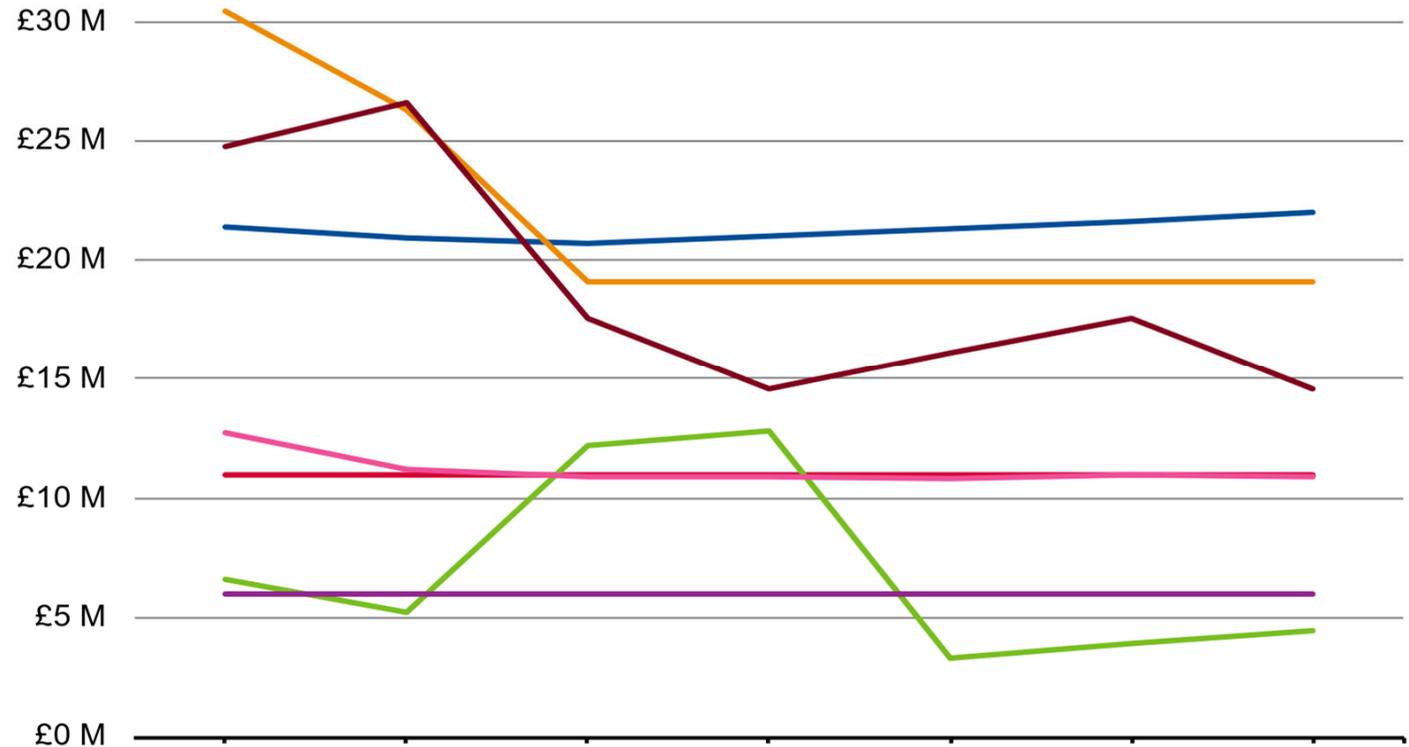


Reserves

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.

The fall in grant and service reserve balances from 2020-21 to 2022-23 broadly reflects the use of additional funding received in relation to COVID-19.

