



## RESOURCES AND SERVICES OVERVIEW AND SCRUTINY COMMITTEE

# AGENDA

<b>DATE:</b>	<b>Monday, 18 March 2019</b>
<b>TIME:</b>	<b>7.30 pm</b>
<b>VENUE:</b>	<b>Council Chamber, Council Offices, Thorpe Road, Weeley, CO16 9AJ</b>

### MEMBERSHIP:

<b>Councillor Stephenson (Chairman)</b>	<b>Councillor Everett</b>
<b>Councillor Alexander (Vice-Chairman)</b>	<b>Councillor Miles</b>
<b>Councillor Amos</b>	<b>Councillor Scott</b>
<b>Councillor Baker</b>	<b>Councillor Newton</b>
<b>Councillor Broderick</b>	<b>Councillor Steady</b>
<b>Councillor M Brown</b>	

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**For further details and general enquiries about this meeting, contact Ian Ford on 01255 686584.**

**DATE OF PUBLICATION: Wednesday 27 February 2019**

## **AGENDA**

### **1 Apologies for Absence and Substitutions**

The Committee is asked to note any apologies for absence and substitutions received from Members.

### **2 Minutes of the Last Meeting (Pages 1 - 6)**

To confirm and sign as a correct record, the minutes of the last meeting of the Committee, held on 11 February 2019.

### **3 Declarations of Interest**

Councillors are invited to declare any Disclosable Pecuniary Interests or Personal Interest, and the nature of it, in relation to any item on the agenda.

### **4 Questions on Notice pursuant to Council Procedure Rule 37**

Subject to providing two working days' notice, a Member of the Committee may ask the Chairman of the Committee a question on any matter in relation to which the Council has powers or duties which affect the Tendring District and which falls within the terms of reference of the Committee.

### **5 Report of the Deputy Chief Executive - A.1 - Financial Performance Report - In-Year Performance against the Budget at end of December 2018 and Long Term Financial Forecast Update (Pages 7 - 60)**

To provide an overview of the Council's financial position against the budget as at the end of December 2018 and to present an updated forecast on an on-going basis as part of developing the long-term financial plan.

### **6 Report of the Deputy Chief Executive - A.2 - Review of the Year and the Work Programme for 2019/20 (Pages 61 - 76)**

To review this year's work and to seek Members' approval to a draft programme of work for the Resources and Services Overview and Scrutiny Committee for the coming municipal year for recommendation to the Annual Council meeting on 21 May 2019.

### **7 Scrutiny of Proposed Decisions (Pages 77 - 78)**

Pursuant to the provisions of Overview and Scrutiny Procedure Rule 13, the Committee will review any new and/or amended published forthcoming decisions relevant to its terms of reference and decide whether it wishes to enquire into any such decision before it is taken.

Matters may only be raised on those forthcoming decisions at Committee meetings where the Member has notified the Committee Services Manager in writing (or by personal email) of the question they wish to ask, no later than Midday, two working days before the day of the meeting.

# **Information for Visitors**

## **FIRE EVACUATION PROCEDURE**

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**MINUTES OF THE MEETING OF THE RESOURCES AND SERVICES OVERVIEW  
AND SCRUTINY COMMITTEE,  
HELD ON MONDAY, 11TH FEBRUARY, 2019 AT 7.30 PM  
IN THE COUNCIL CHAMBER, COUNCIL OFFICES, THORPE ROAD, WEELEY**

<b>Present:</b>	Councillors Stephenson (Chairman), Alexander (Vice-Chairman), Amos, Baker, Broderick, M Brown, Everett, Miles, Newton, Scott and Steady
<b>In Attendance:</b>	Anastasia Simpson (Head of People, Performance and Projects), Richard Barrett (Head of Finance, Revenues and Benefits Services & Section 151 Officer), Keith Simmons (Head of Democratic Services and Elections), Michael Carran (Head of Sport and Leisure)(except items 60 - 62), John Higgins (Head of IT and Corporate Resilience)(except items 61 and 62), Ian Ford (Committee Services Manager & Deputy Monitoring Officer) and Katie Wilkins (Human Resources and Business Manager)(except items 61 and 62)

**55. APOLOGIES FOR ABSENCE AND SUBSTITUTIONS**

There were no apologies for absence submitted on this occasion and there were no substitutions.

**56. MINUTES OF THE MEETING OF THE RESOURCES AND SERVICES OVERVIEW AND SCRUTINY COMMITTEE HELD ON 17 DECEMBER 2018 AND CONTINUED ON 3 JANUARY 2019**

The Minutes of the meeting of the Committee held on 17 December 2018 and continued on 3 January 2019 were approved as correct records and signed by the Chairman, subject to Councillor Baker's declaration of interest under Minute 53 being amended to read as follows [alteration shown in bold]:-

*"Councillor Baker declared that he has a family member **potentially to be** in receipt of a Disabled Facilities Grant."*

The Committee had had circulated to them (both by email and by paper copy) prior to the commencement of the meeting written responses to Members' questions from those Portfolio Holders who had not been able to attend the Committee's budget scrutiny meeting on 3 January 2019.

**57. DECLARATIONS OF INTEREST**

There were none made at this time.

**58. QUESTIONS ON NOTICE PURSUANT TO COUNCIL PROCEDURE RULE 37**

There were no such questions on this occasion.

**59. REVIEW OF BESIDE THE SEASIDE FESTIVALS 2018**

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The Council's Head of Sport and Leisure (Mike Carran) attended the meeting and gave a presentation to the Committee which reviewed the Beside the Seaside Festivals in 2018.

Mr Carran's presentation included the following matters:-

(1) Objectives

- Maximisation of tourist opportunities through events;
- "book-end" the summer season with the Clacton Air Show;
- Raise the profile of the 'Blue Flag' beach in Dovercourt Bay; and
- Work with partners.

(2) The Event

- Traditional seaside entertainment;
- Live music/entertainment;
- 'Have a Go' activities; and
- Engagement with community groups.

(3) The 'Big Issues'

- An additional community event in Frinton-on-Sea;
- Recycling money;
- Attendance;
- Cost of the event;
- Economic impact on the local economy; and
- The weather.

(4) Learning points for 2019

- Revert to an earlier month for Clacton (i.e. June rather than July);
- Work closely with local businesses;
- Dovercourt event was too 'spaced out';
- Work towards financial sustainability; and
- Investigate possibilities of linking with other events.

Mr Carran then responded to Members' questions on his presentation.

The Chairman then thanked Mr Carran for his attendance and the information that he had provided to the Committee.

**60. REPORT OF THE DEPUTY CHIEF EXECUTIVE - A.1 - PERFORMANCE REPORT 2018/19 THIRD QUARTER**

The Committee had before it a report of the Deputy Chief Executive which presented the Performance Report for Quarter Three (October to December 2018), including the Corporate Plan and Priorities and Projects 2018/19.

Appendix A to that report contained details of the 18 indicators and projects where performance was measured. Of those, 12 (67%) were on, or above, their expected target and 6 (33%) were not currently in line with the expected performance.

Members were informed that the Performance Report for Quarter Three would be presented to Cabinet on 15 February 2019 and that in that report the Local Plan and Garden Community indicators would be shown as “On Target” (rather than “Behind Target”) following the recent approval of the Council’s revised Local Development Scheme by the Planning Policy and Local Plan Committee. Any feedback from the Committee would be presented to a future meeting of the Cabinet as a separate reference report.

The Council’s Human Resources & Business Manager (Katie Wilkins) gave the Committee an update in respect of the indicators and projects with particular focus on those indicators that were currently listed as “Behind Target”.

Officers responded to questions raised by Members on various topics and where an answer was not immediately available, the Human Resources and Business Manager and the Head of IT and Corporate Resilience, as appropriate, undertook to respond to Members as soon as possible after the meeting.

**RESOLVED** (a) that this Committee recommends to Cabinet that –

- (1) in relation to the removal of Fly Tipping target future performance reports should also include details of the number of incidents requiring a specialist response and the response times provided. The Committee would also like the recycling service to confirm if there is an SLA requiring specific response times for specialist removals;
  - (2) any and all action be undertaken to ensure that, in future, the Head of IT and Corporate Resilience ‘signs off’ on all IT related procurements before any purchase of IT related equipment/software etc. is made.
- (b) that this Committee comments to Cabinet that –
- (1) it is very disappointed that it has still not yet seen the proposed Recycling Booklet for the public and requires that the booklet be sent digitally to the members of the Committee before it is printed in order that Members can comment on its contents;
  - (2) an All Member briefing be arranged to give a further update to Members on the progress of the Local Plan and the NEGC following the recent approval of the Council’s Local Development Scheme by the Planning Policy and Local Plan Committee; and
  - (3) in relation to the Recycling Rate target this target should not be listed as being “On Target” if the latest quarterly performance data has not yet been received as it is misleading.

**61. REPORT OF THE DEPUTY CHIEF EXECUTIVE - A.2 - ANNUAL TREASURY STRATEGY 2019/20 (INCLUDING PRUDENTIAL AND TREASURY INDICATORS)**

The Committee's comments were sought on the Annual Treasury Strategy for 2019/20 (including the Prudential and Treasury indicators).

It was reported that on 5 February 2019, the Finance and Corporate Resources Portfolio Holder had agreed the Annual Treasury Strategy for 2019/20 (including the Prudential and Treasury Indicators) for consultation with the Resources and Services Overview and Scrutiny Committee.

Members were aware that the Local Government Act 2003 and supporting regulations required the Council to set out its treasury strategy for borrowing, and to prepare an Annual Investment Strategy (as required by Investment Guidance subsequent to the Act) that set out the Council's policies for managing its investments and for giving priority to the security and liquidity of those investments, "having regard" to the Chartered Institute of Public Finance and Accountancy's (CIPFA) Prudential Code and the CIPFA Treasury Management Code of Practice. Revised editions of both those documents had been issued in December 2017.

The Committee was informed that the revised guidance issued in 2017 also required the Council to update its Capital Strategy annually. Rather than produce two separate documents and as they were closely linked the Capital Strategy had been combined with the Treasury Strategy in one document.

It was reported that the Capital Strategy element of the combined document covered the various elements surrounding capital investment decisions and the key criteria that investment decisions should be considered against.

Similarly, the Treasury Strategy element of the combined document covered the various elements that satisfied the requirements of the various codes that governed the borrowing and investment activities of the Council and had been prepared in the light of advice received from the Council's Treasury advisors and reflected the latest codes and guidance.

Members were advised that under the Prudential Code the Council had freedom over capital expenditure as long as it was prudent, affordable and sustainable. The Prudential Indicators either measured the expected activity or introduced limits upon the activity, and reflected the underlying capital appraisal systems and enabled the Council to demonstrate that it was complying with the requirements of the Prudential Code.

The Committee was reminded that the Council's investments would be undertaken in accordance with its Treasury Management Practices. Those had been expanded to include use of non-specified investment in property to yield both rental income and capital gains from 2016/17. If credit ratings remained at their current low levels it was likely that a significant proportion of the Council's investments would continue to be in Government securities such as Treasury Bills or with other Local Authorities. However, other 'quality' investment opportunities would be explored in consultation with the Council's external advisors in order to maximise returns on investments within a continuing and overall risk-averse approach.

A copy of the report submitted to the Portfolio Holder together with the proposed Annual Capital and Treasury Strategy for 2019/20 (including the Prudential and Treasury



Indicators) was attached as an appendix to item A.2 of the Report of the Deputy Chief Executive.

The Head of Finance, Revenues & Benefits Services informed the Committee that as the 2018/19 Annual Treasury Strategy had already reflected many of the new requirements only minor updates had been necessary for the 2019/20 Strategy, namely the inclusion of the Capital Strategy within the combined document. No other significant changes were proposed in the Annual Capital and Treasury Strategy for 2019/20 with limited amendments in areas such as the general economic outlook and interest rate forecasts, with the Council maintaining a very low risk appetite approach to its treasury activities.

**RESOLVED** that the Committee both notes the contents of the Annual Capital and Treasury Strategy for 2019/20 and agrees that it does not need to submit any comments for the Cabinet's consideration.

## **62. SCRUTINY OF PROPOSED DECISIONS**

Pursuant to the provisions of Overview and Scrutiny Procedure Rule 13, the Committee reviewed any new and/or amended published forthcoming decisions relevant to its terms of reference with a view to deciding whether it wished to enquire into any such decision before it was taken. The relevant forthcoming decisions were before the Committee.

The Committee noted the submitted list of published forthcoming decisions.

**RESOLVED** (a) that, pursuant to the provisions of Overview and Scrutiny Procedure Rule 13, the Committee wishes to enquire into the following forthcoming decision before the Finance and Corporate Resources Portfolio Holder and Housing Portfolio Holder take their final joint decision on the matter:-

“Replacement of Careline Computer and Call Handling System”

(b) that Officers add to the Committee's draft work programme for 2019/2020 the scrutiny of the expenditure of the Council's £350,000 funding of the NEGC Business Plan 2019-2022.

In respect of the Committee's work programme for the next municipal year (2019/2020) the Chairman asked Members of the Committee their opinions on whether he should contact all Members of the Council for their input and suggestions for the work programme bearing in mind the Council elections on 2 May 2019 and the likelihood of a significant turnover in membership.

Following discussion it was agreed by the Committee that the Chairman should proceed with his approach.

The meeting was declared closed at 9.45 pm

**Chairman**



## RESOURCES AND SERVICES OVERVIEW AND SCRUTINY COMMITTEE

18 MARCH 2019

### REPORT OF THE DEPUTY CHIEF EXECUTIVE

#### **A.1 FINANCIAL PERFORMANCE REPORT – IN-YEAR PERFORMANCE AGAINST THE BUDGET AT END OF DECEMBER 2018 AND LONG TERM FINANCIAL FORECAST UPDATE**

(Report prepared by Ian Ford)

##### **PURPOSE OF THE REPORT**

To provide an overview of the Council's financial position against the budget as at the end of December 2018 and to present an updated forecast on an on-going basis as part of developing the long-term financial plan.

##### **BACKGROUND**

On 15 February 2019 Cabinet considered a Financial Performance Report (and accompanying appendices) which is attached as **Appendix A**.

The Committee will be aware that these regular finance reports present the overall financial position of the Council by bringing together information that was previously reported within corporate budget monitoring reports and performance monitoring reports along with timely updates on the development of the long term forecast.

