



EAST STAFFORDSHIRE BOROUGH COUNCIL

REPORT COVER SHEET

Title of Report:	Quarter 2 - Revenue and Capital Outturn 2021/22	To be marked with an 'X' by Democratic Services after report has been presented
Meeting of:	Corporate Management Team – 16 th November 2021	X
	Leader and Deputy Leaders – 22 nd November 2021	X
	Leader's / Leader of the Opposition's Advisory Group / Independent Alliance Advisory Group – 1 st and 2 nd December 2021	X
	Cabinet – 13 th December 2021	
	Scrutiny Audit and Value for Money Council Services Committee – 16 th December 2021	



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: **Chris Ebberley**

Date Signature

Chief Finance Officer: **Sal Khan**

Date Signature

EAST STAFFORDSHIRE BOROUGH COUNCIL

Report to Cabinet

Date: 20th December 2021

REPORT TITLE: Quarter 2 - Revenue and Capital Outturn 2021/22

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 2021/22.

2. **Executive Summary**

- 2.1 The budget for 2021/22 of £13.371m includes a corporate provision of £1.3m towards Covid-19 pressures and was balanced by taking into account £1.1m from reserves. The report highlights that overall there remains **significant forecast net pressures against the pre-covid-19 service budgets**. However after taking into account corporate budgets, including the provision for Covid-19 pressures, this results in an **overall reduction in the need to draw down from reserves of £0.7m** (from £1.1m to £0.4m).
- 2.2 Overall the forecast outlook for the year is better than was anticipated when the budget was set. This is largely due to the success of the vaccine rollout, in terms of re-opening the economy and preventing further restrictions or lockdowns. It remains to be seen whether this continues for the remainder of the year, however the rollout of booster vaccinations is likely to be a major factor. The most significant changes in the overall forecast since Quarter 1 relate to a forecast windfall in income from recycling due to a significant uplift in commodity prices, as well as very positive performance during the quarter associated with leisure provision delivered by Everyone Active. **Paragraph 4.2 and 4.3 of the report set out the most significant variations against budgets at this point in the year.**

- 2.3 There continues to be a high degree of uncertainty due to the pandemic with the expectation of increased volatility within the forecasts this year. With this in mind, sensitivity analysis of the forecasts demonstrates that a more pessimistic outlook would result in an outturn close to budget and a more optimistic outlook would mean the forecast outturn results in a £0.2m contribution to reserves.
- 2.4 Overall, the Council's underlying financial position is robust and this provides a strong foundation of financial resilience. 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 September 2021 stood at £60.8m. Investment returns to the end of September averaged 0.06%, this reflects the availability in the markets. External borrowing at the end of the quarter stands at £11m. Treasury management activities during the quarter have been in line with the approved treasury management strategy. 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 £9.4m. The report indicates a small increase in forecast expenditure in relation to the procurement of waste vehicles and proposes to draw down from in-year resources to meet this cost. Further details in respect of the Capital Programme are set out within Section 6 of the report.

3. Revenue Budget 2021/22

- 3.1 On 22nd February 2021, the full Council approved the Revenue Budget for the year 2021/22, totalling £13,371m as follows:

Approved Service Budgets	£000's
Arts, Brewhouse and Functions	403
Community and Open Spaces	1,393
Corporate Management Team	431
Corporate and Commercial	879
Cultural Services – Marketing	86
Enterprise	169
Environment	4,126
Environmental Health	501
Financial Services and Capital Financing	1,130
Housing	309
Human Resources, Payments & Pensions	2,049
IT and Printing	419
Legal Services, Assets and Licensing	(418)
Leisure Services	498
Licensing and Enforcement	92
Markets	17
Planning and Land Charges	42
Revenue, Benefits and Customer Contacts	1,100
Corporate Budgets	145
Total	13,371

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 2021/22

4.1. The following table indicates the quarter two forecast variations and the expected effect on the outturn for the year. **Variations against service budgets include the impact of the pandemic, the provision for which is held on the corporate items line.**

Summary by Service	Annual Net Budget	Forecast Outturn for Full Year at Q2	Forecast Variation Q2 - Over/(Under)
	£'000	£'000	£'000
Arts, Brewhouse and Function Suite	403	500	97
Community and Open Spaces	1,394	1,689	295
Corporate Management Team	431	438	7
Corporate and Commercial	879	848	(31)
Cultural Services - Marketing	86	86	0
Enterprise	169	162	(7)
Environment	4,134	4,066	(68)
Environmental Health	501	462	(39)
Financial Services	1,125	1,168	43
Housing	309	303	(6)
Human Resources, Payments & Pensions	2,038	2,033	(5)
IT and Printing	391	397	6
Legal Services and Assets	(417)	(371)	46
Leisure Services	498	494	(4)
Licensing and Enforcement	92	82	(10)
Markets	17	74	57
Planning and Land Charges	42	25	(17)
Revenue, Benefits and Customer Contacts	1,100	1,243	143
Service Budget Total	13,192	13,699	507
Corporate Items	179	(1,004)	(1,183)
Retained Business Rates	(3,365)	(3,365)	0
Covid-19 Government Support	(931)	(993)	(62)
Lower Tier Support Grant	(615)	(615)	0
Council Tax, including Special Expenses	(7,346)	(7,346)	0
Council Tax Surplus from prior years	(36)	(36)	0
Amount to be met from Reserves - Increase / (decrease)	1,078	340	(738)

