



EAST STAFFORDSHIRE BOROUGH COUNCIL

REPORT COVER SHEET

Title of Report:	Quarter 1 - Revenue and Capital Outturn 2020/21	To be marked with an 'X' by Democratic Services after report has been presented
Meeting of:	Corporate Management Team – 18 th August 2020	X
	Leader and Deputy Leaders – 24 th August 2020	X
	Leader's / Leader of the Opposition's Advisory Group / Independent Alliance Advisory Group – 2 nd and 3 rd September 2020	X
	Cabinet – 14 th September 2020	
	Scrutiny Audit and Value for Money Council Services Committee – 21 st September 2020	



Is this an Executive Decision:	Yes	Is this a Key Decision:	NO
Is this in the Forward Plan:	YES	Is the Report Confidential:	NO
If so, please state relevant paragraph from Schedule 12A LGA 1972:	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: 14th September 2020

REPORT TITLE: Quarter 1 - Revenue and Capital Outturn 2020/21

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 first quarterly report in the annual cycle of financial monitoring for the financial year 2020/21.

2. Executive Summary

- 2.1 The report highlights that overall there are **forecast net pressures against the original budget of £2.2m** for the full financial year against a net budget of £11.024m. However the vast majority of the pressures have arisen due to the Covid-19 Pandemic and related lockdown. The Government have provided a number of funding packages to local authorities to support them with Covid-19 related financial pressures, once this actual and estimated additional funding of £2.1m is taken into consideration the **forecast net pressures amount to £0.1m**.
- 2.2 The Council, like all local authorities, is facing significant financial pressures due to COVID-19. These pressures not only include additional costs but also more significantly a reduction to the income levels the Council receives which are used to provide essential services to residents. Paragraph 4.2 of the report sets out the most significant variations identified at this point in the year.
- 2.3 This is a very early stage of the year and the expectation is that there will be significantly increased volatility within the forecasts this year. With this in mind, sensitivity analysis of the forecasts demonstrates that a more pessimistic outlook would increase the forecast net pressures to £0.98m and a more optimistic outlook would improve the net forecast position to an underspend of £0.37m.

- 2.4 Overall, the Council's underlying financial position is robust and this provides a strong foundation of financial resilience during these unprecedented circumstances. 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.
- 2.5 Investments as at 30th June 2020 stood at £41.1m. Investment returns to the end of June averaged 0.42%, whilst this exceeds the base rate and is broadly in line with benchmarks this is expected to significantly reduce as investments mature and are replaced. External borrowing at the end of the quarter stands at £11.1m. 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.
- 2.6 The authority's capital spending plans total £5.9m. The report indicates that 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 2020/21

- 3.1 On 24th February 2020, the full Council approved the Revenue Budget for the year 2020/21, totalling £11,024m as follows:

Approved Service Budgets	£000's
Arts, Brewhouse and Functions	393
Community and Open Spaces	1,401
Corporate Management Team	438
Corporate and Commercial	875
Cultural Services – Marketing	86
Enterprise	116
Environment	3,887
Environmental Health	470
Financial Services and Capital Financing	966
Housing	311
Human Resources, Payments & Pensions	1,913
IT and Printing	425
Legal Services, Assets and Licensing	(430)
Leisure Services	664
Licensing and Enforcement	84
Markets	15
Planning and Land Charges	46
Revenue, Benefits and Customer Contacts	417
Corporate Budgets	(1,053)
Total	11,024

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 2020/21

4.1. The following table indicates the quarter one 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 Q1	Forecast Variation Q1 - Over/(Under)
	£'000	£'000	£'000
Arts, Brewhouse and Function Suite	393	607	214
Community and Open Spaces	1,401	1,955	554
Corporate Management Team	438	442	4
Corporate and Commercial	875	868	(7)
Cultural Services - Marketing	86	86	0
Enterprise	116	116	0
Environment	3,887	4,027	140
Environmental Health	470	478	8
Financial Services	966	1,213	247
Housing	311	321	10
Human Resources, Payments & Pensions	1,913	1,906	(7)
IT and Printing	425	419	(6)
Legal Services and Assets	(430)	(296)	134
Leisure Services	664	971	307
Licensing and Enforcement	84	65	(19)
Markets	15	101	86
Planning and Land Charges	46	175	129
Revenue, Benefits and Customer Contacts	417	898	481
Corporate Items	(1,053)	(1,178)	(125)
Total against Budget	11,024	13,174	2,150
Covid-19 Central Funding (Tranche 2 & 3)	0	(1,393)	(1,393)
Covid -19 Central Income Scheme	0	(663)	(663)
Total - (Surplus) / Shortfall	11,024	11,118	94

4.2 The tables at Appendix A summarise, by service, the variations between the 2020/21 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 Functions – Forecast Net Pressure of £214k**