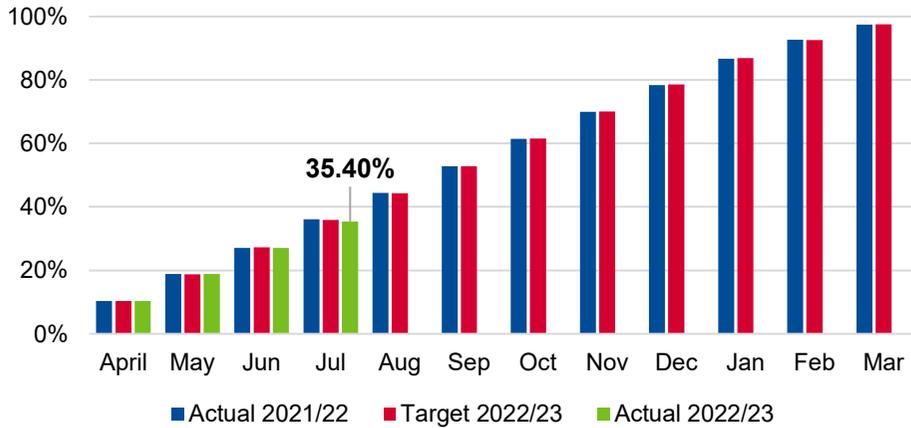


Reserves in £M	2020-21	2021-22	2022-23	2023-24	2024-25	2025-26	2026-27
General Reserves	11.0	11.0	11.0	11.0	11.0	11.0	11.0
Capital Reserves	6.6	5.2	12.2	12.8	3.3	3.9	4.5
Corporate Reserves	21.4	20.9	20.7	21.0	21.3	21.6	22.0
Grant Reserves	30.4	26.3	19.1	19.1	19.1	19.1	19.1
Insurance Reserves	6.0	6.0	6.0	6.0	6.0	6.0	6.0
Service Reserves	12.7	11.2	10.9	10.9	10.8	11.0	10.9
Technical Reserves*	24.8	26.6	17.6	14.6	16.1	17.6	14.6
	112.9	107.2	97.5	95.4	87.6	90.2	88.1

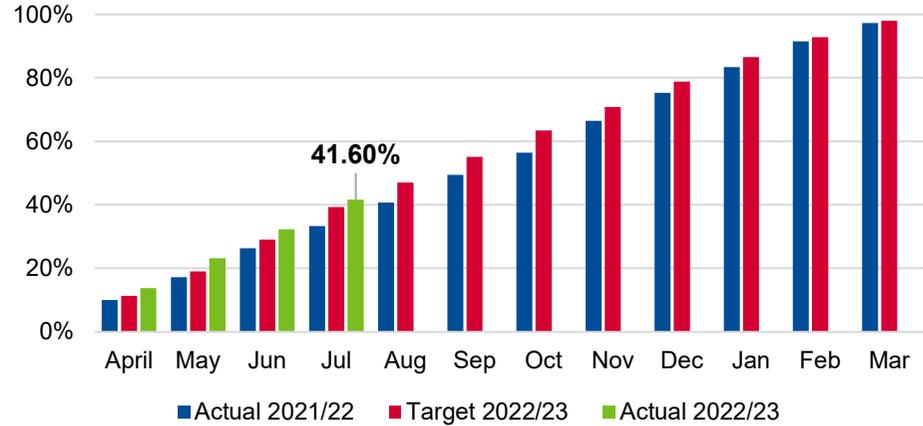
* Technical Reserves are held to even out the Council's finances and reduce in year volatility

Collection Rates

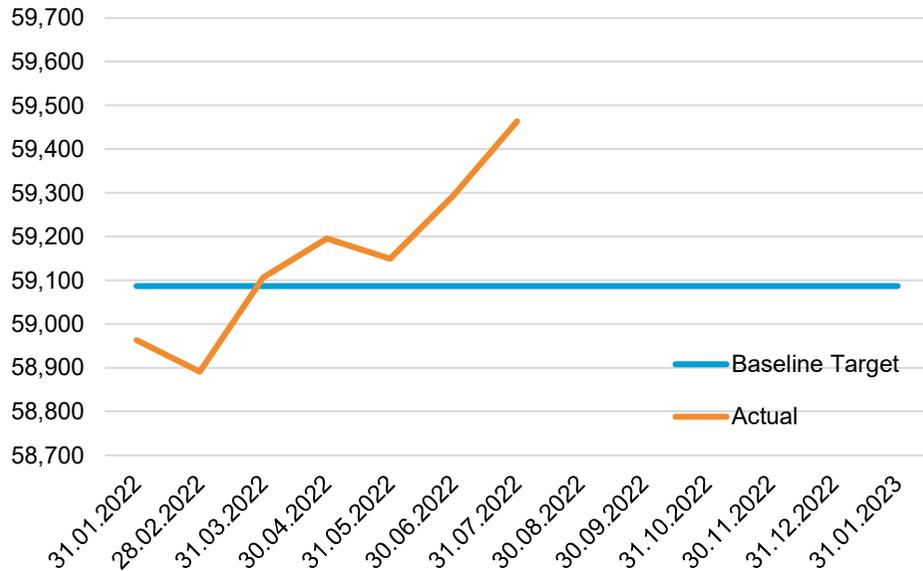
Council Tax Collection



Business Rates Collection



Council Tax Base



The Council Tax Base has increased by circa 377 Band D equivalents, this is due to 170 additional properties added July 2022 and a decrease of the Council Tax Reduction (CTR) that is applied to accounts, with the caseload continually decreasing and nearing a pre-Covid position.