4.2 The tables at Appendix A summarise, by service, the variations between the 2021/22 budget and the year-end forecast outturn, including the impact of the pandemic on service budgets. Further supporting narrative in relation to those teams with significant variations is set out below:

■ **Arts, Brewhouse and Functions – Forecast Net Pressure of £97k**

There is a significant forecast shortfall in income levels of approx. £141k which has partially been offset by forecast expenditure savings on staffing and business rates. This income shortfall continues to relate to the ongoing impact of the pandemic.

■ **Community and Open Spaces – Forecast Net Pressure of £295k**

This forecast pressure arises because of a forecast shortfall in car parking income estimated to be £324k due to the Covid-19 Pandemic. There are a small number of other forecast changes in this area, although this shortfall is primarily being partially offset by savings associated with staffing in the Community and Civil Enforcement Team.

■ **Revenues, Benefits and Customer Contacts – Forecast Pressures £143k**

There is an overall net pressure within the service of £143k, which includes:

- Increased expenditure of approx. £0.2m on staffing and support to deal with the ongoing administration of grants and support payments associated with the pandemic, as well as support to catch up with the backlog of work that arose during the previous period. These costs are being met from associated new burdens funding received from the Government.
- A specialist external provider has been utilised to support and identify properties that are missing from the ratings list or are undervalued. This has generated estimated additional business rates income of over £2.47m this year, of which the Council's share is 40% or £0.99m, with additional income to continue in future years. These arrangements are based on a one-off commission, with the cost so far this year of £0.19m. The additional income raised will accrue to the Collection Fund and be available in future years. In line with our policy/approval, the costs associated with this service are met from the Business Rates Retention Reserve – to manage the timing differences of income and expenditure.
- There is currently a significant forecast reduction in supported housing costs for the current financial year of £0.614m. During the course of the last 12 months the Council has been reviewing the status of the supported housing providers, as a result a large provision is currently forecast to be set aside either as a provision or within reserves pending the outcome of appeal against this decision.
- We have seen an increase in the level of overpayments, which reduces our anticipated subsidy levels. This, together with a re-assessment of the level of debt provision associated with overpayments, results in a net pressure of £79k.

■ **Environment – Forecast Net Savings - £68k**

Within this overall forecast net savings, there are forecast pressures arising from an increase in staffing costs within waste management (£157k) due to both increased workloads/waste arising from the pandemic, the number of staff in this area being required to self-isolate and the approved pay enhancement for HGV drivers due to the pressures in the market. This is being offset by a number of other areas, including a forecast increase in income levels associated with bulky waste (£15k) and recycling (£145k), which includes a significant uplift in commodity prices as a result of economies around the world re-opening following lockdowns and the subsequent demands, and also a reduction in business rates costs (£34k).

■ **Leisure – Forecast Saving £4k**

The Council's leisure provider has been significantly impacted by the pandemic and as a result the Council has put in place arrangements to maintain services in line within national guidance and the contractual arrangements. This anticipated cost pressures to be met by the Council of £472k for the duration of 2021/22 – with a provision held in Corporate Budgets towards this. A combination of external funding of £236k being awarded after the budget was set, together with performance significantly improving during the interim period with surpluses reported in each month of Quarter 2, results in an overall positive forecast position for this Service.

■ **Corporate Budgets – Forecast underspend £1.2m**

This budget includes the Corporate Covid-19 Provision of £1.3m, with the forecast Covid-19 related pressures shown within individual service budgets, but also analysed in the table at 4.3 below. This is partially offset by a forecast pressure of £0.1m arising from the national local government pay award (this is based on the latest offer from the employers).

4.3 The table below compares the budgeted corporate provision for Covid-19 related pressures against the current mid-case forecast

COVID-19 Corporate Contingency - Mid Case Monitoring	Budget Provision (Mid Case)	Forecast Outturn for Full Year at Q2	Forecast Variation Q2- Over/(Under)	Forecast Variation Q1 - Over/(Under)	Diff
	£'000	£'000	£'000	£'000	
Brewhouse Income Shortfall	66	75	9	12	(3)
Civic Function Suite Income Shortfall	70	66	(4)	10	(14)
Car Parking Income	232	330	98	76	22
Leisure Management	407	0	(407)	(225)	(182)
Legal - Cost Recovery	10	20	10	0	10
Property Rents	121	27	(94)	(108)	14
Markets Income Shortfall	43	54	11	15	(4)
HMO Income	11	7	(4)	(11)	7
MRP Delays - Timing of Capital Receipts	54	40	(14)	(14)	0
Council Tax/NNDR Court Cost Recovery	21	0	(21)	(21)	0
Planning Income Shortfall	53	(5)	(58)	(53)	(5)
Land Charges Income Shortfall	13	7	(6)	(13)	7
Homelessness Accommodation	69	(15)	(84)	(83)	(1)
Waste Contamination	140	17	(123)	(155)	32
Trade Waste Income	20	28	8	8	0
Total COVID-19 Mid Case at Q2	1,330	651	(679)	(562)	(117)