There is a significant forecast shortfall in income levels of approx. £246k which has partially been offset by forecast expenditure savings on staffing and other fees. This shortfall in income levels relates to the closure of services and subsequent social distancing measures necessary due to the pandemic. Officers are currently investigating options for potential external support from the Arts Council to mitigate some of this shortfall.
- **Community and Open Spaces – Forecast Net Pressure of £554k**

This forecast pressure arises because of a shortfall in car parking income estimated to be £612k due to the Covid-19 Pandemic. The forecast shortfall is being partially offset by savings across the wider service, including grounds maintenance.
- **Environment – Forecast Net Pressure - £140k**

This pressure arises due to a number of factors. There is a forecast increase in staffing costs within waste management (£94k) due to both increased workloads/waste arising from the pandemic and also a number of staff in this area being required to shield. There is also a forecast shortfall in income levels in relation to trade waste and bulky household waste due to impact of the pandemic. Despite additional measures put in place by management in relation to waste contamination the contractor is taking a robust position in this regard and as a result there are forecast cost pressures in this area.
- **Financial Services – Forecast Pressure £247k**

Forecast pressures arise in this area due to the emergency reductions in the bank base rate as a result of the pandemic during March 2020. This means that investment income returns from daily cash management are much lower than budgeted, with a forecast shortfall of £142k. There is also a shortfall forecast in relation to the budget for repayment of debt (£97k), this linked to the timing of capital receipts that have been earmarked towards debt repayment.
- **Legal and Asset Management – Forecast Pressures £134k**

There are forecast pressures in relation to Asset Management and in particular income levels. Due to the pandemic we have seen levels of outstanding rentals increase and as a result forecast the need to increase the provision for outstanding debts. Recovery procedures have commenced in Quarter 2 and indications suggest this position is improving. This will continue to be monitored closely, as this will continue to be a risk for the remainder of the year.
- **Leisure – Forecast Pressures £307k**

The Council's leisure centres closed in March as a result of the pandemic and the Council continued to pay the management fee to our external provider on an open book basis in order to support the contractor's fixed/ongoing costs during this period. Further discussions have taken place with our provider in relation to the re-opening of the centres in July in accordance with Government guidelines. As a result forecast cost pressures are currently anticipated of £396k, this has been partially offset by the use of existing contingency budgets within this area.

■ **Planning and Land Charges – Forecast Net Pressures £129k**

Income from planning and land charges is currently forecast to be below budget (£157k) due to the impact of the pandemic. This is partially being offset by various forecast expenditure savings.

■ **Revenues, Benefits and Customer Contacts – Forecast Pressures £481k**

This forecast pressure largely relates to two significant areas:

- Income from the recovery of court costs is forecast to be £112k lower than budget due to the suspension of recovery action as a result of the pandemic.
- As reported in late 2019/20, there are increasing cost pressures arising from supported housing costs in relation to providers that are not registered social landlords (RSL). The latest forecast indicates pressures of £558k, which have been partially offset by the use of flexible housing funding from central government (£165k) and a forecast shortfall in relation to rent rebates (£28k). Officers are investigating options to support these providers to become a RSL as a means of mitigating these cost pressures and a detailed report on this area will be brought forward in due course.

5. Treasury Management

- 5.1 The Council approved the Treasury Management Strategy Statement for 2020/21 on 24th February 2020 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 2020/21 budget was 0.65%, which at the time was a cautious forecast. Due to the Covid-19 Pandemic there have been two emergency cuts to the bank base rate by the Bank of England during March 2020, which means the rate now stands at 0.10%. The bank rate is not expected to increase in the medium term and there remains the risk of negative rates.
- 5.3 Appendix B shows the outstanding investments the authority had as at 30th June 2020. Average investment returns (0.42%) are performing significantly below budget, reflecting the reduction in the base rate, but broadly in line with benchmarking. Investment rates available in the market are continuing to fall and this rate of return will inevitably be closer to or below the bank rate during the year. The investment listing (Appendix B) includes certificates of deposit, as well as UK Government Treasury Bills and their deposit account, 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 30th June 2020 is 5.4%, with total, outstanding external debt of £11.1m.

Debt Type	Principal Outstanding (£)	Average Rate
Total Fixed Debt		
PWLB Maturity	5,700,000	4.646%
PWLB Annuity	489,619	8.611%
Total Variable Debt		
Market	4,500,000	5.914%
GBSLEP Loan	375,000	-
Total External Debt	11,064,619	5.362%