Council Tax collection is 0.5% (£0.535M) below target for the current year and 5.2% (£0.514M) lower than target for arrears.

Business rates in year collection is 2.3% (£0.940M) above target & arrears 9.8% (£0.284M) below target.

Leader: Corporate Matters and Performance Delivery

7.32%

of Total Gross Revenue
Service Budget

£0.4M

Forecast Adverse Variance

1.85%

Variance as % of Net Portfolio
Service Budget Envelope

Last Reported Variance £M	Service Area	Revised Budget £M	Forecast Outturn £M	Variance £M
0.000	Audit	0.781	0.727	(0.054)
0.000	Civic Affairs	0.965	0.991	0.026
0.000	Corporate Budget and Resources Planning	0.618	0.418	(0.200)
0.000	Corporate Planning and Strategic Direction	3.021	2.971	(0.050)
0.000	Council Tax and Business Rates	0.422	0.450	0.028
0.000	Customer Contact	1.711	1.610	(0.101)
0.000	Digital and Technology	4.156	4.506	0.350
0.000	Emergency Planning	0.229	0.232	0.003
0.000	Human Resources	1.928	2.020	0.092
0.000	Learning and Workforce Development	0.908	0.722	(0.186)
0.000	Legal Services, Land Charges & Democratic Services	2.101	2.287	0.186
0.000	Other Services	0.806	0.930	0.124
0.000	Performance Delivery	2.188	2.337	0.149
0.000		19.834	20.201	0.367
0.000	Gross Expenditure	24.164	24.695	0.531
0.000	Gross Income	(4.330)	(4.494)	(0.164)
0.000		19.834	20.201	0.367



The forecast includes an estimated pay award pressure of £346,000 based on the National Employers current offer for 2022.

Digital and Technology has a significant budget pressure which is primarily due to programmed savings that the service have been unable to achieve, however around half of this is being offset by additional income as a result of SCC's agreement with City Fibre.

Legal fees relating to governance, staffing and Public Space Protection Orders are forecast to cause an overspend of around £100,000. There are also problems recruiting to permanent posts that are resulting in reliance on agency staff causing an expected overspend of £60,000. The way in which Legal Services are delivered within the Council is currently being reviewed by management.

Where possible services have taken immediate action to reduce expenditure, these managed underspends are reported within Corporate Budget and Resources Planning (£200,000) and Learning and Workforce Development (£186,000).

Deputy Leader (May-Oct): Environment, Culture and Tourism

5.03%

of Total Gross Revenue
Service Budget

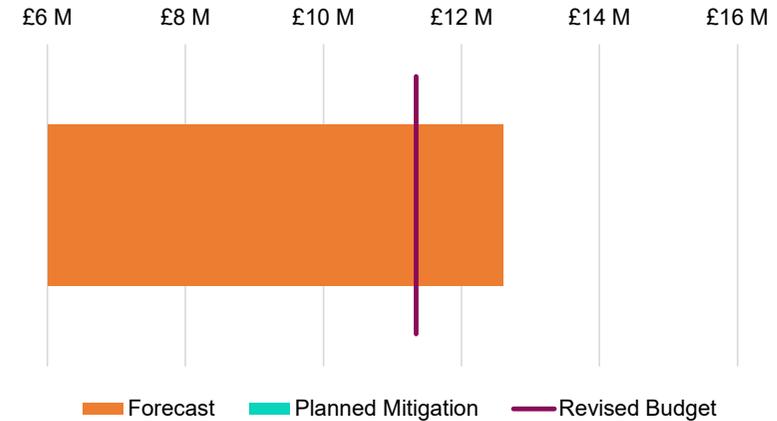
£1.3M

Forecast Adverse Variance

11.11%

Variance as % of Net Portfolio
Service Budget Envelope

Last Reported Variance £M	Service Area	Revised Budget £M	Forecast Outturn £M	Variance £M
0.000	All matters relating to trees, plants, grass verges and other flora	0.559	0.559	0.000
0.000	Climate Change, Renewable energy and Energy Saving	0.095	0.128	0.033
0.000	Marketing (Place Branding/Tourism)	0.333	0.358	0.025
0.000	Museums and Galleries, Theatres and Libraries	4.080	4.676	0.596
0.000	Parks and Open Spaces, Grounds Maintenance	4.655	5.138	0.483
0.000	Pier and Foreshore	0.414	0.670	0.256
0.000	Planning Policy and Planning Control, Building Control	0.923	0.605	(0.318)
0.000	Sea and Foreshore Defences	0.401	0.420	0.019
0.000	Sport Development	(0.117)	0.049	0.166
0.000		11.343	12.603	1.260
0.000	Gross Expenditure	16.608	18.133	1.525
0.000	Gross Income	(5.265)	(5.530)	(0.265)
0.000		11.343	12.603	1.260



The forecast includes an estimated pay award pressure of £253,000 based on the National Employers current offer for 2022.