5. Treasury Management

5.1 The Council approved the Treasury Management Strategy Statement for 2021/22 on 22nd February 2021 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 2021/22 budget was 0.1%, this reflects the historically low bank rate following the emergency cuts implemented in March 2020 due to the Pandemic. Since Quarter 1 expectations of a bank rate increase have changed significantly, this is primarily due to the

higher levels of inflation seen in recent months, with many economists expecting to see a rate increase in quarter 3 or quarter 4.

5.3 Appendix B shows the outstanding investments the authority had as at 30th September 2021. Average investment returns for the year to date were 0.06%, although forecast investment returns are currently forecast to be slightly in excess of budget. 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 and deposits with other local authorities. These instruments offer significant counterparty strength as well as diversification of the portfolio.

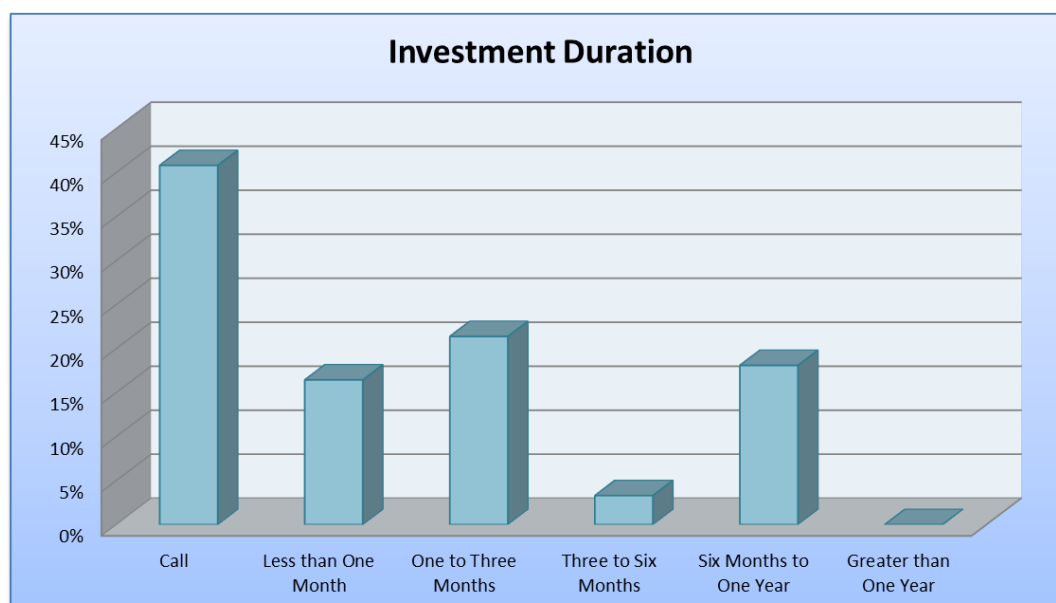
5.4 Borrowing

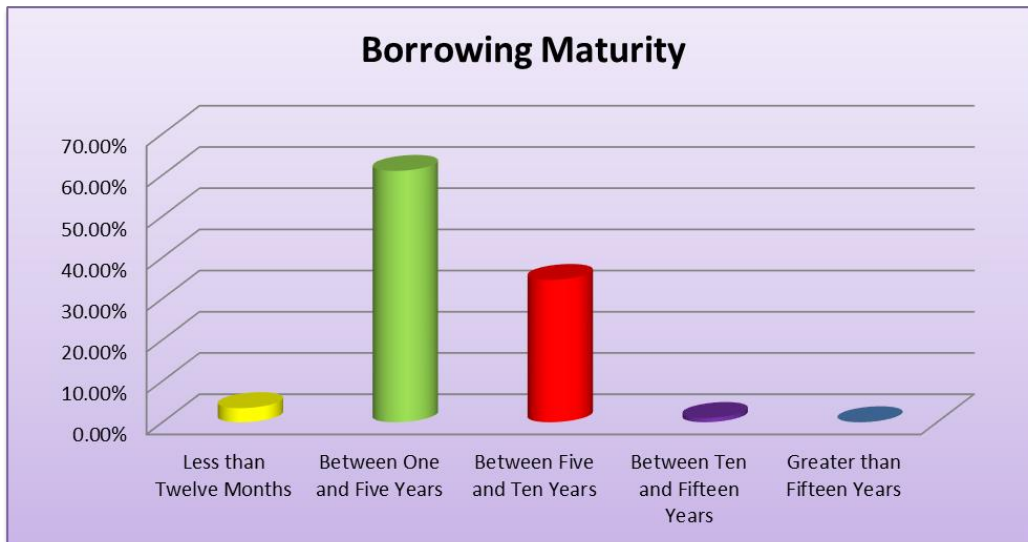
The average rate payable on the Council's external borrowing as at 30th September 2021 is 5.4%, with total, outstanding external debt of £11m. The next significant tranche of debt amounting to £4.5m is due to mature in March 2026, although there will be smaller repayments associated with the annuity loans in the interim. It is not currently anticipated that this would need to be replaced.

