



**REPORT of  
INTERIM SECTION 151 OFFICER**

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**to  
STRATEGY AND RESOURCES SERVICES COMMITTEE  
5 DECEMBER 2019**

**BUDGETARY CONTROL (APRIL – SEPTEMBER 2019)**

**1. PURPOSE OF THE REPORT**

- 1.1 To provide the Committee with information in relation to financial performance over the period 1 April 2019 to 30 September 2019.

**2. RECOMMENDATION**

That Members review and comment on the contents of this report.

**3. SUMMARY OF KEY ISSUES**

- 3.1 This report sets out the financial position and performance of some of the key areas of the Council's services/activities for the first six months of the financial year.
- 3.2 The basis of identifying the variance is against the profiled budgets based on previous experience and knowledge of expenditure and income patterns over the financial year.
- 3.3 It should be noted that the report that was presented to the Finance and Corporate Services Committee on 24 September 2019 included the period 1 April to 31 July (Quarter 1 plus 1 month of Quarter 2). This report covers the full six months of the year. Therefore, any comparison between that report and this report means that the movement will represent the two month period in Quarter 2 (August and September).
- 3.4 **Revenue Budgets**
- 3.4.1 **APPENDIX 1** shows both the actual variance to profiled budget and % variance to annual budget on a cost centre basis. Where budgets are not in line with expectation, variances relate to annual payments such as leases and grants that will not follow any profiling; or demand led budgets such as maintenance.

- Budget Value – The current year annual budget amount, as approved by the Council on 14 February 2019; this figure will include any adjustments to budget levels such as virements movements or supplementary estimates which have been approved, since 1 April 2019.
- Profiled Budget – The expected budgets pend after six months of the financial year.

- Actuals year to date – The actual expenditure or income from 1 April 2019 to 30 September 2019.
- Variance to profiled budget – This shows the difference between the profiled budget amount and the outturn to date.
- Outturn as % of budget – This shows the outturn as a percentage of the current budget.

3.4.2 The report provides information for the first two quarters of the 2019 / 20 financial year; if expenditure or income are utilised or received evenly throughout the year, we would expect outturn to be 50% of the annual budget.

3.4.3 The following areas are currently demonstrating significant variances against the annual budgets or the profiled budgets:

#### Resources Directorate

- Service Management & Support Services are showing underspend due to budget for vacant posts. But the vacancy savings are being used to fund agency staff – some of which have not been invoiced for yet.
- Central Services – Corporate & Democratic Core includes Transformation budget which will have been spent mostly in the first 6 months of this year.
- Central Services to the public include Land charges which is not achieving its budgeted income. Also, Election management was higher than profile due to all expenditure being in May when the local elections took place.

#### Service Delivery Directorate

- Administration grants relating to Business rates, housing benefit and council tax are one off annual payment
- Rivers are showing an overspend against profile. This is due to £20,000 spent on dredging which was paid for from prior year revenue commitment.
- Cemeteries grave digging invoices are still to be paid, meaning net income is showing higher than profile.
- Parks events income is higher than profile due to successful car show and smoke and fire events.
- Maldon Promenade Income is considered in section 3.2.3 below.
- Cultural Services - Sports centre contract payments have not yet been paid for Q2 so showing as underspend

#### Strategy Performance and Governance Directorate

- The majority of Temporary Events and Personal licences and taxi and hire licences income has been received in the first half of the year so does not follow an even profile. Invoices for the cost of the Service Level Agreement for outsourced Licencing Services for Q2 have yet to be paid.
- Homelessness grant received at the start of the year, expenditure will be incurred over the duration of the year.

### 3.5 Key Areas of Note

#### 3.5.1 Vacancy Savings

3.5.1.1 Current salary and temporary staff expenditure for the period totals £3,484,635 (representing 46%) of the current budget of £7,607,400.

3.5.1.2 **APPENDIX 2** shows that there is currently a £487,793 underspend to profiled budget. This variance relates to vacancy savings as is being used to fund agency staff. The appendices attached have been reported half year in the old structure and half year in the new structure. Further analysis is being undertaken on the projected outturn savings for the year as part of the revised budget estimates work.

#### 3.5.2 Agency Expenditure

3.5.2.1 Over the period to 30 September 2019, the total costs of Agency staff that have been included within the salary variances above are as follows:

Service	Expenditure to 30 September 2019 (£)
Finance	4,827
Revenues and Benefits	15,200
Environmental Waste	3,887
Housing	13,508
Parks Operational Services	462
Planning Policy Services	21,692
Planning Admin Services	11,521
Development Control Services	44,664
Resources	87,768
<b>TOTAL</b>	<b>203,528</b>

3.5.2.2 For clarity, the total cost of Agency Staff of £203,528 to date will be covered by the salary budgets of vacant post. The appropriate matching of the vacant posts covering the specific Agency Staff will result in virements from the salary budgets of the vacant posts to the Agency Staff codes as part of the 2019/20 revised estimates work.

