



**EAST STAFFORDSHIRE BOROUGH COUNCIL**

**REPORT COVER SHEET**

<b>Title of Report:</b>	<b>Quarter 2 - Revenue and Capital Outturn 2019/20</b>	To be marked with an 'X' by Democratic Services after report has been presented
<b>Meeting of:</b>	Corporate Management Team – 12 <sup>th</sup> November 2019	X
	Leader and Deputy Leaders – 18 <sup>th</sup> November 2019	X
	Leader's / Leader of the Opposition's Advisory Group / Independent Alliance Advisory Group – 27 <sup>th</sup> and 28 <sup>th</sup> November 2019	X
	Cabinet – 16 <sup>th</sup> September 2019	
	Scrutiny Audit and Value for Money Council Services Committee – 9 <sup>th</sup> December 2019	



<b>Is this an Executive Decision:</b>	Yes	<b>Is this a Key Decision:</b>	No
<b>Is this in the Forward Plan:</b>	Yes	<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: 9<sup>th</sup> December 2019**

**REPORT TITLE: Quarter 2 - Revenue and Capital Outturn 2019/20**

**PORTFOLIO: Leader / Finance**

**HEAD OF SERVICE: Sal Khan**

**CONTACT OFFICER: Lisa Turner, Chief Accountant Ext. No. 1399**

**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 second quarterly report in the annual cycle of financial monitoring for the financial year 2019/20.

**2. Executive Summary**

- 2.1 The report highlights that overall there is a **forecast budgetary pressure of £93k or 0.9%** for the full financial year against a net budget of £10.617m. One of the key reasons for this overall pressure is a shortfall in income associated with our recycling levels. This is a key risk area highlighted within our approved medium term financial strategy, as such funding has been earmarked within reserves to mitigate against this risk. Should it be necessary, this can be drawn down to offset this pressure at financial year end. Significant savings have been built into the budget since 2010 in response to unprecedented government funding reductions. There have been previous occasions when in year pressures have been forecast and the Council has an effective track record of delivering savings and managing the budget.
- 2.2 Set out below are the most significant variations identified at this point in the year. 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.

■ **The Human Resources Team is forecasting to under-spend by £85k;**

■ **Net savings within Community and Open Spaces of £50k**

- **Planning and Land Charges is forecasting savings of £42k;**
- **Arts, Brewhouse and Function Suite is forecasting net cost pressures of £78k;**
- **There are net forecast cost pressures within the Environment Service amounting to £314k.**

Further details on these areas are detailed at paragraph 4.2.

- 2.3 Investments as at 30<sup>th</sup> September 2019 stood at £36.4m. Investment returns to the end of September averaged 0.82%, which exceeds both the base rate and benchmarks. External borrowing at the end of the quarter stands at £11.2m. The report continues to highlight the risk associated with the timing of capital receipts that have been ring-fenced towards debt repayment in the budget. Further information in relation to Treasury Management is set out within Section 5 of this report.
- 2.4 The authority's capital spending plans total £4.7m. The report indicates that all projects are on target to be delivered within budget. Further details in respect of the Capital Programme are set out within Section 6 of the report.

### **3. Revenue Budget 2019/20**

- 3.1 On 25th February 2019, the full Council approved the Revenue Budget for the year 2019/20, totalling £10,617m as follows:

<b>Approved Service Budgets</b>	<b>£000's</b>
<b>Arts, Brewhouse and Function Suite</b>	<b>378</b>
<b>Community and Open Spaces</b>	<b>1,319</b>
<b>Corporate Management Team</b>	<b>426</b>
<b>Corporate and Commercial</b>	<b>845</b>
<b>Cultural Services – Marketing</b>	<b>85</b>
<b>Enterprise</b>	<b>183</b>
<b>Environment</b>	<b>3,427</b>
<b>Environmental Health</b>	<b>481</b>
<b>Financial Services and Capital Financing</b>	<b>933</b>
<b>Housing</b>	<b>269</b>
<b>Human Resources, Payments &amp; Pensions</b>	<b>1,800</b>
<b>IT and Printing</b>	<b>453</b>
<b>Legal Services and Asset Management</b>	<b>(421)</b>
<b>Leisure Services</b>	<b>1,049</b>
<b>Licensing and Enforcement</b>	<b>92</b>
<b>Markets</b>	<b>(11)</b>
<b>Planning and Land Charges</b>	<b>32</b>
<b>Revenue, Benefits and Customer Contacts</b>	<b>372</b>
<b>Corporate Budgets</b>	<b>(1,095)</b>
<b>Total</b>	<b>10,617</b>