The above approach follows the commitment to provide regular updates on the long term financial forecast as agreed as part of the move to a long term financial sustainability plan last year and to bring the reporting of key financial performance together in one report.

##### **RECOMMENDATION**

**That the Committee:**

- a) considers the in-year financial position as at the end of December 2018 and determines whether it has any comments or recommendations it wishes to make or put forward to the relevant Portfolio Holder or Cabinet; and
- b) considers the updated long term financial forecast update and determines whether it has any comments or recommendations it wishes to make to Cabinet as part of developing the long-term financial plan.

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Key Decision Required:	Yes	In the Forward Plan:	Yes
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## CABINET

15 FEBRUARY 2019

### REPORT OF FINANCE AND CORPORATE RESOURCES PORTFOLIO HOLDER

#### **A.6 FINANCIAL PERFORMANCE REPORT – IN-YEAR PERFORMANCE AGAINST THE BUDGET AT END OF DECEMBER 2018 AND LONG TERM FINANCIAL FORECAST UPDATE** (Report prepared by Richard Barrett)

#### **PART 1 – KEY INFORMATION**

##### **PURPOSE OF THE REPORT**

To provide an overview of the Council's financial position against the budget as at the end of December 2018 and to present an updated forecast on an on-going basis as part of developing the long term financial plan.

##### **EXECUTIVE SUMMARY**

- These regular finance reports present the overall financial position of the Council by bringing together information that was previously reported within corporate budget monitoring reports and performance monitoring reports along with timely updates on the development of the long term forecast.
- The above approach follows the commitment to provide regular updates on the long term financial forecast as agreed as part of the move to a long term financial sustainability plan last year and to bring the reporting of key financial performance together in one report.
- The report is split over two distinct sections as follows:
  - 1) *The Council's in-year financial position against the budget at the end of December 2018***
  - 2) *An updated long term financial forecast***

##### ***In respect of the in-year financial position at the end of December 2018:***

- The Council's financial position against the approved budget has been prepared for the period to the end of December 2018.
- The position to the end of December, as set out in more detail in the Executive Summary attached, shows that overall the General Fund Revenue position is behind the profiled budget by **£2.863m**. As has been the case in previous quarters, the variance to date primarily reflects the timing of expenditure and income although any significant issues arising to date have been highlighted and comments provided as necessary.
- In respect of other areas of the budget such as the Housing Revenue Account, capital programme, collection performance and treasury activity, apart from

additional details set out later on in this report, there are no major issues that have been identified to date.

- Any emerging issues will be monitored and updates provided in future reports which will include their consideration as part of updating the long term financial forecast.
- As part of updating the in-year position on an on-going basis, these regular finance reports will respond to in-year budget pressures and other changes as they emerge. **Appendix H** therefore sets out a number of changes to in-year budgets with an associated recommendation also included within this report. The net impact of all of the budget adjustments will be moved to or from the Forecast Risk Fund. The long term forecast is based on the identification of **£0.500m** of in-year outturn savings, which will be set aside over the course of the whole year within the Forecast Risk Fund to support the long term plan.
- As in previous years, it is recognised that a number of smaller variances within services emerge over the course of the year that would not necessarily be specifically highlighted or discussed within the in-year finance reports. It is still therefore possible that a range of smaller variances may remain at the end of the year and contribute to the overall outturn position. Also a number of budgets that relate to schemes / initiatives or earmarked for specific purposes may not be fully spent by the end of the year and may be subject to end of year processes such as carry forward requests and therefore remain committed. However at this stage and after taking into account the current position and information available it is anticipated that any adverse issues will be offset by favourable variances elsewhere within the overall budget at the end of the year.
- As discussed earlier in the year, **Appendix I** sets out amounts (both capital and revenue) at the end of 2017/18 that have been requested to be carried forward for more than one year. Following a review of the relevant items, it is not proposed to transfer any funding elsewhere within the overall budget and therefore the current commitments that they reflect have been reconfirmed as part of this review.

***In respect of the updated long term financial forecast:***

- The most up to date position for 2019/20 was considered by Full Council on 5 February 2019 as part of agreeing the detailed budget.
- The long term financial forecast has been reviewed based on the position considered by Full Council and is attached as **Appendix J**. Although the figures set out within the appendix will change as part of updating the forecast on a regular basis during 2019/20, there have been no issues that significantly increase the risks in future years with the forecast position remaining broadly in-line with original expectations.
- A review of risks associated with the long term approach to the forecast is also subject to on-going review and is separately reported within **Appendix K**.
- As mentioned during the year, it is important to continue to deliver against the new longer term approach to the budget as it continues to provide a credible alternative to the more traditional short term approach which would require significant additional savings to be identified over 2019/20 and 2020/21.

- Although the detailed budget for 2019/20 was considered by Full Council on 5 February, the forecast remains an on-going task going into 2020/21 and beyond with work therefore remaining on-going across the 5 key work strands of:

- 1) Increases to underlying income
- 2) Controlling expenditure / inflationary increases
- 3) The identification of savings / efficiencies
- 4) Delivering a positive outturn position each year
- 5) The mitigation of cost pressures wherever possible.

## **RECOMMENDATION(S)**

***That in respect of the financial performance against the budget at the end of December 2018, it is recommended that:***

**(a) The position be noted;**

**(b) the proposed in-year adjustments to the budget as set out in Appendix H be agreed; and**

***That in respect of the Updated Long Term Forecast it is recommended that:***

**(a) The updated forecast be agreed and the Resources and Service Overview and Scrutiny Committee are consulted on the latest position.**

## **PART 2 – IMPLICATIONS OF THE DECISION**

### **DELIVERING PRIORITIES**

Effective budgetary control is an important tool in ensuring the financial stability of the authority by drawing attention to issues of concern at an early stage so that appropriate action can be taken. Financial stability and awareness plays a key role in delivering the Council's corporate and community aims and priorities.

The forecasting and budget setting process will have direct implications for the Council's ability to deliver on its objectives and priorities. At its heart, the long term approach being taken seeks to establish a sound and sustainable budget year on year through maximising income whilst limiting reductions in services provided to residents, business and visitors.

### **FINANCE, OTHER RESOURCES AND RISK**

#### **Finance and other resources**

The financial implications are considered in the body of the report.

#### **Risk**

In respect of the position at the end of December 2018, a number of variances will be subject to change as the year progresses although at this stage it is expected that any adverse position can be managed within the overall budget. The budget position will be monitored and reviewed as part of both the future budget monitoring arrangements and Financial Strategy Processes.

In respect of the long term forecast, there are significant risks associated with forecasting such as cost pressures, inflation and changes to other assumptions that form part of the financial planning process. There are a number of areas that could lead to additional expenditure being incurred, such as: -

- Economic environment / instability;
- Emergence of cost pressures;
- Changes to the local authority funding mechanisms such as the Government's fairer funding review that is proposed;
- New legislation placing unfunded duties on the Council or reducing the level of the Council's core funding;
- Local or national emergency;
- Income is less than that budgeted for, including business rate income retained locally.

However the forecast is based on relatively conservative estimates with no optimistic bias included. **Appendix K** discusses the various risks to the forecast with a Red / Amber/ Green risk assessment approach taken.

As discussed last year, another potentially more important action to manage and mitigate risk is the Council's ability to financially underwrite the forecast. As with any forecast, some elements of income and expenditure will be different to that forecasted. It is fair to say that many may offset each other over the longer term. However, there are two important aspects to how this will be managed.

- 1) To date it is estimated that **£2.290m** will have been set aside by the end of 2018/19 within the Forecast Risk Fund to support the budget in future years. This is more than previous forecasts and excludes the additional contribution of **£0.717m** to fund initiatives aimed at supporting the long term forecast, which is also being held in the reserve. This money is available to be drawn down if the timings within the forecast differ in reality and the net position is unfavourable compared to the forecast in any one year.
- 2) The forecast will remain 'live' and be responsive to changing circumstances and it will be revised on an on-going basis. If unfavourable issues arise that cannot be mitigated via other changes within the forecast then the forecast will be adjusted and mitigating actions taken. Actions to respond will therefore need to be considered but can be taken over a longer time period where possible. In such circumstance the Council may need to consider 'topping' up the funding mentioned in 1) above if required in the early years of the forecast. This may impact on the ability to invest money elsewhere but will need to demonstrate that its use is sustainable in the context of the ten year forecast.

The 2019/20 position includes net savings of **£0.328m** which is slightly ahead of the current annual target of **£0.300m**. This figure will need to remain flexible and act as a counterbalance to other emerging issues as it is accepted that this figure may need to be revised up or down over the life of the forecast.

It is important to deliver against the forecast in the early years to continue to build confidence in the revised approach. This will, therefore, continue to need robust input from members and officers where decisions may be required in the short term or on a cash flow basis.

Another aspect to this approach is the ability to 'flex' the delivery of services rather than cut services. As would be the case with our own personal finances, if we cannot afford something this year because of a change in our income, we can potentially put it off until next year. There is a practical sense behind this approach as we could flex the delivery of a service one year but increase it again when the forecast allows.



In addition to the above it is important to note that the Council has already prudently set aside money for significant risks in the forecast such as **£1.609m** (NDR Resilience Reserve) and **£1.100m** (Benefits Reserve), which can be taken into account during the period of the forecast if necessary. The Council also holds **£4.000m** in uncommitted reserves which supports its core financial position.

## **LEGAL**

The Local Government Act 2003 makes it a statutory duty that Local Authorities monitor income and expenditure against budget and take appropriate action if variances emerge.

The arrangements for setting and agreeing a budget and for the setting and collection of council tax are defined in the Local Government Finance Act 1992. The previous legislation defining the arrangements for charging, collecting and pooling of Business Rates was contained within the Local Government Finance Act 1988. These have both been amended as appropriate to reflect the introduction of the Local Government Finance Act 2012.

The Local Government Finance Act 2012 provided the legislative framework for the introduction of the Rates Retention Scheme and the Localisation of Council Tax Support.

The Calculation of Council Tax Base Regulations 2012 set out arrangements for calculation of the council tax base following implementation of the Local Council Tax Support Scheme. The new arrangements mean that there are now lower tax bases for the district council, major preceptors and town and parish councils.

The Localism Act 2012 introduced legislation providing the right of veto for residents on excessive council tax increases.

Under Section 25 of the Local Government Act 2003, the Chief Finance Officer (S151 Officer) must report to Council as part of the budget process on the robustness of estimates and adequacy of reserves. The proposed approach can deliver this requirement if actively managed and will be an issue that remains 'live' over the course of the forecast period and will be revisited in future reports to members as the budget develops.

## **OTHER IMPLICATIONS**

Consideration has been given to the implications of the proposed decision in respect of the following and any significant issues are set out below.

**Crime and Disorder / Equality and Diversity / Health Inequalities / Area or Ward affected / Consultation/Public Engagement.**

There are no other implications that significantly impact on the financial forecast. However, the ability of the Council to appropriately address these issues will be strongly linked to its ability to fund relevant schemes and projects and determination of the breadth and standard of service delivery to enable a balanced budget to be agreed.

An impact assessment will be undertaken as part of any separate budget decisions such as those that will be required to deliver the necessary savings.

## **PART 3 – SUPPORTING INFORMATION**

### **SECTION 1 – IN YEAR FINANCIAL PERFORMANCE AGAINST THE BUDGET AT THE END OF DECEMBER 2018**

The Council's financial position against the approved budget has been prepared for the period ending 31 December 2018.

This is the third such report on the Council's financial position against the budget for 2018/19, and expenditure or income trends are now clearer, with comments provided below where necessary against the following key areas:

- General Fund Revenue and Proposed Changes to the 2018/19 Budget
- HRA Revenue
- Capital Programme – General Fund
- Capital Programme - HRA
- Collection Performance
- Treasury Activity

### **GENERAL FUND REVENUE**

The position to the end of December 2018, as set out in more detail in the Executive Summary attached, shows that overall the actual position is behind the profiled budget by **£2.863m**.

After excluding the variance for employee costs of **£0.274m**, the remaining net variance is **£2.589m**

As set out in the appendices, elements of this remaining variance are due to the timing of expenditure and income or where commitments / decisions have yet to be made.

**Appendix B** provides a detailed narrative against significant variances with some highlights as follows:

- Employee Costs – as set out above, expenditure is behind profile by **£0.274m**. Following review, it is estimated that **£0.211m** of this amount relates to vacancies where there is no associated commitment and therefore is the amount accrued over the third quarter that can be 'banked' at the end of December 2018 as a saving. This is included within the proposed adjustments to the budget set out in **Appendix H** as part of the net contribution to the Forecast Risk Fund. The corresponding figures at the end of July 2018 and September 2018 were **£0.100m** and **£0.200m** respectively.
- Income is running ahead of the profile in areas such as investment income (**£0.091m**), parking (**£0.138m**), crematorium (**£0.024m**), street naming and numbering (**£0.064m**) and building control (**£0.023m**). In respect of parking, income is ahead of the annual budget by **£0.016m** at the end of December 2018. Where necessary, these items were reflected in the 2019/20 budget considered by Full Council on 5 February 2019.
- Planning income has now started to run ahead of the profiled budget by **£0.037m** at the end of the quarter, which reverses the trend from the first two quarters of the year.

It is still however worth highlighting that planning income received towards the end of this financial year may have to be removed and accounted for in 2019/20 to reflect new accounting guidance. This remains under review and will be reflected in the outturn position for 2018/19 as necessary.

- There has been an increase in IT related costs relating to Microsoft licences with further details set out in the Appendices. This is currently being reviewed as part of the wider digital transformation project with a separate report planned on being presented to members in March 2019.
- Increased premises maintenance costs have been experienced at the Council's leisure facilities. Along with reducing income, there is a need to review the long term strategy for the Council's sports facilities to respond to these challenges going into 2019/20 and beyond.
- Homelessness costs are now starting to exceed the budget. Although work remains focused on homelessness prevention initiatives, increased demand for temporary accommodation is likely to remain a longer term challenge. This will be reviewed as part of developing the long term forecast going into 2019/20.
- A significant issue emerging over the course of the year is the cost of responding to planning appeals. At the end of December 2018, the cost forecast to be incurred for the year is **£0.155m**. Although it is proposed to reduce other budgets to offset the cost in 2018/19, a longer term view may need to be reflected as part of developing the long term forecast.

