

**Table A – Subjective Expenditure Variances**

<b>Subjective Variance</b>	<b>Variance £'000</b>	<b>Funded by Earmark Reserve £'000</b>	<b>Direct Variance £'000</b>	<b>Comments</b>	<b>Cost Control Measure</b>
Employee Related Exp	(431)	(223)	(654)	<p>Employee costs funded from reserves are specific to fixed term housing posts, funded from the Homelessness reserve.</p> <p>£173k of the costs funded from reserves is associated to multiple severance payments made.</p> <p>An element of the significant underspend is associated with Vacancy Factor. Some posts within the establishment have not been recruited to and there is a lag within recruitment, this is intentional to create a saving within year. As part of budget setting, a 5% Vacancy factor has been built into the budget, this is to reflect the lag in recruitment. This will be reviewed as part of budget setting.</p>	Continue reviewing of the Council's establishment and cost associated with the required structure.
Premises Related Exp	66	0	66	Increase in utility costs to Council Assets and repairs and maintenance costs on Council Assets.	Contract Review on electricity and gas. A stock condition survey is being completed on all Council owned Assets to aid in informing a works program

					that should aid in investing in the assets through the capital work program and reducing the reactive revenue impact.
Transport Related Exp	130	(5)	124	Increase in repairs & maintenance stock for the ageing fleet.	Currently procuring for new vehicles to replace existing stock.
Supplies & Services	84	(62)	21	ASELA subscription to be funded from earmark reserves. However, ongoing budget will need to be built into the MTFP.  Increase in costs associated with increase in photocopying charges, stationery and equipment hire required for committee meetings that are not within the Town Hall.  .	New contract in place for printers at the Town Hall. Looking to drive down costs through monitoring departmental use and utilising large scale printing through the printing department.
Fees & Services	32	(88)	(56)	£80k of legal fees for the JV are to be funded from Organisational Transformation Reserve (OTR). A following £5k of professional fees are to be funded from OTR to support the finalisation and of the JV contract.  Significant budget reduction (88k) is due to decrease on B&B charges. The Council has sought alternative accommodation to use instead of B&B accommodation. However, this is a reactive budget and can fluctuate.	Review of the accommodation used and required for homelessness statutory duties to inform future budgets.

			<p>Waste Disposal Costs have reduced (45K), these costs are market driven and fluctuate dependant on the market and demand.</p> <p>Increase planning legal support. This includes the legal support for large applications as well as incursions incurred to date.</p> <p>Brokerage fees are increasing, this is a reflection on the Council's increase in investment income and current short-term borrowing position</p>	<p>Waste disposal is monitored in year and currently, a review of how the service is being delivered is being modelled to look at cost reductions and savings compared to how the Council currently operates.</p> <p>Legal work required for any incursions is reactive. Therefore, the Council currently manages any excess costs through working balances.</p> <p>The Council need to borrow money and invest is based on the management of the Cashflow forecast. The Council invests surplus cash to mitigate and reduce the cost of borrowing. As the Council develops a Borrowing Strategy and continues to update its Treasury management</p>
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					Strategy, the budget for Banking and brokerage charges will be forecast into the MTFP.
Third party Payments	418	(537)	(118)	43k project support funded from OTR to support the JV. 6k to be funded from reserves to support the high street clear up. A further £50k to be funded from the waste reserve for support on the waste service review. £388k of reserves to be utilised for the project support of the LDP and Dunton Garden Village.	Service arrangement are regularly reviewed. The Council is looking at its contracted services and project support required to determine how best to financially address these demands and ensuring they are aligned with the Council's establishment.
Benefit Subsidy	(58)	0	(58)	Introduction on Universal Credit has resulted in the Benefit subsidy paid by the Council to decrease. Forecast project that the Council will pay out slightly less subsidy than planned due to the transfer of applicants onto Universal Credit.	
Transfer Payments	259	(39)	221	£39k Grant being contributed to earmark reserves for health and wellbeing.  Currently £210k built in 2018/19 base budget, projected to not be achieved. Predominantly due to savings that have not aspired from the Street Care review.	Street Care are looking at alternative ways to deliver the unachieved savings. The change is the Recycling Collection will contribute towards these savings; however, this will not transpire until 2020/21.

Pension Fund Deficit	(88)	0	(88)	Reduction In establishment costs will see a reduction on the pension strain deficit to the Council	Constant communication with Essex Pension Fund in order to correctly project the expected pension strain deficit to the Council.
Interest Payable	(515)	0	(515)	Delay to large capital programmes, means borrowing is not required for this financial year. The borrowing budget was assumed to borrow at PWLB rates, that average around 2%, however currently the Council is utilising short-term borrowing at rates around 0.9%. This has seen a significant reduction in interest payable.	Development of a Borrowing Strategy, addressing the risk and uncertainties around BREXIT and other financial pressures and unknowns. Utilising this within the borrowing portfolio to meet the risk appetite of the Council.
<b>Total Expenditure</b>	<b>(7)</b>	<b>(1,004)</b>	<b>(1,010)</b>		

**Table C – Subjective Income Variances**

<b>Subjective Variance</b>	<b>Variance</b>	<b>Funded by Earmark Reserve</b>	<b>Direct Variance</b>	<b>Comments</b>	<b>Cost Control Measure</b>
Government Grants	(226)	100	(126)	Increase in Business Rates Retention. This is due to awarding more small business rates relief than originally projected so increase in grant funding from Central Government.	Business Rates projections are reviewed on a monthly basis and projects built into Budget Monitoring and Setting
Other Grants & Reimbursements	29	39	68	Earmark Health and Wellbeing grant, so funds can be specifically spent on health and wellbeing activities for the borough.  Reduction in Sponsorship Income offset by legal fees recovered on some large planning cases.	Maximising grant income available to the Council and claiming back costs incurred.
Sales Income	(14)	0	(14)	Predominantly due to sale of produce, where the depot has initiated a scheme of selling on wood from trees that have had to be cut down.	This income is not ongoing. However, it will be reviewed to ensure budgets for the future fairly reflect any potential cost recovery,
Fees & Charges	(90)	0	(90)	Planning Pre app advice is increasing; however, planning application income has seen a decrease along with land charges, which is market led. Currently the house	Reviewed monthly at budget monitoring, fees & charges are benchmarked against

				market and development market is deemed to be quite slow. Season ticket Income has increased as licences are reviewed and uplifted.	other Councils and other companies to ensure the Council remains competitive.
Rents land & Buildings	461	0	461	Significant variance predominantly due to the delay in the Town Hall, this has delayed the income for residential dwellings and commercial leases of office space.  Also, a decline in rents from B&B accommodation, this is offset against the saving on expenditure for B&B's.	Revision to Town Hall business Model and update the MTFP
Miscellaneous Receipts	138	0	138	Reduction in overpayment recovery as housing benefit overpayments reduce.	Reconciliations of Housing benefit Overpayment control account to Finance System.
Interest Receivable	(47)	0	(47)	Increase on Investment Income, more cash to invest due to capital projects being delayed.	Development of the Councils' Investment and Borrowing strategy should inform this budget for the future.
Recharges	(11)	0	(11)	Small adjustment on recharges between departments.	Recharge model is reviewed annually to ensure support services charge proportionally to

					customer facing cost centres.
Transfers/Appropriations	(203)	865	662	Reduction in requirement of funding for LDP	
<b>Total income</b>	<b>37</b>	<b>1,004</b>	<b>1,041</b>		