



-EAST STAFFORDSHIRE BOROUGH COUNCIL

REPORT COVER SHEET

Title of Report:	Quarter 3 - Revenue and Capital Outturn 2019/20	To be marked with an 'X' by Democratic Services after report has been presented
Meeting of:	Corporate Management Team – 18 th February 2020	X
	Leader and Deputy Leaders – 24 th February 2020	X
	Leader's / Leader of the Opposition's Advisory Group / Independent Alliance Advisory Group – 4 th and 5 th March 2020	X
	Cabinet – 16 th March 2020	
	Scrutiny Audit and Value for Money Council Services Committee – 18 th March 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: 16th March 2020

REPORT TITLE: Quarter 3 - Revenue and Capital Outturn 2019/20

PORTFOLIO: Leader / Finance

HEAD OF SERVICE: Sal Khan

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

WARD(S) AFFECTED: All

1. Purpose of the Report

- 1.1 To accord with the Council's financial regulations, this report presents the forecast outturn position in relation to the Council's revenue budget, capital programme of expenditure, treasury and risk management activities. This is the third quarterly report in the annual cycle of financial monitoring for the financial year 2019/20.

2. Executive Summary

- 2.1 The report highlights that overall there is a **forecast budgetary pressure of £46k** for the full financial year against a net budget of £10.617m. One of the key reasons for this overall pressure remains a shortfall in income associated with our recycling levels. This is a key risk area highlighted within our approved medium term financial strategy, as such funding has been earmarked within reserves to mitigate against this risk. Should it be necessary, this can be drawn down to offset this pressure at financial year end. Significant savings have been built into the budget since 2010 in response to unprecedented government funding reductions and the Council has an effective track record of delivering savings and managing the budget.
- 2.2 Set out below are the most significant variations identified at this point in the year. It remains crucial that budget holders and Heads of Service continue to monitor their budgets closely and where necessary take action to contain spending within budget.

■ **The Human Resources Team is forecasting to under-spend by £87k;**

■ **Net forecast savings within Housing of £74k;**

- Environmental Health is forecasting net savings of £48k;
- Arts, Brewhouse and Function Suite is forecasting net cost pressures of £71k;
- There are net forecast cost pressures within the Environment Service amounting to £356k.

Further details on these areas are detailed at paragraph 4.2.

- 2.3 Investments as at 31st December 2019 stood at £41m. Investment returns to the end of December averaged 0.81%, which exceeds both the base rate and benchmarks. 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.
- 2.4 The authority's capital spending plans total £4.7m. The report indicates that all projects are on target to be delivered within budget. Further details in respect of the Capital Programme are set out within Section 6 of the report.

3. Revenue Budget 2019/20

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

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

- 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.

Summary by Service	Annual Net Budget	Forecast Outturn (Quarter 3)	Forecast Variation Q3 Over/(Under)	Forecast Variation Q2 Over/(Under)
	£'000	£'000	£'000	£'000
Arts, Brewhouse and Function Suite	383	454	71	78
Community and Open Spaces	1,386	1,347	(39)	(50)
Corporate Management Team	426	433	7	7
Corporate and Commercial	845	835	(10)	(7)
Cultural Services - Marketing	85	85	0	0
Enterprise	116	117	1	0
Environment	3,427	3,783	356	314
Environmental Health	481	433	(48)	(32)
Financial Services	933	921	(12)	3
Housing	269	195	(74)	(23)
Human Resources, Payments & Pensions	1,800	1,713	(87)	(85)
IT and Printing	453	407	(46)	(27)
Legal Services and Assets	(421)	(415)	6	(16)
Leisure Services	1,069	1,063	(6)	0
Licensing and Enforcement	92	58	(34)	(27)
Markets	(11)	44	55	40
Planning and Land Charges	32	(13)	(45)	(42)
Revenue, Benefits and Customer Contacts	372	338	(34)	(25)
Corporate Items	(1,120)	(1,135)	(15)	(15)
Total	10,617	10,663	46	93

4. Forecast Revenue Outturn 2019/20

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

■ **Arts, Brewhouse and Function Suite – Forecast net pressure of £71k**

Pressures arise within this area largely due to estimated shortfalls in income levels at the Civic Function Suite (£43k) and the Brewhouse (£21k). This area is subject to a corporate plan review pending the outcome of the Stronger Towns Fund Process.

■ **Environment – Forecast net pressure - £356k**

This pressure arises due to a number of factors:

The recycling income budget is under pressure with a forecast shortfall of £228k, although this is partially offset by an estimated reduction in the associated costs of £54k. There are several reasons for this forecast shortfall including:

- A reduction in tonnage levels in garden waste due to the weather conditions and levels of contamination in dry recycling – when loads are rejected by the treatment facility they do not count towards our income. The contractor has become more vigilant recently due to poor market conditions and management have taken action in order to mitigate the extent of contamination.
- There has also been a significant fall in prices, for example mixed paper has reduced by 56%, cardboard 31% and aluminium 12.5%, which has also impacted on the level of forecast income.