A review of amounts carried forward for more than one year requested by Cabinet and the Resources and Services Overview and Scrutiny Committee has been completed. A full schedule of carryforwards is set out within **Appendix I**. At the present time it is not proposed to make any transfers out of the relevant budgets and they remain committed as originally agreed. This situation will remain under review as part of future financial performance reports and may be subject to separate decisions during the year as related projects are developed etc.

**APPENDIX H** sets out a number of proposed budget adjustments that respond to both favourable and adverse issues that have emerged over the first half of the year with some highlights as follows:

- Investment income – a continuing positive cash flow and interest rate position are estimated to raise an additional **£0.100m** from treasury activities.
- Waste and Recycling Contract – As highlighted when the 2019/20 budget was being developed, inflationary uplifts on contract costs have been higher than budgeted. It is anticipated that this will result in increased costs of **£0.100m** in 2018/19.
- New Burdens funding – additional grant income of **£0.098m** has been received from the Government but there is no directly associated expenditure commitment.
- Business Rate Income – additional income of **£0.500m** is expected to be receivable via the Council's membership of the Essex Business Rates Pool.

In addition to the above, as part of finalising the budget for 2019/20 a number of items were agreed in 2019/20 but funded from the in-year position for 2018/19. These are also set out within **Appendix H** and will be carried forward into 2019/20 as necessary.

The net overall position set out in **Appendix H**, which includes the vacancy saving of

**£0.211m** highlighted earlier, results in a net contribution to the Forecast Risk Fund of **£0.506m**, which brings the total transferred to this reserve in 2018/19 to **£0.990m**. Therefore the total target contribution of **£0.500m** has been exceeded, which provides a strong position to develop the future years forecast against.

Other net neutral budget adjustments have also been included within **Appendix H** and include **£0.155m** planning appeal costs highlighted earlier.

## **HRA REVENUE**

An overall position is set out in the Executive Summary with further details included in **Appendix C**.

At the end of December 2018, the HRA is **£0.314m** behind the net profiled budget. The most significant issue emerging to date is dwelling rental income which is behind profile due to right to buy sales and void periods where major repairs etc. are undertaken before re-letting the properties. It is proposed to adjust the budget to reflect this issue with the relevant adjustment set out in **Appendix H**.

## **CAPITAL PROGRAMME – GENERAL FUND**

The overall position is set out in **Appendix D**.

As at the end of December 2018 the programme is ahead of the profile by **£0.252m**. Detailed comments are provided within the appendix.

A limited number of changes to the budget are proposed which are set out in **Appendix H**.

Apart from the matters highlighted above or within the appendix, there are no additional issues to highlight at present.

## **CAPITAL PROGRAMME – HOUSING REVENUE ACCOUNT**

The overall position is set out in **Appendix D**.

As at the end of December 2018 the programme is behind profile by **£0.249m**.

This budget relates primarily to the on-going major repairs and improvements to the Council's own dwellings. There are no specific issues to highlight at this stage and the expectation is that expenditure / commitments will be broadly in line with the budget over the course of the year as work is progressed and procurement processes completed.

## **COLLECTION PERFORMANCE**

A detailed analysis of the current position is shown in **Appendix E**.

A number of invoices highlighted as being outstanding at the end of the second quarter have now been paid. However, **£0.034m** still remains outstanding from Brightlingsea Town Council that primarily relates to their contribution to the running costs of Brightlingsea Pool in prior years.

Apart from the above, there are no significant issues to highlight at the present time. Income will continue to be collected over the remainder of the year with recovery arrangements and action taken as necessary.

## **TREASURY ACTIVITY**

A detailed analysis of the current position is shown in **Appendix F**.

Income from treasury activities has remained ahead of the profiled position even after allowing for an additional **£0.080m** that the budget was adjusted by at the end of September 2018. **Appendix H** therefore proposes to increase the investment income budget by a further **£0.100m** to reflect the current level of performance of the investment portfolio.

Apart from the above, there are no significant matters to highlight at the present time with investment and borrowing activity on-going in line with the Treasury Strategy and associated practices / requirements.

## **SECTION 2 – UPDATED LONG TERM FORECAST**

The detailed budget for 2019/20, which was based on the most up to date financial forecast was considered and agreed by Full Council on 5 February 2019.

Although the budget for 2019/20 has now been agreed, the forecast for 2020/21 and beyond remains an on-going process with the latest position set out in **Appendix J**.

The only changes to date reflect a ‘re-basing’ of the forecast to take account of the agreed budget for 2019/20 against which the 2020/21 forecast and beyond will be developed. As the 2019/20 budget required only **£0.027m** to be called down from the forecast risk fund, there is a significant knock-on benefit to later years of the forecast.

Although some costs for 2019/20 were higher than initially expected such as inflation, the level of net savings achieved was **£0.028m** higher than the annual target of **£0.300m**. Cost pressures included within the forecast were also broadly in-line with the overall annual allowance of **£0.150m**

However the risk assessment of each line-of the forecast has been reviewed (**Appendix K**) and it is recognised that there remains a number of potential adverse issues that the Council could face going into 2020/21 and beyond, not least the outcome from the Government's fair funding review and associated changes to the business rates retention model. This line of the forecast has therefore been reclassified as a ‘red’ risk compared to previous reports given the indications of the Government's thinking around the future of the Local Authority funding model that has been set out in recent consultation documents.

Other emerging cost pressures also remain as a high risk to the forecast, not least the need to maintain the Council's asset and property portfolio over the life of the forecast and beyond.

The forecast therefore remains under review with work continuing against the following key strands:

- 1) Increases to underlying income
- 2) Controlling expenditure / inflationary increases
- 3) The identification of savings / efficiencies
- 4) Delivering a positive outturn position each year
- 5) The mitigation of cost pressures wherever possible.

At present, the next updated forecast will be presented to members at the end of the first quarter of 2019/20. However if anything significant emerges before then, the position will be reported to members accordingly.

### **Delivering a favourable Outturn Position**

As previously highlighted, the Forecast Risk Fund continues to rely on in-year outturn contributions of **£0.500m** per annum to support the overall balance on the reserve which in turn underwrites the various risks to the forecast.

In respect of 2017/18, the requirement to contribute **£0.500m** to the Forecast Risk Fund was delivered.

In respect of 2018/19 to date, net contributions to the Forecast Risk Fund total **£0.990m**, made up of:

- **£0.081m** reported at end of July 2018.
- **£0.387m** reported at the end of September 2018.
- **£0.016m** which relates to the carry forwards from 2017/18 not subsequently approved under the delegation to the Finance and Corporate Resources Portfolio.
- **£0.506m** proposed at the end of December 2018 as set out in **Appendix H**.

### **Cost Pressure Mitigation**

As highlighted earlier, there are a number of cost pressures that are proposed to be funded on a one-off basis in 2019/20 as set out in **Appendix H**, and include the Airshow and Mental Health Hub. If these are to continue in 2020/21 and beyond, the costs will need to be accommodated within the on-going base budget. Subject to other cost pressures that may emerge, the current **£0.150m** annual cost pressure allowance set out within the forecast may be exceeded. If this situation arises, it may be necessary to increase the current annual net savings target of **£0.300m** to offset these additional costs on an on-going basis.

This line of the forecast therefore continues to present one of the most significant risks, as in some instances it could be outside the control the Council, such as reduced income from external bodies / the Government.

Reflecting on the above, the latest position estimates the annual deficit or surplus for each remaining year of the forecast as follows:

<b>Year</b>	<b>Net Budget Position as Set out in the Updated Forecast (including adjusting for prior use of reserves to balance the budget)</b>
2020/21	£0.694m (Deficit)
2021/22	£0.447m (Deficit)
2022/23	£0.195m (Deficit)
2023/24	£0.066m (Surplus)
2024/25	£0.333m (Surplus)
2025/26	£0.606m (Surplus)
2026/27	£0.885m (Surplus)

Although subject to changes in future years, the forecast moves to an annual surplus

position from 2023/24, slightly ahead of the initial forecast presented earlier in the year.

**Appendix I** also sets out the annual change in the Forecast Risk Fund with positive and increasing balances on this reserve estimated over the life of the forecast.

The approach to the forecast continues to be undertaken within a robust risk management framework which includes the regular reporting of a 'live' forecast as set out in this report which will enable timely actions to be taken in response to any adverse issues that may emerge. It is also important to highlight that delivery of the long term forecast in the early years will provide confidence to the revised approach being taken.

To continue to deliver various elements of the forecast and to react to any changes as the forecast develops, it will require significant member and officer effort and focus. However the approach being taken continues to be a credible alternative to the more traditional approach of taking a shorter term view, which would require significant savings to be identified over a much shorter time frame.

## **BACKGROUND PAPERS FOR THE DECISION**

None

## **APPENDICES**

### **RELATING TO SECTION 1 OF THE REPORT**

Front Cover and Executive Summary

Appendix A – Summary by Portfolio / Committee

Appendix B – General Fund Budget Position by Department

Appendix C – Housing Revenue Account Budget Position

Appendix D – Capital Programme

Appendix E – Collection Performance – Council Tax, Business Rates, Housing Rent and General Debts

Appendix F – Treasury Activity

Appendix G – Income from S106 Agreements

Appendix H – Proposed Adjustments to the 2018/19 Budget

Appendix I – Carryforwards for More than One Year (as at the end of 2017/18)

### **RELATING TO SECTION 2 OF THE REPORT**

Appendix J – Updated Long Term Financial Forecast

Appendix K – Risk Analysis of Each Line of the Forecast

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# ***Tendring***

## ***District Council***



### ***Appendices Included:***

<b>Executive Summary</b>	<b>A summary of the overall position.</b>
<b>Appendix A</b>	<b>A summary of the overall position by Portfolio/Committee split by GF and HRA</b>
<b>Appendix B</b>	<b>An analysis by Department of all General Fund Revenue budgets.</b>
<b>Appendix C</b>	<b>An analysis of Housing Revenue Account Revenue budgets.</b>
<b>Appendix D</b>	<b>The position to date for General Fund and HRA capital projects.</b>
<b>Appendix E</b>	<b>Collection Performance</b>
<b>Appendix F</b>	<b>Treasury activity.</b>
<b>Appendix G</b>	<b>Income from S106 Agreements.</b>
<b>Appendix H</b>	<b>Proposed Adjustments to the 2018/19 Budget</b>
<b>Appendix I</b>	<b>Carryforwards for more than one year (at end of 2017/18)</b>

## **Corporate Budget Monitoring**

***December 2018***

*(The variance figures set out in these appendices that are presented in brackets represent either a net underspend to date position or additional income received to date)*

# Corporate Budget Monitoring - Executive Summary as at the end of December 2018

The tables below show the summary position for the General Fund, Housing Revenue Account, Capital, Debt and Treasury Activity.

## General Fund - Summary by Department Excluding Housing Revenue Account

	Full Year Budget £	Profiled Budget to Date £	Actual to Date £	Variance to Profile £
Office of the Chief Executive	956,340	745,540	706,093	(39,447)
Corporate Services	(21,993,830)	(8,600,263)	(10,063,083)	(1,462,819)
Operational Services	14,757,990	6,521,611	6,349,148	(172,463)
Planning and Regeneration	6,279,500	1,988,103	799,465	(1,188,639)
<b>Total General Fund</b>	<b>0</b>	<b>654,991</b>	<b>(2,208,377)</b>	<b>(2,863,368)</b>

## Housing Revenue Account

	Full Year Budget £	Profiled Budget to Date £	Actual to Date £	Variance to Profile £
<b>Total HRA</b>	<b>0</b>	<b>(6,458,130)</b>	<b>(6,771,775)</b>	<b>(313,645)</b>

## Capital

	Full Year Budget £	Profiled Budget to Date £	Actual to Date £	Variance to Profile £
General Fund	13,799,860	2,555,027	2,807,442	252,415
Housing Revenue Account	8,076,290	2,820,728	2,571,957	(248,770)
<b>Total Capital</b>	<b>21,876,150</b>	<b>5,375,755</b>	<b>5,379,399</b>	<b>3,645</b>

## Debt

	Collected to Date Against Collectable Amount
Council Tax	82.52%
Business Rates	81.42%
Housing Rents	97.40%
General Debt	90.65%

## Treasury

	£'000
Total External Borrowing	42,415
Total Investments	64,396

# Revenue Budget Position at the end of December 2018

## General Fund Portfolio / Committee Summary

	2018/19 Current Full Year Budget £	2018/19 Profiled Budget to date £	2018/19 Actual to date £	2018/19 Variance to Profile £
Leader	1,750,000	0	0	0
Finance and Corporate Resources	2,164,150	2,690,358	1,946,002	(744,356)
Environment	5,488,050	2,763,007	2,622,891	(140,117)
Housing	2,865,840	3,372,869	2,791,603	(581,266)
Health and Education	511,730	225,848	204,769	(21,079)
Corporate Enforcement	2,953,820	1,326,749	26,111	(1,300,638)
Investment and Growth	2,884,650	181,304	160,343	(20,960)
Leisure and Tourism	6,643,690	1,276,798	1,430,748	153,950
Budgets Relating to Non Executive Functions	834,880	196,952	119,956	(76,996)
	<b>26,096,810</b>	<b>12,033,885</b>	<b>9,302,423</b>	<b>(2,731,462)</b>
Revenue Support for Capital Investment	4,447,300	0	0	0
Financing Items	(4,712,450)	(195,401)	(327,513)	(132,113)
<b>Budget Before use of Reserves</b>	<b>25,831,660</b>	<b>11,838,484</b>	<b>8,974,910</b>	<b>(2,863,575)</b>
Contribution to / (from) earmarked reserves	(11,929,180)	0	0	0
<b>Total Net Budget</b>	<b>13,902,480</b>	<b>11,838,484</b>	<b>8,974,910</b>	<b>(2,863,575)</b>
<b>Funding:</b>				
Revenue Support Grant	(1,070,100)	(727,920)	(727,668)	252
Business Rates Income	(4,578,370)	(4,191,881)	(4,191,927)	(46)
Collection Fund Surplus	(652,300)	(521,840)	(521,840)	0
Income from Council Tax Payers	(7,601,710)	(5,741,852)	(5,741,852)	0
<b>Total</b>	<b>0</b>	<b>654,991</b>	<b>(2,208,377)</b>	<b>(2,863,368)</b>