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

#### 4. Forecast Revenue Outturn 2019/20

4.1. The following table indicates the quarter two forecast 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 Net Budget	Forecast Outturn (Quarter 2)	Forecast Variation Q2 (Over/(Under))	Forecast Variation Q1 (Over/(Under))
	£'000	£'000	£'000	£'000
Arts, Brewhouse and Function Suite	383	461	78	44
Community and Open Spaces	1,386	1,336	(50)	(19)
Corporate Management Team	426	433	7	9
Corporate and Commercial	845	838	(7)	(1)
Cultural Services - Marketing	85	85	0	0
Enterprise	116	116	0	0
Environment	3,427	3,741	314	116
Environmental Health	481	449	(32)	0
Financial Services	933	936	3	0
Housing	269	246	(23)	(6)
Human Resources, Payments & Pensions	1,800	1,715	(85)	(47)
IT and Printing	453	426	(27)	(34)
Legal Services and Assets	(421)	(437)	(16)	0
Leisure Services	1,069	1,069	0	0
Licensing and Enforcement	92	65	(27)	0
Markets	(11)	29	40	31
Planning and Land Charges	32	(10)	(42)	(133)
Revenue, Benefits and Customer Contacts	372	347	(25)	0
Corporate Items	(1,120)	(1,135)	(15)	0
<b>Total</b>	<b>10,617</b>	<b>10,710</b>	<b>93</b>	<b>(40)</b>

4.2 The tables at Appendix A summarise, by service, the variations between the 2019/20 budget and the year-end forecast outturn. Further supporting narrative in relation to those teams with significant variations is set out below:

■ **Arts, Brewhouse and Function Suite – Forecast net pressure of £78k**

Pressures arise within this area largely due to estimated shortfalls in income levels at the Civic Function Suite (£43k) and the Brewhouse (£30k). This area that is currently subject to a corporate plan review.

## ■ **Environment – Forecast net pressure - £314k**

This pressure arises due to a number of factors:

The recycling income budget is under pressure with a forecast shortfall of £166k, although this is partially offset by an estimated reduction in the associated costs of £29k. There are several reasons for this forecast shortfall including:

- A reduction in tonnage levels in part due to the weather conditions but also due to contamination – when loads are rejected by the treatment facility they do not count towards our income. The contractor has become more vigilant recently due to market conditions with levels increasing by 60%. The estimated loss of income from a reduction in tonnage is £112k
- There has also been a significant fall in prices, for example mixed paper has reduced by 56%, cardboard 31% and aluminium 12.5%, which has also impacted on the level of forecast income (est.£54k).

In addition and as previously reported there is also a pressure on the Waste Collection staffing budget (£163k), with high levels of sickness absence and longer waiting times at the waste transfer centre resulting in additional forecast spending on overtime and temporary agency cover. An element of this forecast pressure also relates to the vacancy factor applied to all staffing budgets, which is proposed to be removed for 2020/21.

The budgetary pressures within this team relate to the waste collection service which is currently subject to a wide ranging corporate plan review.

## ■ **Community and Open Spaces – Forecast underspend £50k**

There are a number of forecast savings within this division including re-active works within Open Spaces and staffing savings within Community and Civil enforcement due to vacancies. There is a reduction in parking income which is partially offset by savings associated with running costs.

## ■ **Human Resources, Payments and Pensions – Forecast underspend £85k**

Savings are forecast within this team including staffing savings from two vacant positions (a national management trainee and an apprentice), savings on running costs and demand against the corporate training budget is forecast to be lower than budgeted, including making use of the apprenticeship levy funding.

## ■ **Planning and Land Charges – Forecast underspend £42k**

The latest forecast of planning income is lower than was projected at quarter one, this reflects a reduction in income levels received during the second quarter. Despite this the overall forecast is still broadly in line with budgeted income levels, but there remains a risk that this may not materialise. There are expected savings in relation to professional support and also savings following the completion of scanning in relation to the land charge records. Additional costs associated with temporary staff to cover vacancies and maternity leave are being met from the ring-fenced planning reserve.

## 5. Treasury Management

- 5.1 The Council approved the Treasury Management Strategy Statement for 2019/20 on 25<sup>th</sup> February 2019 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 included within the 2019/20 budget was 0.9%, which assumed (in line with forecasts) that the bank rate would increase later in the year. The base rate increased from 0.25% to 0.5% in November 2017, with a further increase to 0.75% in August 2018. The bank rate is now at a nine year high, although in light of recent developments there is now a great deal of uncertainty in relation to future changes, with a reduction in rates being a possibility during the next 12 months.
- 5.3 Appendix B shows the outstanding investments the authority had as at 30<sup>th</sup> September 2019. Average investment returns (0.82%) are performing slightly below budget, reflecting the original expectation that rates would increase later in the year, but broadly in line with benchmarking. The investment listing (Appendix B) includes certificates of deposit, as well as UK Government Treasury Bills, deposits with UK Banks and AAA rated Money Market Funds. These instruments offer significant counterparty strength as well as diversification of the portfolio.

### 5.4 Borrowing

The average rate payable on the Council's external borrowing as at 30<sup>th</sup> September 2019 is 5.4%, with total, outstanding external debt of £11.2m.