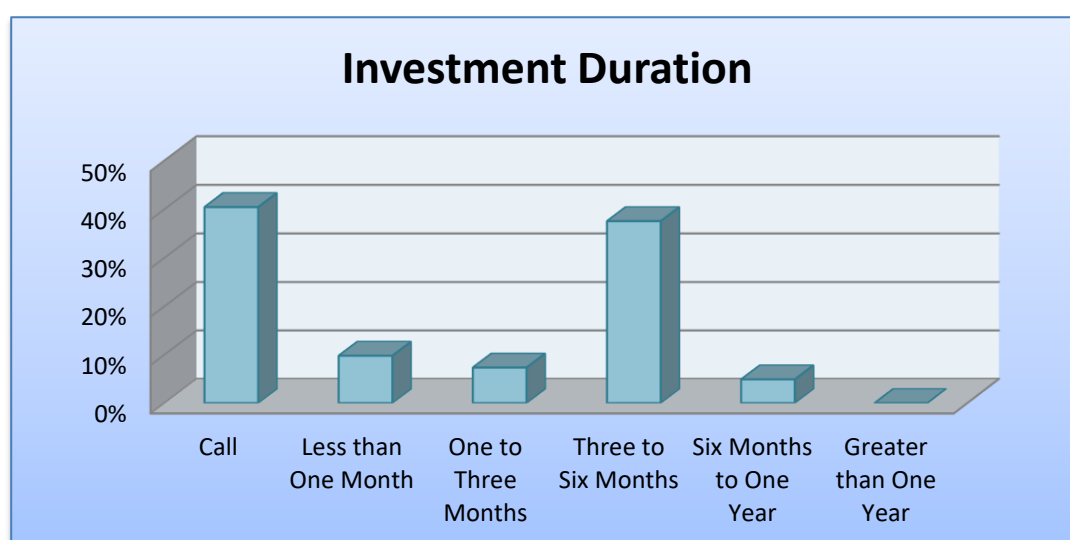
Capital Financing Budget

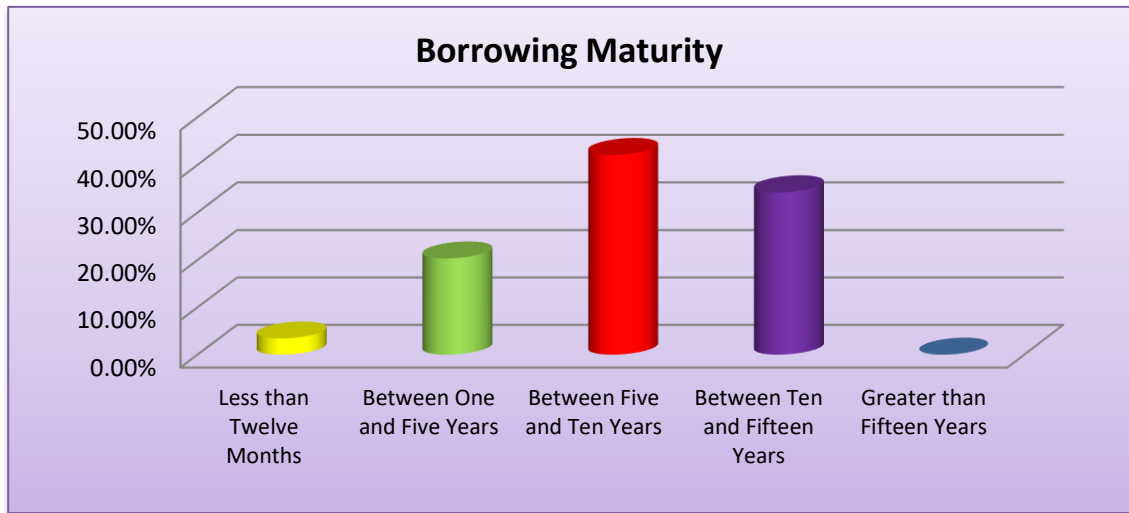
5.5 This budget consists of £0.8m associated with the cost of servicing the council's debt and £0.240m income from investment returns.

5.6 The capital financing budget has been reduced by £0.2m in 2020/21 as a result of expected savings from the utilisation of anticipated capital receipts (£3.5m) towards debt repayment as part of our existing financial strategy. The Medium Term Financial Strategy highlighted that there was a risk of shortfall against the budget arising from the timing of these receipts and at this stage of the year a shortfall of £0.1m has been forecast.

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 2020/21

6.1 The table below details the approved capital projects for 2020/21 totalling £5.9m. This demonstrates that all projects are currently forecast to be delivered within the overall approved budget, however timescales for delivery have inevitably been impacted by the Covid-19 Pandemic for some schemes.

2020-21	Current Year Budget £	Current Year Expenditure £	Remaining Budget £	Forecast 2020/21 Expenditure at Quarter 1 £	Increased expenditure / (Under-spend) £	Comments
Neighbourhood Working Fund	56,200	0	56,200	56,200	0	Ongoing
Disabled Facility Grants ¹	2,353,012	27,784	2,325,228	2,353,012	0	Ongoing
Town Hall Office Accommodation Refurbishment	1,756	0	1,756	1,756	0	Final Account
Canal Street Industrial Units	38,727	0	38,727	38,727	0	Ongoing
Bartec Street Cleaning Software	25,842	3,600	22,242	25,842	0	Ongoing
Station Street Burton	1,093,795	0	1,093,795	1,093,795	0	Ongoing
Cemetery Expansion	20,000	0	20,000	20,000	0	Scoping scheme
Small Business Fund	100,000	0	100,000	100,000	0	Scoping scheme
ICT - CISCO Switches	62,000	0	62,000	62,000	0	Ongoing
Assets - Mandatory Works	60,000	0	60,000	60,000	0	Scoping scheme
Washlands ²	2,050,000	0	2,050,000	2,050,000	0	Scoping scheme
Total	5,861,332	31,384	5,829,948	5,861,332	0	

