



**EAST STAFFORDSHIRE BOROUGH COUNCIL**

**REPORT COVER SHEET**

<b>Title of Report:</b>	Quarter 3 - Revenue and Capital Outturn Report 2017/18
<b>Meeting of:</b>	Scrutiny (Audit and Value for Money Council Services) Committee
<b>Date:</b>	27/3/2018
<b>Is this an Executive Decision:</b>	Yes
<b>Is this a Key Decision:</b>	No
<b>Is the Report Confidential:</b>	No
<b>If so, please state relevant paragraph from Schedule 12A LGA 1972:</b>	n/a

**Essential Signatories:**

**ALL REPORTS MUST BE IN THE NAME OF A HEAD OF SERVICE**

Monitoring Officer: **Angela Wakefield**

Date ..... Signature .....

Chief Finance Officer: **Sal Khan**

Date ..... Signature .....

**EAST STAFFORDSHIRE BOROUGH COUNCIL**

**Report to Scrutiny (Audit and Value for Money Council Services) Committee**

**Date: 27th March 2018**

**REPORT TITLE: Quarter 3 - Revenue and Capital Outturn 2017/18**

**PORTFOLIO: Leader / Finance**

**HEAD OF SERVICE: Sal Khan**

**CONTACT OFFICER: Lisa Turner, Chief Accountant Ext. No. x1399**

**WARD(S) AFFECTED: All**

**1. Purpose of the Report**

1.1 To accord with the Council's financial regulations, this report presents the forecast outturn position in relation to the Council's revenue budget, capital programme of expenditure, treasury and risk management activities. This is the third quarterly report in the annual cycle of financial monitoring for the financial year 2017/18.

**2. Executive Summary**

2.1 The report highlights that overall there is a **forecast under-spend of £201k** for the full financial year against a net budget of £10.582m. Considering the extent of savings that have been built into the budget in recent years as a result of the unprecedented core funding reductions from central government, overall this is a good position at this stage of the year.

2.2 Set out below are the most significant variations identified at this point in the year, these are consistent with those highlighted in earlier reports. It remains crucial that budget holders and Heads of Service continue to monitor their budgets closely and where necessary take action to contain spending within budget.

2.3 Notable variances contained within the forecast outturn are as follows:-

- **Savings arising from the interim senior management structure of £81k;**
- **Net forecast savings (£143k) within the Community, Open Spaces and Facilities Division;**
- **Net Savings (£86k) within the Legal, Assets and Licensing Division.**

- **Income from planning applications is forecast to be in excess of budget, resulting in a net saving of £140k;**
- **There is a forecast net pressure on indoor leisure facilities (£82k) arising from a combination of factors;**
- **There are net forecast cost pressures within the Environment Division amounting to £118k.**

Further details on these areas are detailed at paragraph 4.2.

- 2.4 Investments as at 31<sup>st</sup> December stood at £32m. Investment returns during the first three quarters have averaged 0.42%, which exceeds both the base rate and budget. Borrowing at the end of the quarter stands at £11.2m. Further information in relation to Treasury Management is set out within Section 5 of this report.
- 2.5 The authority's capital spending plans total £2.3m. Additional funding (£90k) towards disabled facility grants has been received this quarter. The report does not highlight any issues at this stage of the year. Further details in respect of the Capital Programme are set out within Section 6 of the report.

### **3. Revenue Budget 2017/18**

- 3.1 On 27th February 2017, the full Council approved the Revenue Budget for the year 2017/18, totalling £10,582m as follows:

<b>Approved Service Budgets</b>	<b>£000's</b>
<b>Arts, Brewhouse and Functions</b>	<b>341</b>
<b>Community and Open Spaces</b>	<b>2,221</b>
<b>Corporate Management Team</b>	<b>497</b>
<b>Corporate and Commercial</b>	<b>825</b>
<b>Cultural Services – Marketing</b>	<b>126</b>
<b>Enforcement</b>	<b>(531)</b>
<b>Enterprise</b>	<b>132</b>
<b>Environment</b>	<b>2,850</b>
<b>Environmental Health</b>	<b>497</b>
<b>Financial Services and Capital Financing</b>	<b>1,385</b>
<b>Housing</b>	<b>238</b>
<b>Human Resources, Payments &amp; Pensions</b>	<b>1,546</b>
<b>IT and Printing</b>	<b>573</b>
<b>Land Charges</b>	<b>(3)</b>
<b>Legal Services</b>	<b>(306)</b>
<b>Leisure - Indoor Facilities</b>	<b>872</b>
<b>Leisure - Outdoor Facilities</b>	<b>150</b>
<b>Markets</b>	<b>(13)</b>
<b>Planning</b>	<b>213</b>

<b>Revenue, Benefits and Customer Contacts</b>	<b>205</b>
<b>Corporate Budgets</b>	<b>(1,240)</b>
<b>Total Contributions to / (from) Reserves</b>	<b>4</b>
<b>Total</b>	<b>10,582</b>

3.2 Financial control is maintained by monitoring actual expenditure against approved budgets at regular intervals throughout the year. Authorised budget transfers and virements take place between individual services in accordance with financial regulations.

#### 4. Forecast Revenue Outturn 2017/18

4.1. The following table indicates the quarter three variations and the expected effect on the outturn for the year. A number of variations are presently compensated for by temporary under or over spends.

