



**EAST STAFFORDSHIRE BOROUGH COUNCIL**

**REPORT COVER SHEET**

<b>Title of Report:</b>	Quarter 3 - Revenue and Capital Outturn Report 2018/19
<b>Meeting of:</b>	Cabinet
<b>Date:</b>	18/3/2019
<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 Cabinet**

**Date: 18<sup>th</sup> March 2019**

**REPORT TITLE: Quarter 3 - Revenue and Capital Outturn 2018/19**

**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 third quarterly report in the annual cycle of financial monitoring for the financial year 2018/19.

**2. Executive Summary**

2.1 The report highlights that overall there is a **forecast under-spend of £414k** for the full financial year against a net budget of £10.667m. Whilst there are a number of forecast variations within this overall sum, the most significant underlying reason for the forecast position arises from windfall income from planning applications. 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. 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.

- **Corporate Management Team savings (£40k) arising from the senior management re-structure;**
- **Income from planning applications is forecast to be in excess of budget, combined with other savings results in a forecast under-spend of £496k;**

- The Human Resources Team is forecasting to under-spend by £104k;
- Legal and Asset Management Services are forecasting combined net savings of £63k.
- Significant forecast pressures on homeless accommodation (£86k) are currently being met on a temporary basis from specific government funding held in reserves;
- There is a forecast net pressure on indoor leisure facilities (£120k) arising from a combination of factors; and
- There are net forecast cost pressures within the Environment Service amounting to £205k.

Further details on these areas are detailed at paragraph 4.2.

- 2.4 Investments as at 31st December 2018 stood at £35.7m. Investment returns to the end of December averaged 0.8%, which exceeds both the average base rate and budget. 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, together with how this is mitigated for 2018/19. 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 £1.6m. The report indicates that taking into account approved contingencies, all projects are on target to deliver within budget. Further details in respect of the Capital Programme are set out within Section 6 of the report.

### 3. Revenue Budget 2018/19

- 3.1 On 26th February 2018, the full Council approved the Revenue Budget for the year 2018/19, totalling £10,667m as follows:

Approved Service Budgets	£000's
Arts, Brewhouse and Functions	393
Community and Open Spaces	1,287
Corporate Management Team	464
Corporate and Commercial	843
Cultural Services – Marketing	130
Enterprise	129
Environment	3,122
Environmental Health	495
Financial Services and Capital Financing	989
Housing	252
Human Resources, Payments & Pensions	1,709
IT and Printing	501
Legal Services, Assets and Licensing	(278)

<b>Leisure - Indoor Facilities</b>	<b>891</b>
<b>Leisure - Outdoor Facilities</b>	<b>147</b>
<b>Markets</b>	<b>(14)</b>
<b>Planning and Land Charges</b>	<b>187</b>
<b>Revenue, Benefits and Customer Contacts</b>	<b>269</b>
<b>Corporate Budgets</b>	<b>(849)</b>
<b>Total Contributions to / (from) Reserves</b>	<b>0</b>
<b>Total</b>	<b>10,667</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 2018/19**

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)	Forecast Variation Q3 (Over/(Under))	Forecast Variation Q2 (Over/(Under))
	£'000	£'000	£'000	£'000
Arts, Brewhouse and Functions	401	436	35	38
Community and Open Spaces	1,237	1,213	(24)	(54)
Corporate Management Team	466	426	(40)	(43)
Corporate and Commercial	845	864	19	7
Cultural Services - Marketing	119	116	(3)	0
Enterprise	198	209	11	11
Environment	3,174	3,379	205	141
Environmental Health	497	497	0	0
Financial Services	991	989	(2)	(6)
Housing	253	268	15	15
Human Resources, Payments & Pensions	1,712	1,608	(104)	(37)
IT and Printing	502	454	(48)	3
Legal Services and Assets	(360)	(423)	(63)	(49)
Leisure Centres - Indoor Facilities	944	1,064	120	72
Leisure Centres - Outdoor Facilities	127	114	(13)	11
Licensing and Enforcement	86	94	8	32
Markets	(12)	(7)	5	(10)
Planning and Land Charges	190	(306)	(496)	(332)
Revenue, Benefits and Customer Contacts	276	237	(39)	0
Corporate Items	(979)	(979)	0	0
Total Contributions to / (from) Reserves	0	0	0	0
<b>Total</b>	<b>10,667</b>	<b>10,253</b>	<b>(414)</b>	<b>(201)</b>