Note 1 - There are 128 active grants not yet completed, applications or enquiries currently in the system at Q1 worth an estimated additional £1.55m, this includes new DFG enquiries (£0.4m), those at referral stage (£0.6m), those at application stage (£0.15m) and those approved/work in progress (£0.4m). The COVID-19 Pandemic has impacted on the numbers that could be safely progressed in people's homes during the quarter.

Note 2 - Funding of the Washlands project has been rescheduled between the Local Enterprise Partnership (LEP)/ESBC and the Environment Agency (EA) allowing the Washlands Enhancement Works being undertaken by ESBC to be continued into 2021/22 following the impact of COVID-19. Originally the £3 million awarded by the LEP was split £2 million with the EA and £1 million to ESBC. This has now been revised to £3 million for the Burton Flood Defence Works on condition that the £1 million will be paid over to ESBC by the EA the following year. All Washlands funds awarded by the LEP are to ESBC who remain the accountable body for the £3 million. The Council has separate agreements with the EA to passport this funding onwards.

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

Capital Receipts – 2020/21 as at Quarter 1	£
Deposit Land at 300 Rosliston Road, Stapenhill	5,000
Total	5,000

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	2020/21	2021/22	2022/23
Forecast Pressure	94,000	-	-

Capital	2020/21	2021/22	2022/23
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 one of 2020/21 in relation to revenue and capital budgets together with the degree of financial uncertainty that exists due to the Covid-19 Pandemic.
- 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 2020/21 to 2024/25

14. Appendices

- 14.1 Appendix A: Forecast variances against budget at outturn 2020/21
- 14.2 Appendix B: Investments at 30th June 2020
- 14.3 Appendix C: Corporate and Strategic Risks – Quarter 1 2020/21

**QUARTER ONE
FORECAST VARIANCES AGAINST BUDGET AT OUTTURN
2020/21**

Arts, Brewhouse and Functions

Head of Service : Mark Rizk	Budget (£000's)	Forecast Outturn (£000's)	Forecast Variance (£000's)
Arts, Brewhouse and Civic Function Suite			
Brewhouse and Arts Development	303	393	90
Civic Function Suite	90	214	124
Total Arts, Brewhouse and Civic Functions	393	607	214

Division	Explanation	Forecast Amount Over/ (under) £'000
Brewhouse and Arts	Employees	(11)
Development	Professional Theatre Fees	(16)
	Shortfall in Ticket Sales Income	28
	Shortfall in Room Rental Income	37
	Workshops/Courses - Income Shortfall	14
	Miscellaneous Sales/Other Income Shortfall	13
	Brewhouse Cafe/Bar - Net Shortfall	22
	Arts Development Programme	3
Civic Function Suite	Temporary Staff Savings & Set up Crews	(8)
Civic Function Suite	Room Hire - Shortfall in Income	117
Civic Function Suite	Catering/Vending Income/Fees and Charges	15
Total		214

Community, Open Spaces and Facilities

Head of Service : Mark Rizk	Budget (£000's)	Forecast Outturn (£000's)	Forecast Variance (£000's)
Community and Open Spaces			
Cemeteries	(14)	(3)	11
Open spaces	1,398	1,360	(38)
Partnerships	33	33	0
Horticultural Centre	44	44	0
Facilities and Health and Safety	335	328	(7)
Community Centres	18	14	(4)
Car Parks Income	(790)	(193)	597
Community and Civil Enforcement	307	307	0
Social Regeneration	48	43	(5)
Councillors Community Fund	22	22	0
Total Community and Open Spaces	1,401	1,955	554

Division	Explanation	Forecast Amount Over/ (under) £'000
Cemeteries	Employee Costs	26
Cemeteries	Burial Fees	(8)
Cemeteries	Monument Fees	8
Cemeteries	Savings on Repairs/Mtce and Grounds Mtce	(12)
Cemeteries	Gas, Electricity and Water	(3)
Open spaces	Employee Costs (Vacancy Factor)	3
Open spaces	Grounds Maintenance	(31)
Open spaces	Play Equipment	(10)
Facilities and Health and Safety	Employee Costs (Vacancy Factor)	2
Facilities and Health and Safety	Organisation Premises	(6)
Facilities and Health and Safety	R&M - Oldfields Sports Centre	(3)
Community Centres	Repairs & Maintenance	(4)
Car Parks Income	Bargates Additional Income	(17)
Car Parks Income	Car Parking Income Forecast Shortfall	558
Car Parks Income	Season/Penalty Notices Income	71
Car Parks Income	Supplies and Services	(15)
Social Regeneration	Tourist Information Signs	(2)
Social Regeneration	Contributions to Other Bodies	(3)
Total		554