£463,000 of the reported over spend is driven by utility costs (across museums and Galleries, Theatres and Libraries and Pier and Foreshore) where it is anticipated that electricity prices will be double the 2021/22 costs and gas will be treble the 2021/22 costs, this is after the application of £258,000 of contingency budget.

There is a £154,000 over spend arising from the under recovery of income on the Fusion contract this financial year. Cabinet approved the reprofiling of this income, to now be received in 2023/24.

The Parks and Grounds Maintenance services are experiencing inflationary pressures of approximately £230,000 for fuel and utilities, as well as a reduction in income from 3rd parties and an increase in vehicle and machine hiring costs.

A number of large Building Control and Development Control fees have been received by the department in the first 4 months of the year which will require work throughout the remainder of 22/23. This may require some additional resource to support them whilst there are currently some vacancies within the team.

Deputy Leader (Nov-May): Public Protection

5.60%

of Total Gross Revenue
Service Budget

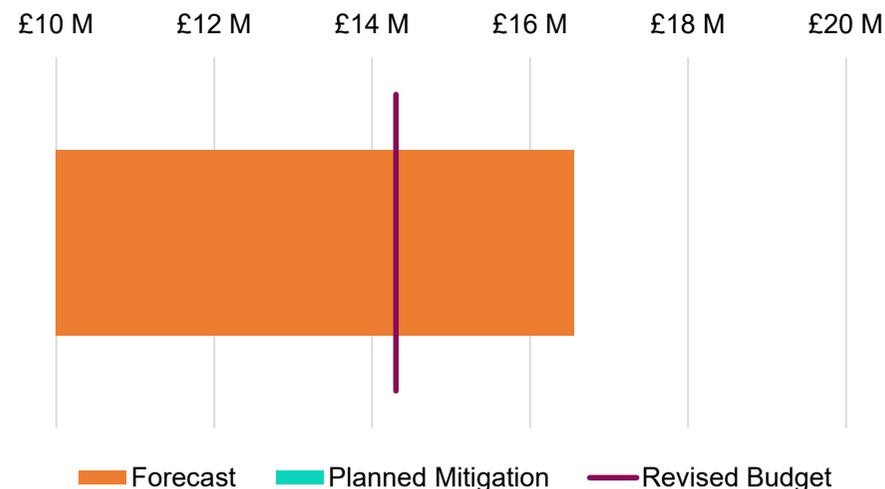
£2.25M

Forecast Adverse Variance

15.75%

Variance as % of Net Portfolio
Service Budget Envelope

Last Reported Variance £M	Service Area	Revised Budget £M	Forecast Outturn £M	Variance £M
0.000	Cemeteries, Crematoria and Bereavement Services	(1.616)	(0.710)	0.906
0.000	Cleansing of highways and public realm	1.774	1.724	(0.050)
0.000	Closed Circuit Television	0.489	0.582	0.093
0.000	Community Safety	0.916	0.925	0.009
0.000	Public Toilets	0.532	0.532	0.000
0.000	Registration Services	(0.086)	(0.078)	0.008
0.000	Regulatory services	1.214	1.277	0.063
0.000	Town Centre Management	0.130	0.132	0.002
0.000	Waste collection, disposal, management, recycling & sanitation	10.950	12.172	1.222
0.000		14.303	16.556	2.253
0.000	Gross Expenditure	18.494	19.936	1.442
0.000	Gross Income	(4.191)	(3.380)	0.811
0.000		14.303	16.556	2.253



The forecast includes an estimated pay award pressure of £92,000 based on the National Employers current offer for 2022.

The cremators at the crematorium are due to be refurbished towards the end of 2022. Whilst this is undertaken the number of cremations which can take place will be reduced and as a result income will be below budgeted levels by an estimated £575,000. The service is also affected significantly by the increase in utility costs and has a pressure of £170,000 as a result.