Summary by Service	Annual Budget	Forecast Outturn (Quarter 3)	Variation (Over/Under)	Q2 Variation (Over/Under)
	£'000	£'000	£'000	£'000
Arts, Brewhouse and Functions	338	382	44	22
Community and Open Spaces	1,578	1,435	(143)	(169)
Corporate Management Team	493	412	(81)	(78)
Corporate and Commercial	823	821	(2)	(2)
Cultural Services - Marketing	128	128	0	0
Enterprise	132	118	(14)	(2)
Environment	2,856	2,974	118	56
Environmental Health	522	516	(6)	(5)
Financial Services	1,397	1,387	(10)	(2)
Housing	237	258	21	7
Human Resources and Payments	1,566	1,558	(8)	(8)
IT and Printing	501	498	(3)	5
Land Charges	(3)	(2)	1	0
Legal Services, Assets and Licensing	(214)	(300)	(86)	(30)
Leisure Centres - Indoor Facilities	882	964	82	118
Leisure Centres - Outdoor Facilities	150	163	13	13
Markets	(13)	(2)	11	(5)
Planning	213	73	(140)	(91)
Revenue, Benefits and Customer Contacts	246	248	2	2
Corporate Items	(1,254)	(1,254)	0	0
Total Contributions to / (from) Reserves	4	4	0	0
<b>Total</b>	<b>10,582</b>	<b>10,381</b>	<b>(201)</b>	<b>(169)</b>

4.2 The tables at Appendix A summarise, by service division, the variations between the 2017/18 budget and the year-end forecast outturn. Further supporting narrative in relation to those divisions with significant variations is set out below:

- **Community, Open Spaces and Facilities – Forecast under-spend - £143k**  
 There are a number of forecast savings across the division, arising from a combination of factors including grounds / car park maintenance and play equipment. These arise due to a number of factors, including a pro-active approach to management, as well as the nature of this type of expenditure being influenced by factors outside of the Council’s control. In addition, there are staffing and grant funding savings arising within Neighbourhood Working (£81k) and income is anticipated to exceed budget (£35k) in relation to sponsorship activities and Cemeteries. These forecast savings are partially offset by cost pressures, including £40k of business rates for the Malsters office accommodation, this arises from a tribunal case resulting in the rates being re-assessed and back dated. Income from car parking is forecast to be £28k lower than when the budget was set, which takes into account the estimated impact of the new charges approved by Cabinet.
- **Corporate Management Team – Forecast under-spend £81k**  
 Savings are forecast following the introduction of an interim senior management structure amounting to £81k.
- **Legal, Assets and Licensing – Forecast under-spend £86k**  
 Savings have arisen following a staffing re-structure and additional income raised from legal cost recovery, over-achievement of net income in relation to industrial units and income generated from licensing activities.
- **Planning – Forecast net under-spend £140k**  
 Costs associated with the appointment of interim staff to cover maternity leave are anticipated to be partially met from staffing savings. Planning income is currently forecast to exceed budget by £206k.
- **Environment – Forecast net pressure - £118k**  
 There are two main areas contributing to this forecast pressure. The first relates to staffing costs within the waste collection service. These are forecast to be in excess of budget due to a number of factors, including the need to cover vacancies and staff sickness with more expensive temporary workers and also increased working hours due to the housing growth pressures previously reported to Cabinet. The measures approved by Cabinet will result in these pressures being eased from January onwards. The second relates to the estimated level of recycling credits, these are forecast to be lower than budgeted due to reduced tonnage levels.
- **Leisure Centres (Indoor Leisure) – Forecast net cost pressure - £82k**  
 The underlying reasons for this net pressure are consistent with those reported at quarter two, however overall there has been an improvement to the net forecast position:

  - Employee costs are forecast to exceed budget by £61k, this is partially due to the 2% vacancy factor built into the budget and partially due to the associated costs of increasing the wet and dry course provision. In addition to this, we have seen a higher turnover of staff in the last nine months that has contributed to an increase in training costs for both new starters and the delivery of mandatory training for all Leisure Centre employees, which happens during times when the leisure centre is closed;

- Income is forecast to be £110k lower than budgeted, this is partly due to VAT owing to Government relating to 2016/17 being adjusted in 2017/18 (£54k), with the remainder impacted by the bridge closure and a reduction in memberships at the Meadowside Leisure Centre, which is significantly influenced by the opening of Gym Group in Burton;
- These pressures are partly offset by forecast savings of £89k primarily in relation to premises costs such as energy and maintenance.

4.3 As always, budget holders examine their controllable spend accordingly, identifying areas of unnecessary spend and develop action plans to remedy potential over spending/ loss of income and mitigate the associated risks.

## 5. Treasury Management

5.1 The Council approved the Treasury Management Strategy Statement for 2017/18 on 27<sup>th</sup> February 2017 and this section is an update on progress against this Strategy and the Revenue Budget.

### Investment Returns

5.2 The average rate of investment return that was assumed in the 2017/18 budget was 0.33%; this was based on the forecast average Bank of England base rate plus an ESBC return factor. The base rate increased from 0.25% to 0.5% in November 2017, which is the first increase in the bank rate for over a decade. This should start to have a positive impact on investment returns. There are currently varying views from economists in relation to the next base rate rise. Nevertheless it is anticipated that any increases will be incremental and over a prolonged period.

5.3 Appendix B shows the outstanding investments the authority had as at 31<sup>st</sup> December 2017. Average investment returns (0.42%) are performing above budget, which is a positive position considering our continued low risk approach. The investment listing (Appendix B) includes certificates of deposit held with a number of international banks. These instruments offer significant counterparty strength and rates preferable to those available with call account and money market fund deposits.

5.4 A further dividend (£7k) was received during this quarter in respect of the Icelandic Bank – KSF, which went into administration in 2008. The administration process continues and members will be updated as and when any further information is available.

### 5.5 Borrowing

The average rate payable on the Council's borrowing as at 31<sup>st</sup> December 2017 is 5.4%. The Council has, in total, outstanding external debt of £11.2m at 31<sup>st</sup> December 2017.