In addition and as previously reported there is also a pressure on the Waste Collection staffing budget (£163k), with high levels of sickness absence and longer waiting times at the waste transfer centre resulting in additional forecast spending on overtime and temporary agency cover. Management meetings have taken place with HR, Environment Team management, the Chief Executive and Head of Service to review the work to date and to ensure all is being done that can be regarding sickness absence and sickness management in the section. An element of this forecast pressure also relates to the vacancy factor applied to all staffing budgets, which is proposed to be removed for 2020/21.

■ **Human Resources, Payments and Pensions – Forecast underspend £87k**

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

■ **Housing – Forecast Underspend £74k**

There is a forecast underspend in the Housing Options Service due to a range of factors. The number of Homeless presentations has significantly reduced in comparison with the previous years. This is also reflected in the number of nights accommodated, reducing from an average of 1,466 per quarter in 2018/19 to 650 per quarter to date in 2019/20. There has also been less demand for Bed and Breakfast accommodation due to management acquiring additional leased units and a new accommodation provider operating within the area.

■ **Environmental Health – Forecast underspend £48k**

There are forecast net savings across a range of activities within this service, including £20k arising from staff turnover, £11k in relation to Stray Dog Kennelling and associated running costs and additional income estimated to be £15k across a range of activities within the service (including housing standards enforcement).

5. Treasury Management

- 5.1 The Council approved the Treasury Management Strategy Statement for 2019/20 on 25th February 2019 and this section is an update on progress against this strategy and the revenue budget.

Investment Returns

- 5.2 The average rate of investment return that was included within the 2019/20 budget was 0.9%, which assumed (in line with forecasts) that the bank rate would increase later in the year. The base rate increased from 0.25% to 0.5% in November 2017, with a further increase to 0.75% in August 2018. The bank rate is now at a nine year high, although in light of recent developments there is now a great deal of uncertainty in relation to future changes, with a reduction in rates being a possibility during the next 12 months.
- 5.3 Appendix B shows the outstanding investments the authority had as at 31st December 2019. Average investment returns (0.81%) are performing slightly below budget, reflecting the original expectation that rates would increase later in the year, but broadly in line with benchmarking. The investment listing (Appendix B) includes certificates of deposit, as well as UK Government Treasury Bills, deposits with UK Banks and AAA rated Money Market Funds. These instruments offer significant counterparty strength as well as diversification of the portfolio.

5.4 Borrowing

The average rate payable on the Council's external borrowing as at 31st December 2019 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	515,902	8.550%
Total Variable Debt		
Market	4,500,000	5.914%
GBSLEP Loan	375,000	-
Total External Debt	11,090,902	5.384%

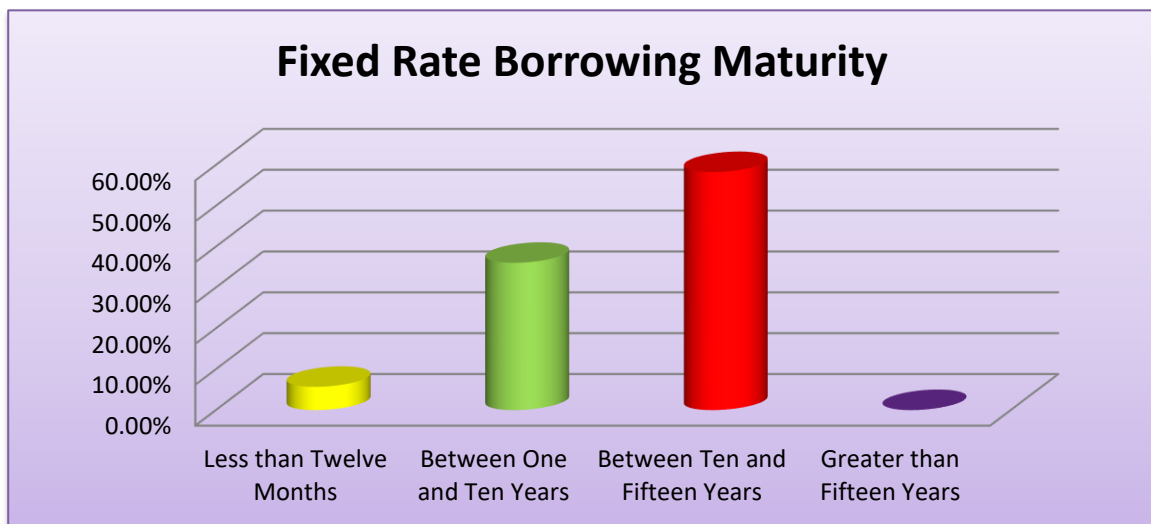
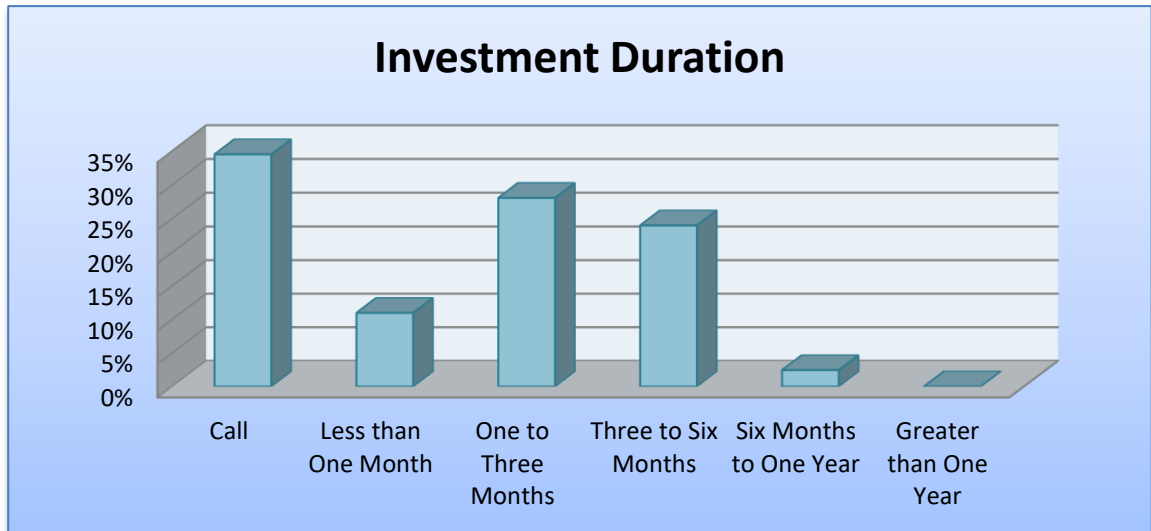
Capital Financing Budget