Debt Type	Principal Outstanding (£)	Average Rate
Total Fixed Debt		
PWLB Maturity	5,700,000	4.646%
PWLB Annuity	434,028	8.763%
Total Variable Debt		
Market	4,500,000	5.914%
GBSLEP Loan	375,000	-
Total External Debt	11,009,028	5.351%

5.7 Maturity Structure of Investments and Borrowing

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





An update on the Icelandic Deposit/Administration

5.8 In August the Council received notification of the 23rd and final dividend payment against the original £2m investment in the Icelandic Bank (KSF) taking the overall investment recovery to 87%, in line with the allowance made in the accounts.

6. Capital Programme 2021/22

6.1 The table below details the approved capital projects for 2021/22 totalling £9.4m. This demonstrates that all projects are currently forecast to be delivered within the overall approved budget.

2021-22	Budget, including Carry Forwards £	Current Year Expenditure £	Remaining Budget £	Forecast Expenditure at Quarter 2 £	Increased expenditure / (Under-spend) £	Comments
Neighbourhood Working Fund	22,324	0	22,324	22,324	0	Ongoing
Disabled Facility Grants ¹	2,910,530	285,937	2,624,593	2,910,530	0	Ongoing
Town Hall Office Accommodation Refurbishment	1,756	0	1,756	1,756	0	Final Account
Bartec Street Cleaning Software	12,742	0	12,742	12,742	0	Ongoing
Station Street Burton	79,745	0	79,745	79,745	0	Final Account
Cemetery Expansion	189,950	3,230	186,720	189,950	0	Scoping scheme
Small Business Fund	100,000	2,940	97,060	100,000	0	Ongoing
ICT - CISCO Switches	1,186	475	711	475	(711)	Completed
Assets - Mandatory Works	37,654	6,492	31,161	37,654	0	Ongoing
Washlands ²	1,973,308	45,319	1,927,989	1,973,308	0	Scoping scheme
Council Wide Fleet Replacement see para 6.2 below	3,861,399	0	3,861,399	3,888,549	27,150	Fleet replacement commenced
Electric Charging Infrastructure	36,000	0	36,000	36,000	0	Scoping scheme
ICT Servers and Equipment ³	45,000	19,165	25,835	45,000	0	Ongoing
Shobnall Artificial Pitch Turf Replacement (£106 - EDR)	162,055	147,552	14,503	151,885	(10,170)	Works completed not yet paid for
Shobnall Leisure Complex Floodlight Replacement	35,669	0	35,669	35,669		
Total	9,469,317	511,110	8,922,537	9,449,917	16,269	

Note 1 - There are 186 active grants not yet completed, applications or enquiries currently in the system at Q2 worth an estimated additional £1.9m, this includes new DFG enquiries (£0.6m), those at referral stage (£0.6m), those at application stage (£0.3m) and those approved/work in progress not yet paid (£0.4m).

Note 2 - Funding of the Washlands project has been rescheduled between the Local Enterprise Partnership (LEP)/ESBC and the Environment Agency (EA) which allowed 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 was revised to £3 million for the Burton Flood Defence Works on condition that the £1 million is paid over to ESBC by the EA. These monies have now been received.

Note 3 - This forms part of a larger project estimated at between £165k and £200k to refresh IT equipment; the balance of which is funded by an IT equipment reserve/IT budget held for the purpose.

6.2 The Councils fleet replacement has commenced and this process has identified a small additional cost of £27k or 0.7% in relation to the Bartec software. Cabinet is asked to approve funding from in-year capital receipts to meet this additional cost.

6.3 The following capital receipts have been received so far this year:

Capital Receipts – 2021/22	£
Sale of land, Grafton Road, Burton upon Trent	30,000
Total	30,000

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	2021/22	2022/23	2023/24
Forecast Reduction to be drawn from Reserves	(738,000)	-	-

Capital	2021/22	2022/23	2023/24
Additional Funding Requirement – Waste Vehicles	27,150	-	-
Forecast Project Underspends	<u>(10,881)</u>		
Net Pressure	16,269		

8. Risk Assessment and Management

8.1 The Council's risk management strategy has been approved at Cabinet. 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:
Caroline Elwood*

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 forecast financial position at quarter two of 2021/22 in relation to revenue and capital budgets together with the financial impact and uncertainty that continues to exist due to the Covid-19 Pandemic.

12.2 To approve additional capital funding of £27k from in year capital receipts to support the purchase of waste vehicles (paragraph 6.2).