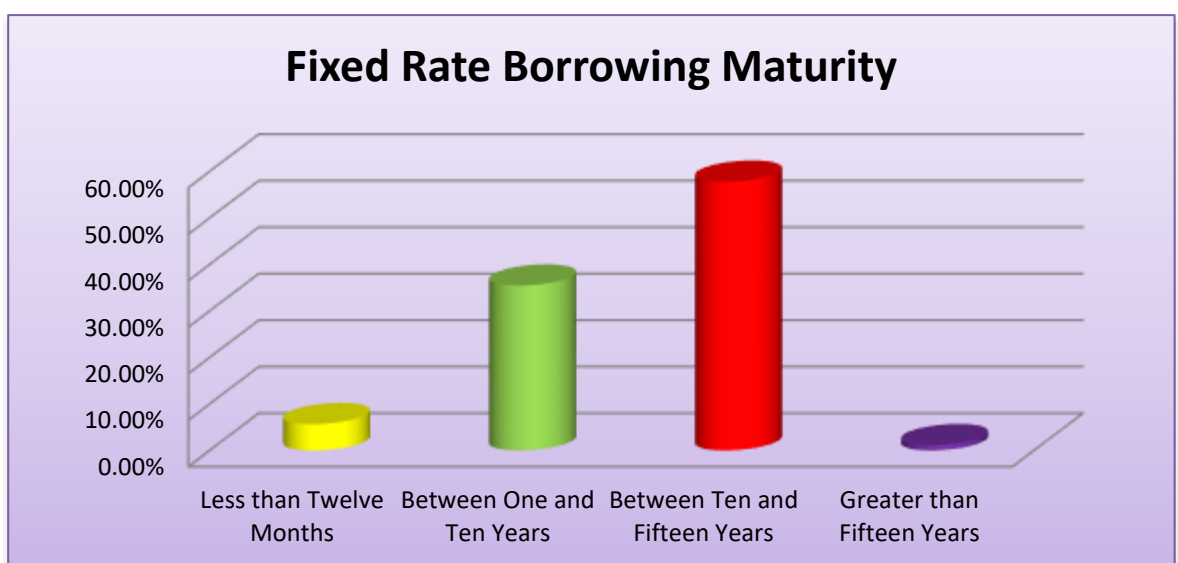
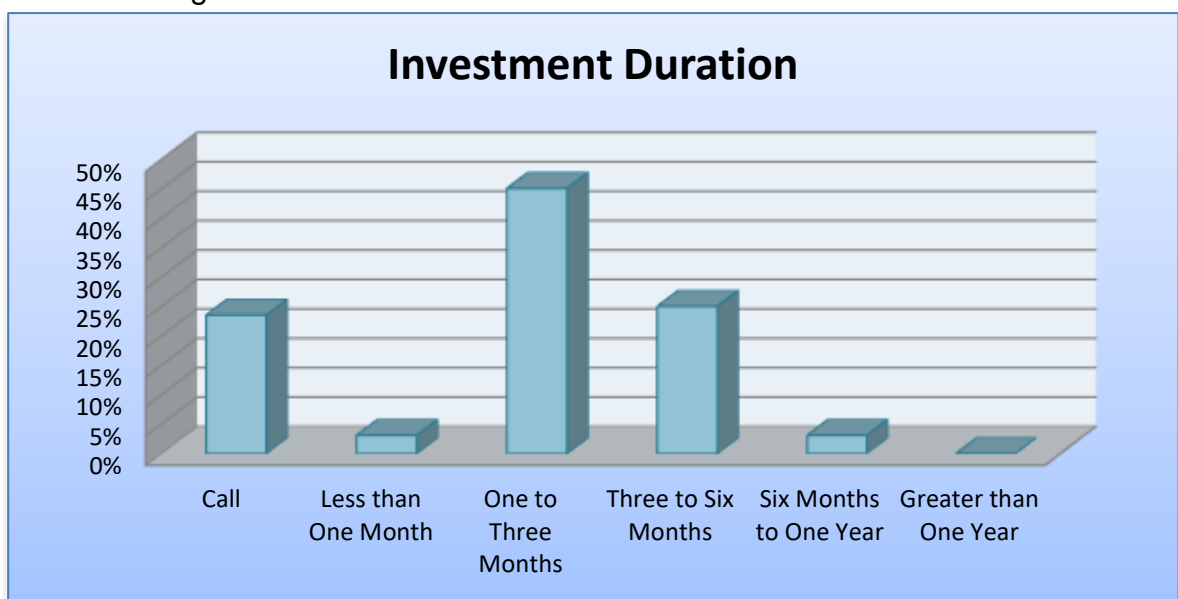
Debt Type	Principal Outstanding (£)	Average Rate
Total Fixed Debt		

PWLB Maturity	5,700,000	4.650%
PWLB Annuity	635,478	8.268%
Total Variable Debt		
Market	4,500,000	5.914%
GBSLEP Loan	375,000	0%
<b>Total External Debt</b>	<b>11,210,478</b>	<b>5.390%</b>

Due to a continuation of the under-borrowed position, current projections estimate borrowing costs will be (£16k) lower than budgeted. It is intended that any savings that arise in relation to the capital financing budget are used to reduce the need to draw down from the debt repayment reserve.

### 5.7 Maturity Structure of Investments and Borrowing

The following charts highlight the maturity structure for investments and for fixed term borrowing.



## 6. Capital Programme 2017/18

6.1 The table below details the approved capital projects for 2017/18 totalling £2.3m. This demonstrates that all projects are currently forecast to be delivered within budget.

2017-18	Current Year Budget (A) £	Expenditure to 31st December 2017 (B) £	Remaining Budget (C) £	Quarter 3 Forecast Total Expenditure (D) £	Forecast Over / (Under) Spend against Budget (A) – (D) £
Neighbourhood Working Fund	130,770	28,683	102,087	130,770	0
Disabled Facility Grants	976,309	303,032	673,277	976,309	0
Brewhouse Arts Centre	70,517	13,089	57,428	70,517	0
Public Art Work Restoration	85,000	0	85,000	85,000	0
Town Hall Accommodation Refurbishment	874,739	7,595	867,144	874,739	0
Car Park Contactless Machines (Cabinet July 2017)	87,040	0	87,040	87,040	0
Yeoman Industrial Estate Roofing Works (Cabinet December 17)	37,342	0	37,342	37,342	0
<b>Total</b>	<b>2,261,717</b>	<b>352,399</b>	<b>1,909,318</b>	<b>2,261,717</b>	<b>0</b>

Note 1: The current year budget has been revised since Quarter 2 to take into account additional funding (£90k) from central government towards disabled facility grants, as well as the Cabinet decision in relation to Yeoman Industrial Estate Roofing Works.

