



REPORT of DIRECTOR OF RESOURCES

to
**FINANCE AND CORPORATE SERVICES COMMITTEE
28 NOVEMBER 2017**

BUDGETARY CONTROL (APRIL – SEPTEMBER 2017)

1. PURPOSE OF THE REPORT

- 1.1 To provide Members with information in relation to financial performance over the period 1 April 2017 to 30 September 2017.

2. RECOMMENDATION

- 2.1 That Members note the contents of this report.

3. SUMMARY OF KEY ISSUES

This report is for Members' information only.

3.1 Revenue Budgets

- 3.1.1 **APPENDIX 1** provides information in relation to controllable revenue budgets. This information is presented by Directorate. The appendix also provides information in relation to total expenditure and total income; this is to assist in understanding whether expenditure variances are caused by over or underspends or income is either exceeding or not meeting expectations. **APPENDIX 1A** gives the summary budget data for those budgets over £10,000 on a service line basis. **APPENDIX 1** shows the following:

- Current controllable budget – the current annual budget amount as approved by the Council on 16 February 2017; this figure will include any adjustments to budget levels such as virements movements or supplementary estimates which have been approved.
- Actuals to date – the current actual expenditure or income to 30 September 2017.
- Variance to budget – this shows the difference between the annual budget amount and the actual to date.
- Current budget utilised (%) – this shows the amount of actuals as a percentage of the current budget.

- 3.1.2 Total expenditure and income over the period 1 April 2017 to 30 September 2017 totals £4,172,818; this represents 60% of the total controllable budget of £7,005,600.

Directorate	Current Controllable Budget	Profiled controllable expenditure (6 / 12ths)	Actual to Date	Variance to Profiled Budget	% of current Controllable Budget Utilised
	£		£	£	
Chief Executive	1,025,700	512,850	471,659	-41,191	46%
Resources Directorate	2,258,000	1,129,000	1,121,190	-7,810	50%
Customers and Community Directorate	1,994,300	997,150	729,371	-267,779	37%
Planning and Regulatory Directorate	1,727,600	863,800	727,472	-136,328	42%
TOTAL	7,005,600	3,502,800	3,049,692	453,108	44%

3.1.3 The report provides information for the first half of the 2017 / 18 financial year; should expenditure or income be utilised or received evenly throughout the year, at this point we would expect variances to be around 50%. In the following sections further details are provided where there are considerable variances.

3.1.4 Currently most budgets are in line with expectation, and many variances relate to annual payments such as leases and grants that will not follow the profiling or demand led budgets such as maintenance. The following areas are currently demonstrating significant variances:

Chief Executive and Resources Directorate

- Salary vacancy underspends that will be reviewed as part of the revised budget process.

Customers and Community Directorate

- Salary vacancy underspends that will be reviewed as part of the revised budget process, see section 3.2.1.3.
- Grants relating to Business Rates, Housing Benefits and Council Tax that are annual payments.
- Car Park and Splash Park Income are looked at in section 3.2.3.

Planning and Regulatory Services Directorate

- Income is also low for Planning Development, Building Control and Land Charges Fees, these are looked at in more detail in section 3.2.3.
- Salaries are underspent due to vacancies, this is considered further in paragraph 3.2.1.2.

Central Funding

- As reported in the 2016 / 17 outturn, additional Business rates surplus of £240,000 was received from the collection fund due to a previous budgeting

error, this will be repaid from General Fund balances as part of the correction this year and therefore will again be reported as a budget variance.

3.2 Key Areas of Note

3.2.1 Vacancy Savings

3.2.1.1 Current salary and temporary staff expenditure for the period totals £3,457,260 against a current budgets totalling £7,532,700 (this represents 45.9%).

3.2.1.2 **APPENDIX 2** shows that there is currently a £227,590 underspend, 24% of which relates to vacant posts within the Planning and Regulatory Services Directorate. This percentage of the overall vacancy pot has decreased significantly since the last quarter, as these posts have been recruited including a 15% market supplement which is now using the accumulated vacancy savings.

3.2.1.3 Revenues and Benefits also have significant underspends which account for 34% of the overall savings, these relate to 13 vacant posts and will be used to finance an internal restructure without need for redundancy.

3.2.2 Agency Expenditure

3.2.2.1 Over the period to 30 September 2017, the total costs of Agency staff that have been included within the salary variances above are as follows:-

Service	Expenditure to 30 September 2017 (£)
Corporate Core	25,200
Committee Services*	65,832
Revenues and Benefits	7,604
Housing	14,175
Planning Policy	26,112
Development Control	2,580
Building Control	9,178
TOTAL	150,680

* This service includes legal services. The figure was subject to a supplementary estimate and subsequent budget have been set separately in agency costs.