4.2 The tables at Appendix A summarise, by service, the variations between the 2018/19 budget and the year-end forecast outturn. Further supporting narrative in relation to those teams with significant variations is set out below:

- **Corporate Management Team savings (£40k)**  
This has arisen following the introduction of a revised senior management structure and is partially offset by the standard vacancy factor applied to all employee budgets.
- **Human Resources, Payments and Pensions – Forecast underspend £104k**  
Savings are forecast within this team due to a number of factors, including staffing departures during the year, a reduction in pension costs and demand against the corporate training budget is lower than anticipated as we have been able to make use of the apprenticeship levy funding.
- **Legal and Asset Management – Forecast underspend £63k**  
There is a forecast underspend within this service primarily due to additional income from property rentals. This has arisen largely due to occupancy levels higher than budgeted and re-negotiated leases.
- **Planning – Forecast underspend £496k**  
Planning income has significantly exceeded budget during the year to date. Taking into account a prudent estimate for the remainder of the year, this is forecast to exceed budget by £415k. In addition to which, there are savings forecast in relation to professional support and legal costs. There are pressures on staffing resources within this service due to a combination of factors. This pressure has been offset by the use of ring-fenced monies associated with the 20% fee increase introduced in 2017/18.
- **Environment – Forecast net pressure - £205k**  
This pressure arises due to a number of factors. Following consideration of the review on public conveniences the original savings target (£60k) will not be achieved. The recycling contract has been the subject of re-negotiation during the course of the year, which has resulted in a pressure of £45k. In addition to which, the recycling income budget is under pressure (£105k). This is in part as a result of a reduction in tonnage levels following a dry summer impacting on garden waste and a reduction in dry recycling in part due to contamination (including 290 tonnes of contamination in August and September equating to a net cost of approx. £38k), this reduced tonnage has also impacted on recycling credit income from SCC. The impact of Chinese policy on imports and a fall in the commodities market have also impacted on income levels.

Many of these pressures are one-off in nature and/or have been addressed in the Medium Term Financial Strategy for 2019/20 onwards. Recycling income levels are to large extent dictated by market conditions and as a result there will always be an element of risk to this income stream, officers will continue to monitor this closely throughout the year.

- **Housing/Homeless Accommodation – Pressures (£86k) met from reserves**  
There are forecast net pressures on homeless accommodation of £86k, which can be met from government homeless funding held in reserves. This has arisen largely due to increased demand and extended lengths of stay in temporary accommodation, which is primarily influenced by the introduction of the Homeless Reduction Act (HRA), although there are also other factors that have impacted on this position.

The quarter two finance report detailed the key changes that have resulted in this increased level of expenditure together with actions being taken in order to mitigate this pressure. Whilst this pressure can be met by the use of homeless reserves in 2018/19. There is a funding allocation in 2019/20 (£142k) from central government to mitigate these pressures, however this may become a factor for the MTFs if demand continues to increase and additional funding is not forthcoming from central government.

A study by the District Council's networks demonstrated a similar picture in many other areas and raised concern that the government funding is unlikely to be sufficient to meet the additional cost pressures in the medium term.

■ **Leisure Centres (Indoor Leisure) – Forecast net cost pressure - £120k**

The most significant underlying reasons for this pressure remain the same as those reported in earlier quarterly reports:

- Employee expenses are forecast to be higher than budgeted (£46k) primarily due to the vacancy factor and increased staff turnover requiring increased resources to facilitate training needs and the requirement for existing staff to take their leave entitlement prior to the transfer to SLM;
- Income levels being lower than envisaged (£61k) largely due to the impact on fitness income since the opening of the Gym group in Burton and anecdotally, potential members waiting to understand the benefits of joining under SLM; and in addition
- Increased investment in sports development activities (£21k)

There is an increase in the overall forecast pressure since that reported at quarter two (£78k). This is largely due to some of the forecast savings in relation to premises costs included at quarter two being utilised towards maintenance expenditure prior to the transfer to a new provider.

- 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 2018/19 on 26<sup>th</sup> February 2018 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 2018/19 budget was 0.5%. 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 future changes are likely to be slow but gradual increases over the coming years.

5.3 Appendix B shows the outstanding investments the authority had as at 31<sup>st</sup> December 2018. Average investment returns (0.8%) are performing above budget, which is a positive position considering our continued low risk approach. 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.