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

5.7 The current forecast indicates that investment returns are likely to exceed budget expectations by approximately £48k. However current indications suggest that the savings target from the debt repayment will not fully materialise and there is an estimated shortfall of £41k. These forecasts have been built into the revenue outturn forecasts.

5.8 Maturity Structure of Investments and Borrowing

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



6. Capital Programme 2019/20

6.1 The table below details the approved capital projects for 2019/20 totalling £4.7m and demonstrates that all projects are currently forecast to be delivered within the overall approved budget.

2019-20	Current Year Budget £	Current Year Expenditure £	Remaining Budget £	Forecast Spend at Quarter 3 against Current Budget £	Forecast Increased expenditure / (Under-spend) £	Comments
Neighbourhood Working Fund	231,955	107,583	124,372	208,576	(23,379)	Ongoing
Disabled Facility Grants	1,911,367	291,947	1,619,420	1,911,367	0	Ongoing
Brewhouse Arts Centre	45,000	38,566	6,434	45,000	0	Ongoing
Town Hall Office Accommodation	14,043	0	14,043	14,043	0	Subject to final account
Audio Equipment	20,000	20,000	0	20,000	0	Complete
Canal Street Industrial Units	50,000	0	50,000	50,000	0	Progressing
Depot Multi-Purpose Vehicle	35,000	33,700	1,300	35,000	0	Ongoing
Bartec Street Cleaning Software	35,000	0	35,000	35,000	0	Ongoing
Leisure Development	1,000,000	759,202	240,798	1,000,000	0	Ongoing
Regeneration of the Public Realm in Station Street	1,323,116	0	1,323,116	1,323,116	0	Progressing
Total	4,665,481	1,250,998	3,414,483	4,642,102		

The forecast underspend on the Neighbourhood Working Fund includes £17k uncommitted from the existing scheme and £6k carried forward from the previous scheme. Similarly, there is currently £1.742m of the £1.911 DFG budget committed or spent.

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

Capital Receipts – 2019/20 as at Quarter 3	£
Avocet Close - Sale of Equity Share in Property	42,534
Deed of Grant - Brizlincote, Stapenhill	30,000
Hawthornden Manor - Sale of Land	11,650
Deed of Grant - Violet Way	15,000
Barton under Needwood - Sale of Land	13,500
Shareholding – Dividend Payment	125,000
Total	237,684

7. Financial Considerations

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

7.1 This report deals solely with financial matters.

Revenue	2019/20	2020/21	2021/22
Forecast Shortfall	46,000	-	-
Reserves set aside against income shortfall within MTFS	(46,000)	-	-

Capital	2019/20	2020/21	2021/22
None	-	-	-

8. Risk Assessment and Management

8.1 The Council's risk management strategy was approved at Cabinet in September 2014. Attached at **Appendix C** to this report is a schedule of the most significant risks facing the authority, including the actions taken or being taken in order to control or mitigate these risks.

