

**Essex County Wide Traveller Unit
Operations Board 6 November 2018**

**Report by Lisa Nicholls, Management Accountant
Finance Report for the Essex County Wide Traveller Unit**

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Purpose	
1.	To note the financial update for the six months to 30 September 2018
2.	To note recommendations for the budget for 2019/20 and 2020/21
3.	To note recommendations for the membership fees for 2019/20

1. Financial update – current position

	2018/19 Budget	Actuals to 30th Sept 2018	Budget Remaining	Forecast Outturn	Forecast variance
Expenditure:					
Employees	£248,711	£122,494	£126,217	£258,787	£10,076
Supplies & Services	£107,535	£49,876	£57,659	£118,385	£10,850
Transport & Mileage	£20,637	£11,007	£9,630	£20,757	£120
Gross Expenditure	£376,883	£183,378	£193,506	£397,930	£21,047
Income:					
Partner Contributions	-£396,194	-£289,324	-£106,870	-£396,194	£0
Gross Income	-£396,194	-£289,324	-£106,870	-£396,194	£0
Forecast (Surplus) /Deficit	-£19,311			£1,736	

1.1 The 2018/19 budget was based anticipating an approval to increase District, Borough Fees and Unitary fees from £7,756 in 2017/18 to £7,989 in 2018/19.

1.2 Essex County Councils anticipated contribution to the ECTU is £284,480 across internal partners.

1.3 Invoices to all members will be raised in November / December 2018

1.4 The opening reserve balance as at 1st April 2018 was a surplus of £24,927.

1.5 The 2018/19 forecast is a deficit of £21,047. Legal costs to 30th September were £15,464 and remains the largest unknown element affecting the position reported. The staffing forecast outturn appears high to the actuals to date but it is not expected to exceed budget in March 2019.

2. Proposed Budgets for 2019/20 and 2020/21

	2017/18	2017/18	2018/19	2019/20	2020/21 (to be discussed)
	Budget	Actuals	Budget	Draft Budget	
Expenditure:					
Employees	£248,711	£253,602	£248,711	£251,198	£253,710
Supplies & Services	£104,403	£83,372	£107,535	£110,868	£110,968
Transport & Mileage	£20,233	£20,750	£20,637	£21,277	£21,679
Gross Expenditure	£373,347	£357,724	£376,882	£383,343	£386,357
Income:					
Partner Contributions	-£384,655	-£409,113	-£396,194	-£397,268	-£397,268
Gross Income	-£384,655	-£409,113	-£396,194	-£397,268	-£397,268
Net Expenditure (Surplus) / Deficit	-£11,308	-£51,389	-£19,311	-£13,925	-£10,911

2.1 The 2019/20 budget includes an assumed annual inflation on employee costs of 1%, however, this is subject to review following the ECC Pay & Grade policy.

2.2 The Supplies & Services and Transport budget includes an assumed annual inflation of 3.1% (RPI).

2.3 The Partnership Contributions budget assumes an inflationary increase of 2%, applied to Districts, Boroughs and Unitary membership fees.

3. Membership Fees

3.1 It was agreed at the Joint Committee meeting held in May 2018 that a 2% increase would be applied to the 2019/20 District, Borough & Unitary fees. The increases are outlined below:

Organisation	2017/18 Fee	2018/19 Fee	2019/20 Fee
Essex County Council:			
ECC - Gypsy & Traveller	£195,406	£201,268	£201,268
ECC - Highways	£7,756	£7,989	£7,989
Public Health	£57,520	£59,246	£59,246
Essex Property & Facilities	£7,756	£7,989	£7,989
Country Parks	£7,756	£7,989	£7,989
Total ECC	£276,194	£284,480	£284,481
Percentage contribution			71%
Essex Fire and Rescue	£23,148	£23,148	£23,148
Percentage contribution			6%
Districts / Boroughs & Unitary:			
Uttlesford District Council	£7,756	£7,989	£8,149
Thurrock Council	£7,756	£7,989	£8,149
Rochford District Council	£7,756	£7,989	£8,149
Maldon District Council	£7,756	£7,989	£8,149
Colchester Borough Council	£7,756	£7,989	£8,149
Tendring District Council	£7,756	£7,989	£8,149
Basildon Borough Council	£7,756	£7,989	£8,149
Castlepoint Borough Council	£7,756	£7,989	£8,149
Braintree District Council	£7,756	£7,989	£8,149
Brentwood Borough Council	£7,756	£7,989	£8,149
Chelmsford District Council	£7,756	£7,989	£8,149
Total	£85,312	£87,875	£89,639
Districts/Boroughs/Unitary			
Percentage contribution per District/Boroughs/Unitary			2%
Total Subscriptions	£384,654	£395,503	£397,268

3.2 Balances are required to protect the Joint Committee from a significant event(s) which would have a significant effect such as the loss of revenues or a sudden increase in expenditure. It is difficult to accurately predict such occurrences however; legal fees continue to be high. Ideally, reserves should be sufficient to cover 3 months of operating costs, which equates to approximately £94,000. Current reserve levels are therefore not sufficient.

3.3 The predicted reserves assuming expenditure levels remain relatively static is shown below:

Balance Sheet: General Balance	<u>2017/18</u>	<u>2018/19</u>	<u>2019/20</u>	<u>2020/21</u>
Opening Balance (Credit)	£26,462	-£24,927	-£44,238	-£58,163
Current Year Net Expenditure (Surplus) / Deficit	-£51,389	-£19,311	-£13,925	-£10,911
Closing Balance (Surplus) / Deficit	-£24,927	-£44,238	-£58,163	-£69,074