

Essex County Wide Traveller Unit Joint Committee Meeting

15 June 2017

Report by Sarah Broadley, Finance Business partner

Finance Report for the Essex County Wide Traveller Unit

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Purpose

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| 1. | To receive the 2016/17 outturn position |
| 2. | Membership Fee options |
| 3. | To receive the proposed budget for the 2017/18 financial year |
| 4. | To note the ECC internal Audit costs that have been charged |
| 5. | To note there will be no External Audit costs |

1. 2016/17 Outturn Position

	2016/17 Budget	Outturn	Variance
<u>Expenditure:</u>			
Employees	£226,687	£246,248	£19,561
Supplies & Services	£30,125	£87,403	£57,278
Transport & Mileage	£20,233	£20,748	£515
Gross Expenditure	£277,045	£354,398	£77,353
<u>Income:</u>			
Partner Contributions	-£264,600	-£255,901	£8,699
Gross Income	-£264,600	-£255,901	£8,699
Forecast Deficit	£12,445	£98,498	£86,053

The 2016/17 outturn position is an overspend of £98,498. This is caused by the following:

- £19,561 overspend on Employees. This is mainly due to Apprenticeship costs. £2,321 is to be reimbursed to ECTU for Officer costs that were charged to ECTU, but the budget wasn't transferred from ECC.
- Supplies and Services have overspent by £57,278. This is due to Legal Costs which totalled £62,678 and Bailiff Costs and £44,187 which were partially offset by an East of England Grant reimbursement of £24,797 for the ECTU database. £3,867 of injunction costs have been incorrectly charged to ECTU and discussions are taking place to remove these from the ECTU budget. Also, a £4,205 waste disposal charge has gone through ECTU incorrectly, which we are currently resolving.
- The adjustments required for the staff correction of £2,321, the injunction charges of £3,867 and the Waste disposal charge of £4,205 will reduce the overspend by £10,393
- Income shortfall of £16,283. This has been identified and corrected.
- The above corrections will reduce the overspend from £98,498 to £71,822

The year-end overspend position has reduced the reserve position from a surplus of £66,798 to a deficit of £31,700. The above corrections will reduce the deficit from £31,700 to £5,204

2a Breakdown of Member Subscription options

Organisation	2016/17 Fee	Option 1 (£323 increase per partner)	Option 2 (£646 increase per partner)	Option 3 (£969 increase per partner)	Option 4 (£1293 increase per partner)	17/18 % Contribution per member
<u>Essex County Council:</u>						
ECC - Gypsy & Traveller	£119,302	£125,267	£131,232	£137,197	£143,162.40	36.40%
ECC - Highways	£6,463	£50,000	£50,000	£60,000	£60,000	14.53%
Public Health	£57,520	£57,520	£57,520	£57,520	£57,520	16.71%
Essex Property & Facilities	£6,463	£6,786	£7,109	£7,432	£7,756	1.97%
Country Parks	£4,000	£6,786	£7,109	£7,432	£7,756	1.97%
Total ECC	£193,748	£246,359	£252,971	£269,582	£276,194	71.58%
Essex Fire and Rescue	£23,148	£23,148	£23,148	£23,148	£23,148	6.73%
<u>Districts / Boroughs & Unitary:</u>						
Uttlesford District Council	£6,463	£6,786	£7,109	£7,432	£7,756	1.97%
Thurrock Council	£6,463	£6,786	£7,109	£7,432	£7,756	1.97%
Rochford District Council	£6,463	£6,786	£7,109	£7,432	£7,756	1.97%
Maldon District Council	£6,463	£6,786	£7,109	£7,432	£7,756	1.97%
Colchester Borough Council	£6,463	£6,786	£7,109	£7,432	£7,756	1.97%
Tendring District Council	£6,463	£6,786	£7,109	£7,432	£7,756	1.97%
Basildon Borough Council	£6,463	£6,786	£7,109	£7,432	£7,756	1.97%
Castlepoint Borough Council	£6,463	£6,786	£7,109	£7,432	£7,756	1.97%
Braintree District Council	£4,309	£6,786	£7,109	£7,432	£7,756	1.97%
Brentwood Borough Council	£3,232	£6,786	£7,109	£7,432	£7,756	1.97%
Chelmsford District Council	£0	£6,786	£7,109	£7,432	£7,756	1.97%
Total Districts/Boroughs/Unitary	£59,244	£74,648	£78,202	£81,757	£85,312	21.69%
Total Subscriptions	£276,140	£344,155	£354,321	£374,487	£384,654	100%

The above table presents 4 options for member subscriptions (and a further option 5 is below)

Option 1 is the already agreed 5% increase and equates to an annual increase of £323 per District / Borough (and a higher increase for Highways which we are discussing with the Service).

Option 2 equates to a £646 increase per District / Borough, Option 3 a £969 increase and Option 4 a £1,293 increase.