8.2 The main risks associated with the budget are highlighted within the medium term financial strategy.

9. Legal Considerations

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

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

10. Equalities and Health

10.1 **Equality impacts:** The subject of this report is not a policy, strategy, function or service that is new or being revised. An equality and health impact assessment is not required.

10.2 **Health impacts:** The outcome of the health screening question does not require a full Health Impact Assessment to be completed. An equality and health impact assessment is not required.

11. Human Rights

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

12. Cabinet Recommendation(s)

- 12.1 To note the financial position at quarter three of 2019/20 in relation to revenue and capital budgets.
- 12.2 To note the latest position in respect of the Council's investments and borrowing.
- 12.3 To note the corporate and strategic risks, together with actions being taken to manage these.

13. Background Papers

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

14. Appendices

- 14.1 Appendix A: Forecast variances against budget at outturn 2019/20
- 14.2 Appendix B: Investments at 31st December 2019
- 14.3 Appendix C: Corporate and Strategic Risks – Quarter 3 2019/20

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

Arts, Brewhouse and Function Suite

Head of Service : Mark Rizk	Budget (£000's)	Forecast Outturn (£000's)	Forecast Variance (£000's)
Arts, Brewhouse and Civic Function Suite			
Brewhouse and Arts Development	298	319	21
Civic Function Suite	85	135	50
Total Arts, Brewhouse and Civic Functions	383	454	71

Division	Explanation	Forecast Amount Over/ (under) £'000
Civic Function Suite	Hire Income	45
	Catering/Vending Income	5
	Employee Costs	(5)
	Electricity	5
Brewhouse and Arts Development	Art Development Programme	(3)
	Energy Costs	(15)
	Maintenance Agreements	9
	Sundry Income	5
	Café/Bar Income	40
	Café/Bar Catering Supplies	(6)
	Café/Bar Employee Costs	(9)
Total		71

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	(12)	(7)	5
Open spaces	1,377	1,325	(52)
Partnerships	31	31	0
Horticultural Centre	43	46	3
Facilities and Health and Safety	319	331	12
Community Centres	18	14	(4)

Car Parks Income	(736)	(665)	71
Community and Civil Enforcement	279	253	(26)
Social Regeneration	45	(3)	(48)
Councillors Community Fund	22	22	0
Total Community and Open Spaces	1,386	1,347	(39)

Division	Explanation	Forecast Amount Over/ (under) £'000
Cemeteries	Repairs and Maintenance to Buildings	(5)
Cemeteries	Gas and Electricity	3
Cemeteries	Employees Costs	7
Open spaces	Sweeping	3
Open spaces	Contracted Grounds Maintenance	(5)
Open spaces	Play Equipment	(49)
Open spaces	General Grants	4
Open spaces	Additional Income	(5)
Horticultural Centre	Contracted Grounds Maintenance	1
Horticultural Centre	Exhibitions/Events	8
Horticultural Centre	Seeds, Plants and Shrubs	(6)
Facilities and Health and Safety	Employee Costs	3
Facilities and Health and Safety	Office Cleaning Supplies and Services	(3)
Facilities and Health and Safety	Electricity - Town Hall	9
Facilities and Health and Safety	Supplies and Services	3
Community Centres	Repairs and Maintenance	(4)
Car Parks Income	Bargates Additional Income	(13)
Car Parks Income	Car Parking Income Forecast Shortfall	79
Car Parks Income	Forecast Shortfall due to no price increase	35
Car Parks Income	Season/Penalty Notices Income	(30)
Community and Civil Enforcement	Employees Costs - Vacancies	(29)
Community and Civil Enforcement	Supplies and Services	3
Social Regeneration	General Grants	(7)
Social Regeneration	NWF (old Scheme) - no longer required	(41)
Total		(39)

Corporate Management Team

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

Division	Explanation	Forecast Amount Over/ (under) £'000
Chief Executives		0
Heads of Service	Vacancy Factor	7
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	254	252	(2)
Committee Support	91	94	3
Elections	184	182	(2)
Emergency Planning	13	11	(2)
Members Allowances	303	296	(7)
Total Corporate and Commercial	845	835	(10)

Division	Explanation	Forecast Amount Over/ (under)
Programmes and Information	Employee Costs	5
Programmes and Information	Public Participation	(2)
Committee Support	Employee Costs	3
Elections	Employee Costs	7
Elections	Supplies & Services	(12)
Elections	2017 General Election Settlement	3
Emergency Planning	General Grants	(2)
Members Allowances	Basic Allowances	(3)
Members Allowances	Special Allowances	(3)
Members Allowances	Consultants	(1)
Grants for Tourism	Christmas Lights Income	(5)
Total		(10)

Cultural Services - Marketing

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

Enterprise

	Budget (£000's)	Forecast Outturn (£000's)	Forecast Variance (£000's)
Chief Officer : Andy O'Brien			
Enterprise			
Enterprise	116	117	1
Total Enterprise	116	117	1