6.2 In respect of the Dove Way / Pennycroft Lane project, despite the fact that the site implementation agreement states the final account must be settled within 16 weeks of completion which took place on 8<sup>th</sup> October 2016 (the deadline, therefore, being 30<sup>th</sup> January 2017), final account closure has not been forthcoming from Amey (the contractor). Some 15 months later.

## 7. Financial Considerations

*This section has been approved by the following member of the Financial Management Unit: Lisa Turner*

7.1 This report deals solely with financial matters.

Revenue	2017/18	2018/19	2019/20
Forecast Under-spend	(201,000)		
Capital	2017/18	2018/19	2019/20
None	-	-	-



## **8. Risk Assessment and Management**

- 8.1 The Council's risk management strategy was approved at Cabinet in September 2014. Attached at **Appendix C** to this report is a schedule of the most significant risks facing the authority, including the actions taken or being taken in order to control or mitigate these risks.
- 8.2 The main risks associated with the budget are highlighted within the medium term financial strategy.

## **9. Legal Considerations**

- 9.1 There are no significant legal issues arising from this report.

## **10. Equalities and Health**

- 10.1 **Equality impacts:** The subject of this Report is not a policy, strategy, function or service that is new or being revised. An equality and health impact assessment is not required.
- 10.2 **Health impacts:** The outcome of the health screening question does not require a full Health Impact Assessment to be completed. An equality and health impact assessment is not required.

## **11. Human Rights**

- 11.1 There are no Human Rights issues arising from this report.

## **12. Cabinet Recommendation(s)**

- 12.1 To note the financial position at quarter three of 2017/18 in relation to revenue budgets.
- 12.2 To note the financial position at quarter three of 2017/18 in relation to capital budgets.
- 12.3 To note the latest position in respect of the Council's investments and borrowing.
- 12.4 To note the corporate and strategic risks, together with actions being taken to manage these.

## **13. Background Papers**

- 13.1 Medium Term Financial Strategy 2017/18 to 2019/20

## **14. Appendices**

- 14.1 Appendix A: Forecast variances against budget at outturn 2017/18
- 14.2 Appendix B: Investments at 31<sup>st</sup> December 2017
- 14.3 Appendix C: Corporate and Strategic Risks – Quarter 3 2017/18

**QUARTER THREE  
FORECAST VARIANCES AGAINST BUDGET AT OUTTURN  
2017/18**

**Arts, Brewhouse and Functions**

Head of Service : Mark Rizk	Budget (£000's)	Forecast Outturn (£000's)	Forecast Variance (£000's)
<b>Arts, Brewhouse and Civic Functions</b>			
Brewhouse and Arts Development	281	287	6
Civic Function Suite	57	95	38
<b>Total Arts, Brewhouse and Civic Functions</b>	<b>338</b>	<b>382</b>	<b>44</b>

Division	Explanation	Forecast Amount Over/ (under) £'000
Brewhouse and Arts Development	Café Bar	6
Civic Function Suite	Employees - Including vacancy factor	4
Civic Function Suite	Repairs and Maintenance	(4)
Civic Function Suite	Provision of Refreshments Income	8
Civic Function Suite	Room Hire Income	30
<b>Total</b>		<b>44</b>

**Community, Open Spaces and Facilities**

Head of Service : Mark Rizk	Budget (£000's)	Forecast Outturn (£000's)	Forecast Variance (£000's)
<b>Community and Open Spaces</b>			
Cemeteries	41	6	(35)
Open spaces	1,333	1,310	(23)
Partnerships	34	1	(33)
Councillors Community Fund	39	29	(10)
Horticultural Centre	49	34	(15)
Neighbourhood Working	155	74	(81)
Facilities and Health and Safety	551	606	55
Community Centres	18	14	(4)
Car Parks Income	(918)	(910)	8
Community and Civil Enforcement	276	271	(5)
<b>Total</b>	<b>1,578</b>	<b>1,435</b>	<b>(143)</b>

Division	Explanation	Forecast Amount Over/ (under) £'000
Cemeteries	Burial Fees/Monument and Turfing Fees	(20)
	Contracted Grounds Maintenance	(12)
	Repairs and Maintenance	(3)
Open Spaces	Play Equipment	(12)
	Grounds Maintenance	(16)
	Car Parks Maintenance	(7)
	Utility savings	(2)
	Employee Costs - Secondment to cover maternity leave	10
	General Grants	4
Partnerships	Employee Costs - Officer seconded to Open Spaces	(21)
	General Grants	(2)
	Police and Crime Commission - 16/17 contribution	(10)
Councillors Community Fund	Project underspends	(10)
Horticultural Centre	Sponsorship - Traffic Islands and Hanging Baskets	(15)
Neighbourhood Working	Employee Costs - Vacant Post	(29)
	Project expenditure	(52)
Facilities and Health and Safety	Maltsters Business Rates - Revaluation	40
	Maltsters Electricity	5
	Industrial Units - Statutory Obligations	(20)
	Office Cleaning - Vacant post	(6)
	Repairs and Maintenance	23
	Employee Costs - Staffing Changes	10
	Other minor changes	3
Community Centres	Repairs and Maintenance	(4)
Car Parks Income	Parking Charges Income - lower than budgeted	95
	Season Ticket Income - higher than budgeted	(62)
	Penalty Charge income - higher than budgeted	(5)
	Penalty Charge Notice Processing Costs - reduction	(17)
	Other minor changes	(3)
Community and Civil Enforcement	Employee Costs - Vacant Posts	(9)
	Supplies and Services - Small Overspends	4
<b>Total</b>		<b>(143)</b>