# Revenue Budget Position at the end of December 2018

## HRA Portfolio Summary

	2018/19 Current Full Year Budget	2018/19 Profiled Budget to date	2018/19 Actual to date	2018/19 Variance to Profile
	£	£	£	£
Housing	(2,241,210)	(6,458,130)	(6,771,775)	(313,645)
	<b>(2,241,210)</b>	<b>(6,458,130)</b>	<b>(6,771,775)</b>	<b>(313,645)</b>
Revenue Support for Capital				
Investment	480,570	0	0	0
Financing Items	1,919,980	0	0	0
<b>Budget Before use of Reserves</b>	<b>159,340</b>	<b>(6,458,130)</b>	<b>(6,771,775)</b>	<b>(313,645)</b>
Contribution to / (from) earmarked reserves	(159,340)	0	0	0
<b>Total</b>	<b>0</b>	<b>(6,458,130)</b>	<b>(6,771,775)</b>	<b>(313,645)</b>

# Corporate Budget Monitoring - General Fund Budget Position at the end of December 2018

## Department - Office of Chief Executive

	2018/19 Current Full Year Budget £	2018/19 Profiled Budget to date £	2018/19 Actual to date £	2018/19 Variance to Profile £	Next Quarters Profile £	Comments
<b><u>Analysis by Type of Spend</u></b>						
<b>Direct Expenditure</b>						
Employee Expenses	391,750	293,173	291,975	(1,197)	98,577	
Premises Related Expenditure	1,360	1,360	1,362	2	0	
Transport Related Expenditure	14,040	10,530	9,442	(1,088)	3,510	
Supplies & Services	611,540	457,348	429,073	(28,274)	154,192	
<b>Total Direct Expenditure</b>	<b>1,018,690</b>	<b>762,410</b>	<b>731,852</b>	<b>(30,558)</b>	<b>256,280</b>	
<b>Direct Income</b>						
Government Grants	0	0	(2,853)	(2,853)	0	
Other Grants, Reimbursements and Contributions	(13,780)	(13,780)	(19,818)	(6,038)	0	
Sales, Fees and Charges	(3,090)	(3,090)	(3,089)	1	0	
<b>Total Direct Income</b>	<b>(16,870)</b>	<b>(16,870)</b>	<b>(25,759)</b>	<b>(8,889)</b>	<b>0</b>	
<b>Net Direct Costs</b>	<b>1,001,820</b>	<b>745,540</b>	<b>706,093</b>	<b>(39,447)</b>	<b>256,280</b>	
<b>Net Indirect Costs</b>	<b>(45,480)</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>(45,480)</b>	
<b>Total for Office of Chief Executive</b>	<b>956,340</b>	<b>745,540</b>	<b>706,093</b>	<b>(39,447)</b>	<b>210,800</b>	

## Department - Office of Chief Executive

	2018/19 Current Full Year Budget £	2018/19 Profiled Budget to date £	2018/19 Actual to date £	2018/19 Variance to Profile £	Comments
<b><u>Analysis by Service/Function</u></b>					
Total for Chief Executive and Leadership Support and Community	956,340	745,540	706,093	(39,447)	
<b>Total for Office of Chief Executive</b>	956,340	745,540	706,093	(39,447)	

# Corporate Budget Monitoring - General Fund Budget Position at the end of December 2018

## Department - Corporate Services

	2018/19 Current Full Year Budget £	2018/19 Profiled Budget to date £	2018/19 Actual to date £	2018/19 Variance to Profile £	Next Quarters Profile £	Comments
<b><u>Analysis by Type of Spend</u></b>						
<b>Direct Expenditure</b>						
Employee Expenses	6,552,500	3,557,126	3,424,613	(132,513)	2,855,374	
Premises Related Expenditure	217,820	199,800	178,774	(21,026)	18,020	
Transport Related Expenditure	54,070	52,215	43,372	(8,843)	1,855	
Supplies & Services	6,688,900	2,319,441	1,914,020	(405,421)	4,349,359	
Transfer Payments	53,222,090	35,161,312	36,775,621	1,614,309	18,060,778	
Interest Payments	63,670	23,195	24,386	1,191	28,542	
<b>Total Direct Expenditure</b>	<b>66,799,050</b>	<b>41,313,089</b>	<b>42,360,785</b>	<b>1,047,696</b>	<b>25,313,927</b>	
<b>Direct Income</b>						
Government Grants	(57,206,180)	(36,840,165)	(39,382,829)	(2,542,664)	(20,366,015)	
Other Grants, Reimbursements and Contributions	(1,741,250)	(1,447,849)	(1,318,092)	129,757	(293,401)	
Sales, Fees and Charges	(14,000)	(11,070)	(14,033)	(2,963)	(2,930)	
Rents Receivable	(300)	(230)	(265)	(35)	(70)	
Interest Receivable	(508,160)	(430,545)	(525,362)	(94,817)	(77,615)	
RSG, Business Rates and Council Tax	(13,902,480)	(11,183,493)	(11,183,287)	206	(2,718,987)	
<b>Total Direct Income</b>	<b>(73,372,370)</b>	<b>(49,913,352)</b>	<b>(52,423,867)</b>	<b>(2,510,515)</b>	<b>(23,459,018)</b>	
<b>Net Direct Costs</b>	<b>(6,573,320)</b>	<b>(8,600,263)</b>	<b>(10,063,083)</b>	<b>(1,462,819)</b>	<b>1,854,909</b>	
<b>Net Indirect Costs</b>	<b>(3,491,330)</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>(3,491,330)</b>	
<b>Net Contribution to/(from) Reserves</b>	<b>(11,929,180)</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>(11,929,180)</b>	
<b>Total for Corporate Services</b>	<b>(21,993,830)</b>	<b>(8,600,263)</b>	<b>(10,063,083)</b>	<b>(1,462,819)</b>	<b>(13,565,601)</b>	

## Department - Corporate Services

	2018/19 Current Full Year Budget £	2018/19 Profiled Budget to date £	2018/19 Actual to date £	2018/19 Variance to Profile £	Comments
<b><u>Analysis by Service/Function</u></b>					
<b>Total for Deputy Chief Executive and Administration</b>	660,850	407,737	376,517	(31,220)	
<b>Total for Governance and Legal Services</b>	13,950	256,520	216,921	(39,599)	
<b>Total for Finance, Revenues and Benefits</b>	1,550,990	2,106,134	1,527,544	(578,590)	Similarly to the last quarter, the variance to date reflects both the position against employee costs (vacancies) and the cash flow impact of housing benefit payments and the timing of the reimbursement of expenditure via the associated subsidy system.
<b>Total for Finance - Other Corporate Costs</b>	2,019,930	(2,577,539)	(3,022,273)	(444,734)	Income continues to run ahead of the profile for business rate grant income from the government, income from investments and new burdens funding, with the latter two items proposed to be adjusted as set out in Appendix H. Appendix H also includes an adjustment to reflect the fine imposed on the Council following the legionella issue at Frinton and Walton Pool
<b>Total for Finance - Financing Items</b>	(13,523,000)	206,580	172,261	(34,319)	
<b>Total for Finance - RSG, Business Rates and Council Tax</b>	(13,902,480)	(11,183,493)	(11,183,287)	206	



## Department - Corporate Services

	2018/19 Current Full Year Budget £	2018/19 Profiled Budget to date £	2018/19 Actual to date £	2018/19 Variance to Profile £	Comments
<b>Total for Property Services</b>	51,460	78,092	80,318	2,225	Following rent reviews for the relevant properties, the Caros budget is proposed to be adjusted as set out in Appendix H.
<b>Total for People, Performance and Projects</b>	229,900	475,835	435,511	(40,324)	
<b>Total for IT and Corporate Resilience</b>	904,570	1,629,871	1,333,405	(296,466)	Some of the expenses / costs incurred reflect the timing of the delivery of a number of projects and initiatives. Increases in costs are expected due to Microsoft licence costs going up significantly - an associated adjustment is set out in Appendix H. This change in costs will also have an impact on the on-going digital transformation project with a further report scheduled to be presented to members in March which will provide an overall project update
<b>Total for Corporate Services</b>	(21,993,830)	(8,600,263)	(10,063,083)	(1,462,819)	

# Corporate Budget Monitoring - General Fund Budget Position at the end of December 2018

## Department - Operational Services

	2018/19 Current Full Year Budget £	2018/19 Profiled Budget to date £	2018/19 Actual to date £	2018/19 Variance to Profile £	Next Quarters Profile £	Comments
<b><u>Analysis by Type of Spend</u></b>						
<b>Direct Expenditure</b>						
Employee Expenses	9,061,320	6,754,237	6,775,248	21,010	2,307,083	
Premises Related Expenditure	3,115,200	2,262,765	2,316,795	54,030	852,435	
Transport Related Expenditure	469,390	276,433	286,003	9,570	192,957	
Supplies & Services	4,449,390	2,519,183	2,671,026	151,843	1,930,207	
Third Party Payments	4,617,820	2,744,817	2,791,524	46,707	1,873,003	
Transfer Payments	149,650	112,238	196,420	84,183	37,413	
<b>Total Direct Expenditure</b>	<b>21,862,770</b>	<b>14,669,673</b>	<b>15,037,016</b>	<b>367,343</b>	<b>7,193,097</b>	
<b>Direct Income</b>						
Government Grants	(446,720)	(353,350)	(353,350)	(0)	(93,370)	
Other Grants, Reimbursements and Contributions	(1,474,150)	(1,043,302)	(1,164,971)	(121,669)	(421,368)	
Sales, Fees and Charges	(8,058,820)	(6,357,219)	(6,726,194)	(368,974)	(1,701,601)	
Rents Receivable	(305,970)	(237,346)	(268,720)	(31,374)	(68,624)	
<b>Total Direct Income</b>	<b>(10,285,660)</b>	<b>(7,991,217)</b>	<b>(8,513,234)</b>	<b>(522,017)</b>	<b>(2,284,963)</b>	
<b>Net Direct Costs</b>	<b>11,577,110</b>	<b>6,678,456</b>	<b>6,523,782</b>	<b>(154,674)</b>	<b>4,908,134</b>	
<b>Net Indirect Costs</b>	<b>3,180,880</b>	<b>(156,845)</b>	<b>(174,634)</b>	<b>(17,789)</b>	<b>3,337,725</b>	
<b>Total for Operational Services</b>	<b>14,757,990</b>	<b>6,521,611</b>	<b>6,349,148</b>	<b>(172,463)</b>	<b>8,245,859</b>	

## Department - Operational Services

	2018/19 Current Full Year Budget £	2018/19 Profiled Budget to date £	2018/19 Actual to date £	2018/19 Variance to Profile £	Comments
<b><u>Analysis by Service/Function</u></b>					
<b>Total for Corporate Director and Administration Operational Services</b>	730,510	299,672	269,106	(30,567)	
<b>Total for Public Realm</b>	1,348,930	273,502	133,759	(139,743)	The variance to date primarily reflects increased income for parking and the crematorium. Some additional costs have been incurred within public conveniences to deliver actions identified from undertaking comprehensive legionella risk assessments with the cost to be met from the corporate health and safety work programme budget - the necessary adjustment is set out in Appendix H.
<b>Total for Customer and Commercial Services</b>	347,710	598,290	627,252	28,962	The over spend to date is mainly due to a number of one off factors in 18/19 affecting the Careline Service. £10k is due to the write off of historic debt, a further £10k issue to delays in procuring new vans where short term hire was required and a final £10k due to the one off purchase of replacement IT equipment.

## Department - Operational Services

	2018/19 Current Full Year Budget £	2018/19 Profiled Budget to date £	2018/19 Actual to date £	2018/19 Variance to Profile £	Comments
<b>Total for Sports and Leisure</b>	2,776,260	153,500	242,751	89,251	Although beach hut income is running ahead of the annual budget to date, it is more than offset by increased premises maintenance costs (£49k) and reduced income (48k) within sports facilities. Against this context a review of the longer term strategy for sports facilities is being considered and will be presented to Cabinet shortly. No adjustment to the budget is proposed at the present time but an overall net overspend is likely to remain at the end of the year.
<b>Total for Housing and Environmental Health</b>	1,864,330	1,393,169	1,293,681	(99,488)	Although the service is reporting an under spend overall, primarily due to employee costs, there is now a significant adverse variance of £40k emerging against the homelessness budget. This is due to an increase in the demand for accommodation and the unavoidable use of B&B accommodation as lower cost options are not always readily available.