Option 4 (recommended option) would bring the unit back to an online position and would cover legal fees in 2017/18 assuming they are broadly similar to those incurred in 2016/17. Please note that although the suggested fee of £7,756 is an increase of £1,293 compared to the 2016/17 fee, it is only marginally higher (£575) to the original fee of £7,181 when the unit was first incorporated.

As you are aware, the reserve has been diminished and the unit is now in a deficit position. Encampments have increased by over 200% since commencement of the unit but fees have not increased in line with this (encampments in 2013/14 were 116 in and in 2016/17 were 374)

Our internal partners are also being approached about increased contributions. The overall contribution from ECC would be increasing by £82,446 and the individual Authority subscriptions would increase by £1,293.

2b. Staggered increase option

We could also consider a staggered fee increase:

	2016/17 Fee	Option 5 (£646 increase per partner in 2017/18)	Option 5 (further £640 increase per partner in 2018/19)	
Essex County Council:				
ECC - Gypsy & Traveller	£119,302	£131,232.20	£143,043	37.04%
ECC - Highways	£6,463	£50,000	£50,000	14.11%
Public Health	£57,520	£57,520	£57,520	16.23%
Essex Property & Facilities	£6,463	£7,109	£7,749	2.01%
Country Parks	£4,000	£7,109	£7,749	2.01%
Total ECC	£193,748	£252,971	£266,061	71.40%
Essex Fire and Rescue	£23,148	£23,148	£23,148	6.53%
Districts / Boroughs & Unitary:				
Uttlesford District Council	£6,463	£7,109	£7,749	2.01%
Thurrock Council	£6,463	£7,109	£7,749	2.01%
Rochford District Council	£6,463	£7,109	£7,749	2.01%
Maldon District Council	£6,463	£7,109	£7,749	2.01%
Colchester Borough Council	£6,463	£7,109	£7,749	2.01%
Tendring District Council	£6,463	£7,109	£7,749	2.01%
Basildon Borough Council	£6,463	£7,109	£7,749	2.01%
Castlepoint Borough Council	£6,463	£7,109	£7,749	2.01%
Braintree District Council	£4,309	£7,109	£7,749	2.01%
Brentwood Borough Council	£3,232	£7,109	£7,749	2.01%
Chelmsford District Council	£0	£7,109	£7,749	2.01%
Total Districts/Boroughs/Unitary	£59,244	£78,202	£85,241	22.07%
Total Subscriptions	£276,140	£354,321	£374,450	100%

Option 5 would result in an increase in 2017/18 of £646 and a further increase in 2018/19 of £640.

If action isn't taken now and an increase approved, the ongoing viability of the unit will need to be accessed in consultation with ECC members.

3a. Proposed Budget for 2017/18 and future years

	2016/17	2016/17	2017/18	2018/19	2019/20
	Budget	Actuals	Budget	Budget	Budget
Expenditure:					
Employees	£226,687	£246,248	£248,711	£248,711	£251,198
Supplies & Services	£30,125	£87,403	£104,403	£107,535	£110,761
Transport & Mileage	£20,233	£20,748	£20,233	£20,637	£20,843
Gross Expenditure	£277,045	£354,398	£373,346	£376,882	£382,802
Income:					
Partner Contributions	-£264,600	-£255,901	-£384,654	-£396,194	-£408,079
Gross Income	-£264,600	-£255,901	-£384,654	-£396,194	-£408,079
Net Expenditure (Surplus) / Deficit	£12,445	£98,498	-£11,308	-£19,311	-£25,278

The 2017/18 budget assumes option 4 is approved.

3b. Balance Sheet – Reserves

Balance Sheet: General Balance	2015/16	2016/17	2017/18	2018/19
Opening Balance (Credit)	-£83,620	-£66,798	£5,024	-£6,284
Current Year Net Expenditure (Surplus) / Deficit	£16,822	£98,498	-£11,308	-£19,311
Correction to 2016/17 overspend		-£26,676		
Closing Balance (Surplus) / Deficit	-£66,798	£5,024	-£6,284	-£25,595

3c. Reasons for maintaining a reserve

Balances are required to protect the Joint Committee from a significant event(s) which would have a material effect on income or expenditure. The reserve acts as a 'buffer' for such events and the need for a reserve is supported by the level of unforeseen legal costs that were incurred during 2014/15 of £38,000 and during 2015/16 of £48,000 and during 2016/17 of £62,678.

These unforeseen costs resulted in a year end net deficit (costs were greater than income received).

4 ECC internal Audit costs that will be charged

£900

5 Estimated External Audit costs expected to arise

£0

The external auditors 'PKF Littlejohn' have advised that from financial year 2015/16, the statutory requirement for joint committees to have their accounts reviewed ceased to have effect. An auditor appointment is therefore not required after 2014/15. At the Joint Committee meeting in November 2016, the Joint Committee confirmed they no longer require an external audit