## Corporate Management Team

	Budget (£000's)	Forecast Outturn (£000's)	Forecast Variance (£000's)
<b>Chief Officer : Andy O'Brien</b>			
Chief Executives	196	196	0
Heads of Service	297	216	(81)
<b>CMT</b>	<b>493</b>	<b>412</b>	<b>(81)</b>

Division	Explanation	Forecast Amount Over/ (under) £'000
Heads of Service	Savings from Interim Management Structure	(81)
<b>Total</b>		<b>(81)</b>

## Corporate and Commercial

Head of Service : Sal Khan	Budget (£000's)	Forecast Outturn (£000's)	Forecast Variance (£000's)
<b>Corporate and Commercial</b>			
Programmes and Information	266	266	0
Committee Support	86	86	0
Elections	174	174	0
Emergency Planning	14	12	(2)
Members Allowances	283	283	0
<b>Total Corporate and Commercial</b>	<b>823</b>	<b>821</b>	<b>(2)</b>

Division	Explanation	Forecast Amount Over/ (under) £'000
Emergency Planning	Subscriptions	(2)
Members Allowances	Special Responsibility Allowance - Deputy Leader	4
Members Allowances	Special Responsibility Allowance - Scrutiny Chairs	(4)
<b>Total</b>		<b>(2)</b>

## Cultural Services - Marketing

Head of Service : Mark Rizk	Budget (£000's)	Forecast Outturn (£000's)	Forecast Variance (£000's)
<b>Cultural Services - Marketing</b>	128	128	0
	<b>128</b>	<b>128</b>	<b>0</b>

## Enterprise

Chief Officer : Andy O'Brien	Budget (£000's)	Forecast Outturn (£000's)	Forecast Variance (£000's)
Enterprise	132	118	(14)
<b>Total</b>	<b>132</b>	<b>118</b>	<b>(14)</b>

Division	Explanation	Forecast Amount Over/ (under) £'000
Enterprise	Employee costs	(2)
Enterprise	Grants	(12)
<b>Total</b>		<b>(14)</b>

## Environment

Head of Service : Sal Khan	Budget (£000's)	Forecast Outturn (£000's)	Forecast Variance (£000's)
<b>Environment</b>			
Council Depots	143	133	(10)
Public Conveniences	142	135	(7)
Waste Collection	1,540	1,674	134
Street Cleaning	925	921	(4)
Building Consultancy	54	59	5
Land Drainage	52	52	0
<b>Total</b>	<b>2,856</b>	<b>2,974</b>	<b>118</b>

Division	Explanation	Forecast Amount Over/ (under) £'000
Council Depots	Business Rate/Utilities	(10)
Public Conveniences	Repair and Maintenance to Buildings	(7)
Waste Collection	Vehicle Hire	19
	Wheelie Bins	19
	Staffing costs	55
	Printing and Stationary	(3)
	Third Party Payments	(18)
	Contribution from other bodies	(4)
	Recycling Income	7
	Recycling Credits	49
	Trade Waste Income	10
Street Cleaning	Bulky Waste Collection	(4)
Building Consultancy	Recruitment Costs	5
	Training Expenses	(3)
	Employee Expenses	(6)
	Fees and Charges	5

	Consultants	(6)
	Use of Reserve	10
Land Drainage		0
<b>Total</b>		<b>118</b>

## Environmental Health

Head of Service : Mark Rizk	Budget (£000's)	Forecast Outturn (£000's)	Forecast Variance (£000's)
<b>Environmental Health</b>			
Environmental Health	399	393	(6)
Animal Control	26	26	0
Housing Standards	97	97	0
<b>Total Environmental Health</b>	<b>522</b>	<b>516</b>	<b>(6)</b>

Division	Explanation	Forecast Amount Over/ (under) £'000
Environmental Health	Income overachievement	(6)
<b>Total</b>		<b>(6)</b>

## Financial Services

Head of Service : Sal Khan	Budget (£000's)	Forecast Outturn (£000's)	Forecast Variance (£000's)
<b>Financial Services</b>			
Capital Financing Costs	841	841	0
Financial Management Unit	413	413	0
Internal & External Audit	143	133	(10)
<b>Total Financial Services</b>	<b>1,397</b>	<b>1,387</b>	<b>(10)</b>

Division	Explanation	Forecast Amount Over/ (under) £'000
Financial Management Unit	Employee costs - Professional Agency Cover	25
Financial Management Unit	Contribution from Professional Reserve	(25)
Internal & External Audit	External Audit Fees	(10)
<b>Total</b>		<b>(10)</b>

## Housing

Head of Service : Sal Khan	Budget (£000's)	Forecast Outturn (£000's)	Forecast Variance (£000's)
<b>Housing</b>			
Housing Options	237	258	21
<b>Total: Housing</b>	<b>237</b>	<b>258</b>	<b>21</b>

Division	Explanation	Forecast Amount Over/ (under) £'000
Housing Options	Employee costs	7
Housing Options - Accommodation	Rents	4
Housing Options - Accommodation	Business rates	2
Housing Options - Accommodation	Increased accommodation costs – net of income	8
<b>Total</b>		<b>21</b>

## Human Resources, Payments and Pensions

Chief Officer : Andy O'Brien	Budget (£000's)	Forecast Outturn (£000's)	Forecast Variance (£000's)
HR and Payroll	441	433	(8)
Pension Payments	1125	1125	0
<b>Human Resources and Payments</b>	<b>1,566</b>	<b>1,558</b>	<b>(8)</b>

Division	Explanation	Forecast Amount Over/ (under) £'000
HR and Payroll	Employee costs	(8)
<b>Total</b>		<b>(8)</b>



