

Essex County Wide Traveller Unit Operations Board 15 November 2016

Report by Sarah Broadley, Finance Business partner

Finance Report for the Essex County Wide Traveller Unit

Enquiries to Sarah Broadley, ECC Finance Business Partner, Tel: 07795 551630

Purpose

1. To note the financial update for the seven months to 31 October 2016
2. To note recommendations for the budget for 2017/18 and 2018/19
3. To note recommendations for the membership fees for 2017/18 and 2018/19
4. To note the response of the External Auditor regarding the Annual Submission for 2015/16

1. Financial update – current position

	2016/17 Budget	Actuals to 31st Oct 2016	Budget Remaining	Forecast Outturn	Forecast variance
Expenditure:					
Employees	£226,687	£136,805	£89,882	£234,522	£7,835
Supplies & Services	£30,125	£35,890	-£5,765	£15,890	-£14,235
Transport & Mileage	£20,233	£13,011	£7,222	£22,305	£2,072
Gross Expenditure	£277,045	£185,706	£91,339	£272,717	-£4,328
Income:					
Partner Contributions	-£264,600	-£109,599	-£155,001	-£276,140	£0
Gross Income	-£264,600	-£109,599	-£155,001	-£276,140	£0
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Forecast Deficit	£12,445			-£3,423	
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- 1.1 The 2016/17 budget was based anticipating a deficit of £12,445. (This is due to a new budget line included for Legal Fees)
- 1.2 40% of income has been received from Essex County Council. Invoices to all members will be raised in November.
- 1.3 2 new partners have joined the unit – Brentwood Borough Council and Braintree District council, their fees have been built into the forecast

- 1.4 Employee costs are overspending mainly due to the increase in National Insurance Contributions and increase in 2nd year apprentice costs
- 1.5 Legal Fees are up to £36,000 but fortunately the problem families have moved out of the Essex area so we are hopeful that Legal Fees should reduce substantially.
- 1.6 The unit is able to drawdown £25,000 from the East of England. When the ECTU was created, grant funding was made available for set up costs. We are able to claim the £25,000 for the database. This helps mitigate the rise in legal fees.
- 1.7 The unit can potentially use the remainder of the East of England grant available to set up a live, main home page on the website. (Remaining grant is circa £30,000)
- 1.8 The opening reserve balance as at 1st April was £66,798. If the forecast surplus position is achieved the reserve will increase to £70,221.

2. Proposed Budgets for 2017/18 and 2018/19

	2015/16 Budget	2015/16 Actuals	2016/17 Budget	<i>Draft</i>	
				2017/18	2018/19
Expenditure:					
Employees	£248,021	£224,443	£226,687	£242,867	£239,296
Supplies & Services	£9,926	£40,577	£30,125	£37,130	£37,130
Transport & Mileage	£19,836	£19,157	£20,233	£21,120	£21,120
Gross Expenditure	£277,783	£284,177	£277,045	£301,117	£297,546
Income:					
Partner Contributions	-£277,783	-£267,356	-£264,600	-£292,391	-£292,391
Gross Income	-£277,783	-£267,356	-£264,600	-£292,391	-£292,391
Net Expenditure (Surplus) / Deficit	£0	£16,822	£12,445	£8,726	£5,155

2.1 The 2017/18 proposed budget includes an assumed annual inflation on employee costs of 1% and an increase of £6,000 due to 2nd year apprentice costs.

2.2 The Supplies & Services budget includes £25,000 for legal fees and £5,000 for DK9 Costs to serve notices, summons etc. The unit has changed substantially over the last 5 years and in the first few years of operation, never had to go to Court. That is no longer the case now and the unit is struggling to resource the increasing demand and feel that building in additional contractor costs is a more economical way of dealing with the increased demand (as opposed to recruiting new staff). £5,000 is a conservative estimate and will be monitored throughout the year.

2.3 It is proposed to increase the LA, ECC Highways and ECC Property & Facilities membership fees by 10% in 2017/18, as these are the areas that are

contributing the most towards the increased demand.