Household waste tonnage levels increased during the pandemic and have remained at those levels throughout 2022/23 so far. Increased residual waste volumes come with an increased cost, unlike recycling tonnage and it is estimated that the financial implication of this will be approximately £1.2M this year.

Adult Social Care & Health Integration

25.80%

of Total Gross Revenue
Service Budget

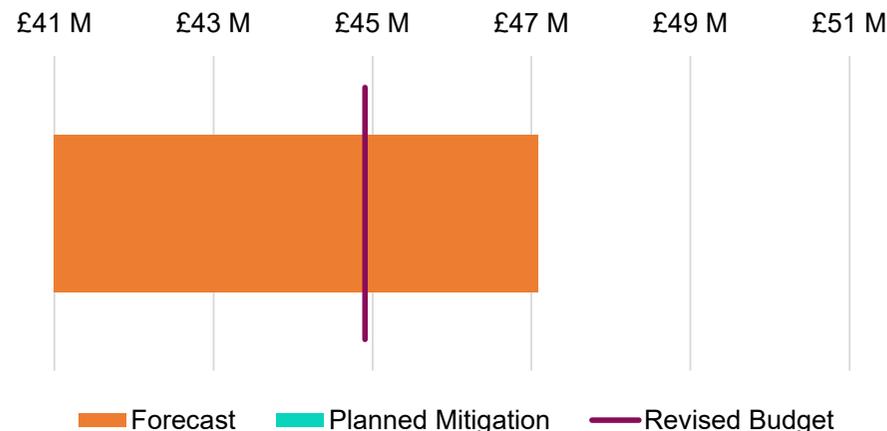
£2.2M

Forecast Adverse Variance

4.85%

Variance as % of Net Portfolio
Service Budget Envelope

Last Reported Variance £M	Service Area	Revised Budget £M	Forecast Outturn £M	Variance £M
0.000	Adult Social Care	34.496	35.930	1.434
0.000	Commissioning	5.543	5.538	(0.005)
0.000	Mental Health Services	4.470	5.212	0.742
0.000	Public Health	0.223	0.223	0.000
0.000	Community Cohesion and community assets	0.016	0.016	0.000
0.000	Drugs and Alcohol Service	0.000	0.001	0.001
0.000	Domestic Abuse (Social Aspects)	0.159	0.165	0.006
0.000		44.907	47.085	2.178
0.000	Gross Expenditure	85.189	86.628	1.439
0.000	Gross Income	(40.282)	(39.543)	0.739
0.000		44.907	47.085	2.178



The forecast includes an estimated pay award pressure of £274,000 based on the National Employers current offer for 2022.

£1.9M of the overspend is predominantly due to the delivery of statutorily required care and support to people with learning disabilities aged 18-64. The forecast cost of placements where the person has transitioned from Children's Services or an Educational placement has resulted in a pressure of £500,000, finance and operational colleagues are working to identify these costs earlier and to determine what mitigating action can be undertaken. In addition, clients who have not received care over the last two years have now restarted their care and in some cases the care is more complex and therefore more costly. There is also a pressure arising in residential placements, where despite a 7.1% uplift to rates, the average placement costs are increasing as a result of the cost of living crisis, with an average increase of £77 per week compared to July 2021.