12.3 To note the latest position in respect of the Council's investments and borrowing.

12.4 To note the corporate and strategic risks, together with actions being taken to manage these.

13. Background Papers

13.1 Medium Term Financial Strategy 2021/22 to 2023/24

14. Appendices

14.1 Appendix A: Forecast variances against budget at outturn 2021/22

14.2 Appendix B: Investments at 30th September 2021

14.3 Appendix C: Corporate and Strategic Risks – Quarter 2 2021/22

**QUARTER TWO
FORECAST VARIANCES AGAINST BUDGET AT OUTTURN
2021/22**

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	313	370	57
Civic Function Suite	90	130	40
Total Arts, Brewhouse and Civic Functions	403	500	97

Division	Explanation	Forecast Amount Over/ (under) £'000
Brewhouse and Arts Development	Employees	(10)
Brewhouse and Arts Development	Business Rates	(13)
Brewhouse and Arts Development	Maintenance Contracts	5
Brewhouse and Arts Development	Ticket Sales Income	(3)
Brewhouse and Arts Development	Shortfall in Room Rental Income	26
Brewhouse and Arts Development	Other Income Shortfall	27
Brewhouse and Arts Development	Brewhouse Cafe/Bar - Net Shortfall	25
Civic Function Suite	Employees - Vacant Post	(19)
Civic Function Suite	Temporary Staff Saving	(7)
Civic Function Suite	Room Hire - Shortfall in Income	66
Total		97

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	(17)	(14)	3
Open spaces	1,408	1,436	28
Partnerships	33	33	0
Horticultural Centre	45	37	(8)
Facilities and Health and Safety	338	316	(22)
Community Centres	18	18	0
Car Parks Income	(800)	(476)	324
Community and Civil Enforcement	297	267	(30)
Social Regeneration	50	50	0
Councillors Community Fund	22	22	0
Total Community and Open Spaces	1,394	1,689	295

Division	Explanation	Forecast Amount Over/ (under) £'000
Cemeteries	Transport-Related Expenditure	3
Open spaces	Contracted Grounds Maintenance	25
Open spaces	Play Equipment	7
Open spaces	Supplies and Services	(4)
Horticultural Centre	Contracted Grounds Maintenance	(4)
Horticultural Centre	Supplies & Services	(4)
Facilities and Health and Safety	Repairs & Maintenance to Buildings	(15)
Facilities and Health and Safety	Maintenance Contracts	(5)
Facilities and Health and Safety	Premises-Related Expenditure	(2)
Car Parks Income	Bargates Additional Income	(6)
Car Parks Income	Car Parking Income Forecast Shortfall	282
Car Parks Income	Season/Penalty Notices Income	48
Community and Civil Enforcement	Employees	(30)
Total		295

Corporate Management Team

	Budget (£000's)	Forecast Outturn (£000's)	Forecast Variance (£000's)
Chief Officer : Andy O'Brien			
CMT			
Chief Executives	202	205	3
Heads of Service	229	233	4
Total CMT	431	438	7

Division	Explanation	Forecast Amount Over/ (under) £'000
Chief Executives	Employee Costs - Vacancy Factor	3
Heads of Service	Employee Costs - Vacancy Factor	4
Total		7

Corporate and Commercial

	Budget (£000's)	Forecast Outturn (£000's)	Forecast Variance (£000's)
Head of Service : Sal Khan			
Corporate and Commercial			
Programmes and Information	260	233	(27)
Committee Support	95	102	7
Elections	205	201	(4)
Emergency Planning	12	10	(2)
Members Allowances	307	302	(5)
Total Corporate and Commercial	879	848	(31)

Division	Explanation	Forecast Amount Over/ (under) £'000
Programmes and Information	Employee Costs - Vacant Post	(24)
Programmes and Information	Supplies and Services	(3)
Committee Support	Employee Costs - Vacancy Factor	2
Committee Support	Other Equipment	5
Elections	Employee Costs	(4)
Emergency Planning	General Grants	(2)
Members Allowances	Supplies and Services	(2)
Members Allowances	Basic Allowance	(3)
Total		(31)

Cultural Services - Marketing

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

Enterprise

	Budget (£000's)	Forecast Outturn (£000's)	Forecast Variance (£000's)
Chief Officer : Andy O'Brien			
Enterprise			
Enterprise	169	162	(7)
Total Enterprise	169	162	(7)

Division	Explanation	Forecast Amount Over/ (under) £'000
Enterprise	Employee costs	(7)
Total		(7)

Environment

	Budget (£000's)	Forecast Outturn (£000's)	Forecast Variance (£000's)
Head of Service : Sal Khan			
Environment			
Council Depots	99	94	(5)
Public Conveniences	150	103	(47)
Waste Collection	2,673	2,692	19
Street Cleaning	1,106	1,081	(25)
Building Consultancy	49	39	(10)
Land Drainage	57	57	0
Total Enviroment	4,134	4,066	(68)