Corporate Management Team

Chief Officer : Andy O'Brien	Budget (£000's)	Forecast Outturn (£000's)	Forecast Variance (£000's)
CMT			
Chief Executives	205	207	2
Heads of Service	233	235	2
Total CMT	438	442	4

Division	Explanation	Forecast Amount Over/ (under) £'000
Chief Executives	Employee Costs - Vacancy Factor	2
Heads of Service	Employee Costs - Vacancy Factor	2
Total		4

Corporate and Commercial

Head of Service : Sal Khan	Budget (£000's)	Forecast Outturn (£000's)	Forecast Variance (£000's)
Corporate and Commercial			
Programmes and Information	255	257	2
Committee Support	95	99	4
Elections	203	206	3
Emergency Planning	14	12	(2)
Members Allowances	308	294	(14)
Total Corporate and Commercial	875	868	(7)

Division	Explanation	Forecast Amount Over/ (under) £'000
Programmes and Information	Employee Costs - Vacancy Factor	2
Committee Support	Employee Costs - Vacancy Factor	2
Committee Support	Zoom Software Licence	2
Elections	Employee Costs	3
Emergency Planning	General Grants	(2)
Members Allowances	Supplies and Services	(2)
Members Allowances	Basic Allowance	(12)
Total		(7)

Cultural Services - Marketing

Head of Service : Mark Rizk	Budget (£000's)	Forecast Outturn (£000's)	Forecast Variance (£000's)
Cultural Services - Marketing	86	86	0
Total Cultural Services - Marketing	86	86	0

Enterprise

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

Division	Explanation	Forecast Amount Over/ (under) £'000
Enterprise	Grants Payable	8
Enterprise	ERDF Grant Receivable	(8)
Total		0

Environment

Head of Service : Sal Khan	Budget (£000's)	Forecast Outturn (£000's)	Forecast Variance (£000's)
Environment			
Council Depots	144	138	(6)
Public Conveniences	145	141	(4)
Waste Collection	2,479	2,642	163
Street Cleaning	1,013	1,000	(13)
Building Consultancy	50	50	0
Land Drainage	56	56	0
Total Enviroment	3,887	4,027	140

Division	Explanation	Forecast Amount Over/ (under) £'000
Council Depots	Premises-Related Expenditure	(6)
Public Conveniences	Employee Costs	(6)
Public Conveniences	Temporary Staff	2
Waste Collection	Employee Costs	14
Waste Collection	Temporary Staff	69
Waste Collection	Honoraria - COVID working recognition	11
Waste Collection	Recycling Income	(19)
Waste Collection	Third Party Payments - Gate Fees/Contamination	46
Waste Collection	Third Party Payments - Garden Waste Reprocessing	4
Waste Collection	Third Party Payments - Dry Recycling Transport Costs	12
Waste Collection	Third Party Payments - Trade Refuse Disposal	(7)
Waste Collection	Trade Refuse Income	33
Street Cleaning	Employee Costs	(6)
Street Cleaning	Temporary Staff	(20)
Street Cleaning	Honoraria - COVID working recognition	5
Street Cleaning	Bulky Waste Income	8
Total		140

Environmental Health

Head of Service : Mark Rizk	Budget (£000's)	Forecast Outturn (£000's)	Forecast Variance (£000's)
Environmental Health			
Environmental Health	389	389	0
Animal Control	6	6	0
Housing Standards	75	83	8
Total Environmental Health	470	478	8

Division	Explanation	Forecast Amount Over/ (under) £'000
Environmental Health	Employee costs	(3)
Environmental Health	Interim Support Costs (Food safety)	3
Environmental Health	Interim Support Costs (Other)	18
Environmental Health	COVID-19 Income (SCC)	(18)
Housing Standards	Employee costs	8
Total		8

Financial Services

Head of Service : Sal Khan	Budget (£000's)	Forecast Outturn (£000's)	Forecast Variance (£000's)
Financial Services			
Capital Financing Costs	353	592	239
Financial Management Unit	492	502	10
Internal & External Audit	121	119	(2)
Total Financial Services	966	1,213	247

Division	Explanation	Forecast Amount Over/ (under) £'000
Capital Financing Costs	Debt Repayment - timing of capital receipts	97
Capital Financing Costs	Investment Income - reduction in base rate (Covid-19)	142
Financial Management Unit	Employee Costs - Vacany Factor	10
Financial Management Unit	Temp Staff Costs	4
Financial Management Unit	Contribution from Professional Reserve	(4)
Internal & External Audit	Audit Fee Savings	(2)
Total		247

Housing

Head of Service : Sal Khan	Budget (£000's)	Forecast Outturn (£000's)	Forecast Variance (£000's)
Housing			
Housing options	311	321	10
Total: Housing	311	321	10