<b>Debt Type</b>	<b>Principal Outstanding (£)</b>	<b>Average Rate</b>
<b>Total Fixed Debt</b>		
PWLB Maturity	5,700,000	4.646%
PWLB Annuity	575,607	8.401%
<b>Total Variable Debt</b>		
Market	4,500,000	5.914%
GBSLEP Loan	375,000	-
<b>Total External Debt</b>	<b>11,150,607</b>	<b>5.381%</b>

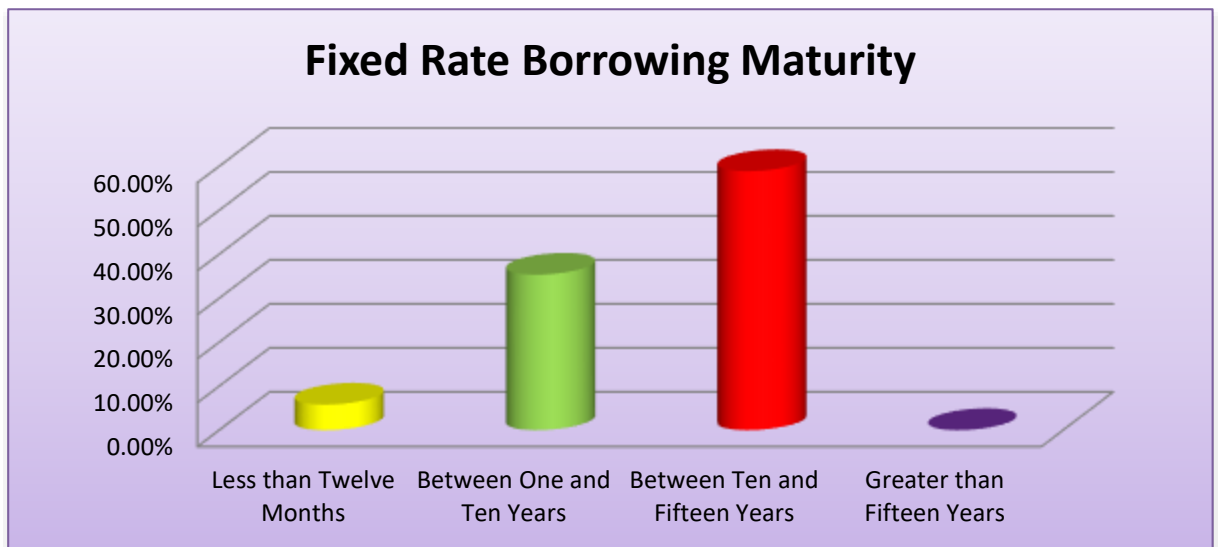
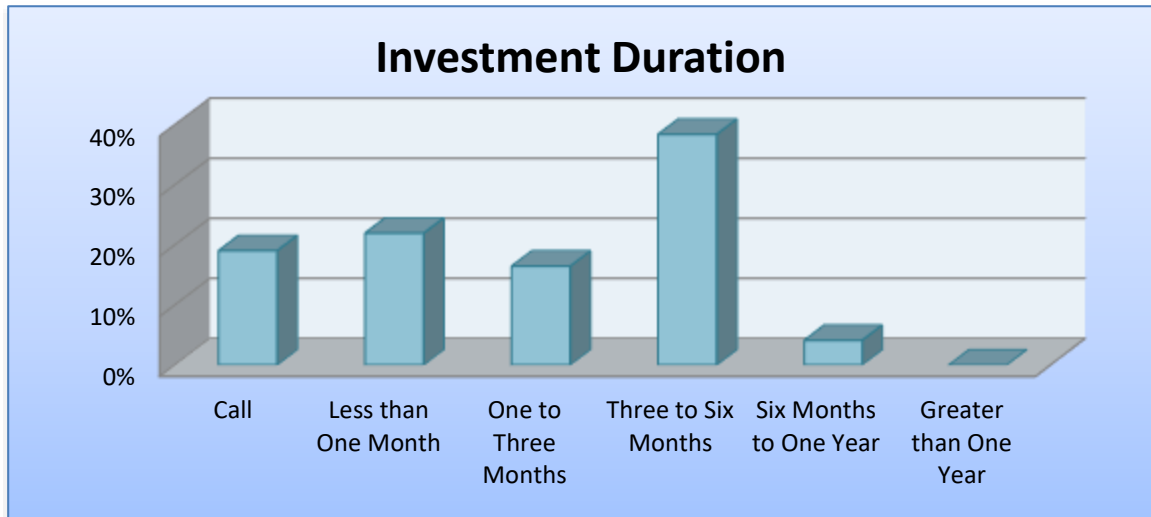
### Capital Financing Budget

- 5.5 This budget consists of £0.9m associated with the cost of servicing the council's debt and £0.279m income from investment returns.
- 5.6 The capital financing budget has been reduced by £0.1m in 2019/20 as a result of expected savings from the utilisation of anticipated capital receipts (£3.8m profiled over three years) towards debt repayment. The Medium Term Financial Strategy highlighted that there was a risk of shortfall against the budget arising from the timing of these receipts.

5.7 The current forecast indicates that investment returns are likely to exceed budget expectations by approximately £32k. However current indications suggest that the savings target from the debt repayment will not fully materialise and there is an estimate shortfall of £41k. These forecasts have been built into the revenue outturn forecasts.