Division	Explanation	Forecast Amount Over/ (under) £'000
Council Depots	Premises-Related Expenditure	(5)
Public Conveniences	Employee Costs -Vacant Post	(16)
Public Conveniences	Temporary Staff	3
Public Conveniences	Business Rates	(34)
Waste Collection	Employee Costs	76
Waste Collection	Temporary Staff	81
Waste Collection	Recycling Income	(145)
Waste Collection	Third Party Payments	(37)
Waste Collection	Vehicle Contract Hire - Extension (1 Vehicle)	3
Waste Collection	Vehicle Maintenance Costs - Repairs	13
Waste Collection	Trade Waste Income	28
Street Cleaning	Employee Costs	10
Street Cleaning	Temporary Staff	(17)
Street Cleaning	Vehicle Contract Hire - Extension (7 Vehicles)	6
Street Cleaning	Vehicle Maintenance Costs - Repairs	3
Street Cleaning	Private Street Cleaning	(12)
Street Cleaning	Bulky Waste Income	(15)
Building Consultancy	Building Control Fee Income	(67)
Building Consultancy	Reduced contribution from Building Control Reserve	67
Building Consultancy	Other Income	(10)
Total		(68)

Environmental Health

Head of Service : Mark Rizk	Budget (£000's)	Forecast Outturn (£000's)	Forecast Variance (£000's)
Environmental Health			
Environmental Health	411	370	(41)
Animal Control	6	6	0
Housing Standards	84	86	2
Total Environmental Health	501	462	(39)

Division	Explanation	Forecast Amount Over/ (under) £'000
Environmental Health	Employee Costs	(42)
Environmental Health	Supplies and Services	5
Environmental Health	Fees and Charges	(4)
Animal Control	No Change	0
Housing Standards	Employee Costs	(3)
Housing Standards	Fees and Charges	5
Housing Standards	HIMO - Fees and Charges	7
Housing Standards	Contribution to/from Reserves	(7)
Total		(39)

Financial Services

	Budget (£000's)	Forecast Outturn (£000's)	Forecast Variance (£000's)
Head of Service : Sal Khan			
Financial Services			
Capital Financing Costs	485	516	31
Financial Management Unit	512	524	12
Internal & External Audit	128	128	0
Total Financial Services	1,125	1,168	43

Division	Explanation	Forecast Amount Over/ (under) £'000
Capital Financing Costs	Investment Income	(9)
Capital Financing Costs	Debt Repayment - timing of capital receipts	40
Financial Management Unit	Employee Costs - Vacancy Factor	0
Financial Management Unit	Temp Staff Costs	8
Financial Management Unit	Contribution - COVID-19 Grants	(8)
Financial Management Unit	Payment Processing and Professional Fees	12
Total		43

Housing

	Budget (£000's)	Forecast Outturn (£000's)	Forecast Variance (£000's)
Head of Service : Sal Khan			
Housing			
Housing options	309	303	(6)
Total: Housing	309	303	(6)

Division	Explanation	Forecast Amount Over/ (under) £'000
Housing Options	Employee Costs	5
Housing Options	Supplies and Services	(2)
Housing Options: Accommodation	Rents	(2)
Housing Options: Accommodation	Premises Related expenditure	6
Housing Options: Accommodation	B&B Costs (excluding Covid 19)	(49)
Housing Options: Accommodation	Premises Rental/ B&B Rentals income (excludin	36
Housing Options: Accommodation	B&B Costs (Covid 19)	37
Housing Options: Accommodation	Use of Grants	(37)
Total		(6)

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	363	358	(5)
Pension Payments	1,675	1,675	0
Total Human Resources and Payments	2,038	2,033	(5)

Division	Explanation	Forecast Amount Over/ (under) £'000
HR & Payroll	Employee Costs	3
HR & Payroll	Supplies and Services	(4)
HR & Payroll	Corporate Training	(4)
Pension Payments	No Change	0
Total		(5)

IT and Printing

	Budget (£000's)	Forecast Outturn (£000's)	Forecast Variance (£000's)
Head of Service : Sal Khan			
IT and Printing			
Central Reprographics	106	107	1
ICT	285	290	5
Total ICT and Printing	391	397	6

Division	Explanation	Forecast Amount Over/ (under) £'000
Central Reprographics	Employee Costs - Vacancy Factor	1
ICT	Employee Costs - Vacancy Factor	5
Total		6

Legal and Asset Services

	Budget (£000's)	Forecast Outturn (£000's)	Forecast Variance (£000's)
Chief Officer : Andy O'Brien			
Legal Services & Assets			
Legal	215	236	21
Mayoral Support and Civic Ceremonials	49	41	(8)
Industrial Units	(607)	(573)	34
Assets and Estates Management	(74)	(75)	(1)
Total Legal Services & Assets	(417)	(371)	46

Division	Explanation	Forecast Amount Over/ (under) £'000
Legal	Temporary Staff cover	43
Legal	Use of professional earmarked reserve	(42)
Legal	Shortfall in court costs recovery	20
Mayoral Support & Civic Ceremonials	Reduced functions due to Covid 19	(8)
Industrial Units	Pennycroft Lane - costs pending sale	9
Industrial Units	Vacant Units (rent loss plus NNDR, Ins)	25
Assets and Estates Management	Salary savings	(1)
Total		46

