

**Essex County Wide Traveller Unit
Operations Board 2 November 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 note the financial update for the six months to 30 September 2017 |
| 2. | To note recommendations for the budget for 2018/19 and 2019/20 |
| 3. | To note recommendations for the membership fees for 2018/19 |

1. Financial update – current position

	2017/18 Budget	Actuals to 30th Sept 2017	Budget Remaining	Forecast Outturn	Forecast variance
Expenditure:					
Employees	£248,711	£123,405	£125,306	£241,621	£7,090
Supplies & Services	£104,403	£21,078	£83,325	£104,403	£0
Transport & Mileage	£20,233	£9,000	£11,233	£20,233	£0
Gross Expenditure	£373,346	£153,483	£219,864	£366,257	£7,090
Income:					
Partner Contributions	-£384,654	-£80,194	-£155,001	-£384,654	£0
Gross Income	-£384,654	-£80,194	-£155,001	-£384,654	£0
Forecast Surplus	-£11,308			-£18,397	

1.1 The 2017/18 budget has been re-based anticipating an approval to increase District and Borough Fees from £6,463 in 2016/17 to £7,756 in 2017/18.

1.2 Essex County Councils contribution to the ECTU has increased by £82,446 from 2016/17.

1.3 Invoices to all members will be raised in November / December 2017

1.4 Chelmsford City Council have joined the unit, their fee has been built into the forecast.

1.5 The opening reserve balance as at 1st April 2017 was a deficit of £31,700. Corrections totalling £26,676 have been actioned and Essex County Council has increased its contribution to ECTU in 2017/18 by £82,000.

1.6 The 2017/18 forecast is a surplus of £18,397. This position assumes that legal fees and bailiff costs are similar to 2016/17 spend.

2 Proposed Budgets for 2018/19 and 2019/20

	2016/17	2016/17	2017/18	2018/19	2019/20
	Budget	Actuals	Budget	Draft Budget	
Expenditure:					
Employees	£226,687	£246,248	£248,711	£241,634	£244,050
Supplies & Services	£30,125	£87,403	£104,403	£107,535	£110,761
Transport & Mileage	£20,233	£20,748	£20,233	£20,840	£21,465
Gross Expenditure	£277,045	£354,398	£373,346	£370,009	£376,277
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	-£26,185	-£31,802

2.1 The 2018/19 proposed budget includes an assumed annual inflation on employee costs of 1% and a decrease in apprentice costs.

2.2 The Supplies & Services and Transport budget includes an assumed annual inflation of 3%

2.3 The Partnership Contributions budget assumes an inflationary increase of 3%, applied to all fees. This is to try and build up the level of reserves that were depleted in 2016/17.

3 Membership Fees

3.1 If Option 4 is agreed by Partners, the recommendation is to increase contributions by RPI in 2018/19. This would result in fees, as per the table below:

Organisation	2017/18 Fee	2018/19 Fee	18/19 % Contribution per member
Essex County Council:			
ECC - Gypsy & Traveller	£195,406	£201,268	50.80%
ECC - Highways	£7,756	£7,989	2.02%
Public Health	£57,520	£59,246	14.95%
Essex Property & Facilities	£7,756	£7,989	2.02%
Country Parks	£7,756	£7,989	2.02%
Total ECC	£276,194	£284,480	71.80%
Essex Fire and Rescue			
	£23,148	£23,842	6.02%
Districts / Boroughs & Unitary:			
Uttlesford District Council	£7,756	£7,989	2.02%
Thurrock Council	£7,756	£7,989	2.02%
Rochford District Council	£7,756	£7,989	2.02%
Maldon District Council	£7,756	£7,989	2.02%
Colchester Borough Council	£7,756	£7,989	2.02%
Tendring District Council	£7,756	£7,989	2.02%
Basildon Borough Council	£7,756	£7,989	2.02%
Castlepoint Borough Council	£7,756	£7,989	2.02%
Braintree District Council	£7,756	£7,989	2.02%
Brentwood Borough Council	£7,756	£7,989	2.02%
Chelmsford District Council	£7,756	£7,989	2.02%
Total	£85,312	£87,875	22.18%
Districts/Boroughs/Unitary			
Total Subscriptions	£384,654	£396,198	100%

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 have been substantial over the last 2 years. 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 If fee increases are approved and assuming expenditure levels remain relatively static, the reserve could increase as per the below:

Balance Sheet: General Balance	<u>2016/17</u>	<u>2017/18</u>	<u>2018/19</u>	<u>2018/19</u>
Opening Balance (Credit)	-£66,798	£5,024	-£13,373	-£39,557
Current Year Net Expenditure (Surplus) / Deficit	£98,498	-£18,397	-£26,185	-£31,802
Correction to 2016/17 overspend	-£26,676			
Closing Balance (Surplus) / Deficit	£5,024	-£13,373	-£39,557	-£71,360