Division	Explanation	Forecast Amount Over/ (under) £'000
Enterprise	Grants Payable	(5)
Enterprise	ERDF Grant Receivable	6
Total		1

Environment

	Budget (£000's)	Forecast Outturn (£000's)	Forecast Variance (£000's)
Head of Service : Sal Khan			
Environment			
Council Depots	141	133	(8)
Public Conveniences	135	137	2
Waste Collection	2,077	2,465	388
Street Cleaning	969	961	(8)
Building Consultancy	50	32	(18)
Land Drainage	55	55	0
Total Enviroment	3,427	3,783	356

Division	Explanation	Forecast Amount Over/ (under)
Council Depots	Employee costs	4
Council Depots	Gas and Electricity	(4)
Council Depots	Business Rates	(11)
Council Depots	Vehicle Hire	8
Council Depots	Sale of JCB & Fork Lift	(5)
Public Conveniences	Staffing	6
Public Conveniences	Premises-Related Expenditure	(4)
Waste Collection	Employee Costs	2
Waste Collection	Temporary Staff	163
Waste Collection	Recycling Income	228
Waste Collection	Third Party Payments - Mixed Recycling Gate Fees	45
Waste Collection	Third Party Payments Tonnage Reduction	(54)
Waste Collection	Contributions from other bodies	(6)
Waste Collection	Trade Refuse Income	10
Street Cleaning	Employee Costs	5
Street Cleaning	Temporary Staff	(18)
Street Cleaning	Bulky Waste Income	5
Building Consultancy	Employee costs	(4)
Building Consultancy	Fees and Charges	(14)
Total		356

Environmental Health

Head of Service : Mark Rizk	Budget (£000's)	Forecast Outturn (£000's)	Forecast Variance (£000's)
Environmental Health			
Environmental Health	384	363	(21)
Animal Control	21	9	(12)
Housing Standards	76	61	(15)
Total Environmental Health	481	433	(48)

Division	Explanation	Forecast Amount Over/ (under) £'000
Environmental Health	Employee Costs	(20)
Environmental Health	Running Costs	3
Environmental Health	Income	(4)
Animal Control	Pest Control Contracts	(1)
Animal Control	Dog Kennelling/Other Expenses	(11)
Housing Standards	Income	(11)
Housing Standards	Running Costs	(4)
Total		(48)

Financial Services

Head of Service : Sal Khan	Budget (£000's)	Forecast Outturn (£000's)	Forecast Variance (£000's)
Financial Services			
Capital Financing Costs	334	327	(7)
Financial Management Unit	480	480	0
Internal & External Audit	119	114	(5)
Total Financial Services	933	921	(12)

Division	Explanation	Forecast Amount Over/ (under)
Capital Financing Costs	Debt/MRP Costs - timing of capital receipts	41
	Investment Income in excess of budget	(48)
Financial Management Unit	Employee Costs	(72)
	Temporary Staffing Support	72
Internal & External Audit	Audit Reimbursement - PPSA	(5)
Total		(12)

Housing

Head of Service : Sal Khan	Budget (£000's)	Forecast Outturn (£000's)	Forecast Variance (£000's)
Housing			
Housing options	269	195	(74)
Total: Housing	269	195	(74)

Division	Explanation	Forecast Amount Over/ (under)
Housing Options - Accommodation	Leasehold Unit Rents	(6)
Housing Options - Accommodation	B&B Accommodation costs	(182)
Housing Options - Accommodation	B&B Rentals/ Premises Income levels	76
Housing Options - Accommodation	Contribution from Reserves - no longer needed	36
Housing Options	Employee Costs	(5)
Housing Options	Supplies & Services	3
Housing Options	General Grants/ Other Homeless Prevention	12
Housing Options	Contribution from Reserves	(8)
Total		(74)

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	432	345	(87)
Pension Payments	1368	1368	0
Total Human Resources and Payments	1,800	1,713	(87)

Division	Explanation	Forecast Amount Over/ (under) £'000
HR and Payroll	Employee Costs (Graduate Trainee Post)	(36)
HR and Payroll	Supplies and Services	(6)
Pension Payments		0
Corporate Training	Training Requests	(45)
Total		(87)

IT and Printing

	Budget (£000's)	Forecast Outturn (£000's)	Forecast Variance (£000's)
Head of Service : Sal Khan			
IT and Printing			
Central Reprographics	142	106	(36)
ICT	311	301	(10)
Total ICT and Printing	453	407	(46)

Division	Explanation	Forecast Amount Over/ (under) £'000
Central Reprographics	Hire of Equipment	(25)
Central Reprographics	Franking Machine Postages	(10)
Central Reprographics	Printing and Stationery	(1)
ICT	Employee costs	5
ICT	Mobile Telephones	1
ICT	IT savings inc. links to other Sites and backdated credit	(16)
Total		(46)