3. Membership Fees

Breakdown of current fees:

Organisation	2016/17 Fee	16/17 % Contribution per member
<u>Essex County Council:</u>		
ECC - Gypsy & Traveller	£119,302	43.20%
ECC - Highways	£6,463	2.34%
Public Health (5 CCGs)	£57,520	20.83%
Essex Property & Facilities	£6,463	2.34%
Country Parks	£4,000	1.45%
Total ECC	£193,748	70.16%
Essex Fire and Rescue	£23,148	8.38%
<u>Districts / Boroughs & Unitary:</u>		
Uttlesford District Council	£6,463	2.34%
Thurrock Council	£6,463	2.34%
Rochford District Council	£6,463	2.34%
Maldon District Council	£6,463	2.34%
Colchester Borough Council	£6,463	2.34%
Tendring District Council	£6,463	2.34%
Basildon Borough Council	£6,463	2.34%
Castlepoint Borough Council	£6,463	2.34%
Braintree District Council	£4,309	1.56%
Brentwood Borough Council	£3,232	1.17%
Total Districts/Boroughs/Unitary	£59,244	21.45%
Total Subscriptions	£276,140	100%

Two options are proposed below for the 2017/18 Membership Subscriptions:

Organisation	2016/17 Fee	Option 1 2017/18 Fee (5% Increase)	Option 1 % Contribution per member	Option 2 2017/18 Fee (10% Increase)	Option 2 % Contribution per member
<u>Essex County Council:</u>					
ECC - Gypsy & Traveller	£119,302	£119,302	41.40%	£119,302	40.80%
ECC - Highways	£6,463	£6,786	2.35%	£7,109	2.43%
Public Health (5 CCGs)	£57,520	£57,520	19.96%	£57,520	19.67%
Essex Property & Facilities	£6,463	£6,786	2.35%	£7,109	2.43%
Country Parks	£4,000	£6,786	2.35%	£7,109	2.43%
Total ECC	£193,748	£197,180	68.42%	£198,150	67.77%
Essex Fire and Rescue	£23,148	£23,148	8.03%	£23,148	7.92%
<u>Districts / Boroughs & Unitary:</u>					
Uttlesford District Council	£6,463	£6,786	2.35%	£7,109	2.43%
Thurrock Council	£6,463	£6,786	2.35%	£7,109	2.43%
Rochford District Council	£6,463	£6,786	2.35%	£7,109	2.43%
Maldon District Council	£6,463	£6,786	2.35%	£7,109	2.43%
Colchester Borough Council	£6,463	£6,786	2.35%	£7,109	2.43%
Tendring District Council	£6,463	£6,786	2.35%	£7,109	2.43%
Basildon Borough Council	£6,463	£6,786	2.35%	£7,109	2.43%
Castlepoint Borough Council	£6,463	£6,786	2.35%	£7,109	2.43%
Braintree District Council	£4,309	£6,786	2.35%	£7,109	2.43%
Brentwood Borough Council	£3,232	£6,786	2.35%	£7,109	2.43%
Total Districts/Boroughs/Unitary	£59,244	£67,861	23.55%	£71,093	24.31%
Total Subscriptions	£276,140	£288,190	100%	£292,391	100%

3.1 Option 1 is an increase of 5% bringing the contribution up to £6,786 (an increase of £323 per member)

3.2 Option 2 is an increase of 10% bringing the contribution up to £7,109 (an increase of £646 per member)

3.3 It is proposed to go ahead with Option 2, the 10% increase. We have considered alternative options but believe this is the fairest approach. The fee is still less than it was 3 years ago (£7,181 per member)

3.4 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 have been substantial over the last 2 years. Ideally, reserves should be

sufficient to cover 3 months of operating costs, which equates to approximately £80,000. Current reserve levels are therefore not sufficient.

With a 10% increase in membership fees, the reserves could still reduce, as demonstrated below:

Balance Sheet: General Balance	<u>2015/16</u>	<u>2016/17</u>	<u>2017/18</u>	<u>2018/19</u>
Opening Balance (Credit)	-£83,620	-£66,798	-£70,221	-£61,495
Current Year Net Expenditure (Surplus) / Deficit	£16,822	-£3,423	£8,726	£5,155
Closing Balance (Surplus) / Deficit	-£66,798	-£70,221	-£61,495	-£56,341

4. Response of External Auditor for 2015/16 Annual Submission

4.1 The External Auditor Report for 2015/16 stated:

“We have reviewed the annual return and set out our findings below. Our work does not constitute an audit carried out in accordance with International Standards on Auditing and therefore does not provide the level of assurance of a statutory audit”
Matters arising from review - none