Asset Management and Inward Investment

2.90%

of Total Gross Revenue
Service Budget

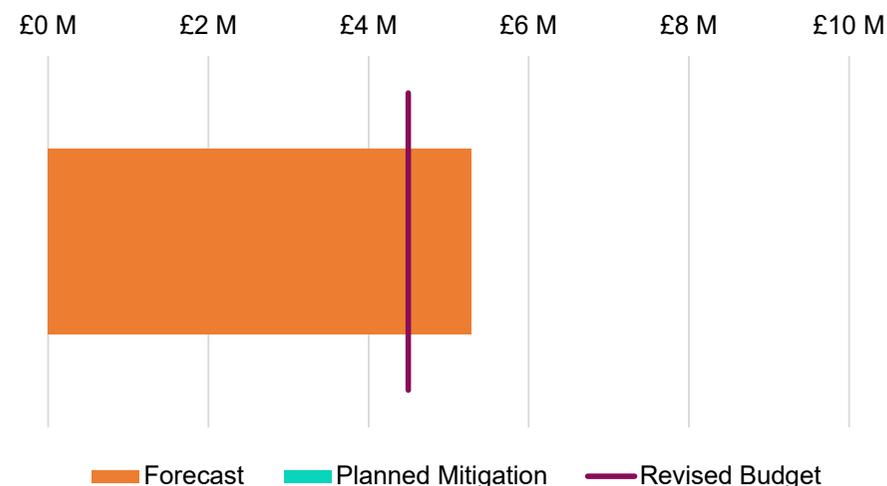
£0.8M

Forecast Adverse Variance

17.63%

Variance as % of Net Portfolio
Service Budget Envelope

Last Reported Variance £M	Service Area	Revised Budget £M	Forecast Outturn £M	Variance £M
0.000	Asset Management	0.677	0.586	(0.091)
0.000	Corporate Procurement	0.946	0.962	0.016
0.000	Financial Services (including Insurance etc.)	2.567	2.759	0.192
0.000	Home to School Transport Contract	1.647	1.648	0.001
0.000	Property and Commercial	(1.339)	(0.664)	0.675
0.000		4.498	5.291	0.793
0.000	Gross Expenditure	9.570	11.177	1.607
0.000	Gross Income	(5.072)	(5.886)	(0.814)
0.000		4.498	5.291	0.793



The forecast includes an estimated pay award pressure of £124,000 based on the National Employers current offer for 2022.

While the Director of Asset Management has stepped up to cover the Executive Director for Growth and Housing role there are various interim staffing arrangements in place to cover the workload, however the service have managed to operate without backfilling the role which has resulted in a net underspend on staffing.

Difficulties in permanent recruitment to roles within Financial Services have forced the service to cover essential roles with interim/agency staff which is more expensive and is causing a budget pressure.

The majority of the pressure in Property and Commercial is related to the rise in the cost of energy and forecast impact on bills for Civic 1 and 2 and the Tickfield Centre. There is also a budget pressure because of security that is needed at sites which are no longer operational, e.g. Delaware House.

Children and Learning and Inclusion

29.63%

of Total Gross Revenue
Service Budget

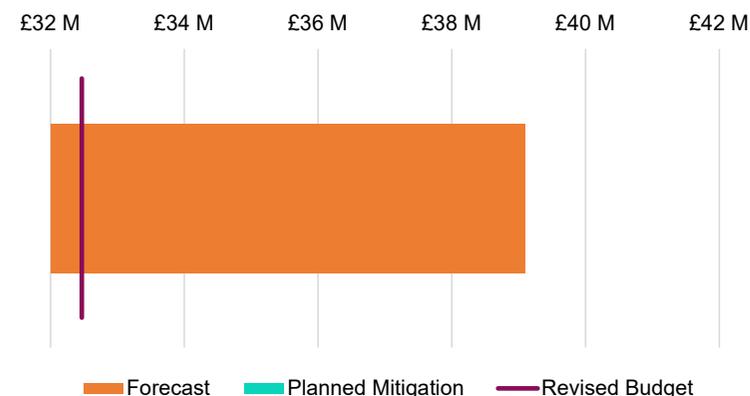
£6.6M

Forecast Adverse Variance

20.38%

Variance as % of Net Portfolio
Service Budget Envelope

Last Reported Variance £M	Service Area	Revised Budget £M	Forecast Outturn £M	Variance £M
0.000	Adult and Community Learning	0.069	0.069	0.000
0.000	Children with a special educational need and disability (SEND)	2.466	2.801	0.335
0.000	Children's Safeguarding	0.079	0.081	0.002
0.000	Children's Services	24.262	30.463	6.201
0.000	Family Centre, Early Years and Childcare	2.188	2.293	0.105
0.000	Schools, Education and Learning	0.936	0.915	(0.021)
0.000	Youth and Connexions	0.922	0.892	(0.030)
0.000	Youth Offending Service	1.549	1.574	0.025
0.000		32.471	39.088	6.617
0.000	Gross Expenditure	97.823	105.242	7.419
0.000	Gross Income	(65.352)	(66.154)	(0.802)
0.000		32.471	39.088	6.617



The forecast includes an estimated pay award pressure of £366,000 based on the National Employers current offer for 2022.

As highlighted in the final year end position of 2021/22 for Children Services, the concern remained that a large spend pressure would occur for the opening of 2022/23. It was recognised Children in Care numbers had started to rise during the last quarter of 2021/22, with particular reliance on External Foster Care Placements which are more expensive.

In addition to the expected increase in External Foster Care Placements the opening periods of 2022/23 have also seen further reliance on Residential Care Placements, including some very new and high cost complex placements. The external residential care market is also short of supply and this is increasing the prices paid by all local authorities on the price of Residential Care, a problem being experienced nationwide.

There are also some very high cost and complex placements within the Care Leaver provision, where these cases have transitioned from previous Residential Care placements.