Legal and Asset Services

	Budget (£000's)	Forecast Outturn (£000's)	Forecast Variance (£000's)
Chief Officer : Andy O'Brien			
Legal Services & Assets			
Legal	205	194	(11)
Mayoral Support and Civic Ceremonials	56	56	0
Industrial Units	(610)	(590)	20
Assets and Estates Management	(72)	(75)	(3)
Total Legal Services & Assets	(421)	(415)	6

Division	Explanation	Forecast Amount Over/ (under) £'000
Legal	Employee Costs	(12)
Legal	Running Costs	(9)
Legal	Legal & Court Costs Recovered	10
Mayoral Support and Civic Ceremonials		0
Industrial Units	Rental income not as high as anticipated	12
Industrial Units	Running Costs - business rates	8
Assets and Estates Management	Professional fees	(3)
Total		6

Leisure Services

	Budget (£000's)	Forecast Outturn (£000's)	Forecast Variance (£000's)
Head of Service : Mark Rizk			
Leisure Services			
Health and Leisure Grants	21	19	(2)
Leisure Management	1,048	1,044	(4)
Total Leisure Mangement	1,069	1,063	(6)

Division	Explanation	Forecast Amount Over/ (under) £'000
Health and Leisure Grants	General Grants	(2)
Leisure Management	Employee Costs	(4)
Total		(6)

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	16	(3)	(19)
CCTV	76	61	(15)
Total Licensing and Enforcement	92	58	(34)

Division	Explanation	Forecast Amount Over/ (under) £'000
Licensing and Enforcement	Employee costs	22
Licensing and Enforcement	Running costs	6
Licensing and Enforcement	Licensing/Sundry Income	(45)
Enforcement	Enforcement Initiatives	(2)
CCTV	Maintenance	(15)
CCTV	CCTV - Running costs Coopers Square Office	(5)
CCTV	Income	5
Total		(34)

Markets

Head of Service : Mark Rizk	Budget (£000's)	Forecast Outturn (£000's)	Forecast Variance (£000's)
Markets	(11)	44	55
Total Markets	(11)	44	55

Division	Explanation	Forecast Amount Over/ (under) £'000
Markets	Income shortfall	48
Markets	Supplies and Services	5
Markets	Employees	2
Total		55

Planning and Land Charges

Head of Service : Sal Khan	Budget (£000's)	Forecast Outturn (£000's)	Forecast Variance (£000's)
Planning			
Planning Policy	140	140	0
Planning Delivery	(96)	(145)	(49)
Land Charges	(12)	(8)	4
Total Planning	32	(13)	(45)

Division	Explanation	Forecast Amount Over/ (under) £'000
Planning Policy	Employee Costs - maternity cover	15
Planning Policy	Contribution from Planning Reserve	(15)
Planning Delivery	Employee costs - Temporary Support	73
Planning Delivery	Contribution from Planning Reserve	(67)
Planning Delivery	Legal Costs/ Consultants	(31)
Planning Delivery	Systems Development	(10)
Planning Delivery	Fees and Charges/ Other Income	(14)
Land Charges	Scanning	(15)
Land Charges	Fees and Charges	25
Land Charges	Search and Investigation fees	(6)
Total		(45)

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	8	(25)	(33)
Benefits and Professional Services	(56)	(54)	2
Customer Contacts	420	417	(3)
Total - Revenues, Benefits and Customer Contacts	372	338	(34)

Division	Explanation	Forecast Amount Over/ (under) £'000
Revenues	Employee Costs	(26)
Revenues	Temporary Staffing Support	25
Revenues	NDR - Supplies & Services	2
Revenues	Legal & Court Costs Recovered	(17)
Revenues	Software changes/server upgrade (grant funded)	9
Revenues	New Burdens Grant	(9)
Revenues	C.Tax Collection - Clerk to the Justices/Supplies and	(14)
Revenues	Recovery - Postages	(3)
Benefits and Professional Services	Hsg. Benefits Admin. - Car Allow./Postages/Subscriptions	2
Benefits and Professional Services	Reduction in Discretionary Housing Payment Grant	18
Benefits and Professional Services	Reduction in Discretionary Housing Payments Awarded	(18)
Benefits and Professional Services	Additional VEP Alert Work	30
Benefits and Professional Services	VEP Alert Grant	(30)
Benefits and Professional Services	DWP LA Data Sharing Programme work	5
Benefits and Professional Services	DWP LA Data Sharing Programme Grant	(5)
Customer Contacts	Savings re: Running Costs	(3)
Total		(34)