Leisure Services

Head of Service : Mark Rizk	Budget (£000's)	Forecast Outturn (£000's)	Forecast Variance (£000's)
Leisure Services			
Health and Leisure Grants	19	15	(4)
Leisure Management	479	479	0
Total Leisure Management	498	494	(4)

Division	Explanation	Forecast Amount Over/ (under) £'000
Health and Leisure Grants	Grant Savings	(4)
Leisure Management	Additional support to provider due to Covid-19	71
Leisure Management	NLRF Grant Funding	(71)
Total		(4)

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	15	(6)
CCTV	71	67	(4)
Total Licensing and Enforcement	92	82	(10)

Division	Explanation	Forecast Amount Over/ (under) £'000
Licensing and Enforcement	Employee costs	1
Licensing and Enforcement	Supplies and Services	(7)
Licensing and Enforcement	Licensing Income	7
Licensing and Enforcement	Contribution to/from Reserves	(7)
CCTV	Supplies and Services	(4)
Total		(10)

Markets

Head of Service : Mark Rizk	Budget (£000's)	Forecast Outturn (£000's)	Forecast Variance (£000's)
Markets	17	74	57
Total Markets	17	74	57

Division	Explanation	Forecast Amount Over/ (under) £'000
Markets	Income Shortfall	54
Markets	Business Rates - Vacant Units	3
Total		57

Planning and Land Charges

Head of Service : Sal Khan	Budget (£000's)	Forecast Outturn (£000's)	Forecast Variance (£000's)
Planning			
Planning Policy	143	135	(8)
Development Control	(82)	(99)	(17)
Land Charges	(19)	(11)	8
Total Planning	42	25	(17)

Division	Explanation	Forecast Amount Over/ (under) £'000
Planning Policy	Employee costs	25
Planning Policy	Consultants	(8)
Planning Policy	Contribution from Reserves	(25)
Development Control	Employee costs	46
Development Control	Supplies and Services	5
Development Control	Contribution from Reserves	(63)
Development Control	Planning Fees	(5)
Land Charges	Employee Costs	3
Land Charges	Fees and Charges	7
Land Charges	Search and Investigation Fees	(2)
Total		(17)

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	1	7	6
Benefits and Professional Services	666	803	137
Customer Contacts	433	433	0
Total - Revenues, Benefits and Customer Contacts	1,100	1,243	143

Division	Explanation	Forecast Amount Over/ (under) £'000
Revenues	RV Finder Service	185
Revenues	Use of Business Rates Reserve	(185)
Revenues	Additional support and associated	209
Revenues	Use of Covid-19 Grant Funding	(206)
Revenues	NNDR Court Costs	(15)
Revenues	Departmental Postage - Council Tax re Direct	18
Benefits	Additional support and associated	12
Benefits	Use of Covid-19 Grant Funding	(12)
Benefits	External Support - Verification Earnings &	19
Benefits	VEP grant	(19)
Benefits	Forecast reduction in Housing Benefits	(614)
Benefits	Provision for payment - Supported Housing	672
Benefits	Housing Subsidy forecast	125
Benefits	OPHB - income and bad det provision	(46)
Customer Contacts	Additional support and associated	40
Customer Contacts	Use of Covid-19 Grant Funding	(40)
Total		143

Annex 2: Investments as at 30th September 2021

Borrower	Principal (£)	Interest Rate	Start Date	Maturity Date
Call Accounts and Money Market Funds				
RBS SIBA	1,324,468	0.01%		
Barclays	43	0.05%		
Santander 95 day notice account	3,500,000	0.20%		95 day notice
Bank of Scotland 95 Day Notice Account	2,500,000	0.05%		95 day notice
Lloyds 95 Day Notice Account	3,500,000	0.05%		95 day notice
MMF Insight	-	0.00%		Call
MMF Aberdeen	4,000,000	0.01%		Call
MMF Federated	4,000,000	0.01%		Call
MMF Blackrock	2,000,000	0.01%		Call
MMF CCLA	4,000,000	0.02%		Call
Fixed Deposits / Certificates of Deposit				
National Westminster Bank CD	1,000,000	0.13%	25/11/2020	24/11/2021
National Westminster Bank CD	1,000,000	0.14%	30/03/2021	30/12/2021
National Westminster Bank CD	2,000,000	0.09%	18/02/2021	18/02/2022
National Westminster Bank CD	1,000,000	0.15%	19/08/2021	18/08/2022
UK Treasury Bill	5,000,000	0.03%	01/06/2021	29/11/2021
DMO (UK Debt Management)	2,000,000	0.01%	27/08/2021	19/10/2021
DMO (UK Debt Management)	8,000,000	0.01%	03/09/2021	19/10/2021
DMO (UK Debt Management)	2,500,000	0.01%	15/09/2021	22/11/2021
DMO (UK Debt Management)	1,500,000	0.01%	20/09/2021	22/11/2021
DMO (UK Debt Management)	2,000,000	0.01%	29/09/2021	22/11/2021
Basildon BC	5,000,000	0.10%	22/06/2021	21/06/2022
Merseyside PCC	5,000,000	0.07%	20/09/2021	15/07/2022