## Department - Operational Services

	2018/19 Current Full Year Budget £	2018/19 Profiled Budget to date £	2018/19 Actual to date £	2018/19 Variance to Profile £	Comments
<div>Page 33</div> <b>Total for Building and Engineering</b>	7,690,250	3,803,477	3,782,599	(20,878)	<p>There are a number of issues within this budget area as follows:</p> <p>1) Street naming and numbering income is ahead of the budget by £64k.</p> <p>2) The Waste and Recycling Contract cost has increased due to a higher inflationary uplift than budgeted.</p> <p>3) The in-house building maintenance team has experienced increased costs due to the work they have undertaken at Pier Avenue as part of the office transformation project. However this will be met from the overall office transformation project budget as the in-house approach has delivered significant savings compared to appointing an external contractor.</p> <p>It is proposed to adjust the budget for each of the items above, which are set out in Appendix H.</p>
<b>Total for Operational Services</b>	14,757,990	6,521,611	6,349,148	(172,463)	

# Corporate Budget Monitoring - General Fund Budget Position at the end of December 2018

## Department - Planning and Regeneration

	2018/19 Current Full Year Budget £	2018/19 Profiled Budget to date £	2018/19 Actual to date £	2018/19 Variance to Profile £	Next Quarters Profile £	Comments
<b><u>Analysis by Type of Spend</u></b>						
<b>Direct Expenditure</b>						
Employee Expenses	2,360,860	1,703,950	1,542,447	(161,503)	656,910	
Premises Related Expenditure	28,430	24,240	24,209	(31)	4,190	
Transport Related Expenditure	38,380	29,555	24,580	(4,975)	8,825	
Supplies & Services	4,694,280	1,524,007	556,910	(967,097)	3,170,273	
Third Party Payments	870	0	0	0	870	
<b>Total Direct Expenditure</b>	<b>7,122,820</b>	<b>3,281,752</b>	<b>2,148,146</b>	<b>(1,133,607)</b>	<b>3,841,068</b>	
<b>Direct Income</b>						
Government Grants	(111,500)	(111,500)	(109,506)	1,994	0	
Other Grants, Reimbursements and Contributions	(20,500)	(20,500)	(20,661)	(161)	0	
Sales, Fees and Charges	(1,445,480)	(1,120,022)	(1,172,065)	(52,043)	(325,458)	
Rents Receivable	(55,340)	(41,626)	(46,449)	(4,823)	(13,714)	
<b>Total Direct Income</b>	<b>(1,632,820)</b>	<b>(1,293,649)</b>	<b>(1,348,681)</b>	<b>(55,032)</b>	<b>(339,171)</b>	
<b>Net Direct Costs</b>	<b>5,490,000</b>	<b>1,988,103</b>	<b>799,465</b>	<b>(1,188,639)</b>	<b>3,501,897</b>	
<b>Net Indirect Costs</b>	<b>789,500</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>789,500</b>	
<b>Total for Planning and Regeneration</b>	<b>6,279,500</b>	<b>1,988,103</b>	<b>799,465</b>	<b>(1,188,639)</b>	<b>4,291,397</b>	

## Department - Planning and Regeneration

	2018/19 Current Full Year Budget £	2018/19 Profiled Budget to date £	2018/19 Actual to date £	2018/19 Variance to Profile £	Comments
<b><u>Analysis by Service/Function</u></b>					
<b>Total for Corporate Director</b>	1,040	80,377	81,161	784	
<b>Total for Planning and Customer Services</b>	(8,000)	1,097,572	937,015	(160,557)	The position to date primarily reflects employee costs.
<b>Total for Planning and Development</b>	990,900	(512,250)	(534,979)	(22,729)	In reversing the trend from previous quarters, planning income is now running ahead of the profiled position which is a positive development. However along with the timing of some expenditure, the position is masking increased expenditure on defending planning appeals. To date costs of £155k have been incurred. However it is proposed to adjust other budgets within the Planning service to offset this cost which are set out in Appendix H, but this is not a financially sustainable position in the long term which may need to be addressed within the long term forecast.
<b>Total for Planning Policy</b>	1,764,800	884,910	(67,050)	(951,960)	Delivery of the Local Plan takes place over a number of years with the variance to date reflecting the timing of expenditure across financial years. It is proposed to utilise some of this budget to support the increased cost of defending planning appeals as highlighted above.

## Department - Planning and Regeneration

	2018/19 Current Full Year Budget £	2018/19 Profiled Budget to date £	2018/19 Actual to date £	2018/19 Variance to Profile £	Comments
<b>Total for Building Control</b>	144,230	16,885	(22,582)	(39,467)	Income remains ahead of the profile at the end of December 2018.
<b>Total for Regeneration</b>	3,386,530	420,609	405,900	(14,708)	
<b>Total for Planning and Regeneration</b>	6,279,500	1,988,103	799,465	(1,188,639)	



# Corporate Budget Monitoring - Housing Revenue Account Budget Position at the end of December 2018

## Housing Revenue Account

	2018/19 Current Full Year Budget £	2018/19 Profiled Budget to date £	2018/19 Actual to date £	2018/19 Variance to Profile £	Next Quarters Profile £	Comments
<b><u>Analysis by Type of Spend</u></b>						
<b>Direct Expenditure</b>						
Employee Expenses	1,061,140	486,345	486,003	(342)	574,795	
Premises Related Expenditure	3,716,270	2,322,007	2,005,902	(316,105)	1,394,263	
Transport Related Expenditure	22,570	16,978	22,061	5,083	5,592	
Supplies & Services	461,470	246,696	199,381	(47,315)	214,774	
Third Party Payments	1,030	773	0	(773)	258	
Transfer Payments	17,000	12,750	12,923	173	4,250	
Interest Payments	1,452,960	686,954	679,141	(7,813)	766,006	
<b>Total Direct Expenditure</b>	<b>6,732,440</b>	<b>3,772,502</b>	<b>3,405,411</b>	<b>(367,091)</b>	<b>2,959,938</b>	
<b>Direct Income</b>						
Other Grants, Reimbursements and Contributions	(8,000)	0	(10,138)	(10,138)	(8,000)	
Sales, Fees and Charges	(553,860)	(420,320)	(425,276)	(4,957)	(133,541)	
Rents Receivable	(13,107,230)	(9,810,313)	(9,741,772)	68,541	(3,296,917)	
Interest Receivable	(51,600)	0	0	0	(51,600)	
<b>Total Direct Income</b>	<b>(13,720,690)</b>	<b>(10,230,632)</b>	<b>(10,177,186)</b>	<b>53,446</b>	<b>(3,490,058)</b>	
<b>Net Direct Costs</b>	<b>(6,988,250)</b>	<b>(6,458,130)</b>	<b>(6,771,775)</b>	<b>(313,645)</b>	<b>(530,120)</b>	
<b>Net Indirect Costs</b>	<b>7,147,590</b>	<b>0</b>	<b>0</b>	<b>(0)</b>	<b>7,147,590</b>	
<b>Net Contribution to/(from) Reserves</b>	<b>(159,340)</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>(159,340)</b>	
<b>Total for HRA</b>	<b>0</b>	<b>(6,458,130)</b>	<b>(6,771,775)</b>	<b>(313,645)</b>	<b>6,458,130</b>	

## Housing Revenue Account

	2018/19 Current Full Year Budget £	2018/19 Profiled Budget to date £	2018/19 Actual to date £	2018/19 Variance to Profile £	Comments
<b><u>Analysis by Service/Function</u></b>					
<b>Total for Finance - Financing Items</b>	2,400,550	0	0	0	
<b>Total for Corporate Director and Administration Operational Services</b>	639,420	51,464	43,015	(8,449)	
<b>Total for Customer and Commercial Services</b>	(41,980)	(84,000)	(94,653)	(10,653)	
<b>Total for Housing and Environmental Health</b>	(6,928,890)	(8,478,333)	(8,432,150)	46,183	Two issues remain on-going from previous quarters - 1) Void loss on properties and 2) the council tax payable on empty properties with the later reflecting the cost of empty units in Honeycroft and Spendalls Sheltered Schemes. It is proposed to adjust the budget in response to these issues, which are set out in Appendix H.
<b>Total for Building and Engineering</b>	3,930,900	2,052,739	1,712,013	(340,726)	The position to date reflects the timing of repairs and maintenance costs.
<b>Total for HRA</b>	0	(6,458,130)	(6,771,775)	(313,645)	

## Corporate Budget Monitoring - General Fund Capital Programme

### Position at the end of December 2018

	Total Budget Allocated to Scheme*	2018/19 Current Full Year Budget £	2018/19 Profiled Budget to date £	2018/19 Actual to date £	2018/19 Variance to Profile £	Comments
<b>Expenditure</b>						
<b>Corporate Enforcement Portfolio</b>						
Milton Road car park repairs	250,000	250,000	0	0	0	This project remains under consideration as part of the wider Harwich regeneration project.
Clacton Multi-Storey car park repairs	180,000	180,000	0	0	0	Tenders returned for the project exceeded available budget. Further options are now being considered i.e.. re-scaling project or identifying additional funding.
<b>Total for Corporate Enforcement Portfolio</b>	<b>430,000</b>	<b>430,000</b>	<b>0</b>	<b>0</b>	<b>0</b>	
<b>Environment Portfolio</b>						
Cranleigh Close, Clacton, landscaping works	7,830	7,830	0	0	0	Project ongoing and expected to be finalised by end of this financial year
Environmental Health Database Migration	5,250	0	0	0	0	The Service is reviewing this project as part of the wider Digital Transformation Project with the budget being profiled to 2019/20.
Public Access Module to CAPS	54,140	0	0	0	0	The Service is reviewing this project as part of the wider Digital Transformation Project with the budget being profiled to 2019/20.
Laying Out Cemetery	170,120	1,650	1,650	1,650	0	The works element of this project has been profiled to 2020/21.
Crematorium and Cemeteries Road Works	150,000	150,000	0	0	0	Tenders now received, with details of work being finalised before contractors formally appointed.

## Corporate Budget Monitoring - General Fund Capital Programme

### Position at the end of December 2018

	Total Budget Allocated to Scheme*	2018/19 Current Full Year Budget £	2018/19 Profiled Budget to date £	2018/19 Actual to date £	2018/19 Variance to Profile £	Comments
Bath House Meadow Play Area, Walton	37,580	37,580	32,710	32,709	(1)	Minor works to be completed before project is finalised.
Changing Place Facilities, Walton	62,000	62,000	62,000	60,505	(1,495)	Scheme Complete.
Resurfacing Works, Off Valley Road	40,000	40,000	33,230	33,225	(5)	Minor landscaping works to be carried out before the project is finalised.
Waste Collection Wheeled Bins	742,990	742,990	0	0	0	Order sent to supplier.
<b>Total for Environment Portfolio</b>	<b>1,269,910</b>	<b>1,042,050</b>	<b>129,590</b>	<b>128,089</b>	<b>(1,501)</b>	
<b>Finance and Corporate Resources Portfolio</b>						
Audit management software	2,230	2,230	0	0	0	
Joint HR and Payroll System	1,780	1,780	0	0	0	
Westleigh House Demolish/additional parking provision	23,710	23,710	0	0	0	Demolition has now been put back to be completed by the end of February 2019
Information and Communications Technology Core Infrastructure	552,400	152,400	39,300	88,837	49,537	This capital sum, together with the IT strategic Investment budget below are now fully committed during 2018/19 to the office transformation network re-design and investment works and essential hardware upgrades, including the Council's security firewalls
IT Strategic Investment	153,790	153,790	71,094	94,543	23,449	See Information and Communications Technology Core infrastructure comment re: office transformation network re-design.

## Corporate Budget Monitoring - General Fund Capital Programme

### Position at the end of December 2018

	Total Budget Allocated to Scheme*	2018/19 Current Full Year Budget £	2018/19 Profiled Budget to date £	2018/19 Actual to date £	2018/19 Variance to Profile £	Comments
Agresso e-procurement	84,000	0	0	0	0	The next phase of this project is currently expected to progress in 2019/20, and the budget has been reprofiled to reflect this.
Individual Electoral Registration - Scanning Equipment	1,560	1,560	0	0	0	
Enhanced Equipment replacement - Printing and Scanning	15,350	11,740	0	0	0	The profile for this budget has been revised as an opportunity to purchase improved scanning equipment has arisen, which is expected to be paid for by the end of the year.
Office Rationalisation	1,489,260	937,670	55,000	193,959	138,959	Work in Pier Avenue is practically complete, save for some snagging and redecoration. The appointment of a contractor to undertake the extension and link at Barnes House is expected to be confirmed shortly with work scheduled to be completed by summer 2019. Work on other sites including the Town Hall will be progressed through 2019. The bulk of remaining expenditure will occur during the construction phases during 2019. Retentions and set up costs will form a tail of expenditure for around a further 12 months. The budget has been reprofiled to reflect this schedule of works.
<b>Total for Finance and Corporate Resources Portfolio</b>	<b>2,324,080</b>	<b>1,284,880</b>	<b>165,394</b>	<b>377,338</b>	<b>211,945</b>	

# Corporate Budget Monitoring - General Fund Capital Programme

## Position at the end of December 2018

	Total Budget Allocated to Scheme*	2018/19 Current Full Year Budget £	2018/19 Profiled Budget to date £	2018/19 Actual to date £	2018/19 Variance to Profile £	Comments
<b>Housing Portfolio</b>						
Replacement of High Volume Printers	29,000	29,000	0	0	0	
Replacement debit and credit card payment facility	14,630	14,630	0	0	0	
Replacement Scan Stations	12,000	0	0	0	0	This scheme has been profiled to 2020/21
Housing in Jaywick	500,000	70,000	0	0	0	Quotes have been received for consultancy work to progress this major project, which are currently being considered as part of the procurement process
Private Sector Renewal Grants/Financial Assistance Loans	365,640	365,640	28,840	28,840	(0)	
Disabled Facilities Grants	7,037,320	4,009,320	814,244	810,176	(4,068)	
Private Sector Leasing	75,660	75,660	0	0	0	
Empty Homes funding	164,220	164,220	0	0	0	This project is being reviewed to identify alternative options / opportunities
<b>Total for Housing Portfolio</b>	<b>8,198,470</b>	<b>4,728,470</b>	<b>843,084</b>	<b>839,016</b>	<b>(4,068)</b>	
<b>Investment and Growth Portfolio</b>						
Regeneration Capital Projects	349,180	349,180	0	0	0	The Service is currently reviewing projects and initiatives which will be presented to Members for consideration.
SME Growth Fund Capital Grants	65,000	65,000	12,250	12,250	0	This is supported by external funding and will be committed as successful applications are made against the SME Scheme.
Harwich Public Realm	1,000,000	1,000,000	0	0	0	
<b>Total for Investment and Growth Portfolio</b>	<b>1,414,180</b>	<b>1,414,180</b>	<b>12,250</b>	<b>12,250</b>	<b>0</b>	

# Corporate Budget Monitoring - General Fund Capital Programme

## Position at the end of December 2018

	Total Budget Allocated to Scheme*	2018/19 Current Full Year Budget £	2018/19 Profiled Budget to date £	2018/19 Actual to date £	2018/19 Variance to Profile £	Comments
<b>Leisure and Tourism Portfolio</b>						
Replacement of beach hut supports - The Walings	11,620	0	0	0	0	
Clacton Leisure Centre Air Handling Units	0	0	0	(4,300)	(4,300)	The outstanding credit is due to a retention payment - awaiting final invoice from contractor
Princes Theatre Toilets	40,000	0	0	0	0	This project will now be completed in 2019/20 as part of the scheduled works to the Town Hall that form part of wider Office Rationalisation project
Town Centre Fountain	160,000	160,000	0	0	0	Options for this site remain under consideration.
Princes Theatre Sound Equipment	42,240	42,240	42,240	42,387	147	
Venetian Bridge Clacton	108,140	108,140	108,140	114,948	6,808	Works finished, with service awaiting final invoices to finalise the project
New Beach Huts	64,600	20,000	0	0	0	The majority of this project has been profiled to 2019/20 with a limited amount of expenditure planned in 2018/19.
Cliff Stabilisation Scheme	4,617,720	4,015,130	888,440	888,435	(5)	Works are on schedule to be completed Summer 2019.
Public Convenience Works	140,000	140,000	70,000	113,391	43,391	Minor works to be finalised and final invoice to be paid before project is completed.
Marine Parade West Clacton Cliff Works	57,270	57,270	5,490	5,486	(4)	Works finished. Final invoice to be received at end of maintenance period October 2019.