Appendix B - Investments as at 31st December 2019

Borrower	Principal (£)	Interest Rate	Start Date	Maturity Date
Call Accounts and Money Market Funds				
RBS SIBA	622,389	0.01%		Call
Federated MMF	4,000,000	0.73%		Call
CCLA MMF	4,000,000	0.72%		Call
Insight MMF	1,025,000	0.72%		Call
Santander	3,500,000	1.20%		180 day Notice
Lloyds	1,000,000	1.10%		95 day Notice
Fixed Deposits / T Bills / Certificates of Deposit				
Bank of Scotland	500,000	1.00%	08/07/2019	08/01/2020
Bank of Scotland	500,000	1.15%	08/05/2019	08/05/2020
Bank of Scotland	1,500,000	0.85%	27/09/2019	27/03/2020
Lloyds	2,500,000	0.85%	15/10/2019	15/04/2020
UK Treasury Bill	2,000,000	0.69%	14/10/2019	13/01/2020
UK Treasury Bill	2,000,000	0.69%	05/08/2019	03/02/2020
UK Treasury Bill	2,000,000	0.69%	27/08/2019	24/02/2020
UK Treasury Bill	2,000,000	0.69%	02/09/2019	02/03/2020
UK Treasury Bill	2,000,000	0.69%	09/09/2019	09/03/2020
UK Treasury Bill	2,000,000	0.70%	23/09/2019	23/03/2020
UK Treasury Bill	830,000	0.74%	18/11/2019	18/05/2020
UK Treasury Bill	2,000,000	0.74%	25/11/2019	26/05/2020
UK Treasury Bill	2,000,000	0.74%	16/12/2019	15/06/2020
National Westminster Bank CD	1,000,000	0.84%	02/07/2019	02/01/2020
National Westminster Bank CD	1,000,000	1.00%	26/04/2019	27/01/2020
National Westminster Bank CD	2,000,000	0.84%	15/10/2019	15/04/2020
National Westminster Bank CD	1,000,000	0.92%	16/09/2019	15/09/2020

Borrower - Icelandic Exposure	Principal (£)	Interest Rate	Start Date	Maturity Date
Singer	270,000	5.41%		08/10/2008

Investments rate of interest as at 31 st December 2019	Principal (£)	Interest Rate
Total Investments	41,247,389	
Total Investments - Excluding Icelandic Exposure	40,977,389	0.80%
Total Investments - Icelandic Exposure Only	270,000	5.41%

Average rate of interest (Year to date)	Principal (£)	Interest Rate
Total Investments	39,504,353	
Total Investments - Excluding Icelandic Exposure	39,234,353	0.81%
Total Investments - Icelandic Exposure Only	270,000	5.41%

Corporate Risks

Risk Owner: Corporate Management Team

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

Corporate Risks		Risk Owner: Corporate Management Team				
Risk	Source of Risk	Treatment Description	Likelihood	Impact	Risk Level	Last Reviewed
MTFS: Budget Assumptions	Assumptions made in the MTFS in relation to inflation, interest rates, pay awards etc. have a negative impact on financial plans/resources.	Robust MTFS provides some degree of resilience to financial shocks Proactive treasury management forecasting, monitoring and reporting Budgeting based on prudent forecasts	2	4	13	31/12/2019
Brexit	Consequences of decision to exit the EU has a negative impact. (Economic consequences impacting on resources, both central and local, additional strain on pension fund, value of council assets etc). Potential for operational/service delivery disruption.	Monitoring of Economic conditions / external forecasts, horizon scanning by CMT and Senior Officers. Prudent and Robust rolling MTFS Understanding and acting on any intelligence forthcoming from local and central government bodies.	3	4	15	31/12/2019
Unforeseen Environmental Impacts	Floods, fire, chemical, major disaster, terrorism	Major Incident/Emergency Plan Test exercises ensure readiness for incidents Internal resource and support from CSU County wide preventing violent extremism working group	1	4	10	31/12/2019
Unforeseen Health Impacts	Pandemics/wider health issues impacting on council	Succession planning/ability to access temporary staff. Major Incident/Emergency Plan Robust, tested business continuity plans	1	4	10	31/12/2019
Welfare Reforms	Welfare Reforms. 1) Delivery of Universal Credit 2) Financial impact of Council Tax Reduction, including demographic changes 3) Financial impact of universal credit on subsidy levels, ability to recover overpayments and housing options funding.	Council Tax Reduction scheme approved and complied with Regular monitoring of scheme against financial provisions / MTFS Financial modelling/impact assessment. More frequent in year monitoring.	2	4	13	31/12/2019

Corporate Risks		Risk Owner: Corporate Management Team				
Risk	Source of Risk	Treatment Description	Likelihood	Impact	Risk Level	Last Reviewed
ICT Security	Unintentional or intentional introduction of malware, resulting impacts on normal service delivery and/or breach of data protection, via: 1) Prevention of access to systems or data 2) Physical destruction of hardware 3) Data Exposure or leaks 4) Data alteration	ICT Security Policy Access controls and permissions within system applications Protective defences such as antivirus 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	31/12/2019
Wider Public Sector Funding Reductions	Impact on the Council of the wider public/voluntary sector funding reductions, including issues which arise working within a two tier area.	Robust MTFS generally provides some financial resilience to respond to changes 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	13	31/12/2019