5.5 Borrowing

The average rate payable on the Council’s external borrowing as at 31<sup>st</sup> December 2018 is 5.4%, with total, outstanding external debt of £11.2m.

Debt Type	Principal Outstanding (£)	Average Rate
<b>Total Fixed Debt</b>		
PWLB Maturity	5,700,000	4.646%
PWLB Annuity	575,703	8.400%
<b>Total Variable Debt</b>		
Market	4,500,000	5.914%
GBSLEP Loan	375,000	-
<b>Total External Debt</b>	<b>11,150,703</b>	<b>5.381%</b>

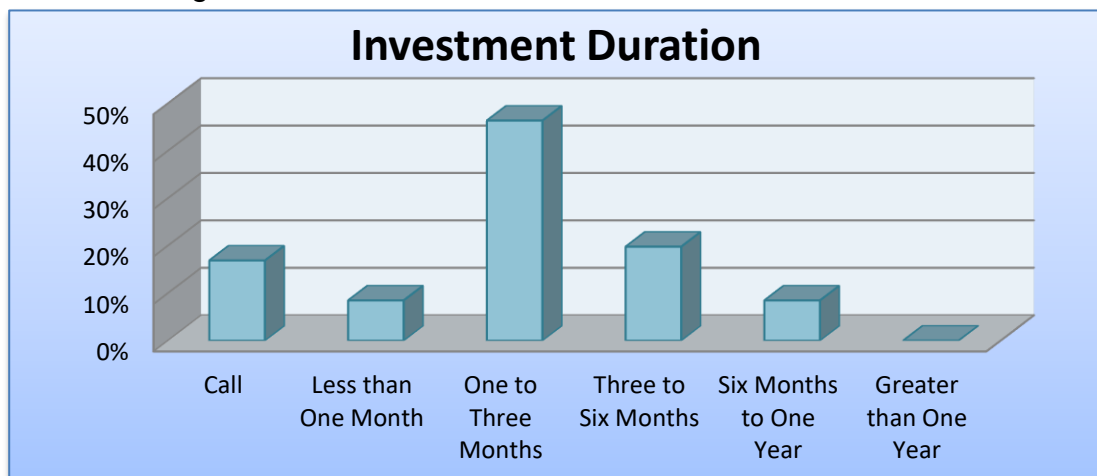
Capital Financing Budget

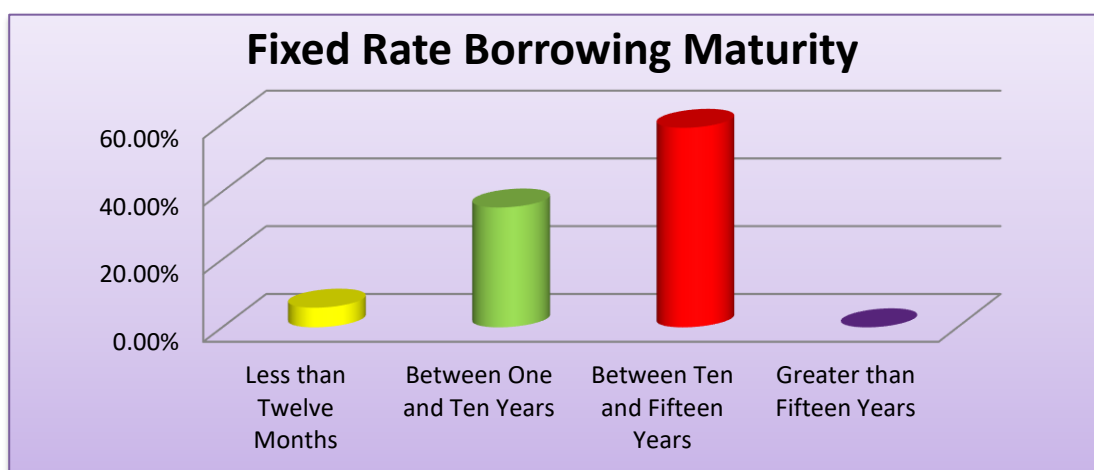
5.6 This budget consists of £0.8m associated with the cost of servicing the council’s debt and £0.1m income from investment returns.

5.7 The capital financing budget was reduced by £153k for 2018/19 as a result of expected savings from the utilisation of anticipated capital receipts of £3.8m 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. This risk is currently mitigated through a combination of investment income, which is forecast to exceed budget by £100k, and the debt repayment reserve.