Placement costs are the main causes of this opening overspend. Work is being undertaken to seek to reduce these costs where possible and safe for the child, including working with Health where a child's needs can meet assessment for Health Contributions.

Work continues on building and sustaining capacity within the Inhouse foster care provision and engage regionally with the risks to the costs of the Care Market.

Other smaller financial pressures within Children Services do remain from 2021/22, and this includes continued reliance on temporary agency staff to cover critical social work or operational posts. There is a also pressure on Unaccompanied Asylum Seeking Children placements where the young adults have now turned 18 and Home Office support funding reduces and the cost of placements supporting children with disabilities.

Economic Recovery, Regeneration and Housing

20.04%

of Total Gross Revenue
Service Budget

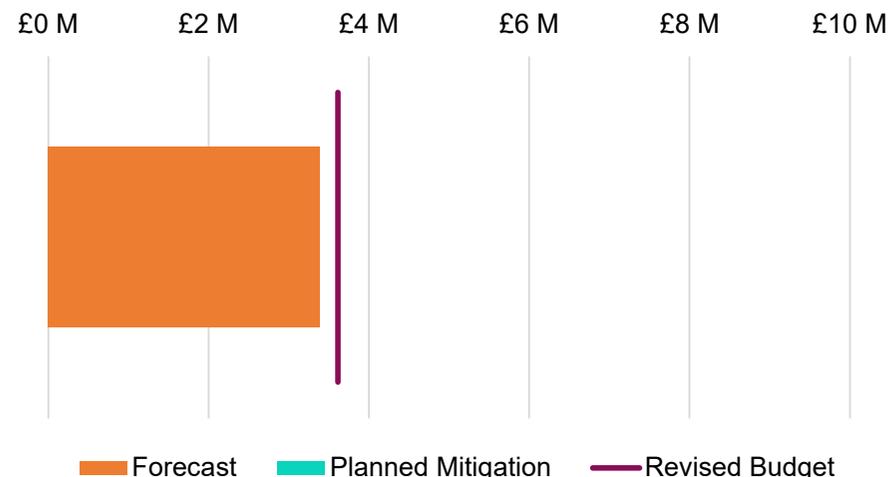
(£0.2M)

Forecast Favourable Variance

-6.31%

Variance as % of Net Portfolio
Service Budget Envelope

Last Reported Variance £M	Service Area	Revised Budget £M	Forecast Outturn £M	Variance £M
0.000	Homelessness and Rough Sleeping	0.383	0.283	(0.100)
0.000	Housing Benefit	1.668	1.583	(0.085)
0.000	Housing Management	0.004	0.046	0.042
0.000	Housing Strategy	0.502	0.445	(0.057)
0.000	Private sector housing standards and grants	0.530	0.505	(0.025)
0.000	Queensway Development	0.000	0.000	0.000
0.000	Regeneration and Business Growth	0.527	0.524	(0.003)
0.000		3.614	3.386	(0.228)
0.000	Gross Expenditure	66.171	66.050	(0.121)
0.000	Gross Income	(62.557)	(62.664)	(0.107)
0.000		3.614	3.386	(0.228)



The forecast includes an estimated pay award pressure of £136,000 based on the National Employers current offer for 2022.

A number of positions in the housing team have been difficult to fill and as a result there are underspends within the service due to the issues surrounding recruitment. Some agency staff have been brought in to backfill roles where appropriate but a number of these roles are now appointed to permanently in-year.