Borrower - Icelandic Exposure	Principal (£)	Interest Rate	Start Date	Maturity Date
Singer	-	0.00%		

Investments rate of interest as at 30 Sept 2021	Principal (£)	Interest Rate
Total Investments	60,824,510	
Total Investments - Excluding Icelandic Exposure	60,824,510	0.05%
Total Investments - Icelandic Exposure Only	-	0.00%

Average rate of interest (Year to date)	Principal (£)	Interest Rate
Total Investments	54,967,495	
Total Investments - Excluding Icelandic Exposure	54,967,495	0.06%
Total Investments - Icelandic Exposure Only	-	0.00%

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, impact on procurement and VFM 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.	2	4	13	30/09/2021
Business Rates Retention Scheme	Business Rate Retention Scheme. Impact of scheme on funding, including scale of reliefs/appeals, economic impact of Covid-19, the impact of revaluation, business rates reset and the potential 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.	4	4	16	30/09/2021
Covid -19	The potential to impact on business, communities, resources and the delivery of council services	The Council has adapted well to the Covid-19 Pandemic within minimal service disruption. Services are largely operating as business as usual, with a large proportion of office based staff working on a hybrid basis. The Council will continue to work with its partners on preparedness for and prevention of future lockdowns to mitigate the impact on the ongoing recovery of the area, as well as ensuring the recovery process continues should a lockdown occur. The Council has moved into a recovery phase, focusing on supporting the local economy and business, as well as supporting local communities adapt to new norms of behaviour - with further details outlined in the Covid Update Report to Cabinet in September 2021.	2	4	13	30/09/2021
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 and Covid-19 on national finances.	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	30/09/2021
Climate Change	Failure to deliver the climate change action plan approved by Council 17th August 2020.	Annual monitoring and reporting. Additional staffing resource to support implementation. Regular reviews by the Deputy Leader	1	4	10	30/09/2021

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 Keeping abreast of updates from the actuary and pension fund	2	4	13	30/09/2021
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	30/09/2021
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	30/09/2021
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	30/09/2021

Corporate Risks		Risk Owner: Corporate Management Team				
Risk	Source of Risk	Treatment Description	Likelihood	Impact	Risk Level	Last Reviewed
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.	2	4	13	30/09/2021
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 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. County wide preventing violent extremism working group	2	4	13	30/09/2021
Unforeseen Health Impacts	Pandemics/wider health issues impacting on council (more detail in relation to Covid-19 above)	Succession planning/ability to access temporary staff. Major Incident/Emergency Plan Robust, tested business continuity plans	4	4	16	30/09/2021
Welfare Reforms	Welfare Reforms. 1) Delivery/impact 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.	3	4	15	30/09/2021
Wider Public Sector Funding Reductions	Impact on the Council of the wider public sector funding reductions.	Robust MTFS generally provides some financial resilience to respond to changes Seek and develop opportunities to increase income or reduce costs across all Council operations Senior level discussions may mitigate or prevent such cost shunts	3	4	15	30/09/2021

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 in last 12 months accepted the invite to join the SSLEP with a place on the board. One member (Council) one vote, provides Council with a strong voice on GBSLEP	1	4	10	30/09/2021
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-refresh of plans take place and further reviewed schedule for 2021/22. BC's reviewed in preparation for recent Covid-19 events Approved, up to date BC policy in place.	1	4	10	30/09/2021
Communication	Lack of community engagement and failure to take into account residents views in the decision making process. Covid-19 has made this more challenging, in particular relation to the ability to undertake face to face consultations.	Consultation strategy in force. Communications strategy scheduled for review in 2021/22 Proactive social media work undertaken by the Corporate and Commercial Team	2	2	5	30/09/2021
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 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 for 2020/21 was significantly more challenging due to the impact of the Covid-19 Pandemic and it is likely that further disruption will impact on delivery for the current year.	3	4	15	30/09/2021
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	30/09/2021
Devolution	Forthcoming white paper, with potential for mayoral combined authorities / unitary authorities or other opportunities/outcomes.	Opportunities kept under review with county council and other districts. Monitored by the executive	1	4	10	30/09/2021

Strategic Risks		Risk Owner: Corporate Management Team					Last Reviewed
Risk	Source of Risk	Treatment Description	Likelihood	Impact	Risk Level		
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	30/09/2021	
Levelling Up	Potential impact of central policy to be set out in forthcoming white paper and the potential for missed opportunities	Developments and opportunities monitored. Monitored by the executive	1	4	10	30/09/2021	
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. On going work between Members and Officers	2	4	13	30/09/2021	
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	30/09/2021	
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	30/09/2021	
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	30/09/2021	

Strategic Risks		Risk Owner: Corporate Management Team					Last Reviewed
Risk	Source of Risk	Treatment Description	Likelihood	Impact	Risk Level		
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	30/09/2021	
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 or the need for unexpected borrowing.	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	2	4	13	30/09/2021	