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 2018/19

6.1 The table below details the approved capital projects for 2018/19 totalling £1.6m. This demonstrates that all projects are currently forecast to be delivered within the overall approved budget.

2018-19	Current Year Budget £	Current Year Expenditure to 31st Dec. £	Remaining Budget £	Forecast 2018/19 Expenditure at Quarter 3 £	Increased expenditure / (Under-spend) £	Comments
Neighbourhood Working Fund	197,157	60,668	136,490	197,157	0	Ongoing
Disabled Facility Grants	1,142,133	160,836	981,297	1,142,133	0	Ongoing
Brewhouse Arts Centre	45,000	0	45,000	45,000	0	Ongoing
Public Art Work Restoration	46,000	13,610	32,390	46,000	0	Ongoing
Town Hall Office Accommodation (note Below)	90,281	82,273	8,008	106,937	16,656	Works largely complete.
Car Parks - Contactless Machines	7,800	7,200	600	7,200	(600)	Completed
Yeoman Industrial Units Roofing Works	37,342	37,342	0	37,342	0	Completed
CSC (Burton) Alterations (Cabinet August 18)	39,900	31,406	8,494	39,900	0	Works largely complete.
CVSC Essential Works (Cabinet September 18)	40,000	0	40,000	40,000	0	Works due to start
<b>Total</b>	<b>1,645,613</b>	<b>393,335</b>	<b>1,252,278</b>	<b>1,661,669</b>	<b>16,056</b>	

6.2 In respect of the Town Hall Office Accommodation Project, as part of the original business case, Cabinet approved a £69k contingency which has not yet been allocated. The table above highlights that the current forecast envisages drawing down £18k of this sum towards capital works, with a further £40k to support revenue costs associated with the re-location.



6.3 The table below outlines capital receipts received during the course of the year:

<b>Capital Receipts – 2018/19 as at Quarter 3</b>	<b>£</b>
Shareholding – Dividend Payment	125,000
Sale of Land - De Montfort Way	140,000
Kick Start Loan Repayment	11,160
<b>Total</b>	<b>276,160</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.

<b>Revenue</b>	<b>2018/19</b>	<b>2019/20</b>	<b>2020/21</b>
Forecast Under-spend	(414,000)	-	-

<b>Capital</b>	<b>2018/19</b>	<b>2019/20</b>	<b>2020/21</b>
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 2018/19 in relation to revenue and capital budgets.

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 2018/19 to 2020/21

**14. Appendices**

14.1 Appendix A: Forecast variances against budget at outturn 2018/19

14.2 Appendix B: Investments at 31<sup>st</sup> December 2018

14.3 Appendix C: Corporate and Strategic Risks – Quarter 3 2018/19

**QUARTER THREE  
FORECAST VARIANCES AGAINST BUDGET AT OUTTURN  
2018/19**

**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	324	313	(11)
Civic Function Suite	77	123	46
<b>Total Arts, Brewhouse and Civic Functions</b>	<b>401</b>	<b>436</b>	<b>35</b>

Area	Explanation	Forecast Amount Over/ (under) £'000
Civic Function Suite	Hire Income	37
	Catering/Vending Income	4
	Employees (Including temp Staff)	7
	Premises savings	(3)
	Licences	1
Brewhouse and Arts Development	Arts Grant Aid	(7)
	Premises	4
	Supplies and Services	(2)
	Income	(6)
<b>Total</b>		<b>35</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	(19)	(21)	(2)
Open spaces	1,360	1,345	(15)
Partnerships	36	31	(5)
Horticultural Centre	41	35	(6)
Facilities and Health and Safety	321	344	23
Community Centres	18	9	(9)
Car Parks Income	(804)	(798)	6
Community and Civil Enforcement	284	268	(16)
<b>Total Community and Open Spaces</b>	<b>1,237</b>	<b>1,213</b>	<b>(24)</b>