5.8 Maturity Structure of Investments and Borrowing

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



6. Capital Programme 2019/20

6.1 The table below details the approved capital projects for 2019/20 totalling £4.7m, an increase since Quarter 1 following the approval of the Regeneration of Public Realm at Station Street business case in September 2019. The table below demonstrates that all projects are currently forecast to be delivered within the overall approved budget.



2019-20	Current Year Budget £	Current Year Expenditure £	Remaining Budget £	Forecast 2019/20 Expenditure at Quarter 2 £	Increased expenditure / (Under-spend) £	Comments
Neighbourhood Working Fund	231,955	75,494	156,461	231,955	0	Ongoing
Disabled Facility Grants	1,911,367	151,674	1,759,693	1,911,367	0	Ongoing
Brewhouse Arts Centre	45,000	36,740	8,260	45,000	0	Ongoing
Town Hall Office Accommodation	14,043	0	14,043	14,043	0	Subject to final account
Audio Equipment	20,000	20,000	0	20,000	0	Complete
Canal Street Industrial Units	50,000	0	50,000	50,000	0	Progressing
Depot Multi-Purpose Vehicle	35,000	33,700	1,300	35,000	0	Ongoing
Bartec Street Cleaning Software	35,000	0	35,000	35,000	0	Ongoing
Leisure Development	1,000,000	759,202	240,798	1,000,000	0	Ongoing
Regeneration of the Public Realm in Station Street (Council - September 2019)	1,323,116	0	1,323,116	1,323,116	0	Progressing
<b>Total</b>	<b>4,665,481</b>	<b>1,076,811</b>	<b>3,588,670</b>	<b>4,665,481</b>	<b>0</b>	

The remaining unspent Neighbourhood Working Fund budget has been committed to projects. Similarly, there are 172 DFG cases in the system at an estimated value of £1.65m against the remaining DFG budget of £1.76m.

6.2 The table below outlines capital receipts received during the course of the year to date:

Capital Receipts – 2019/20 as at Quarter 2	£
Avocet Close - Sale of Equity Share in Property	42,534
Deed of Grant - Brizlincote, Stapenhill	30,000
Hawthornden Manor - Sale of Land	11,650
<b>Total</b>	<b>84,184</b>

## 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	2019/20	2020/21	2021/22
Forecast Shortfall	93,000	-	-
Reserves set aside against income shortfall within MTFS	(93,000)	-	-
Capital	2019/20	2020/21	2021/22
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**

*This section has been approved by the following member of the Legal Team:  
Angela Wakefield*

- 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 two of 2019/20 in relation to revenue and capital budgets and that this will be taken into account when setting the budget for 2020/21.
- 12.2 To note the latest position in respect of the Council's investments and borrowing.
- 12.3 To note the corporate and strategic risks, together with actions being taken to manage these.

## **13. Background Papers**

- 13.1 Medium Term Financial Strategy 2019/20 to 2023/24

## **14. Appendices**

- 14.1 Appendix A: Forecast variances against budget at outturn 2019/20
- 14.2 Appendix B: Investments at 30<sup>th</sup> September 2019
- 14.3 Appendix C: Corporate and Strategic Risks – Quarter 2 2019/20

**QUARTER TWO**  
**FORECAST VARIANCES AGAINST BUDGET AT OUTTURN**  
**2019/20**

**Arts, Brewhouse and Function Suite**

Head of Service : Mark Rizk	Budget (£000's)	Forecast Outturn (£000's)	Forecast Variance (£000's)
<b>Arts, Brewhouse and Civic Function Suite</b>			
Brewhouse and Arts Development	298	334	36
Civic Function Suite	85	127	42
<b>Total Arts, Brewhouse and Civic Function</b>	<b>383</b>	<b>461</b>	<b>78</b>

Division	Explanation	Forecast Amount Over/ (under) £'000
Civic Function Suite	Hire Income	43
Civic Function Suite	Catering/Vending Income	3
Civic Function Suite	Temporary Staff/Set up Crew	(4)
Brewhouse and Arts Development	Electricity	4
Brewhouse and Arts Development	Maintenance Agreements	8
Brewhouse and Arts Development	Professional Theatre Fees	2
Brewhouse and Arts Development	Ticket and Miscellaneous Sales	7
Brewhouse and Arts Development	Room rental	(5)
Brewhouse and Arts Development	Café/Bar Income	30
Brewhouse and Arts Development	Café/Bar Catering Supplies	(5)
Brewhouse and Arts Development	Café/Bar employee costs	(5)
<b>Total</b>		<b>78</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	(12)	(15)	(3)
Open spaces	1,377	1,347	(30)
Partnerships	31	31	0
Horticultural Centre	43	44	1
Facilities and Health and Safety	319	316	(3)
Community Centres	18	17	(1)
Car Parks Income	(736)	(724)	12
Community and Civil Enforcement	279	260	(19)
Social Regeneration	45	38	(7)
Councillors Community Fund	22	22	0
<b>Total Community and Open Spaces</b>	<b>1,386</b>	<b>1,336</b>	<b>(50)</b>