Highways, Transport and Parking

3.69%

of Total Gross Revenue
Service Budget

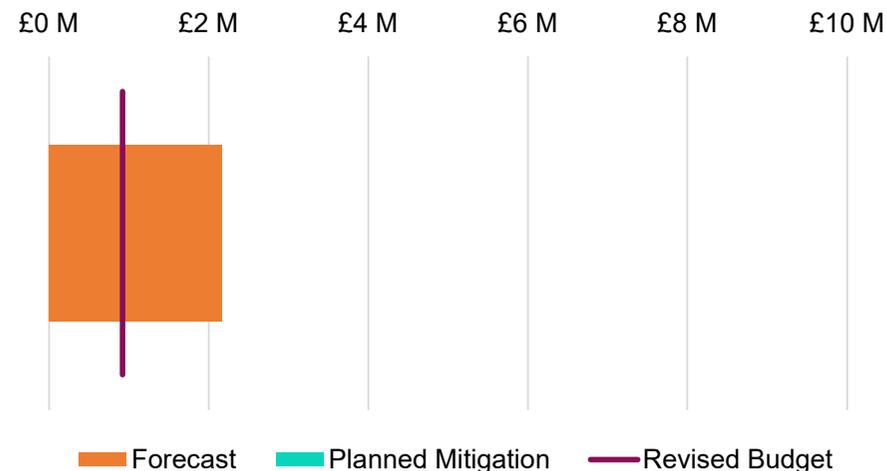
£1.2M

Forecast Adverse Variance

134.82%

Variance as % of Net Portfolio
Service Budget Envelope

Last Reported Variance £M	Service Area	Revised Budget £M	Forecast Outturn £M	Variance £M
0.000	Car parks and all car parking matters	(7.601)	(7.212)	0.389
0.000	Concessionary Fares	2.940	2.940	0.000
0.000	Engineering (Bridges and Structures)	0.050	0.050	0.000
0.000	Highways (including maintenance)	3.819	4.399	0.580
0.000	Highways and Transport	(0.344)	(0.325)	0.019
0.000	Passenger Transport / Vehicle Fleet	0.328	0.323	(0.005)
0.000	Public Transport	0.072	0.224	0.152
0.000	Transport (including Transport Policy and Licensing)	1.658	1.766	0.108
0.000		0.922	2.165	1.243
0.000	Gross Expenditure	12.170	13.413	1.243
0.000	Gross Income	(11.248)	(11.248)	0.000
0.000		0.922	2.165	1.243



The forecast includes an estimated pay award pressure of £91,000 based on the National Employers current offer for 2022.

Parking income remains on target this year, in part due to the warm dry weather we have experienced which has brought tourists and residents to our beaches. The transition to payments by phone and card was sped up as a result of the pandemic and these increased transactions are resulting in increased card processing costs. Security costs at the University Square car park also continue to bring a budget pressure.

The majority of the pressure in Highways (including maintenance) relates to the utility costs for street lighting. We undertook a significant conversion programme to LED which has reduced the amount of energy consumed otherwise this pressure would be even greater.

Security and utilities costs continue to bring cost pressures at the Travel Centre in Chicester Road and the impact of this is currently under review.

Housing Revenue Account

£0.8M

Forecast Adverse Variance

2.9%

Variance as % of Gross Operating Expenditure

Last Reported Variance £M	Service Area	Revised Budget £M	Forecast Outturn £M	Variance £M
0.000	Gross Expenditure	27.408	27.908	0.500
0.000	Gross Income	(30.447)	(30.147)	0.300
0.000	NET OPERATING EXPENDITURE	(3.039)	(2.239)	0.800
0.000	Revenue Contribution to Capital	8.309	8.309	0.000
0.000	Contribution to / (from) Earmarked Reserves	(5.270)	(6.070)	(0.800)
0.000	TOTAL	0.000	0.000	0.000

HRA Reserves 2022/23	Opening Balance	Forecast Movement	Closing Balance
Capital Investment Reserve	25.3	(8.5)	16.8
Major Repairs Reserve	8.0	4.1	12.0
Repairs Contract Pension Reserve	0.7	0.1	0.8
HRA Reserve	3.5	0.0	3.5
HRA Reserves Total	37.5	(4.4)	33.1

Inflationary pressures being experienced within the construction sector are escalating to unprecedented levels right across the UK, the south east of England is being particularly adversely affected. This is compounded by declining availability of materials and the shortage of specialist skills.

All contractors and key suppliers delivering services to South Essex Homes have been forced to respond to these market forces and in order to maintain services at a viable level have increased their charges accordingly. Another major challenge is that due to the current climate the market for repairs and maintenance contractors nationally is shrinking with procurement of new arrangements receiving either no bids being submitted or bids being inflated to unprecedented high levels.

We have an obligation to ensure people are kept safe, receive the support they need, and to discharge our statutory and regulatory obligations in a climate where financial resources continue to be pressurised. As a result it is anticipated that the inflation pressure on our repairs and maintenance contract will be approximately £0.5M higher in 2022/23. Analysis of all requirements will continue in an attempt to assess if any reductions to the programme can be made without compromising the safety of our tenants and our statutory requirements.

The remaining £0.3M pressure is in respect of the anticipated rent loss on a number of void properties, mainly at Queensway. This forecast is based on the properties that are currently void in Queensway, and it is likely to increase as tenants move out and we continue to hold them vacant as we prepare for the new major development. Pressures are also emerging around rent and service charge collection rates, given the cost of living pressures on tenants, South Essex Homes are continuing to provide advice and support wherever possible.