## Corporate Budget Monitoring - General Fund Capital Programme

### Position at the end of December 2018

	Total Budget Allocated to Scheme*	2018/19 Current Full Year Budget £	2018/19 Profiled Budget to date £	2018/19 Actual to date £	2018/19 Variance to Profile £	Comments
Flood Wall, Walton On The Naze	222,500	222,500	216,310	216,313	3	Works are now complete, partners contributions being finalised, with service awaiting final invoice before finalising the project.
Promenade Way, Public Convenience Works	135,000	135,000	74,090	74,088	(2)	Initial Refurbishment works for this Public Convenience are underway, with project expected to be completed before the end of 2018/19
<b>Total for Leisure and Tourism Portfolio</b>	<b>5,599,090</b>	<b>4,900,280</b>	<b>1,404,710</b>	<b>1,450,749</b>	<b>46,039</b>	
<b>Total Approved General Fund Capital Programme</b>	<b>19,235,730</b>	<b>13,799,860</b>	<b>2,555,027</b>	<b>2,807,442</b>	<b>252,415</b>	

\* This is current and future years budget where a scheme has been profile into future years



# Corporate Budget Monitoring - Housing Revenue Account Capital Programme

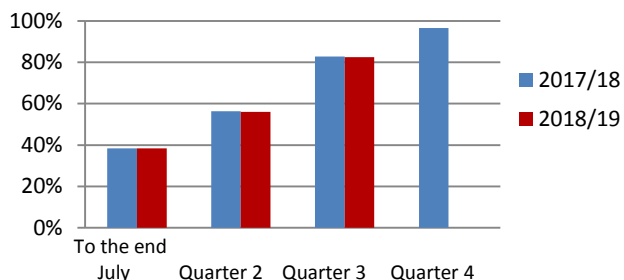
## Budget Position at the end of December 2018

	2018/19 Current Full Year Budget £	2018/19 Profiled Budget to date £	2018/19 Actual to date £	2018/19 Variance to Profile £	Comments
Improvements, enhancement & adaptation of the Council's housing stock	3,492,250	1,788,568	1,549,006	(239,561)	This budget covers a range of individual schemes which will be delivered as the year progresses and are subject to the appropriate procurement processes, which are planned, being progressed or are underway.
Page 45 Disabled Adaptations	79,030	15,000	1,952	(13,048)	
Cash Incentive Scheme	465,060	192,450	196,070	3,620	Similarly to the above, it is anticipated that works will be progressed over the remainder of the year.
New Build Initiatives and Acquisitions*	60,000	0	0	0	
Jaywick Sands - New Build/Starter Homes	3,204,950	702,910	702,905	(5)	
	775,000	121,800	122,025	225	
*Within the budget of £3,204,950, £2,748,202 relates to projects supported by one for one capital receipts with spend by dates as follows: 31/12/2019    £102,150    30/09/2020    £536,130 31/03/2020    £413,570    31/12/2020    £1,270,100 30/06/2020    £276,060    31/03/2021    £150,192					
<b>Total Housing Revenue Account Capital Programme</b>	<b>8,076,290</b>	<b>2,820,728</b>	<b>2,571,957</b>	<b>(248,770)</b>	

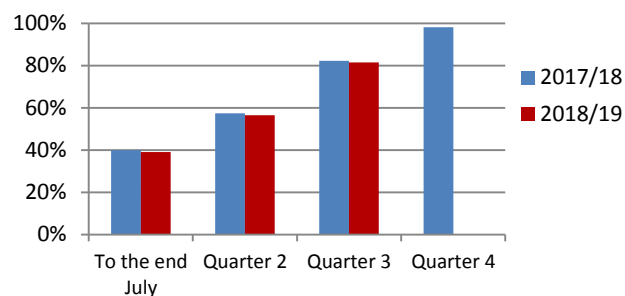
## Collection Performance : Position at the end of December 2018

The collection performance against Council tax, Business Rates, Housing Rents and General Debt collection are set out below.

### Council Tax (against annual amounts)

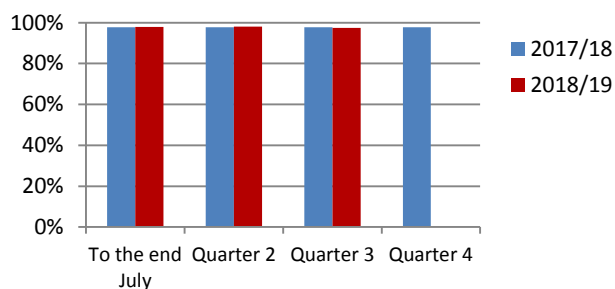


### Business Rates (against annual amounts)

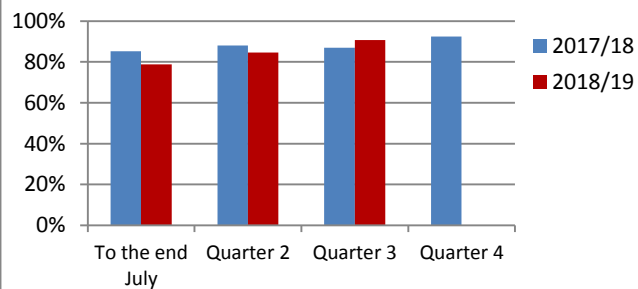


	2017/18	2018/19		2017/18	2018/19
To the end July	38.42%	38.46%	To the end July	39.97%	39.12%
Quarter 2	56.29%	56.09%	Quarter 2	57.38%	56.40%
Quarter 3	82.80%	82.52%	Quarter 3	82.17%	81.42%
Quarter 4	96.55%		Quarter 4	98.07%	

### Housing Rents



### General Debt



	2017/18	2018/19		2017/18	2018/19
To the end July	97.80%	98.00%	To the end July	85.25%	78.84%
Quarter 2	97.80%	98.10%	Quarter 2	88.04%	84.58%
Quarter 3	97.80%	97.40%	Quarter 3	86.93%	90.65%
Quarter 4	97.76%		Quarter 4	92.36%	

## Treasury Activity : Position at the end of December 2018

Key Treasury Management Performance Data and Prudential Indicators are set out below.

### TREASURY ACTIVITY

Borrowing	Opening Balance 1 April £'000	Borrowing to date £'000	Borrowing Repaid to date £'000	Balance to Date £'000	Comments
Long Term PWLB Borrowing - GF	464	0	111	353	
Long Term PWLB Borrowing - HRA	43,434	0	1,372	42,062	
<b>TOTAL BORROWING</b>	<b>43,898</b>	<b>0</b>	<b>1,483</b>	<b>42,415</b>	
Investments	Opening Balance 1 April £'000	Investments to date £'000	Investments Repaid to date £'000	Balance to Date £'000	Comments
<i>Investments less than a year</i>					
Investments with UK Government via Treasury Bills/Investments with DMO, and Local Authorities and other public bodies	46,000	220,700	217,300	49,400	Net investments have increased over the reporting period due to the timing of the Council's cash flow such as expenditure budgets behind profile or income being received ahead of expenditure.
Investments with UK financial Institutions (including Money Market Funds)	9,440	43,200	37,644	14,996	At the end of the period, investments were held with 9 counterparties.
Investments with non-UK Financial institutions	0	0	0	0	
<i>Total Investments for less than a year</i>	<b>55,440</b>	<b>263,900</b>	<b>254,944</b>	<b>64,396</b>	
<i>Investments for longer than a year</i>	0	0	0	0	
<b>TOTAL INVESTMENTS</b>	<b>55,440</b>	<b>263,900</b>	<b>254,944</b>	<b>64,396</b>	
Interest Paid / Received	Full Year Budget £'000	Profiled Budget to Date £'000	Actual to Date £'000	Variance to date £'000	Comments
Interest Paid on Borrowing - GF	56	30	16	(14)	The weighted average rate of interest on the Council's GF borrowing is currently 7.95%. (on an accrued basis)
Interest Paid on Borrowing - HRA	1,453	687	679	(8)	The weighted average rate of interest on the Council's HRA borrowing is currently 3.38%. (on an accrued basis)
Interest Received on Investments	(316)	(249)	(340)	(91)	The weighted average rate of interest being received on the Council's investments is currently 0.64%. (on an accrued basis)

### PRUDENTIAL INDICATORS

	Approved Indicator £'000	Highest amount reached in the period £'000	Comments
Authorised limit for external borrowing	74,298	43,898	Borrowing has remained within approved limits.
Operational boundary for external borrowing	66,868		
Debt Cap - HRA	60,285		

## Income from S106 Agreements

Information in respect of S106 income has been split across two areas below - Where money has been formally allocated / being spent and where money remains unallocated / uncommitted.

Where related to capital schemes - see Appendix D for overall scheme progress.

### ALLOCATED / BEING SPENT

Scheme	Amount Committed / Planned to be Spent in 2018/19 (including accrued interest as appropriate) £'000
<b>Capital Schemes</b>	
Cranleigh Close, Clacton - landscaping works	8
Valley Road, Car Park Resurfacing	40
Seafront Facilities, Brightlingsea Promenade	135
<b>Revenue Schemes and other Contributions</b>	178
<b>TOTAL</b>	<b>361</b>

### UNALLOCATED / UNCOMMITTED TO DATE

Permitted Use as per S106 Agreement	Amount Held / 'Spend by' Date			
	Less than 1 Year £'000	1 to 2 Years £'000	2 to 4 Years £'000	4 years + £'000
Regeneration Programme and Other Initiatives	0	0	0	74
Affordable Housing	0	0	0	651
Town Centre Improvements	0	0	0	43
Open Space*	1	14	31	837
<b>TOTAL</b>	<b>1</b>	<b>14</b>	<b>31</b>	<b>1,605</b>

\* For schemes with a 'spend by' date of less than one year, this money must be spent as follows by August 2019

## Proposed Adjustments to the 2018/19 Budget December 2018

Description	Expenditure Budget	Income Budget	Reason for Adjustment
	£	£	
<b>GENERAL FUND REVENUE</b>			
<i>The following items have no net impact on the overall budget</i>			
Manpower Initiatives - Revenues and Benefits	100,000		A restructure of the Revenues and Benefits service is currently being considered as part of reducing capacity in response to the roll out of Universal Credit. The budget adjustment reflects potential redundancy costs associated with the restructure, which will be claimed back from the Department of Works and Pensions.
Use of Benefit Reserve		(100,000)	
Development of Town Centre Working Party Projects	10,000		To utilise money within the Business Investment and Growth Budget to support the development of projects relating to the work of the Clacton Town Centre Working Party including bids for the Government's Future High Streets Fund.
Use of the Business Investment and Growth Budget	(10,000)		
Seafronts - Increase in salary budgets	18,570		Seafronts - An adjustment has been required to the relevant salary budgets to reflect the mix of full year and part year staff utilised during the year.
Seafronts - adjustment to other expenditure budgets within the service to meet the cost of the above salary costs	(18,570)		
Careline - Increase in temporary staff costs	20,000		Budget adjustment required as temporary staff contracts have been utilised to fulfil contractual commitments to third parties, the costs of which have been met from associated income.
Careline - adjustment to corresponding income budget to fund costs above		(20,000)	
Costs of Planning Appeals	155,000		The cost of defending planning appeals has been significant over the course of the year, with other budgets being adjusted to offset expenditure incurred.
<i>To meet the above costs the following adjustments have been made within the planning service:</i>			
Reduction in training budgets	(30,000)		
Increase in planning income budgets		(35,000)	
Reduction in LDF budget	(90,000)		

Description	Expenditure Budget	Income Budget	Reason for Adjustment
	£	£	
Engineering Services - Increase in Salary Costs	53,660		The office transformation project has been supported by the in-house team as an alternative to the more expensive option of seeking an external contractor. The change proposed is a technical one that adjusts the capital programme to reflect this approach.
Reduction in Revenue Contribution to Capital Programme	(53,660)		
Cost of providing food caddy bags	22,540		To support the changes associated with the extension to the existing Waste and Recycling Contract to be funded from the 2018/19 New Homes Bonus as agreed by Cabinet at its 23 March 2018 meeting.
Use of 2018/19 New Homes Bonus	(22,540)		
Public Conveniences - Increase in building repairs budget	35,000		Following the outcome of legionella risk assessments, additional work has been undertaken at a number of public conveniences, with the cost proposed to be met from the £200k health and safety programme of works budget.
Use of Health and Safety work programme budget to support the above costs	(35,000)		
<b>Total General Fund Revenue with no net impact on the overall budget</b>	<b>(155,000)</b>	<b>155,000</b>	

Description	Expenditure Budget	Income Budget	Reason for Adjustment
	£	£	
<i>The following items will be adjusted against the Forecast Risk Fund</i>			
Reduction in Expenditure - Employee Costs	(210,970)		This primarily represents the level of vacancy 'saving' accrued over the 3rd quarter.
Increase in Waste and Recycling Contract costs	100,000		A higher inflationary indexation was applied to the contract than originally allowed for in the budget. This was highlighted as part of the development of the 2019/20 budget and has therefore already been reflected in future years.
Clinical Waste Collection Costs	10,000		Following the collection of household clinical waste transferring back to the Council on 1 January 2019, this reflects the anticipated annual cost of providing this kerbside service. It is proposed to not make a charge for the service in the first year, a position that will be reviewed later in the 2019.
Increased Investment Income		(100,000)	Income is running ahead of the budget due to the cash flow and interest rate position. This adjustment is over and above the similar adjustment of £80k made at the end of 2nd quarter.
Increased Income - Street Naming and Numbering Income		(61,000)	Additional income has been received during the year.
Reduced Staff Costs	(19,960)		This adjustment reflects savings from staff reorganisations finalised during the year to date.
Reduction in Minimum Revenue Provision contribution	(21,000)		Debt is reducing year on year as it is repaid, therefore the minimum revenue provision, which is the amount set aside to repay debt, can be reduced.
Reduction in pension added years / financial strain costs	(19,000)		This reflects reducing contributions year on year relating to prior year pension adjustments / commitments.
Additional income - New Burdens Grant funding		(97,580)	This reflects funding received during the year from the Government that is not presently committed to expenditure elsewhere within the budget.
Additional Expenditure - Contribution to the cost of a PCSO in Harwich for 2 years	38,400		It is proposed to support the cost of this officer by way of a 50% contribution that will be matched by Harwich Town.