Division	Explanation	Forecast Amount Over/ (under) £'000
Cemeteries	Repairs and Maintenance to Buildings	(5)
Cemeteries	Gas and Electricity	3
Cemeteries	Employees Costs	5
Cemeteries	Contracted Grounds Maintenance	(6)
Open spaces	Sweeping	3
Open spaces	Contracted Grounds Maintenance	(5)
Open spaces	Play Equipment	(27)
Open spaces	General Grants	4
Open spaces	Additional Income	(5)
Horticultural Centre	Contracted Grounds Maintenance	(3)
Horticultural Centre	Exhibitions/Events	8
Horticultural Centre	Seeds, Plants and Shrubs	(4)
Facilities and Health and Safety	Employee Costs	3
Facilities and Health and Safety	Office Cleaning Supplies and Services	(2)
Facilities and Health and Safety	Repairs and Maintenance to Buildings	(4)
Community Centres	Repairs and Maintenance	(1)
Car Parks Income	Car Park Running Costs	(11)
Car Parks Income	Bargates Additional Income	(18)
Car Parks Income	Car Parking Income Forecast Shortfall	43
Car Parks Income	Car Parking Income Forecast Shortfall due to no price	36
Car Parks Income	Season/Penalty Notices Income	(38)
Community and Civil Enforcement	Employees Costs - Vacancies	(19)
Social Regeneration	General Grants	(7)
<b>Total</b>		<b>(50)</b>

## Corporate Management Team

	Budget (£000's)	Forecast Outturn (£000's)	Forecast Variance (£000's)
<b>Chief Officer : Andy O'Brien</b>			
Chief Executives	202	202	0
Heads of Service	224	231	7
<b>CMT</b>	<b>426</b>	<b>433</b>	<b>7</b>

Division	Explanation	Forecast Amount Over/ (under) £'000
Chief Executives		0
Heads of Service	Vacancy Factor	7
<b>Total</b>		<b>7</b>

## Corporate and Commercial

	Budget (£000's)	Forecast Outturn (£000's)	Forecast Variance (£000's)
<b>Head of Service : Sal Khan</b>			
<b>Corporate and Commercial</b>			
Programmes and Information	254	254	0
Committee Support	91	94	3
Elections	184	178	(6)
Emergency Planning	13	12	(1)
Members Allowances	303	300	(3)
<b>Total Corporate and Commercial</b>	<b>845</b>	<b>838</b>	<b>(7)</b>

Division	Explanation	Forecast Amount Over/
Programmes and Information	Employee Costs	4
Programmes and Information	Public Participation	(4)
Committee Support	Employee Costs	3
Elections	Employee Costs	6
Elections	Running Costs	(12)
Emergency Planning	General Grants	(1)
Members Allowances	Basic Allowances	(2)
Members Allowances	Consultants	(1)
<b>Total</b>		<b>(7)</b>

## Cultural Services - Marketing

	Budget (£000's)	Forecast Outturn (£000's)	Forecast Variance (£000's)
<b>Head of Service : Mark Rizk</b>			
<b>Cultural Services - Marketing</b>	85	85	0
<b>Total Cultural Services - Marketing</b>	<b>85</b>	<b>85</b>	<b>0</b>

## Enterprise

	Budget (£000's)	Forecast Outturn (£000's)	Forecast Variance (£000's)
<b>Chief Officer : Andy O'Brien</b>			
<b>Enterprise</b>			
Enterprise	116	116	0
<b>Total Enterprise</b>	<b>116</b>	<b>116</b>	<b>0</b>

## Environment

Head of Service : Sal Khan	Budget (£000's)	Forecast Outturn (£000's)	Forecast Variance (£000's)
<b>Environment</b>			
Council Depots	141	138	(3)
Public Conveniences	135	153	18
Waste Collection	2,077	2,396	319
Street Cleaning	969	964	(5)
Building Consultancy	50	35	(15)
Land Drainage	55	55	0
<b>Total Enviroment</b>	<b>3,427</b>	<b>3,741</b>	<b>314</b>

Division	Explanation	Forecast Amount Over/ (under)
Council Depots	Employee costs	1
Council Depots	Gas and Electricity	(4)
Council Depots	Repairs and Maintenance	(5)
Council Depots	Vehicle Hire	7
Council Depots	Supplies and Services	3
Council Depots	Sale of JCB & Fork Lift	(5)
Public Conveniences	Staffing	18
Waste Collection	Employee Costs	13
Waste Collection	Temporary Staff	150
Waste Collection	Recycling Income	166
Waste Collection	Third Party Payments - No Haulage Saving	23
Waste Collection	Third Party Payments Tonnage Reduction	(29)
Waste Collection	Contributions from other bodies	(4)
Street Cleaning	Employee Costs	12
Street Cleaning	Temporary Staff	(22)
Street Cleaning	Bulky Waste Income	5
Building Consultancy	Employee costs	(5)
Building Consultancy	Fees and Charges	(10)
<b>Total</b>		<b>314</b>

## Environmental Health

	Budget (£000's)	Forecast Outturn (£000's)	Forecast Variance (£000's)
<b>Head of Service : Mark Rizk</b>			
<b>Environmental Health</b>			
Environmental Health	384	369	(15)
Animal Control	21	12	(9)
Housing Standards	76	68	(8)
<b>Total Environmental Health</b>	<b>481</b>	<b>449</b>	<b>(32)</b>