Area	Explanation	Forecast Amount Over/ (under) £'000
Cemeteries	Fees and Charges	18
Cemeteries	Contracted Ground Maintenance	(15)
Cemeteries	Repairs & Maintenance to Buildings	(8)
Cemeteries	Other minor changes (net)	3
Open Spaces	Play Equipment	(25)
Open Spaces	Other Income	(21)
Open Spaces	Car Park Maintenance	21
Open Spaces	Contracted Ground Maintenance	10
Partnerships	Employee Costs	(13)
Partnerships	General Grants	(2)
Partnerships	Contribution from PCC	10
Horticultural Centre	Contracted Ground Maintenance	(10)
Horticultural Centre	Supplies & Services	(6)
Horticultural Centre	Fees and Charges	10
Facilities and Health and Safety	Rents	13
Facilities and Health and Safety	Repair & Maintenance of Buildings	7
Facilities and Health and Safety	Other Premises expenses	5
Facilities and Health and Safety	Industrial Unit - Statutory Obligations	(5)
Facilities and Health and Safety	Other minor changes (net)	3
Community Centres	Repairs and Maintenance	(9)
Car Parks Income	Income - Season Tickets lower than anticipated	21
Car Parks Income	Cash Collection Contract	(5)
Car Parks Income	Supplies & Services	(4)
Car Parks Income	Other Income - higher than anticipated	(6)
Community and Civil Enforcement	Employee Costs	(14)
	Fixed Penalty Notice Income	(4)
	Supplies & Services	2
<b>Total</b>		<b>(24)</b>

## Corporate Management Team

	Budget (£000's)	Forecast Outturn (£000's)	Forecast Variance (£000's)
<b>Chief Officer : Andy O'Brien</b>			
Chief Executives	197	203	6
Heads of Service	269	223	(46)
<b>CMT</b>	<b>466</b>	<b>426</b>	<b>(40)</b>

Area	Explanation	Forecast Amount Over/ (under) £'000
Chief Executives	Employee Costs – Vacancy Factor	6
Heads of Service	Employee Costs	(46)
<b>Total</b>		<b>(40)</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	281	277	(4)
Committee Support	89	91	2
Elections	178	185	7
Emergency Planning	14	13	(1)
Members Allowances	283	298	15
<b>Total Corporate and Commercial</b>	<b>845</b>	<b>864</b>	<b>19</b>

Area	Explanation	Forecast Amount Over/ (under) £'000
Programmes and Information	Employee costs	(1)
Programmes and Information	Supplies and Services	(3)
Committee Support	Employee costs	2
Elections	Government shortfall 2015 General Election	7
Emergency Planning	General Grants	(1)
Members Allowances	Members Allowances	15
<b>Total</b>		<b>19</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>	119	116	(3)
<b>Total Cultural Services - Marketing</b>	<b>119</b>	<b>116</b>	<b>(3)</b>

Area	Explanation	Forecast Amount Over/ (under) £'000
Cultural Services - Marketing	Marketing Savings	(3)
<b>Total</b>		<b>(3)</b>

## Enterprise

Chief Officer : Andy O'Brien	Budget (£000's)	Forecast Outturn (£000's)	Forecast Variance (£000's)
<b>Enterprise</b>	129	132	3
Councillors Community Fund	39	39	0
Social Regeneration	30	38	8
<b>Total Enterprise</b>	<b>198</b>	<b>209</b>	<b>11</b>

Area	Explanation	Forecast Amount Over/ (under) £'000
Enterprise	Employee costs	3
Social Regeneration	Employee costs	8
<b>Total</b>		<b>11</b>

## Environment

Head of Service : Sal Khan	Budget (£000's)	Forecast Outturn (£000's)	Forecast Variance (£000's)
<b>Environment</b>			
Council Depots	141	143	2
Public Conveniences	71	129	58
Waste Collection	1,911	2,059	148
Street Cleaning	936	950	14
Building Consultancy	61	44	(17)
Land Drainage	54	54	0
<b>Total Environment</b>	<b>3,174</b>	<b>3,379</b>	<b>205</b>

Area	Explanation	Forecast Amount Over/ (under) £'000
Council Depots	Employee costs	2
Public Conveniences	Employee costs	3
Public Conveniences	Repairs and maintenance	(5)
Public Conveniences	Outcome of Review	60
Waste Collection	Employee costs	23
Waste Collection	Vehicle Maintenance	(6)
Waste Collection	Wheelie Bins	20
Waste Collection	Third Party Payments Tonnage Reduction	(34)
Waste Collection	Third Party Payments Agreement Variation	45
Waste Collection	Contribution from other bodies	(5)
Waste Collection	Recycling Income	105
Street Cleaning	Employee costs	17
Street Cleaning	Vehicle Hire	2
Street Cleaning	Bulky Waste collection	(5)
Building Consultancy	Employee costs	2
Building Consultancy	Training expenses	(3)
Building Consultancy	Other Income	(9)
Building Consultancy	NLPG - change in service location	(7)
<b>Total</b>		<b>205</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	386	386	0
Animal Control	16	16	0
Housing Standards	95	95	0
<b>Total Environmental Health</b>	<b>497</b>	<b>497</b>	<b>0</b>