Description	Expenditure Budget	Income Budget	Reason for Adjustment
	£	£	
Increase costs - Microsoft Licences	65,000		Following a software licence 'audit', additional costs have been identified that partly reflect the general increase in prices introduced by Microsoft. The longer term position is currently under review and will be included in a wider update on the digital transformation project that is planned to be presented to members in March 2019.
Funding to support Energy Efficiency Schemes	100,000		The Council is required to meet new minimum energy efficiency standards across its properties leased to third parties. It is proposed to set aside funding from within the 2018/19 budget to support this new burden.
Increased business rate income		(500,000)	This proposed adjustment reflects the estimated benefit from being a member of the Essex Business Rates pool in 2018/19.
Increase in Expenditure - Business Rates on TDC properties	6,040		This reflects the small increase in the cost of business rate across the Council's portfolio of operational properties.
Increase in costs - fine and associated fees payable by the Council	34,360		This reflects the outcome from the recent H&S prosecution.
Net Increase in income - lease rentals and Caros adjustment		(14,230)	The budget is proposed to be adjusted to reflect the outcome of property rent reviews and the associated support from the Caros scheme.
<b>Cost Pressures Identified as part of 2019/20 budget</b>			
Clacton Airshow 2019	60,000		These items reflect the cost pressures agreed by Cabinet on a one-off basis (as set out in Appendix C of Item A.2 - Cabinet 18 January 2019.)
Sea and Beach Festival 2019	20,000		
Contribution to Mental Health Hub 2019/20	23,000		
Establishment of an Anti-Social Behaviour Officer from 2019/20	61,200		
Additional Security measures at Bath House Meadow 2019/20	20,000		
Net Contribution to Forecast Risk Fund	505,740		



Description	Expenditure Budget	Income Budget	Reason for Adjustment
	£	£	
<b>GENERAL FUND CAPITAL</b>			
<b>Schemes Reprofiled</b>			
None			
<b>Other Changes to General Fund Capital Programme</b>			
Increase in Disabled Facilities Grant Scheme Additional Disabled Facilities Grant Funding	191,990	(191,990)	This adjustment reflects additional grant funding receivable from the Government in 2018/19
Reduction in Office Transformation Project Direct Revenue Financing adjustment to reflect above	(53,660)	53,660	This budget has been adjusted to reflect the work undertaken by the in-house engineering team as set out earlier on in this appendix.
<b>Total General Fund Capital Adjustment with no net impact on the overall budget</b>	<b>(138,330)</b>	<b>138,330</b>	
<b>HRA REVENUE</b>			
<i>The following items will be adjusted against the HRA General Balance</i>			
Reduced rental income Reduction in service charge income		90,000 19,940	These adjustments reflect the level of historic right to buys and void periods.
Increase in Council Tax on empty properties	30,000		Council tax remains payable on empty properties such as Honeycroft and Spendells Sheltered Schemes.
<b>HRA CAPITAL</b>			
None			

# General Fund Revenue Carry Forwards

APPENDIX I

		Requested C/Fwd Amount (£)	Comments
<b>Budgets subject to being carried forward for more than one year</b>			
Planning and Regeneration	Business Investment and Growth	2,087,420	To support schemes and projects in 2018/19 and beyond.
Corporate Services	Garden Communities Project	1,750,000	To continue to support the development of this long term project.
Planning and Regeneration	Planning Policy and Conservation	1,117,220	For the on-going delivery of the Local Plan.
Corporate Services	Fit for Purpose Budget	336,980	To be used to support initiatives in 2018/19.
Corporate Services	Contingency (Corporate) Budget	322,010	To support unexpected corporate expenditure.
Planning and Regeneration	SME Growth Fund	257,020	SME Growth Funding to be allocated to successful applicants during 2018/19
Corporate Services	Corporate Agency staff budget	250,000	Agency staff costs incurred in 2017/18 were met from within the overall employee budgets as part of the outturn position which has enabled this money to be considered for carrying forward into 2018/19 to support the future cost of agency staff, primarily in Planning and Environmental Health.
Planning and Regeneration	Economic Growth Budget	236,750	As set out in the report to Cabinet (20 April 2018) this money is to support economic growth projects and schemes which will be determined in 2018/19
Corporate Services	New Burdens Funding received in 2016/17 and 2017/18	193,020	To enable associated activities to be funded in future years.
Operational Services	Beach Hut Sites	176,530	To reinvest in beach huts / seafront amenities in 2018/19
Corporate Services	Emerging Property Projects	123,780	This is essential for improving and making the most of our assets through new property projects over the coming year along with the recruitment of a temporary post.
Planning and Regeneration	Planning Service Unit	112,000	To meet ongoing long term training and recruitment costs.
Planning and Regeneration	Planning and Enforcement	75,650	Ongoing improvements to the Planning Service.
Operational Services	Community Warden Service Unit	51,250	Community Warden on-going Funding.
Corporate Services	Accountancy Service Unit - Computer Software	44,000	The latest release of software is awaited.
Corporate Services	Essex Family Needs Project	23,850	To support the continuation of this initiative into 2018/19 and beyond.
Operational Services	Highways TDC - General	20,250	To support a match funding scheme with ECC.
Planning and Regeneration	Heritage and Conservation - General	15,800	Ongoing project over number of years, including St Osyth Priory Heritage Works.
Planning and Regeneration	Jaywick Sands Team	13,040	To support Community Initiatives
Operational Services	Home Improvement Agency	10,800	To commission a pre grant/loan advice service for elderly and vulnerable residents.
Corporate Services	Emergency Planning	10,000	To be used for printing and stationery/emergency planning initiatives.
Operational Services	CCTV	9,940	Balance of projects budget required for works to CCTV equipment
Operational Services	Crematorium	8,600	Delivery of goods delayed.
Office of Chief Executive	Members - Other Costs	8,060	To support training costs in future years
Operational Services	Coastal Communities Team	6,410	To continue Jaywick CCT Project Funding work.
Corporate Services	Personnel and Human Resources Issues	2,370	To support the Investors in People programme.
<b>Budget not previously subject to Carry Forward</b>			
Corporate Services	Digital Transformation Project	865,200	To support the major digital transformation project now underway
Operational Services	Print and Post Hub Service Unit	41,620	2x Scanning Assistants - posts recruited to in 2018/19
Corporate Services	Election Expenses	32,590	Balance of specific budget allocated for repayment of previously over claimed VAT pending confirmation of final amounts due
Corporate Services	Central Telephone Service	19,600	To support associated costs in 2018/19.
Corporate Services	IT Direct Service Costs - Data Communication	12,900	For the provision of Citrix into 2018/19.

# General Fund Revenue Carry Forwards

APPENDIX I

		Requested C/Fwd Amount (£)	Comments
Operational Services	Shelters - General	3,720	To fund Shelter maintenance costs following adverse weather conditions delaying maintenance work in 2017/18
Operational Services	Public Health & Complaints	3,350	To support cost of asbestos clearance.
Operational Services	Housing Service Unit	1,490	Skyguard project implementation delayed.
Corporate Services	Business Manager	1,200	To support the cost of officer training.
Operational Services	Careline	1,200	To carry out repairs to Careline vehicles.
Office of Chief Executive	Veterans Tea Dance	1,100	To support Veterans Event in 2018
<b>Externally Funded</b>			
Operational Services	Community Housing Trust Grant	687,180	External Grant Funding to be used for ongoing projects.
Operational Services	Homelessness	111,700	External Grant Funding to be used for ongoing projects.
Operational Services	CCG Joint Working Funding	100,000	External Grant Funding to be used for ongoing projects.
Operational Services	Fast Food Initiative	88,020	External Grant Funding to be used for ongoing projects.
Corporate Services	Benefits & Revenues Service Unit - Agency Staff	86,000	To continue to support initiatives funded by the major preceptors as part of the Council Tax sharing agreement.
Operational Services	Recycling & Waste Contract	77,920	External Grant Funding to be used for ongoing projects along with a consultancy budget.
Operational Services	Public Health & Complaints	74,700	External Grant Funding to be used for ongoing projects.
Office of Chief Executive	CDRP Support and Initiatives	59,910	External funding used to support Community Projects / Community Safety Service
Planning and Regeneration	Big Society	56,020	Big Society Grant Funding to be allocated to successful applicants during 2018/19
Operational Services	Weekly Collection Grant	31,590	External Grant Funding to be used for ongoing projects.
Corporate Services	Fraud and Compliance Initiatives	26,470	Balance of external funding to support associated initiatives in 2018/19.
Operational Services	Nature Conservation	24,980	External Grant Funding to be used for ongoing projects.
Operational Services	Community Activity Network	9,900	External Grant Funding to be used for ongoing projects.
Operational Services	CCTV	4,070	To support expenditure funded by external income received during the year.
Operational Services	Miscellaneous Seafront Activities	3,510	One off Government Grant for seafront signage
Planning and Regeneration	Town Team Partners	17,500	External funding awarded to partners with projects still being considered.
Planning and Regeneration	Town Team Partners	(17,500)	External funding awarded to partners with projects still being considered.
Operational Services	Recycling Rewards Scheme	43,910	External Grant Funding to be used for ongoing projects.
Operational Services	Recycling Rewards Scheme	(43,910)	External Grant Funding to be used for ongoing projects.
<b>Total GF Revenue Carry Forwards - SECTION A</b>		<b>9,688,690</b>	

## General Fund Capital Carry Forwards

		Requested C/Fwd Amount (£)
<i>Budgets subject to being carried forward for more than one year</i>		
Operational Services	Cliff Stabilisation Scheme	4,602,590
Operational Services	Disabled Facilities Grants	2,047,070
Planning and Regeneration	Harwich Public Realm	1,000,000
Operational Services	Housing in Jaywick	500,000
Operational Services	Private Sector Renewal Grants/Financial Assistance Loans	365,640
Planning and Regeneration	Regeneration Capital Projects	349,180
Operational Services	Laying Out Cemetery	170,120
Operational Services	Empty Homes funding	164,220
Corporate Services	IT Strategic Investment	153,790
Operational Services	Crematorium and Cemeteries Road Works	150,000
Operational Services	Venetian Bridge Clacton	108,140
Corporate Services	Agresso e-procurement	84,000
Operational Services	Private Sector Leasing	75,660
Planning and Regeneration	SME Growth Fund Capital Grants	65,000
Operational Services	New Beach Huts	64,600
Operational Services	Public Access Module to CAPS	54,140
Corporate Services	Information and Communications Technology Core Infrastructure	52,400
Operational Services	Alteration of Redundant Cash Office	29,260
Corporate Services	Replacement of High Volume Printers	29,000
Operational Services	Westleigh House Demolish/additional parking provision	23,710

		Requested C/Fwd Amount (£)
<b><i>Budgets subject to being carried forward for more than one year</i></b>		
Operational Services	Coast Protection - Cliff Road Sea Wall	15,130
Corporate Services	Replacement debit and credit card payment facility	14,630
Corporate Services	Replacement Scan Stations	12,000
Operational Services	Replacement of beach hut supports - The Walings	11,620
Operational Services	Cranleigh Close, Clacton, landscaping works	6,660
Operational Services	Environmental Health Database Migration	5,250
Operational Services	Enhanced Equipment replacement - Printing and Scanning	3,610
Corporate Services	Audit management software	2,230
Corporate Services	Joint HR and Payroll System	1,780
Corporate Services	Individual Electoral Registration - Scanning Equipment	1,560
<b><i>Budget not previously subject to Carry Forward</i></b>		
Corporate Services	Office Rationalisation	1,160,000
Operational Services	Milton Road car park repairs	250,000
Operational Services	Clacton Multi-Storey car park repairs	180,000
Operational Services	Town Centre Fountain	160,000
Operational Services	Public Conveniences Works	140,000
Operational Services	Changing Place Facilities, Walton	62,000
Operational Services	Marine Parade West Clacton Cliff Works	57,270
Operational Services	Princes Theatre Toilets	40,000
Operational Services	Bath House Meadow Play Area, Walton	37,580
<b>Total GF Capital Carry Forwards</b>		<b>12,249,840</b>