Division	Explanation	Forecast Amount Over/ (under) £'000
Environmental Health	Employee Costs	(9)
Environmental Health	Running Costs	(6)
Animal Control	Pest Control Contracts	(1)
Animal Control	Dog Kennelling/Other Expenses	(8)
Housing Standards	Enforcement Action Costs Awarded	(5)
Housing Standards	Running Costs	(3)
<b>Total</b>		<b>(32)</b>

## Financial Services

	Budget (£000's)	Forecast Outturn (£000's)	Forecast Variance (£000's)
<b>Head of Service : Sal Khan</b>			
<b>Financial Services</b>			
Capital Financing Costs	334	342	8
Financial Management Unit	480	480	0
Internal & External Audit	119	114	(5)
<b>Total Financial Services</b>	<b>933</b>	<b>936</b>	<b>3</b>

Division	Explanation	Forecast Amount Over/
Capital Financing Costs	Debt/MRP Costs - timing of capital receipts	41
	Investment Income in excess of budget	(33)
Financial Management Unit	Employee Costs	(54)
	Temporary Staffing Support	54
Internal & External Audit	Audit Reimbursement - PPSA	(5)
<b>Total</b>		<b>3</b>

## Housing

	Budget (£000's)	Forecast Outturn (£000's)	Forecast Variance (£000's)
<b>Head of Service : Sal Khan</b>			
<b>Housing</b>			
Housing options	269	246	(23)
<b>Total: Housing</b>	<b>269</b>	<b>246</b>	<b>(23)</b>

Division	Explanation	Forecast Amount Over/ (under)
Housing Options - Accommodation	Leasehold Unit Rents	(6)
Housing Options - Accommodation	B&B Accommodation costs	(172)
Housing Options - Accommodation	B&B Rentals/ Premises Income levels	109
Housing Options - Accommodation	Contribution from reserves not forecast to be required	43
Housing Options	Supplies & Services	3
<b>Total</b>		<b>(23)</b>

## Human Resources, Payments and Pensions

	Budget (£000's)	Forecast Outturn (£000's)	Forecast Variance (£000's)
<b>Chief Officer : Andy O'Brien</b>			
<b>Human Resources and Payments</b>			
HR and Payroll	432	347	(85)
Pension Payments	1368	1368	0
<b>Total Human Resources and Payments</b>	<b>1,800</b>	<b>1,715</b>	<b>(85)</b>

Division	Explanation	Forecast Amount Over/ (under) £'000
HR and Payroll	Employee costs (Management Trainee Post)	(37)
HR and Payroll	Supplies and Services	(8)
Pension Payments		0
Corporate Training	Training requests	(40)
<b>Total</b>		<b>(85)</b>



## IT and Printing

	Budget (£000's)	Forecast Outturn (£000's)	Forecast Variance (£000's)
Head of Service : Sal Khan			
<b>IT and Printing</b>			
Central Reprographics	142	116	(26)
ICT	311	310	(1)
<b>Total ICT and Printing</b>	<b>453</b>	<b>426</b>	<b>(27)</b>

Division	Explanation	Forecast Amount Over/ (under)
Central Reprographics	Hire of Equipment	(25)
Central Reprographics	Printing and Stationery	(1)
ICT	Employee costs	5
ICT	Mobile Telephones	1
ICT	IT Links to Remote Sites	(7)
<b>Total</b>		<b>(27)</b>

## Legal and Asset Services

	Budget (£000's)	Forecast Outturn (£000's)	Forecast Variance (£000's)
Chief Officer : Andy O'Brien			
<b>Legal Services &amp; Assets</b>			
Legal	205	189	(16)
Mayoral Support and Civic Ceremonials	56	56	0
Industrial Units	(610)	(607)	3
Assets and Estates Management	(72)	(75)	(3)
<b>Total Legal Services &amp; Assets</b>	<b>(421)</b>	<b>(437)</b>	<b>(16)</b>

Division	Explanation	Forecast Amount Over/ (under) £'000
Legal	Employee Costs	(12)
Legal	Running Costs	(9)
Legal	Legal & Court Costs Recovered	5
Mayoral Support and Civic Ceremonials		0
Industrial Units	Loss of expected rent income	3
Assets and Estates Management	Professional fees	(3)
<b>Total</b>		<b>(16)</b>

## Leisure Services

Head of Service : Mark Rizk	Budget (£000's)	Forecast Outturn (£000's)	Forecast Variance (£000's)
<b>Leisure Services</b>			
Health and Leisure Grants	21	21	0
Leisure Management	1,048	1,048	0
<b>Total Leisure Centres - Indoor Facilities</b>	<b>1,069</b>	<b>1,069</b>	<b>0</b>

## Licensing and Enforcement

Head of Service : Mark Rizk	Budget (£000's)	Forecast Outturn (£000's)	Forecast Variance (£000's)
<b>Licensing and Enforcement</b>			
Licensing and Enforcement	16	(3)	(19)
CCTV	76	68	(8)
<b>Total Licensing and Enforcement</b>	<b>92</b>	<b>65</b>	<b>(27)</b>