Division	Explanation	Forecast Amount Over/ (under) £'000
Housing Options	Employee Costs	30
Housing Options	Contribution from Reserves	(30)
Housing Options: Accomodatio	Rents	(6)
Housing Options: Accomodatio	B&B Costs (excluding Covid 19)	(41)
Housing Options: Accomodatio	Premises Rental/ B&B Rentals income (excluding Covid 19)	29
Housing Options: Accomodatio	B&B Costs (Covid 19)	61
Housing Options: Accomodatio	Premises Rental/ B&B Rentals income (Covid 19)	(33)
Total		10

Human Resources, Payments and Pensions

	Budget (£000's)	Forecast Outturn (£000's)	Forecast Variance (£000's)
Chief Officer : Andy O'Brien			
Human Resources and Payments			
HR and Payroll	368	361	(7)
Pension Payments	1,545	1,545	0
Total Human Resources and Payments	1,913	1,906	(7)

Division	Explanation	Forecast Amount Over/ (under) £'000
HR & Payroll	Employee Costs	5
HR & Payroll	Corporate Training	(12)
Pension Payments	No Change	0
Total		(7)

IT and Printing

	Budget (£000's)	Forecast Outturn (£000's)	Forecast Variance (£000's)
Head of Service : Sal Khan			
IT and Printing			
Central Reprographics	109	103	(6)
ICT	316	316	0
Total ICT and Printing	425	419	(6)

Division	Explanation	Forecast Amount Over/ (under) £'000
Central Reprographics	Employee Costs	1
Central Reprographics	Photocopier Hire/Postage	(5)
Central Reprographics	Printing and Stationery	(2)
ICT	Employee Costs	5
ICT	Remote Links	(5)
Total		(6)

Legal and Asset Services

Chief Officer : Andy O'Brien	Budget (£000's)	Forecast Outturn (£000's)	Forecast Variance (£000's)
Legal Services & Assets			
Legal	206	206	0
Mayoral Support and Civic Ceremonials	57	68	11
Industrial Units	(620)	(497)	123
Assets and Estates Management	(73)	(73)	0
Total Legal Services & Assets	(430)	(296)	134

Division	Explanation	Forecast Amount Over/ (under) £'000
Mayoral Support and Civic Ceremonials	Employee Costs	11
Industrial Units	Business Rates - Vacant Units	16
Industrial Units	Rental Income	39
Assets and Estates/ Industrial Units	Rental Income Recovery - Increased Provision	68
Total		134

Leisure Services

Head of Service : Mark Rizk	Budget (£000's)	Forecast Outturn (£000's)	Forecast Variance (£000's)
Leisure Services			
Health and Leisure Grants	24	24	0
Leisure Management	640	947	307
Total Leisure Management	664	971	307

Division	Explanation	Forecast Amount Over/ (under) £'000
Leisure Management	Covid-19 Estimated Impact following change	396
Leisure Management	Use of Contingency Funds	(89)
Total		307

Licensing and Enforcement

Head of Service : Mark Rizk	Budget (£000's)	Forecast Outturn (£000's)	Forecast Variance (£000's)
Licensing and Enforcement			
Licensing and Enforcement	21	2	(19)
CCTV	63	63	0
Total Licensing and Enforcement	84	65	(19)

Division	Explanation	Forecast Amount Over/ (under) £'000
Licensing and Enforcement	Employee Costs	(26)
Licensing and Enforcement	Licensing Tax Income	7
Total		(19)

Markets

Head of Service : Mark Rizk	Budget (£000's)	Forecast Outturn (£000's)	Forecast Variance (£000's)
Markets	15	101	86
Total Markets	15	101	86

Division	Explanation	Forecast Amount Over/ (under) £'000
Markets	Income Shortfall	86
Total		86

Planning and Land Charges

Head of Service : Sal Khan	Budget (£000's)	Forecast Outturn (£000's)	Forecast Variance (£000's)
Planning			
Planning Policy	145	131	(14)
Development Control	(84)	29	113
Land Charges	(15)	15	30
Total Planning	46	175	129

Division	Explanation	Forecast Amount Over/ (under) £'000
Planning Policy	Consultants	(14)
Development Control	Fees and Charges	113
Land Charges	Employee Costs	1
Land Charges	Fees and Charges	44
Land Charges	Search and Investigation Fees	(15)
Total		129

Revenue and Benefits and Customer Contacts

Head of Service : Sal Khan	Budget (£000's)	Forecast Outturn (£000's)	Forecast Variance (£000's)
SCC - Revenues, Benefits and Customer Contacts			
Revenues	4	117	113
Benefits and Professional Services	(11)	357	368
Customer Contacts	424	424	0
Total - Revenues, Benefits and Customer Contacts	417	898	481