Area	Explanation	Forecast Amount Over/ (under) £'000
Environmental Health	Employee costs	(8)
Environmental Health	Food Safety Inspections	8
Housing Standards	Employee costs	18
Housing Standards	Houses in Multiple Occupation Fees	(18)
<b>Total</b>		<b>0</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	434	434	0
Financial Management Unit	427	433	6
Internal & External Audit	130	122	(8)
<b>Total Financial Services</b>	<b>991</b>	<b>989</b>	<b>(2)</b>

Area	Explanation	Forecast Amount Over/ (under) £'000
Financial Management Unit	Bank/Electronic payment charges	6
Internal & External Audit	External Audit Fees	(8)
<b>Total</b>		<b>(2)</b>

## Housing

Head of Service : Sal Khan	Budget (£000's)	Forecast Outturn (£000's)	Forecast Variance (£000's)
<b>Housing</b>			
Housing options	253	268	15
<b>Total: Housing</b>	<b>253</b>	<b>268</b>	<b>15</b>

Area	Explanation	Forecast Amount Over/ (under) £'000
Housing Options	Employee Costs	68
	Homeless Prevention Grants	16
	B&B Accommodation/ Rental Costs	195
	Accommodation Income / Housing Benefits	(109)
	Supplies and Services	(5)
	Homelessness Govt Funding held in reserves	(150)
<b>Total</b>		<b>15</b>



## Human Resources, Payments and Pensions

Chief Officer : Andy O'Brien	Budget (£000's)	Forecast Outturn (£000's)	Forecast Variance (£000's)
<b>Human Resources, Payments and Pensions</b>			
HR and Payroll	451	367	(84)
Pension Payments	1261	1241	(20)
<b>Total Human Resources, Payments and Pensions</b>	<b>1,712</b>	<b>1,608</b>	<b>(104)</b>

Area	Explanation	Forecast Amount Over/ (under) £'000
HR and Payroll	Employee Costs	(17)
HR and Payroll	Supplies and Services	(6)
HR and Payroll	System Maintenance	2
Pension Payments	Revised estimates from SCC	(20)
Corporate Training	Training Expenses	(63)
<b>Total</b>		<b>(104)</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	183	139	(44)
ICT	319	315	(4)
<b>Total ICT and Printing</b>	<b>502</b>	<b>454</b>	<b>(48)</b>

Area	Explanation	Forecast Amount Over/ (under) £'000
Central Reprographics	Employee Costs	1
Central Reprographics	Hire of Equipment	(40)
Central Reprographics	Printing and Stationery	(5)
ICT	Employee Costs	8
ICT	Remote Links/Hardware Contracts	(12)
<b>Total</b>		<b>(48)</b>

## Legal and Asset Services

Chief Officer : Andy O'Brien	Budget (£000's)	Forecast Outturn (£000's)	Forecast Variance (£000's)
<b>Legal Services &amp; Assets</b>			
Legal	207	186	(21)
Mayoral Support and Civic Ceremonials	59	64	5
Industrial Units	(554)	(601)	(47)
Assets and Estates Management	(72)	(72)	0
<b>Total Legal Services &amp; Assets</b>	<b>(360)</b>	<b>(423)</b>	<b>(63)</b>

Area	Explanation	Forecast Amount Over/ (under) £'000
Legal	Employee Costs	(5)
Legal	Books and Publications	(6)
Legal	Legal and Court Costs Recovered	(10)
Civic and Mayoral	Employee Costs	5
Industrial Units	Fees & Charges	(47)
<b>Total</b>		<b>(63)</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	780	883	103
Health and Leisure Grants	12	8	(4)
Active East Staffs	152	173	21
<b>Total Leisure Centres - Indoor Facilities</b>	<b>944</b>	<b>1,064</b>	<b>120</b>