Division	Explanation	Forecast Amount Over/ (under) £'000
<b>Licensing and Enforcement</b>		
Licensing	Employee costs	24
Licensing	Licensing Income	(45)
Enforcement	Employee costs	(2)
Enforcement	Sundry Income	4
CCTV	Maintenance contract	(8)
CCTV	CCTV - Coopers Square Office	(5)
CCTV	Income	5
<b>Total</b>		<b>(27)</b>

## Markets

Head of Service : Mark Rizk	Budget (£000's)	Forecast Outturn (£000's)	Forecast Variance (£000's)
<b>Markets</b>	<b>(11)</b>	<b>29</b>	<b>40</b>
<b>Total Markets</b>	<b>(11)</b>	<b>29</b>	<b>40</b>

Division	Explanation	Forecast Amount Over/ (under) £'000
Markets	Income shortfall	40
<b>Total</b>		<b>40</b>

## Planning and Land Charges

	Budget (£000's)	Forecast Outturn (£000's)	Forecast Variance (£000's)
<b>Head of Service : Sal Khan</b>			
<b>Planning</b>			
Planning Policy	140	125	(15)
Planning Delivery	(96)	(121)	(25)
Land Charges	(12)	(14)	(2)
<b>Total Planning</b>	<b>32</b>	<b>(10)</b>	<b>(42)</b>

Division	Explanation	Forecast Amount Over/ (under)
Planning Policy	Employee Costs - maternity cover	21
Planning Policy	Contribution from Planning Reserve	(21)
Planning Policy	Consultants	(15)
Planning Delivery	Employee costs - Temporary Support	67
Planning Delivery	Contribution from Planning Reserve	(67)
Planning Delivery	Legal Costs/ Consultants	(16)
Planning Delivery	Fees and Charges	(9)
Land Charges	Scanning	(13)
Land Charges	Fees and Charges	15
Land Charges	Search and Investigation fees	(4)
<b>Total</b>		<b>(42)</b>

## Revenue and Benefits and Customer Contacts

	Budget (£000's)	Forecast Outturn (£000's)	Forecast Variance (£000's)
<b>Head of Service : Sal Khan</b>			
<b>SCC - Revenues, Benefits and Customer Contacts</b>			
Revenues	8	(16)	(24)
Benefits and Professional Services	(56)	(53)	3
Customer Contacts	420	416	(4)
<b>Total - Revenues, Benefits and Customer Contacts</b>	<b>372</b>	<b>347</b>	<b>(25)</b>

Division	Explanation	Forecast Amount Over/ (under)
Revenues	NDR - Supplies & Services	2
Revenues	NDR - Legal & Court Costs Recovered	5
Revenues	C.Tax Collection - Clerk to the Justices	(7)
Revenues	C.Tax Collection - Advertising	(1)
Revenues	C. Tax Collection - Legal & Court Costs Recovered	(20)
Revenues	Recovery - Postages	(3)
Benefits and Professional	Housing Benefits Admin. - Postages/Subscriptions	3
Benefits and Professional	Reduction in Discretionary Housing Payment Grant	18
Benefits and Professional	Reduction in Discretionary Housing Payments Awarded	(18)
Benefits and Professional	Additional VEP Alert Work	30
Benefits and Professional	VEP Alert Grant	(30)
Customer Contacts	Savings re: Running Costs	(4)
<b>Total</b>		<b>(25)</b>

## Appendix B - Investments as at 30<sup>th</sup> September 2019

Borrower	Principal (£)	Interest Rate	Start Date	Maturity Date
<b>Call Accounts and Money Market Funds</b>				
RBS SIBA	88,021	0.01%		Call
Federated MMF	3,350,000	0.73%		Call
Santander	3,500,000	1.00%		180 day notice
<b>Fixed Deposits / T Bills / Certificates of Deposit</b>				
Bank of Scotland	500,000	1.00%	08/07/2019	08/01/2020
Bank of Scotland	500,000	1.15%	08/05/2019	08/05/2020
Bank of Scotland	1,500,000	0.85%	27/09/2019	27/03/2020
Lloyds	2,500,000	1.00%	15/04/2019	15/10/2019
Lloyds	1,000,000	1.00%	03/06/2019	03/12/2019
UK Treasury Bill	1,000,000	0.74%	20/05/2019	18/11/2019
UK Treasury Bill	1,000,000	0.73%	10/06/2019	09/12/2019
UK Treasury Bill	1,000,000	0.73%	17/06/2019	16/12/2019
UK Treasury Bill	2,000,000	0.69%	05/08/2019	03/02/2020
UK Treasury Bill	2,000,000	0.69%	27/08/2019	24/02/2020
UK Treasury Bill	2,000,000	0.69%	02/09/2019	02/03/2020
UK Treasury Bill	2,000,000	0.69%	09/09/2019	09/03/2020
UK Treasury Bill	2,000,000	0.73%	23/09/2019	23/12/2019
UK Treasury Bill	2,000,000	0.70%	23/09/2019	23/03/2020
National Westminster Bank CD	2,000,000	0.93%	15/04/2019	15/10/2019
National Westminster Bank CD	1,000,000	0.84%	02/07/2019	02/01/2020
National Westminster Bank CD	1,000,000	1.00%	26/04/2019	27/01/2020
National Westminster Bank CD	1,000,000	0.92%	16/09/2019	15/09/2020
Nationwide Building Society CD	2,000,000	0.82%	24/04/2019	24/10/2019
Nationwide Building Society CD	1,500,000	0.79%	03/06/2019	03/10/2019
Bank of Scotland	500,000	1.00%	08/07/2019	08/01/2020