Strategic Risks		Risk Owner: Corporate Management Team				
Risk	Source of Risk	Treatment Description	Likelihood	Impact	Risk Level	Last Reviewed
A fear of not being able to influence the GBSLEP	Failure to be adequately represented and therefore limited ability to influence. Opportunity risk of not maximising potential benefits from working within the GBSLEP.	Senior officers (CE and Heads of service) heavily involved in working with the LEP to represent <u>Council's interests</u> One member (Council) one vote, provides Council with a strong voice	1	4	10	31/12/2019
Business Continuity	Failure to have effective plans in place	Approach to business continuity revised during 2016, new streamlined and "fit for purpose" approach adopted, which focuses on key risk areas. Regular re-fresh of plans take place. Approved, up to date BC policy in place.	1	4	10	31/12/2019
Combined Authority	Potential opportunity risk of not maximising any benefits from joining a combined authority	Opportunities being constantly reviewed and monitored by the executive	1	4	10	31/12/2019
Communication	Lack of community engagement and failure to take into account residents views in the decision making process	Consultation strategy in force	2	2	5	31/12/2019
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. Performance against the current corporate plan continues to be very positive.	1	4	10	31/12/2019
Council Tax Reduction Scheme	Failure to adopt a scheme that is fit for purpose	Scheme suitably approved and adopted; budget set based on forecasts and reviewed; CTR correctly applied per scheme	1	3	6	31/12/2019

Strategic Risks		Risk Owner: Corporate Management Team					
Risk	Source of Risk	Treatment Description	Likelihood	Impact	Risk Level	Last Reviewed	
Health & Safety	Failure to deliver/comply with H&S policy/strategy	The strategy/policy is adopted following consultation with all relevant internal stakeholders and approved by <u>the Leader</u> H&S team advises, educates and reviews risk assessments etc and has direct reporting access to <u>Chief Executive</u> Incident/accident reporting process in place.	1	4	10	31/12/2019	
Local Plan Implications	Monitoring of the local plan and maintenance of a five year land supply	Regular monitoring /compliance Planning decisions complying with approved <u>plan/existing planning law/policy.</u> Education of members on importance of decisions complying with policy	2	4	13	31/12/2019	
Managing Change	Ineffective change management resulting in a reduction in the quality of services	<u>Workforce Planning Strategy in place</u> Effective track record of performance management - via Corporate Plan, Service Planning, Staff <u>Performance Appraisals</u> Effective Communications - Corporate Management Team, Managers Forum, Team Meetings, Staff 1-1s, <u>Staff Briefings.</u>	2	2	5	31/12/2019	
Medium Term Financial Strategy	Failure to adopt and implement an effective and robust MTFS impacting on the Council's ability of the Council to meet its objectives.	The MTFS is established with COs and DLs working together to realign political manifesto into a series of <u>objectives and financial targets.</u> Financial support and challenge to proposals with financial implications, minimising risks of <u>a budget shortfall.</u> The MTFS is adopted at full council and refreshed at full council annually. Performance of the MTFS is formally reported on a quarterly basis through Cabinet and all political groups as well. Any slippage is identified at an early stage and preventative and/or corrective actions are taken as necessary.	1	4	10	31/12/2019	

Strategic Risks		Risk Owner: Corporate Management Team				
Risk	Source of Risk	Treatment Description	Likelihood	Impact	Risk Level	Last Reviewed
Member Training/Awareness	Lack of awareness/understanding of key responsibilities.	<p>Constitution</p> <p>Member induction programme, member training and regular briefings.</p> <p>Open door policy with Heads of service; discussions/briefings with officers.</p>	2	2	5	31/12/2019
Planning Appeals	Appeals against planning decisions arising from failure to take into account professional and legal advice leading to financial loss from cost of appeal and potentially new homes bonus.	<p>Member training</p> <p>Financial provision/contingency to meet potential costs of appeals</p> <p>Legal advice at committee</p>	3	4	15	31/12/2019
Treasury Management Strategy	An ineffective TM Strategy does not protect the Council adequately against the risks associated with this activity resulting in potential significant financial loss and possible reputational damage. The associated opportunity risk of ineffective cashflow management, resulting in returns lower than might be realised, taking into account the Council's risk appetite.	<p>The TMS reflects statutory and non-statutory guidance and is adopted at full council annually, following scrutiny by the Audit and Value for Money Council Services Committee. Performance of the TMS is formally reported on a quarterly basis through the Financial Outturn report to Cabinet and all political groups as well as through the Audit Committee. Mid year performance and Outturn is formally reported through to full council.</p> <p>Adequate and suitably trained staff. Regular member training/briefings.</p> <p>The appointment of professional treasury management advisors</p>	1	4	10	31/12/2019