3.2.2.2 As previously agreed with members, more detail on agency expenditure has been provided within the Q2 personnel statistics report that is also on this meetings agenda.

3.2.3 Major Sources of Income

3.2.3.1 The Council is dependent on several large income sources in order to balance the budget. The table below details the main income budgets and income received for the period to 30 September 2017. It also provides information in relation to income levels for the same point in 2017 / 18 for comparison:

Area of Income	Current Budget £	2017/18 Income to 30 Sept £	% of Current Budget	Projected Outturn	2016/17 Income to 30 Sept £
Land Charges	154,500	62,643	40.54	119,400	67,727
Planning Development Fees	863,000	325,187	37.68	586,200	189,105
Pre Application Advice	27,800	22,099	79.49	44,200	16,042
Building Control	182,000	70,231	38.59	135,400	96,914
Investment Income	157,800	101,178	64.11	215,900	107,972
Town Centre Car Parks	687,500	277,330	40.33	702,200	328,721
Prom Car Parks	323,000	313,905	97.18	372,000	302,640
Splash Park	110,000	94,231	85.66	94,231	126,593
TOTAL	2,505,600	1,266,804	50.56	2,446,531	1,235,714

3.2.3.2 Key headlines are:-

- Planning Development Fees have been reviewed and the profiling of Major Planning Fees has been adjusted in the Medium Term Financial Strategy (MTFS) and revised 2017 / 18 budgets accordingly to reflect anticipated outturn. There has been a significant delay on two major planning applications in the District. This will affect the anticipated planning income from planning fees and Planning Performance Agreement income, currently predicted to be almost £280,000 below the original budget. Therefore there will be an outturn deficit position on that budgeted.
- Investment income has increased on budget due to the investment £2,000,000 in a diversified income investment with 4% return.
- Car Park income is exceeding expectation due to the first full year of impact for the introduction of evening and weekend parking charges.
- Splash Park income is now at its final position as the splash park has closed for the year. Due to unfavourable weather conditions and closures for maintenance, the income has been less than anticipated.
- Pre Application Advice is demand led, the revised budget will be amended in light of the current performance against budget.

3.2.3.3 Future Budget Headlines

- Due to vacancies in planning services, a number of key posts were recruited to, offering a 15% market supplement. Originally this was intended to be met from the agreed 20% increase in planning fees, however at the time of writing this report, the legislation allowing us to do this had not been approved and therefore this is an additional pressure on the budget. The planning directorate vacancy savings will address this shortfall in 2017 / 18.
- All budgets, including the variances in 3.2.3.2, are being reviewed and a fuller position of the expected outturn will be reported in January 2018 when the revised budget is brought to members for approval.

3.3 Capital Projects

- 3.3.1 **APPENDIX 3** provides details of the capital projects due to be undertaken during the 2017 / 18 financial year.
- 3.3.2 As part of the 2017 / 18 budget process, the capital programme for 2017 / 18 was reviewed and approved and balances for certain capital projects from 2016 / 17 rolled forward. The total programme to be carried out in 2017 / 18 totalled £1,754,000. Additionally, there was a Capital item of £45,000 approved on 16 April 2016 for 2016-19 for a contribution to Essex County Council for Broadband infrastructure over a three year period, this has been added into the monitoring spreadsheet.
- 3.3.3 There has been notable movement in capital programme items since the quarter end, therefore these figures are being reported as expenditure until 31 October. Total expenditure for the period to 31 October 2017 stands at £356,000 this reflects 25.95% of the overall 2017 / 18 budget.
- 3.3.4 Of the original budget approved, £413,000 relates to projects that are now not going ahead and will be returned to funds.
- 3.3.5 The Tip Road project was brought forward from 2016 / 17, and there continues to be uncertainty around when we will receive the funding from Essex County Council. The project will be required but it is unclear when, therefore it will be removed from the programme until there is certainty over its delivery, and at that point it will be brought back to members as a supplementary estimate to request the funds to move it forward.
- 3.3.6 The Heybridge Cemetery Roof is being reviewed as it is a concern that the cost will outweigh any benefit. A report will be presented to the Community Services Committee in January once the bat survey is completed to look at the way forward.
- 3.3.7 There is a proposed project for a play site, however the viability of this is now been reviewed due to the proposed location. The project is also subject to Section 106 monies that are yet to be received, therefore this project may not go ahead in 2017 / 18.

4. CONCLUSION

- 4.1 Current financial performance to budget is at risk due to significant reductions in planning income.
- 4.2 Capital projects are progressing, with further projects to start within the Council's parks and open spaces over the later period of the financial year. There are some pressures on items in the programme that will be reviewed as the year progresses and the programme updated accordingly.

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.

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