## IT and Printing

Head of Service : Sal Khan	Budget (£000's)	Forecast Outturn (£000's)	Forecast Variance (£000's)
<b>IT and Printing</b>			
Central Reprographics and Administration	183	177	(6)
Computer Services	318	321	3
<b>Total ICT and Printing</b>	<b>501</b>	<b>498</b>	<b>(3)</b>

Division	Explanation	Forecast Amount Over/ (under) £'000
Computer Services	Employee costs	5
	Software licenses and Contracts	(5)
	System Maintenance	2
	Mobile telephones	1
Central Reprographics and Administration	Hire of equipment	(6)
<b>Total</b>		<b>(3)</b>

## Land Charges

Head of Service : Sal Khan	Budget (£000's)	Forecast Outturn (£000's)	Forecast Variance (£000's)
<b>Land Charges</b>	(3)	(2)	1
<b>Total</b>	<b>(3)</b>	<b>(2)</b>	<b>1</b>

Division	Explanation	Forecast Amount Over/ (under) £'000
Land charges	Employee costs	1
<b>Total</b>		<b>1</b>

## Legal Services, Assets and Licensing

Chief Officer : Andy O'Brien	Budget (£000's)	Forecast Outturn (£000's)	Forecast Variance (£000's)
<b>Legal Services, Assets &amp; Licensing</b>			
Legal	230	176	(54)
Mayoral Support and Civic Ceremonials	74	74	0
Industrial Units	(533)	(555)	(22)
Assets and Estates Management	(70)	(70)	0
Licensing and Enforcement	3	(5)	(8)
CCTV	82	80	(2)
<b>Total Legal Services, Assets &amp; Licensing</b>	<b>(214)</b>	<b>(300)</b>	<b>(86)</b>

Division	Explanation	Forecast Amount Over/ (under) £'000
Legal	Service restructure	(21)
Legal	Recovery legal costs	(33)
Industrial Units	Overachievement of net income	(22)
Licensing and Enforcement	Employee Costs	(1)
Licensing and Enforcement	Supplies and Services	5
Licensing and Enforcement	Income	(12)
CCTV	Income	(2)
<b>Total</b>		<b>(86)</b>

## Leisure – Indoor Facilities

Head of Service : Mark Rizk	Budget (£000's)	Forecast Outturn (£000's)	Forecast Variance (£000's)
<b>Leisure Centres - Indoor Facilities</b>			
Leisure Centres - Indoor Facilities	680	762	82
Health and Leisure Grants	12	12	0
Active East Staffs	190	190	0
<b>Total Leisure Centres - Indoor Facilities</b>	<b>882</b>	<b>964</b>	<b>82</b>

Division	Explanation	Forecast Amount Over/ (under) £'000
Leisure Centres - Indoor Facilities	Employees - Including vacancy factor	61
	Premises related savings	(73)
	Supplies and Services	(9)
	Catering	(7)
	ULC/MLC Fees and charges	56
	ULC/MLC Fees and charges - VAT re-alignment 2016/17	54
<b>Total</b>		<b>82</b>

## Leisure – Outdoor Facilities

Head of Service : Mark Rizk	Budget (£000's)	Forecast Outturn (£000's)	Forecast Variance (£000's)
<b>Leisure Centres - Outdoor Facilities</b>			
Leisure Centres - Outdoor Facilities	150	163	13
	<b>150</b>	<b>163</b>	<b>13</b>

Division	Explanation	Forecast Amount Over/ (under) £'000
Leisure Centres - Outdoor Facilities	Employees - Including vacancy factor	15
	SLC - Fees and Charges/Vending Income	5
	Supplies and Services	(5)
	Premises related savings	(2)
<b>Total</b>		<b>13</b>

## Markets

Head of Service : Mark Rizk	Budget (£000's)	Forecast Outturn (£000's)	Forecast Variance (£000's)
<b>Markets</b>	(13)	(2)	11
	<b>(13)</b>	<b>(2)</b>	<b>11</b>

Division	Explanation	Forecast Amount Over/ (under) £'000
Markets	Income	19
Markets	Other running costs	(8)
<b>Total</b>		<b>11</b>

## Planning

Head of Service : Sal Khan	Budget (£000's)	Forecast Outturn (£000's)	Forecast Variance (£000's)
<b>Planning</b>			
Planning Policy	155	128	(27)
Planning Delivery	58	(55)	(113)
<b>Total</b>	<b>213</b>	<b>73</b>	<b>(140)</b>

Division	Explanation	Forecast Amount Over/ (under) £'000
Planning Policy	Employee costs	(27)
Planning Delivery	Temp staff to cover maternity	101
	Consultants	15
	Legal Fees	(16)
	Advertising	(7)
	Planning Fees	(206)
<b>Total</b>		<b>(140)</b>

## Revenue and Benefits and Customer Contacts

Head of Service : Sal Khan	Budget (£000's)	Forecast Outturn (£000's)	Forecast Variance (£000's)
<b>SCC - Revenues, Benefits and Customer Contacts</b>			
Revenues	(27)	(27)	0
Benefits and Professional Services	(169)	(169)	0
Customer Contacts	442	444	2
<b>Total</b>	<b>246</b>	<b>248</b>	<b>2</b>

Division	Explanation	Forecast Amount Over/ (under) £'000
Benefits and Professional Services	Universal Credit Support -Partnership with Citizens Advice	8
Benefits and Professional Services	Universal Credit Income	(8)
Customer Contacts	Shopmobility	2
<b>Total</b>		<b>2</b>