Division	Explanation	Forecast Amount Over/ (under) £'000
Revenues	NNDR collection allowance grant	5
Revenues	NNDR Legal Fees savings	(4)
Revenues	CTax/NNDR costs raised - Covid-19 delay in recovery action	112
Benefits	Forecast Subsidy - re supported housing costs	558
Benefits	Forecast Reduction - rent rebates	(28)
Benefits	Use of Flexible Homelessness Funding/Grant	(165)
Benefits	Reduction in overpayments raised offset by reduced provision	3
Total		481

Appendix B - Investments as at 30th June 2020

Borrower	Principal (£)	Interest Rate	Start Date	Maturity Date
Call Accounts and Money Market Funds				
RBS SIBA	185,919	0.01%		
Barclays	73	0.05%		
Santander Account	3,500,000	0.80%		95 day notice
Bank of Scotland Account	2,500,000	0.45%		95 day notice
Lloyds Account	3,500,000	0.30%		95 day notice
MMF Federated	2,850,000	0.25%		Call
MMF CCLA	4,000,000	0.26%		Call
Fixed Deposits / T Bills / Certificates of Deposit				
UK Treasury Bill	2,000,000	0.03%	08/06/2020	14/09/2020
UK Treasury Bill	2,000,000	0.03%	08/06/2020	05/10/2020
UK Treasury Bill	2,000,000	0.14%	04/05/2020	02/11/2020
UK Treasury Bill	2,000,000	0.08%	26/05/2020	23/11/2020
UK Treasury Bill	2,000,000	0.04%	01/06/2020	30/11/2020
National Westminster Bank CD	1,000,000	0.92%	16/09/2019	15/09/2020
National Westminster Bank CD	2,000,000	0.89%	19/02/2020	18/02/2021
National Westminster Bank CD	2,000,000	0.68%	15/04/2020	15/07/2020
Nationwide Building Society CD	2,000,000	0.78%	08/01/2020	08/07/2020
DMO (UK Debt Management)	7,350,000	0.01%	26/06/2020	21/12/2020

Borrower - Icelandic Exposure	Principal (£)	Interest Rate	Start Date	Maturity Date
Singer	266,000	5.41%		08/10/2008

Investments rate of interest as at 30 th June 2020	Principal (£)	Interest Rate
Total Investments	41,152,592	
Total Investments - Excluding Icelandic Exposure	40,885,992	0.32%
Total Investments - Icelandic Exposure Only	266,600	5.41%

Average rate of interest (Year to date)	Principal (£)	Interest Rate
Total Investments	50,255,073	
Total Investments - Excluding Icelandic Exposure	49,988,473	0.42%
Total Investments - Icelandic Exposure Only	266,600	5.41%

Corporate Risks

Risk Owner: Corporate Management Team

Risk	Source of Risk	Treatment Description	Likelihood	Impact	Risk Level	Last Reviewed
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	30/06/2020
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	30/06/2020
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	30/06/2020
Covid -19	<u>People and Processes</u> 1) Availability of staff and skills to deliver services to residents, maintain operations and deliver strategic objectives 2) Ability to continue council business and decision making during lockdown and social distancing requirements.	Up to date and suitable business continuity plans in place and working in partnership as part of the Staffordshire Resilience Forum. Mobile and agile working arrangements with majority of staff working from home with ICT infrastructure in place to ensure business continuity during lockdown and social distancing HR Policies and procedures reviewed and revised to support revised arrangements. Virtual decision making processes in place and operating effectively, including virtual Council, Cabinet, Scrutiny and Committee meetings. Regular monitoring and situation reporting at all levels, including daily Corporate Management Team Meetings, Daily Situation Reporting to Staffordshire Resilience Forum, weekly member briefings and monthly update reports to Cabinet and the political groups.	2	4	13	30/06/2020

Corporate Risks

Risk Owner: Corporate Management Team

Risk	Source of Risk	Treatment Description	Likelihood	Impact	Risk Level	Last Reviewed
Covid-19 (continued)	<u>Service and Communications</u>	Working in partnership with contractors and following government guidance in relation to contractor support during the pandemic.				
	1) Impact of lockdown regulations and social distancing requirements on the delivery of services by the council and its contractors.	Regular monitoring and situation reporting at all levels, including daily Corporate Management Team Meetings, Daily Situation Reporting to Staffordshire Resilience Forum, weekly member briefings and monthly update reports to Cabinet and the political groups.	3	4	15	30/06/2020
	2) Communication of Impacts and response to the community	Significantly increased and proactive social media work undertaken by the Corporate and Commercial Team in conjunction with services Keeping under review scope to re-open Customer Service Centre.				
	<u>Council Finances</u>	Government support through various funding packages				
	Financial pressures from increased expenditure and loss of income impact on the Council's ability to deliver services in the short, medium and long term.	A robust and prudent Medium Term Financial Strategy and resilient underlying financial position Regular monitoring and reporting to the Corporate Management Team, the Leader (as portfolio holder), Government through monthly returns to MHCLG and Cabinet.	3	4	15	30/06/2020
	<u>Economic</u>	Business Support Grants, retail and hospitality business rates relief and Council tax hardship fund.				
	Negative impact on health and well being of the community as a result of the economic downturn arising from the pandemic.	<u>Borough:</u> Towns fund deal (up to £25m in investment), Business Development Fund, £1.4m Station Street regeneration, Job fairs and Business advice from the Enterprise Team (more details can be found in the Covid-19 update report) <u>Government schemes,</u> including furlough, self employed income support, Vat and stamp duty cuts etc. (More detail can be found in the latest Covid-19 Update report.) <u>Ward:</u> Councillors community fund, frontline councillor advocacy for individuals and families, Parish Council community support and community support by the community and civil enforcement team.	3	4	15	30/06/2020
Climate Change	Failure to deliver the climate change action plan approved by Council 17th August 2020.	Annual monitoring and reporting Regular reviews by the Deputy Leader	1	4	10	30/06/2020

