

Essex Countywide Traveller Unit Joint Committee meeting 22nd October 2013

Report by Lance Wosko, ECC Finance Business Partner

Financial Report for the Essex Countywide Traveller Unit

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1. Introduction

- 1.1 The Essex Countywide Traveller Unit formed as a Joint Committee from 1st October 2012. In accordance with Schedule 2 of the Audit Commission Act 1998, Joint Committees are required to produce an Annual Return which is subject to external audit. This report presents for approval the Annual Return inclusive of the Annual Governance Statement for the six months to 31st March 2013.
- 1.2 This report also sets out for members' consideration and approval a proposed budget for the 2013/14 financial year with indicative budgets for the two financial years beyond this.

2. Decisions required

- 2.1 To approve the Annual Return for the 2012/13 financial year (six months) and for the Annual Return to be signed by the Chair of the Committee.
- 2.2 To approve the proposed budget for the 2013/14 financial year.
- 2.3 To note the indicative budget for 2014/15 and 2015/16.

3. The Annual Return

- 3.1 The Annual Return is a document which serves several purposes:
- to report the annual statement of accounts as approved by the Joint Committee;
 - to certify the Joint Committee has discharged its statutory duties in relation to its financial affairs; and
 - to record that the external auditor has fulfilled their statutory responsibility.
- 3.2 The Annual Return for the Essex Countywide Traveller Unit Joint Committee is shown at appendix 1 and has been prepared on an income and expenditure basis, rather than on a receipts and payments basis, due to gross income exceeding the £200,000 threshold.
- 3.3 Section 1 of the Annual Return is the statement of accounts. These show the total income received from members of the Joint Committee, and the expenditure incurred broken down between staff costs and 'other payments'.

- 3.4 The staff costs relate to the outreach workers and management of the Unit, whilst the 'other payments' predominately relates to mileage costs. The balance carried forward from 2012/13 is £109,742 although following the return of an overpayment of £73,643 by Essex County Council relating their annual contribution the balance is reduced to £36,099. This balance can be used to finance expenditure in future years.
- 3.5 Section 2 of the Annual Return is the Annual Governance Statement which is made up of a number of statements which provide accountability and assurance that public money has been properly accounted for and used economically, efficiently and effectively.
- 3.6 The Annual Governance Statement for the Joint Committee has two 'No' responses given. A full explanation for these two 'No' responses is given at appendix 2 of this report.
- 3.7 Section 3 of the Annual Return is the external auditor certification which, once completed, will be returned to the Joint Committee. The Joint Committee will then be invited to endorse the management letter issued noting any recommendations and approve the Annual Return for publication.
- 3.8 Section 4 of the Annual Return is the annual internal audit report. The response given against each control objective is 'Not covered' and a full explanatory note can be found at appendix 3.
- 3.9 The Joint Committee is invited to approve the Annual Return and the Chair of the Committee is invited to sign the approved Annual Return. The Chair and Clerk are also invited to sign the Annual Governance Statement.
- 3.10 The underlying financial transactions making up the figures on the Accounting Statements are available upon request should any member of the Joint Committee require more detail on the income or expenditure.

4. Proposed Budget for 2013/14

- 4.1 The preparation of an annual budget is a key statutory task to be undertaken by the Joint Committee. It provides a basis for monitoring progress during the year by comparing actual spending against planned expenditure.
- 4.2 The proposed budget for 2013/14 is shown at appendix 4 and has been developed with the Essex Countywide Traveller Unit Manager. The budget takes into account the planned activities of the Joint Committee during the financial year and is the budget the Unit Manager has been informally working to.
- 4.3 The majority of budget (£219,184) is proposed for employee costs. These are in relation to the outreach workers and the management of the unit.

- 4.4 The next most significant expenditure line is supplies and services (£54,936). This line has provision for internal and external audit costs, normal office running expenses (excluding premises costs) and IT expenditure. In 2013/14 there is a large (£40,000) one-off item of IT expenditure which relates to the database being developed by the Unit.
- 4.5 Finally, there is an expenditure budget proposed of £20,831 to cover employee mileage and travel costs, predominately incurred travelling between the various sites.
- 4.6 The income budget is set at £308,647 recognising the expected cash contributions from current members as set out in the following table:

Authority	Full Year Payment	Percentage
Essex County Council	£147,286.38	48%
Basildon Borough Council	£7,181.00	2%
Braintree District Council	£7,181.00	2%
Essex County Fire and Rescue Service	£25,720.00	8%
Colchester Borough Council	£7,181.00	2%
Maldon District Council	£7,181.00	2%
Rochford District Council	£7,181.00	2%
Epping District Council	£7,181.00	2%
Tendring District Council	£7,181.00	2%
Thurrock Council	£7,181.00	2%
Uttlesford District Council	£7,181.00	2%
Mid Essex CCG	£14,202.40	5%
North East Essex CCG	£14,202.40	5%
South East Essex CCG	£14,202.40	5%
South West Essex CCG	£14,202.40	5%
West Essex CCG	£14,202.40	5%
Total Cash Contributions	£308,647.38	100%
In-kind contribution from Essex Police		
	£75,000	

- 4.7 By the end of the 2013/14 financial year, the Unit is forecasting a small surplus of £13,696, and a general balance of £49,796 after taking account of the 2012/13 carried forward.
- 4.8 Balances are required to protect the Joint Committee from a significant event or events which would have a substantial effect, such as a major loss of revenues or a sudden major increase in expenditure. It is difficult to predict required balances accurately as risks and associated costs cannot always be foreseen and quantified. It is therefore a matter of judgement as to what figure is appropriate. Risks to expenditure and income is low and the balance above reflects just over two months of 2013/14 operating spend, In view of the risk profile it is considered that the balance is set at an appropriate level.

- 4.9 The Joint Committee is invited to approve the proposed budget. An update of actual spend against budget will be presented at the next Joint Committee meeting.

5. Indicative budgets for 2014/15 and 2015/16

- 5.1 An indicative budget for future years has been developed to provide assurance that the Joint Committee has sufficient cash resources to continue as a going concern. The budgets have been constructed using an 'incremental budgeting' process which identifies one-off items in the current year and therefore can be removed from the budget as well as identifying new items for inclusion.
- 5.2 Inflation for employee costs has been assumed at 1% per annum, with other expenditure based on RPI and CPI rates used as part of Essex County Council's budget setting process. Due to the forecast cash balance no inflation has been assumed on member contributions.
- 5.3 Although the current Joint Committee agreement comes to an end at the end of September 2015, the budget has been prepared on the assumption that the Joint Committee is in operation for the full 2015/16 financial year.
- 5.6 There are two main differences between 2013/14 and 2014/15. The first of these is within the employee budget which increases in 2014/15 recognising that a post was only filled for part of the 2013/14 financial year and therefore not budgeted for the full year. The second difference between financial years is the removal of the one-off IT expenditure in relation to the database being developed in 2013/14.
- 5.7 The indications are that in both 2014/15 and 2015/16 a surplus will be achieved as a result of the prudent and careful management of the Unit. This would lead to a forecast general balance of £87,964 in 2014/15 and £122,540 in 2015/16. As this forecast balance is excess of what could be considered a reasonable contingency when considering the key risk to which the Joint Committee may be exposed to (with the exception of catastrophic risks which, wherever possible, are insured against). The Joint Committee may wish to consider how elements of these funds could be effectively utilised in delivering the objectives.