## Appendix B - Investments as at 31<sup>st</sup> December 2017

Borrower	Principal (£)	Interest Rate	Start Date	Maturity Date
<b>Call Accounts and Money Market Funds</b>				
RBS SIBA	226,237	0.01%		Call
Standard Life MMF	750,000	0.31%		Call
Insight MMF	4,000,000	0.35%		Call
Federated MMF	1,050,000	0.34%		Call
Santander	1,500,000	0.40%		95 day notice
<b>Fixed Deposits / T Bills / Certificates of Deposit</b>				
Barclays	3,405,616	0.30%	22/08/2017	22/02/2018
Bank of Scotland	1,500,000	0.36%	29/09/2017	29/03/2018
Bank of Scotland	500,000	0.36%	06/10/2017	06/04/2018
Bank of Scotland	500,000	0.65%	06/11/2017	08/05/2018
Lloyds TSB	1,000,000	0.65%	01/12/2017	01/06/2018
Lloyds TSB	1,500,000	0.36%	04/10/2017	04/04/2018
UK Treasury Bill	1,000,000	0.34%	06/11/2017	05/02/2018
UK Treasury Bill	1,000,000	0.35%	06/11/2017	05/02/2018
Santander	1,000,000	0.45%	26/09/2017	26/03/2018
Santander	1,000,000	0.45%	03/10/2017	28/03/2018
Nationwide CD	1,000,000	0.30%	18/08/2017	16/02/2018
Nationwide CD	1,500,000	0.32%	13/10/2017	13/04/2018
Nordea CD	1,500,000	0.44%	25/10/2017	25/04/2018
UBS AG CD	1,000,000	0.55%	04/04/2017	16/01/2018
Toronto Dominion CD	1,500,000	0.49%	13/04/2017	29/03/2018
Rabobank CD	1,500,000	0.50%	19/10/2017	19/04/2018
RBS CD	3,000,000	0.73%	03/04/2017	27/03/2018
RBS CD	1,000,000	0.60%	04/09/2017	03/09/2018

Borrower - Icelandic Exposure	Principal (£)	Interest Rate	Start Date	Maturity Date
Singer	290,000	5.41%		08/10/2008

Investments rate of interest as at 31st Dec 2017	Principal (£)	Interest Rate
<b>Total Investments</b>	<b>32,221,853</b>	
<b>Total Investments - Excluding Icelandic Exposure</b>	<b>31,931,853</b>	<b>0.43%</b>
<b>Total Investments - Icelandic Exposure Only</b>	<b>290,000</b>	<b>5.41%</b>

Average rate of interest for the year to date	Principal (£)	Interest Rate
<b>Total Investments</b>	<b>30,570,087</b>	
<b>Total Investments - Excluding Icelandic Exposure</b>	<b>30,280,087</b>	<b>0.42%</b>
<b>Total Investments - Icelandic Exposure Only</b>	<b>290,000</b>	<b>5.41%</b>

# Corporate Risks

# Risk Owner: Corporate Management Team

Risk	Source of Risk	Treatment Description	Likelihood	Impact	Risk Level	Last Reviewed
Business Rates Retention Scheme	Business Rate Retention Scheme. Impact of scheme on funding, including scale of reliefs/appeals, the revaluation, business rates reset and the transition to 75% retained by the LA sector.	Regular in year monitoring of the scheme Keeping abreast of latest developments with Business Rates Retention and feeding into the consultations. Proactive monitoring of potential and lodged appeals and accounting for likely outcomes Robust MTFS to provide provision for financial resilience to changes in scheme.	3	4	15	31/12/2017
Central Government Funding	Uncertainty surrounding future government funding, including the impact of the business rates changes, New Homes Bonus, Consultation and needs assessment review . The impact of the 2019 Spending Review .	Robust MTFS with flexibility to respond to changes in government proposals Financial modelling/impact assessment. Keep abreast of Govt developments and proactively responding to consultations.	3	4	15	31/12/2017
Child Sexual Exploitation	Failure to identify instances of child sexual exploitation in relation to council services	Cross county partner working Internal manager awareness training	1	4	10	31/12/2017
Financial : Pension Scheme	Increasing pension liabilities result in the need to increase employer contributions above those assumed within the MTFS	Realistic provision within MTFS for cost and changes Overall robustness of MTFS to enable some resilience to increases	2	4	13	31/12/2017
Litigation - General	Failure to comply with the law on a range of services, including the New General Data Protection Regulations (GDPR)	Managers/Heads of service, with Legal support, keep abreast of new and changed law Monitoring Officer role to oversee legal compliance Action Plan agreed to implement new GDPR measures and monitored regularly by CMT	1	4	10	31/12/2017

## Corporate Risks

## Risk Owner: Corporate Management Team

Risk	Source of Risk	Treatment Description	Likelihood	Impact	Risk Level	Last Reviewed
MTFS: Budget Assumptions	Assumptions made in the MTFS in relation to inflation, interest rates, pay awards etc. have a negative impact on financial plans/resources.	Robust MTFS provides some degree of resilience to financial shocks Proactive treasury management forecasting, monitoring and reporting Budgeting based on prudent forecasts	2	4	13	31/12/2017
Brexit	Consequences of decision to exit the EU has a negative impact. (Economic consequences impacting on resources, both central and local, additional strain on pension fund, value of council assets etc)	Monitoring of Economic conditions / external forecasts Prudent and Robust rolling MTFS	2	4	13	31/12/2017
Unforeseen Environmental Impacts	Floods, fire, chemical, major disaster, terrorism	Major Incident/Emergency Plan Test exercises ensure readiness for incidents Internal resource and support from CSU County wide preventing violent extremism working group	1	4	10	31/12/2017
Unforeseen Health Impacts	Pandemics/wider health issues impacting on council	Succession planning/ability to access temporary staff. Major Incident/Emergency Plan Robust, tested business continuity plans	1	4	10	31/12/2017
Welfare Reforms	Welfare Reforms. 1) Delivery of Universal Credit 2) Financial impact of Council Tax Reduction, including demographic changes 3) Bedroom Subsidy 4) Financial impact of universal credit on subsidy levels, ability to recover overpayments and housing options funding.	Council Tax Reduction scheme approved and complied with Regular monitoring of scheme against financial provisions / MTFS Financial modelling/impact assessment. More frequent in year monitoring.	2	4	13	31/12/2017