Area	Explanation	Forecast Amount Over/ (under) £'000
Leisure Centres - Indoor Facilities	Employees including vacancy factor	46
Leisure Centres - Indoor Facilities	Premises	(10)
Leisure Centres - Indoor Facilities	Catering	2
Leisure Centres - Indoor Facilities	Supplies and Services	4
Leisure Centres - Indoor Facilities	Income	61
Health and Leisure Grants	General Grants	(4)
Active East Staffs	Sports Development Project	21
<b>Total</b>		<b>120</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	127	114	(13)
<b>Total Leisure Centres - Outdoor Facilities</b>	<b>127</b>	<b>114</b>	<b>(13)</b>

Area	Explanation	Forecast Amount Over/ (under) £'000
Leisure Centres - Outdoor Facilities	Employees including vacancy factor	16
	Premises	(9)
	Supplies and Services	(7)
	Fees and Charges	(13)
<b>Total</b>		<b>(13)</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	6	14	8
CCTV	80	80	0
<b>Total Licensing and Enforcement</b>	<b>86</b>	<b>94</b>	<b>8</b>

Area	Explanation	Forecast Amount Over/ (under) £'000
Licensing and Enforcement	Employee Costs	11
Licensing and Enforcement	Licence Fee Income	(24)
Licensing and Enforcement	Loss of street trader income	21
<b>Total</b>		<b>8</b>

## Markets

Head of Service : Mark Rizk	Budget (£000's)	Forecast Outturn (£000's)	Forecast Variance (£000's)
<b>Markets</b>	(12)	(7)	5
<b>Total Markets</b>	<b>(12)</b>	<b>(7)</b>	<b>5</b>

Area	Explanation	Forecast Amount Over/ (under) £'000
Markets	Income	46
Markets	Premises Costs	(11)
Markets	Supplies and Services	(30)
<b>Total</b>		<b>5</b>

## Planning and Land Charges

Head of Service : Sal Khan	Budget (£000's)	Forecast Outturn (£000's)	Forecast Variance (£000's)
<b>Planning</b>			
Planning Policy	146	118	(28)
Planning Delivery	66	(390)	(456)
Land Charges	(22)	(34)	(12)
<b>Total Planning</b>	<b>190</b>	<b>(306)</b>	<b>(496)</b>

Area	Explanation	Forecast Amount Over/ (under) £'000
Planning Policy	Employee costs	(5)
Planning Policy	Professional Fees	(20)
Planning Policy	Supplies and Services	(3)
Planning Delivery	Employee costs/Temp staffing	103
Planning Delivery	Contribution from additional fee reserve	(103)
Planning Delivery	Planning Fees/ Other Fees and Charges	(415)
Planning Delivery	Professional Fees/Legal Costs	(26)
Planning Delivery	Scanning	(10)
Planning Delivery	Advertising	(5)
Land Charges	Employee costs	(7)
Land Charges	Fees and Charges	(5)
<b>Total</b>		<b>(496)</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	(17)	(72)	(55)
Benefits and Professional Services	(129)	(129)	0
Customer Contacts	422	438	16
<b>Total - Revenues, Benefits and Customer Contacts</b>	<b>276</b>	<b>237</b>	<b>(39)</b>

Area	Explanation	Forecast Amount Over/ (under) £'000
Revenues	Employee costs	(36)
Revenues	Supplies and Services	(9)
Revenues	Court Costs Recovered	(10)
Benefits and Professional Services	Reduction in Discretionary Housing Payment Grant	32
	Reduction in Discretionary Housing Payments Awarded	(32)
	Universal Credit Support -Partnership with Citizens Advice	6
	Universal Credit DWP Income	(6)
Customer Contacts	Employee costs	16
<b>Total</b>		<b>(39)</b>