Corporate Risks

Risk Owner: Corporate Management Team

Risk	Source of Risk	Treatment Description	Likelihood	Impact	Risk Level	Last Reviewed
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	30/06/2020
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 software 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	30/06/2020
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	30/06/2020
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. Regular in-year monitoring, including scenario planning in relation to the impact of Covid-19.	4	4	16	30/06/2020
Treasury Management - Counter-party risk	Market volatility results in counter-party failure and financial loss to the Council.	Robust Treasury Management Strategy and generally a low risk approach to investments. Advice from professional treasury advisors, monitoring market developments.	3	4	15	30/06/2020

Corporate Risks

Risk Owner: Corporate Management Team

Risk	Source of Risk	Treatment Description	Likelihood	Impact	Risk Level	Last Reviewed
Unforeseen Environmental Impacts	Floods, fire, chemical, major disaster, terrorism	<p>Major Incident/Emergency Plan</p> <p>Test exercises ensure readiness for incidents</p> <p>Internal resource and support from CSU</p> <p>The Council is working closely with the Environment Agency in relation to extensive flood defence work on the Washlands and wider areas to prevent major flooding events in the future.</p> <p>County wide preventing violent extremism working group</p>	2	4	13	30/06/2020
Unforeseen Health Impacts	Pandemics/wider health issues impacting on council (more detail in relation to Covid-19 below)	<p>Succession planning/ability to access temporary staff.</p> <p>Major Incident/Emergency Plan</p> <p>Robust, tested business continuity plans</p>	4	4	16	30/06/2020
Welfare Reforms	<p>Welfare Reforms.</p> <p>1) Delivery of Universal Credit</p> <p>2) Financial Impact of Council Tax Reduction, including demographic changes</p> <p>3) Financial Impact of universal credit on subsidy levels, ability to recover overpayments and housing options funding.</p>	<p>Council Tax Reduction scheme approved and complied with</p> <p>Regular monitoring of scheme against financial provisions / MTFS</p> <p>Financial modelling/impact assessment. More frequent in year monitoring.</p>	3	4	15	30/06/2020
Wider Public Sector Funding Reductions	Impact on the Council of the wider public sector funding reductions.	<p>Robust MTFS generally provides some financial resilience to respond to changes</p> <p>Seek and develop opportunities to increase income or reduce costs across all Council operations</p> <p>Senior level discussions may mitigate or prevent such cost shunts</p>	3	4	15	30/06/2020

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/SSLEP	Failure to be adequately represented and therefore limited ability to influence. Opportunity risk of not maximising potential benefits from working within the LEPS.	Senior officers (CE and Heads of service) heavily involved in working with the LEP to represent Council's interests <hr/> Recently accepted the invite to join the SSLEP with a place on the board. <hr/> One member (Council) one vote, provides Council with a strong voice on GBSLEP	1	4	10	30/06/2020
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. <hr/> BC's reviewed in preparation for recent Covid-19 events <hr/> Approved, up to date BC policy in place.	1	4	10	30/06/2020
Devolution	Forthcoming devolution white paper potential for mayoral combined authorities / unitary authorities	Opportunities under review with county council and other districts. <hr/> Monitored by the executive	1	4	10	30/06/2020
Communication	Lack of community engagement and failure to take into account residents views in the decision making process	Consultation strategy in force <hr/> Proactive social media work undertaken by the Corporate and Commercial Team	2	2	6	30/06/2020
Corporate Plan	Failure to deliver corporate plan objectives	Corporate Plan is adopted at full council and refreshed at full council annually. <hr/> The CP is established with COs and DLs working together to realign political manifesto into a series of objectives and SMART targets. <hr/> 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. Delivery of the Corporate Plan is likely to be significantly more challenging due to the impact of the Covid-19 Pandemic.	4	4	16	30/06/2020
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	30/06/2020

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	30/06/2020
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	30/06/2020
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	30/06/2020
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 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	30/06/2020
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	30/06/2020

Strategic Risks

Risk Owner: Corporate Management Team

Risk	Source of Risk	Treatment Description	Likelihood	Impact	Risk Level	Last Reviewed
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	30/06/2020
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	3	4	15	30/06/2020