#### 3.5.3 Major Sources of Income

3.5.3.1 The Council is dependent on income from fees and charges to balance the budget. The table below details the main income budgets and income received for the period to 30 September 2019 and the comparative information for the same period in 2018/19:

Area of Income	Current Budget £	2019/20 Income to 30 September (£)	% of Current Budget	2018/19 Income to 30 September (£)
Land Charges	121,900	46,250	38	63,796
Planning Development Fees	733,600	296,502	40	318,980

Area of Income	Current Budget £	2019/20 Income to 30 September (£)	% of Current Budget	2018/19 Income to 30 September (£)
Pre-Application Advice	44,200	16,924	38	31,582
Planning Performance Agreements	102,000	0	0	449
Building Control	140,700	92,212	66	73,080
Cemeteries	135,400	79,643	59	53,079
Investment Income	246,300	146,563	60	80,631
Town Centre Car Parks	692,300	360,392	52	343,008
Prom Car Parks	382,200	299,930	78	307,937
Splash Park	110,000	116,627	106	127,304
<b>TOTAL</b>	<b>2,708,600</b>	<b>1,455,042</b>	<b>54</b>	<b>1,399,846</b>

### 3.5.3.2 Key headlines are:

- Overall, 54% of the expected annual income has been received.
- Of these, the splash park and prom car parks are seasonal, and therefore income would be expected to exceed 50%.
- Cemeteries income is exceeding 50% of budget; however, outturn cannot be controlled.
- Land Charges and Preapplication income is below budget. It is expected that this is the result of the dip in the property market.
- Planning Development income is below budget as there have not been the level of major applications that were budgeted for. These still may be achieved but can't be accurately predicted as developer actions cannot be controlled.
- Building Control income is achieving higher than budgeted but this is largely seasonal so is likely to be on budget by the end of the financial year
- There has been no Planning Performance agreements income invoiced for to date. Income due needs to be identified and invoiced for.

## 3.6 Capital Projects

3.6.1 **APPENDIX 3** provides details of the capital projects for the 2019/20 financial year.

3.6.2 As part of the 2019/20 budget process, the capital programme was reviewed and approved. The total programme to be carried out in 2019/20 totalled £702,000.

3.6.3 Eight Capital projects totalling £837,700 have been carried forward from 2018 / 19 into the 2019/20 programme, as they were ongoing or were committed to at year end but had yet to start, increasing the total programme to £1,538,700.

3.6.4 Total expenditure for the period to 30 September was £663,000 this reflects 43.0% of the overall 2019/20 capital budget of £1,538,700.

- 3.6.5 All projects are anticipated to be completed in 2019/20 and officers will continue to monitor progress.

#### **4. CONCLUSION**

- 4.1 At the half year stage and based on current information there is a concern of a significant shortfall in the various income streams within Development Control. Other income is performing as expected with some exceeding profiled budgets and in some areas exceeding the amounts compared to the same time period in the previous financial year with the caveat of the inherent risks in income from seasonal activities.
- 4.2 It is also important to note that some expenditure and income items are accounted for at the end of the year, whilst not all income due to the Council for chargeable work or services performed by the Council or payments by the Council for work or services it has purchased/received as at 30 September 2019 will be included in the figures above due to process lags. The information within this report is that which is recorded in the Council's financial management system up to 30<sup>th</sup> September 2019.
- 4.2 Capital projects are progressing, and the programme at this stage in the financial year is expected to be completed within this financial year.

#### **5. IMPACT ON CORPORATE GOALS**

- 5.1 This report links to the corporate goal of 'delivering good quality, cost effective and valued services.'

#### **6. IMPLICATIONS**

- (i) **Impact on Customers** – None directly.
- (ii) **Impact on Equalities** – None identified.
- (iii) **Impact on Risk** – There are no corporate risk issues associated with this report.
- (iv) **Impact on Resources (financial)** – Variances from the budget will impact upon the level of balances and/or capital reserves available in the future.
- (v) **Impact on Resources (human)** – None.
- (vi) **Impact on the Environment** – None.

Background Papers: None.

Enquiries to: Kamal Mehta, Interim Section 151 Officer, (Tel: 01621 875789).