## Corporate Risks

## Risk Owner: Corporate Management Team

Risk	Source of Risk	Treatment Description	Likelihood	Impact	Risk Level	Last Reviewed
ICT Security	Unintentional or intentional introduction of malware, resulting impacts on normal service delivery and/or breach of data protection, via:  1) Prevention of access to systems or data 2) Physical destruction of hardware 3) Data Exposure or leaks  4) Data alteration	ICT Security Policy Access controls and permissions within system applications Protective defences such as antivirus Perimeter protection with hardware firewalls Regular patching Access controls and permissions within system applications Prevention of access to unnecessary physical facilities e.g. CD drives and USB ports	2	4	13	31/12/2017
Wider Public Sector Funding Reductions	Impact on the Council of the wider public/voluntary sector funding reductions, including issues which arise working within a two tier area.	Robust MTFS generally provides some financial resilience to respond to changes Seek and develop opportunities to increase income or reduce costs across all Council operations Senior level discussions may mitigate or prevent such cost shunts	3	3	12	31/12/2017



## Strategic Risks

## Risk Owner: Corporate Management Team

Risk	Source of Risk	Treatment Description	Likelihood	Impact	Risk Level	Last Reviewed
A fear of not being able to influence the GBSLEP	Failure to be adequately represented and therefore limited ability to influence. Opportunity risk of not maximising potential benefits from working within the GBSLEP.	Senior officers (CE and Heads of service) heavily involved in working with the LEP to <u>represent Council's interests</u> One member (Council) one vote, provides Council with a strong voice	1	4	10	31/12/2017
Business Continuity	Failure to have effective plans in place	Approach to business continuity revised during 2016, new streamlined and "fit for purpose" approach adopted, which focuses on key risks areas.  Approved, up to date BC policy in place.	1	4	10	31/12/2017
Combined Authority	Potential opportunity risk of not maximising any benefits from joining a combined authority	Opportunities being constantly reviewed and monitored by the executive	1	4	10	31/12/2017
Communication	Lack of community engagement and failure to take into account residents views in the decision making process	Consultation strategy in force	2	2	5	31/12/2017
Corporate Plan	Failure to deliver corporate plan objectives	Corporate Plan is adopted at full council and refreshed at full council annually.  The CP is established with COs and DLs working together to realign political manifesto into a series of objectives and SMART targets.  Performance of the CP is formally reported on a quarterly basis through Cabinet and all political groups as well as through three quarterly scrutiny boards. Any slippage is identified at an early stage and preventative and/or corrective actions are taken as necessary. At Quarter 1, performance against the current corporate plan was very positive.	1	4	10	31/12/2017
Council Tax Reduction Scheme	Failure to adopt a scheme that is fit for purpose	Scheme suitably approved and adopted; budget set based on forecasts and reviewed; CTR correctly applied per scheme	1	3	6	31/12/2017

## Strategic Risks

## Risk Owner: Corporate Management Team

Risk	Source of Risk	Treatment Description	Likelihood	Impact	Risk Level	Last Reviewed
Health & Safety	Failure to deliver/comply with H&S policy/strategy	The strategy/policy is adopted following consultation with all relevant internal stakeholders and approved by the Leader H&S team advises, educates and reviews risk assessments etc and has direct reporting access to Chief Executive Incident/accident reporting process in place.	1	4	10	31/12/2017
Local Plan Implications	Monitoring of the local plan and maintenance of a five year land supply	Regular monitoring /compliance Planning decisions complying with approved plan/existing planning law/policy. Education of members on importance of decisions complying with policy	2	4	13	31/12/2017
Managing Change	Ineffective change management resulting in a reduction in the quality of services	Workforce Planning Strategy in place Effective track record of performance management - via Corporate Plan, Service Planning, Staff Performance Appraisals Effective Communications - Corporate Management Team, Managers Forum, Team Meetings, Staff 1-1s, Staff Briefings.	2	2	5	31/12/2017
Medium Term Financial Strategy	Failure to adopt and implement an effective and robust MTFS impacting on the Council's ability of the Council to meet its objectives.	The MTFS is established with CDs and DLs working together to realign political manifesto into a series of objectives and financial Financial support and challenge to proposals with financial implications, minimising risks of a budget shortfall. The MTFS is adopted at full council and refreshed at full council annually. Performance of the MTFS is formally reported on a quarterly basis through Cabinet and all political groups as well. Any slippage is identified at an early stage and preventative and/or corrective actions are taken as necessary.	1	4	10	31/12/2017

## Strategic Risks

## Risk Owner: Corporate Management Team

Risk	Source of Risk	Treatment Description	Likelihood	Impact	Risk Level	Last Reviewed
Member Training/Awareness	Lack of awareness/understanding of key responsibilities.	Constitution Member induction programme, member training and regular briefings. Open door policy with Heads of service; discussions/briefings with officers.	2	2	5	31/12/2017
Planning Appeals	Appeals against planning decisions arising from failure to take into account professional and legal advice leading to financial loss from cost of appeal and potentially new homes bonus.	Member training Financial provision/contingency to meet potential costs of appeals Legal advice at committee	3	4	15	31/12/2017
Treasury Management Strategy	An ineffective TM Strategy does not protect the Council adequately against the risks associated with this activity resulting in potential significant financial loss and possible reputational damage. The associated opportunity risk of ineffective cashflow management, resulting in returns lower than might be realised, taking into account the Council's risk appetite.	The TMS reflects statutory and non-statutory guidance and is adopted at full council annually. Performance of the TMS is formally reported on a quarterly basis through the Financial Outturn report to Cabinet and all political groups as well as through the Audit Committee. Mid year performance and Outturn is formally reported through to full council. Adequate and suitably trained staff. Regular member training/briefings. The appointment of professional treasury management advisors	1	4	10	31/12/2017