Borrower - Icelandic Exposure	Principal (£)	Interest Rate	Start Date	Maturity Date
Singer	277,000	5.41%		08/10/2008

Investments rate of interest as at 30 <sup>th</sup> Sept. 2019	Principal (£)	Interest Rate
<b>Total Investments</b>	<b>36,715,021</b>	
<b>Total Investments - Excluding Icelandic Exposure</b>	<b>36,438,021</b>	<b>0.82%</b>
<b>Total Investments - Icelandic Exposure Only</b>	<b>277,000</b>	<b>5.41%</b>

Average rate of interest (Year to date)	Principal (£)	Interest Rate
<b>Total Investments</b>	<b>37,448,126</b>	
<b>Total Investments - Excluding Icelandic Exposure</b>	<b>37,171,126</b>	<b>0.82%</b>
<b>Total Investments - Icelandic Exposure Only</b>	<b>277,000</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, litigation in relation to NHS Trusts claiming mandatory relief, the impact of 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	30/09/2019
Central Government Funding	Uncertainty surrounding future government funding, including the impact of the business rates changes, New Homes Bonus, Fair Funding Review, the impact of the next Spending Review and potential fallout from Brexit.	Robust MTFS with flexibility to respond to changes in government proposals Financial modelling/impact assessment. Keep abreast of Govt developments and pro-actively responding to consultations.	3	4	15	30/09/2019
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	30/09/2019
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	30/09/2019
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 Training rolled out in respect of GDPR requirements. Compliance oversight by Monitoring Officer and CMT	1	4	10	30/09/2019

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	30/09/2019
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). Potential for operational/service delivery disruption.	Monitoring of Economic conditions / external forecasts, horizon scanning by CMT and Senior Officers. Prudent and Robust rolling MTFS Understanding and acting on any intelligence forthcoming from local and central government bodies.	3	4	15	30/09/2019
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	30/09/2019
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	30/09/2019
Welfare Reforms	Welfare Reforms. 1) Delivery of Universal Credit 2) Financial impact of Council Tax Reduction, including demographic changes 3) 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	30/09/2019

<b>Corporate Risks</b>		<b>Risk Owner: Corporate Management Team</b>				
<b>Risk</b>	<b>Source of Risk</b>	<b>Treatment Description</b>	<b>Likelihood</b>	<b>Impact</b>	<b>Risk Level</b>	<b>Last Reviewed</b>
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 <hr/> Access controls and permissions within system applications <hr/> Protective defences such as antivirus software <hr/> Perimeter protection with hardware firewalls <hr/> Regular patching <hr/> Access controls and permissions within system applications <hr/> Prevention of access to unnecessary physical facilities e.g. CD drives and USB ports	2	4	13	30/09/2019
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 <hr/> Seek and develop opportunities to increase income or reduce costs across all Council operations <hr/> Senior level discussions may mitigate or prevent such cost shunts	3	4	13	30/09/2019



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 represent <u>Council's interests</u> One member (Council) one vote, provides Council with a strong voice	1	4	10	30/09/2019	
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 risk areas. Regular re-fresh of plans take place. <u>Approved, up to date BC policy in place.</u>	1	4	10	30/09/2019	
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	30/09/2019	
Communication	Lack of community engagement and failure to take into account residents views in the decision making process	<u>Consultation strategy in force</u>	2	2	5	30/09/2019	
Corporate Plan	Failure to deliver corporate plan objectives	Corporate Plan is adopted at full council and refreshed at full council annually. <u>The CP is established with COs and DLs working together to realign political manifesto into a series of objectives and SMART targets.</u>  Performance of the CP is formally reported on a quarterly basis through Cabinet and all political groups as well as through quarterly scrutiny boards. Any slippage is identified at an early stage and preventative and/or corrective actions are taken as necessary. Performance against the current corporate plan continues to be very positive.	1	4	10	30/09/2019	

## Strategic Risks

## Risk Owner: Corporate Management Team

Risk	Source of Risk	Treatment Description	Likelihood	Impact	Risk Level	Last Reviewed
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	30/09/2019
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	30/09/2019
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	30/09/2019
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	30/09/2019
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 COs and DLs working together to realign political manifesto into a series of objectives and financial targets. 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	1	4	10	30/09/2019

## 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	30/09/2019
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	30/09/2019
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, following scrutiny by the Audit and Value for Money Council Services Committee. 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	30/09/2019