## Appendix B - Investments as at 31<sup>st</sup> December 2019

Borrower	Principal (£)	Interest Rate	Start Date	Maturity Date
<b>Call Accounts and Money Market Funds</b>				
RBS SIBA	1,155,309	0.01%		Call
Federated MMF	4,000,000	0.76%		Call
Lloyds	2,500,000	0.95%		95 day notice
Insight MMF	825,000	0.75%		Call
Santander	3,500,000	0.85%		95 day notice
Barclays 95 Day Notice Account	3,433,656	0.75%		95 day notice
Barclays Holding Account	15	0.00%		
<b>Fixed Deposits / T Bills / Certificates of Deposit</b>				
BOS	500,000	1.00%	06/07/2018	08/07/2019
BOS	1,500,000	1.05%	28/09/2018	27/09/2019
BOS	500,000	1.00%	08/11/2018	08/05/2019
Lloyds	1,000,000	1.00%	01/06/2018	03/06/2019
Nationwide CD	1,500,000	0.68%	11/07/2018	11/01/2019
Nordea CD	1,500,000	0.77%	27/07/2018	28/01/2019
UK Treasury Bill	1,000,000	0.70%	20/08/2018	18/02/2019
UK Treasury Bill	1,000,000	0.70%	28/08/2018	25/02/2019
UK Treasury Bill	1,000,000	0.70%	03/09/2018	04/03/2019
UK Treasury Bill	1,000,000	0.71%	03/09/2018	04/03/2019
UK Treasury Bill	1,000,000	0.71%	24/09/2018	25/03/2019
UK Treasury Bill	509,000	0.72%	08/10/2018	08/04/2019
UK Treasury Bill	1,000,000	0.72%	05/11/2018	07/05/2019
UK Treasury Bill	1,000,000	0.73%	19/11/2018	20/05/2019
UK Treasury Bill	1,000,000	0.74%	10/12/2018	10/06/2019
National West Minster Bank CD	1,000,000	0.90%	13/08/2018	13/02/2019
National West Minster Bank CD	1,000,000	0.90%	03/09/2018	04/03/2019
National West Minster Bank CD	1,000,000	0.91%	02/10/2018	02/04/2019
National West Minster Bank CD	1,000,000	0.91%	24/10/2018	26/04/2019
National West Minster Bank CD	1,000,000	1.04%	17/09/2018	16/09/2019

Borrower - Icelandic Exposure	Principal (£)	Interest Rate	Start Date	Maturity Date
Singer	285,000	5.41%		08/10/2008

Investments rate of interest as at 31 <sup>st</sup> December 2019		Principal (£)	Interest Rate
Total Investments		35,707,981	
Total Investments - Excluding Icelandic Exposure		35,422,981	0.79%
Total Investments - Icelandic Exposure Only		285,000	5.41%

Average rate of interest for the year to date		Principal (£)	Interest Rate
Total Investments		35,245,185	
Total Investments - Excluding Icelandic Exposure		34,960,185	0.80%
Total Investments - Icelandic Exposure Only		285,000	5.41%

## 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	31/12/2018
Central Government Funding	Uncertainty surrounding future government funding, including the impact of the business rates changes, New Homes Bonus, fair funding review and 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 pro-actively responding to consultations.	3	4	15	31/12/2018
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	31/12/2018
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	31/12/2018
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	31/12/2018

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	31/12/2018
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	31/12/2018
Unforeseen Environmental Impacts	Floods, fire, chemical, major disaster, terrorism	Major Incident/Emergency Plan Test exercises ensure readiness for Internal resource and support from CSU County wide preventing violent extremism working group	1	4	10	31/12/2018
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	31/12/2018
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	31/12/2018



## 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 <hr/> Access controls and permissions within system applications <hr/> Protective defences such as antivirus <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	2	4	13	31/12/2018
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	12	31/12/2018

## 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 Council's <u>interests</u> One member (Council) one vote, provides Council with a strong voice	1	4	10	31/12/2018
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. Approved, up to date BC policy in place.	1	4	10	31/12/2018
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	31/12/2018
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	31/12/2018
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. Performance against the current corporate plan continues to be very positive.	1	4	10	31/12/2018
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	31/12/2018

## 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 <u>the Leader</u> H&S team advises, educates and reviews risk assessments etc and has direct reporting access to Chief <u>Executive</u> Incident/accident reporting process in place.	1	4	10	31/12/2018
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	31/12/2018
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 <u>Appraisals</u> Effective Communications - Corporate Management Team, Managers Forum, Team Meetings, Staff 1-1s, Staff <u>Briefings</u> .	2	2	5	31/12/2018
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, minimizing risks of a <u>budget shortfall</u> . 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	31/12/2018

## 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.	<p>Constitution</p> <p>Member induction programme, member training and regular briefings.</p> <p>Open door policy with Heads of service; discussions/briefings with officers.</p>	2	2	5	31/12/2018
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.	<p>Member training</p> <p>Financial provision/contingency to meet potential costs of appeals</p> <p>Legal advice at committee</p>	3	4	15	31/12/2018
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.	<p>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.</p> <p>Adequate and suitably trained staff. Regular member training/briefings.</p> <p>The appointment of professional treasury management advisors</p>	1	4	10	31/12/2018