**UPDATED LONG TERM FINANCIAL FORECAST**

APPENDIX J

	<i>Budget</i> 2017/18 £	<i>Budget</i> 2018/19 £	<i>Estimate</i> 2019/20 £	<i>Estimate*</i> 2020/21 £	<i>Estimate</i> 2021/22 £	<i>Estimate</i> 2022/23 £	<i>Estimate</i> 2023/24 £	<i>Estimate</i> 2024/25 £	<i>Estimate</i> 2025/26 £	<i>Estimate</i> 2026/27 £
<b><i>Underlying Funding Growth in the Budget</i></b>										
Council Tax Increase 1.99%	(0.136)	(0.147)	(0.151)	(0.154)	(0.157)	(0.160)	(0.164)	(0.167)	(0.170)	(0.174)
Ctax increase by £5 (amounts set out are over and above 1.99% above)	(0.090)	(0.086)	(0.082)	(0.079)	(0.076)	(0.073)	(0.070)	(0.067)	(0.063)	(0.060)
Growth in Business rates - Inflation	0.000	(0.131)	(0.110)	(0.093)	(0.095)	(0.097)	(0.099)	(0.101)	(0.103)	(0.105)
Growth in Business rates / council tax - general property growth	(0.148)	(0.293)	(0.576)	(0.138)	(0.147)	(0.155)	(0.164)	(0.172)	(0.181)	(0.189)
Collection Fund Surpluses b/fwd	(0.218)	(0.652)	(0.710)	(0.100)	(0.100)	(0.100)	(0.100)	(0.100)	(0.100)	(0.100)
	<b>(0.592)</b>	<b>(1.309)</b>	<b>(1.629)</b>	<b>(0.564)</b>	<b>(0.575)</b>	<b>(0.585)</b>	<b>(0.597)</b>	<b>(0.607)</b>	<b>(0.617)</b>	<b>(0.628)</b>
<b><i>Net Cost of Services and Other Adjustments</i></b>										
Reduction in RSG	0.914	0.580	0.648	0.422	0.000	0.000	0.000	0.000	0.000	0.000
Remove one-off items from prior year	(0.155)	(0.315)	(0.112)	0.000	0.000	0.000	0.000	0.000	0.000	0.000
Remove one-off items from prior year - Collection Fund Surplus	(0.020)	0.218	0.652	0.710	0.100	0.100	0.100	0.100	0.100	0.100
Inflation - Employee Costs (including annual review adjustments)	0.125	0.514	0.635	0.264	0.266	0.268	0.269	0.271	0.272	0.274
Inflation - Other	0.000	0.088	0.221	0.110	0.113	0.115	0.117	0.120	0.122	0.124
First / Second / Third year impact of PFH WP Savings	(0.268)	(0.055)	(0.115)	(0.090)	0.000	0.000	0.000	0.000	0.000	0.000
LCTSG Grant To Parish Council's	0.000	(0.049)	(0.055)	(0.036)	0.000	0.000	0.000	0.000	0.000	0.000
Beach Recharge - Set aside full budget in one year	0.000	(0.150)	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000
Revenue Contrib. to Capital Programme	(0.100)	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000
Special Change in Use of Reserves	0.287	0.374	(0.069)	0.201	0.000	0.000	0.000	0.000	0.000	0.000
On-going savings required	(0.879)	(0.290)	(0.328)	(0.300)	(0.300)	(0.300)	(0.300)	(0.300)	(0.300)	(0.300)
Unmitigated Cost Pressures	1.046	0.114	0.153	0.150	0.150	0.150	0.150	0.150	0.150	0.150
Other Adjustments	0.000	(0.134)	(0.118)	(0.201)	0.000	0.000	0.000	0.000	0.000	0.000
	<b>0.950</b>	<b>0.895</b>	<b>1.512</b>	<b>1.231</b>	<b>0.329</b>	<b>0.333</b>	<b>0.336</b>	<b>0.340</b>	<b>0.344</b>	<b>0.348</b>
<b><i>Net Total</i></b>	<b>0.358</b>	<b>(0.414)</b>	<b>(0.117)</b>	<b>0.667</b>	<b>(0.247)</b>	<b>(0.253)</b>	<b>(0.261)</b>	<b>(0.267)</b>	<b>(0.273)</b>	<b>(0.280)</b>
Add back Use of Reserves / Forecast Risk Fund in Prior Year	0.200	0.558	0.144	0.027	0.694	0.447	0.195	(0.066)	(0.333)	(0.606)
<b><i>Net Budget Position</i></b>	<b>0.558</b>	<b>0.144</b>	<b>0.027</b>	<b>0.694</b>	<b>0.447</b>	<b>0.195</b>	<b>(0.066)</b>	<b>(0.333)</b>	<b>(0.606)</b>	<b>(0.885)</b>
Use of Forecast Risk Fund to support the Net Budget Position	(0.558)	(0.144)	(0.027)	(0.694)	(0.447)	(0.195)	0.066	0.333	0.606	0.885

\* See separate RAG risk assessment for further consideration of forecast risks for each line of the forecast

***Use of Forecast Risk Fund to Support the Net Budget Position Above***

Outturn b/fwd from prior years	<b>(0.558)</b>	<b>(1.934)</b>	<b>(2.290)</b>	<b>(2.763)</b>	<b>(2.569)</b>	<b>(2.621)</b>	<b>(2.926)</b>	<b>(3.492)</b>	<b>(4.325)</b>	<b>(5.431)</b>
Applied in year as set out in the forecast above	0.558	0.144	0.027	0.694	0.447	0.195	(0.066)	(0.333)	(0.606)	(0.885)
Additional contributions generated in year	(1.934)	(0.500)	(0.500)	(0.500)	(0.500)	(0.500)	(0.500)	(0.500)	(0.500)	(0.500)
<b>Balance to Carry Forward</b>	<b>(1.934)</b>	<b>(2.290)</b>	<b>(2.763)</b>	<b>(2.569)</b>	<b>(2.621)</b>	<b>(2.926)</b>	<b>(3.492)</b>	<b>(4.325)</b>	<b>(5.431)</b>	<b>(6.816)</b>

Relevant line of the Forecast	RAG Assessment of Risk	Comments
<b>Underlying Funding Growth in the Budget</b>		
Council Tax Increase 1.99%		Although this is subject to future Government policy, it is expected that an allowable inflationary uplift will always be a feature in the Local Government finance settlement and associated Council Tax referendum principles
Ctax increase by £5 (amounts set out are over and above the 1.99% above)		Although similar to the above, there is less certainty around the level of increase that the Government may allow over and above a 'base' inflationary uplift. However it is expected that such increases will be allowable in the short term without invoking the need to hold a referendum. This will remain subject to on-going review.
Growth in Business rates - Inflation		Similar to Council Tax above, based on the historic trend of inflationary uplifts in the poundage applied to rateable values, modest inflationary increases are relatively certain over the life of the forecast.
Growth in Business rates / council tax - general property growth		Underlying growth in business rates and Council Tax are expected to remain relatively stable and robust over the life of the forecast. The two main risks relate to major economic changes and future Government Policy, especially in relation to business rates where the Government remains active in developing the full retention model across the public sector based on a fair funding assessment. This model could see the Government introduce business rate 'resets' which could see income from economic growth being reduced on a cyclical basis as part of a redistribution method nationally. The Government continues to consult on the associated proposals but the risk to the forecast has increased and a change to the RAG rating to red.
Collection Fund Surpluses b/fwd		Following the latest review of the forecast and using the most up to date figures, collection fund surpluses of £710k have been included in the 2019/20 budget. More modest amounts are included in future years of the forecast with a high degree of confidence in their delivery. (The forecast excludes any benefit from being a member of the Essex Business Rates Pool as it is accounted for on an actual basis rather than building it into the base budget given its one-off nature and complexities in the overall business rate calculations)
<b>Net Cost of Services and Other Adjustments</b>		
Reduction in RSG		There is only limited uncertainty in respect of the next two years given the Government's commitment to a four year deal which the Council signed up to.
Remove one-off items from prior year		These are known adjustments
Remove one-off items from prior year - Collection Fund Surplus		These are known adjustments based on the assumptions set out above concerning the year on year change in the collection fund position
Inflation - Employee Costs (including annual review adjustments)		2018/19 and 2019/20 reflects the significant / adverse impact from the recent pay settlement, which includes significant increases on the lower pay scales across the Council. It could be argued that such increases reflect the years of previous pay restraint which may see only modest inflationary rises in 2020/21 and beyond. Annual increases of 1% have been included in these later years of the forecast which compares with 1.5% initially included last year.
Inflation - Other		Although the Government's target inflation is 2%, this is a long term target which will inevitably see fluctuations over short financial cycles. However 2% remains the basis for calculating an inflationary allowance given the longer term nature of the current forecast.
First / Second / Third year impact of PFH WP Savings		These are known adjustments which will be delivered in total but is recognised that the timing may differ to that originally anticipated which will be reflected in the forecast.
LCTS Grant To Parish Council's		These are known adjustments based on the Council's agreed policy of reducing support in line with it's own reduction in Government funding. The Government have raised the issue of Councils not passporting on the relevant funding which may require the existing policy to be revisited but this is only a limited risk.
Specific change in Use of Reserves		Changes in the use of reserves primarily reflect other changes elsewhere in the budget/ forecast so are not a significant risk in isolation. One reserve that will be 'exhausted' by the end of 2019/20 is the homelessness reserve which will require a corresponding adjustment to the expenditure that this reserve is currently supporting to ensure there is no net impact on the budget. This will have to be reviewed in light of the on-going pressure on the delivery of homeless services and prevention activities.

Relevant line of the Forecast	RAG Assessment of Risk	Comments
On-going savings required		<p>This line of the budget fundamentally acts as the 'safety valve' for other changes elsewhere in the forecast and would need to be increased if adverse issues were experienced or estimates were not in line with predictions. Based on the improved overall position set out in the revised forecast, there is flexibility in the delivery of such savings over the life of the forecast. However it is important that on-going savings are secured to meet the amounts set out in the forecast.</p>
Unmitigated Cost Pressures		<p>It is recognised that of the various lines of the forecast, this presents one of the highest risk, with on-going revenue items being the most difficult items to deal with. Although one-off items, such as those associated with repairing / refurbishing assets could also have a significant impact on the forecast, one-off funding is available elsewhere in the budget to support these costs which therefore changes the risk.</p> <p>One of the most significant risks within this line of the budget relates to external income, especially from elsewhere in the public sector where similar financial pressures are being experienced. Such items include the funding from the major preceptors in respect of the Council Tax Sharing agreement, which totals over £800k each year, which has now been included as a on-going cost pressure in 2019/20 and beyond.</p> <p>To support the management of risks, the Council continues to resist using one-off money to support the on-going base budget such as the New Homes Bonus.</p>



## RESOURCES AND SERVICES OVERVIEW AND SCRUTINY COMMITTEE

18 MARCH 2019

### REPORT OF DEPUTY CHIEF EXECUTIVE

#### A.2 REVIEW OF THE YEAR AND THE RESOURCES AND SERVICES OVERVIEW AND SCRUTINY COMMITTEE'S WORK PROGRAMME FOR 2019/20

(Report prepared by Anastasia Simpson and Ian Ford)

##### **PURPOSE OF THE REPORT**

To review this year's work of the Resources and Services Overview and Scrutiny Committee and to seek Members' approval to a draft programme for the Committee, for the forthcoming municipal year.

##### **BACKGROUND**

The Resources and Services Overview and Scrutiny Committee is one of two overview and scrutiny committees established by the Council to specifically focus on the following areas of Council work:

- Financial Forecast
- Budget setting and monitoring (including the General Fund and Housing Revenue account)
- Service Delivery and Performance (where not delegated to the Community Leadership Overview and Scrutiny Committee)
- Procurement and Contract Management
- Transformation and Digital Standards
- Customer Service and Standards

The Constitution provides for the overview and scrutiny committees to submit a work programme to the Annual Meeting of the Council for approval. [Overview and Scrutiny Procedure Rule 7]

*"Each Overview and Scrutiny Committee will submit a work programme for the year ahead and a review of the previous year's activities to the Annual Meeting of the full Council for approval. In addition, it will be responsible for co-ordinating and prioritising its work programme on an ongoing basis."*

*In preparing, co-ordinating and prioritising its programme, each Overview and Scrutiny Committee will take into account:*

- *The General Role and Principles of undertaking its functions, as set out in Part 2 Article 6;*
- *The planned work on the preparation of elements of the Budget and Policy Framework, as set out in the Council's Business Plan;*

- *The need for statutory timetables to be met;*
- *The wishes of all members of the committee;*
- *Requests from the Cabinet to carry out reviews; and*
- *Requests from Group Leaders in accordance with Rule 8.”*

## **WORK CARRIED OUT TO DATE**

### **Review of the Year**

The review of the municipal year 2018 to 2019 is attached as Appendix A.

### **Proposed Work Programme**

The Resources and Services Scrutiny Committee will have a number of “routine” items that appear on an annual basis, which are vital to ensure the Council, as a whole, is performing efficiently and effectively, managing its resources in the very best interest of the community it serves, and complying with the appropriate legislation and guidelines. This includes financial forecast, budget setting and monitoring and performance.

Meetings of task and finish groups can be called as required following the terms of reference being agreed by the Committee.

The proposed work programme is set out as Appendix B.

The Committee is invited to put forward any items it might wish to be considered as part of its formal business within the programme of meetings.

## **RECOMMENDATIONS**

- (a) That the report on the review of the year 2018 to 2019, detailed in Appendix A, be noted;
- (b) That the Committee determines whether it wishes to agree the draft 2019/2020 Work Programme, as set out in Appendix B, for submission to the Annual Meeting of the Council; and
- (c) That the Committee considers whether it has any further items it wishes to include within the 2019/2020 Work Programme.

## **BACKGROUND PAPERS FOR THE DECISION**

There are none.

## **A.2 - APPENDIX A**

### **RESOURCES AND SERVICES OVERVIEW AND SCRUTINY COMMITTEE**

#### **REVIEW OF WORK CARRIED OUT 2018 – 2019 MUNICIPAL YEAR**

##### **FORTHCOMING DECISIONS**

- ♦ The Committee, in accordance with the Constitution, reviewed forthcoming executive decisions on a regular basis.

##### **CORPORATE BUDGET AND FINANCIAL FORECAST MONITORING**

- ♦ The Committee, at its meetings held on 2 July, 17 September and 29 November 2018 and 18 March 2019, reviewed the Council's budgetary position and latest financial forecast on a quarterly basis and made comments and recommendations to Cabinet, as appropriate.

##### **PERFORMANCE MANAGEMENT**

- ♦ On 21 May, 17 September and 5 November 2018 and 11 February 2019 and 12 March 2018 the Committee reviewed the Council's performance management position on a quarterly basis and made comments and recommendations to Cabinet, as appropriate.

#### **21 MAY 2018**

##### **1. The role of the Resources and Services Overview and Scrutiny Committee**

The Chief Executive (Ian Davidson) attended the meeting to discuss with Members the role of the Committee and that of scrutiny generally within the new committee structure.

The Chief Executive then responded to Members' questions on his address and other matters.

##### **2. Work Programme 2018/19**

Members were requested to consider the items that would be looked at by the Committee; those that should be looked at by a Task and Finish Working Group; and those items that should be the subject of an All Member Briefing.

Members were also requested to decide the size, composition and terms of reference for any Task and Finish Working Group that it decided to set up at this meeting.

The 2018/2019 Work Programme for the Committee that was approved at the Annual Meeting of the Council held on 24 April 2018 was Members for their reference. The Committee was made aware that two additional items had been provisionally added to its work programme with respect to its meeting due to be held on 25 June 2018 namely:

- 1) Update on Transformation Project; and
- 2) LGA Peer Challenge Action Plan - Reference from Cabinet.

The Committee was also informed that, at the final meeting of the Service Development and Delivery Committee held on 4 April 2018, Committee Members had considered, amongst other things, what items, if any, to put forward for inclusion in the 2018/2019

Work Programme for the new Resources and Services Overview and Scrutiny Committee.

One of those items put forward had been “Review of Tendring Closed Road Rally 2018”. That item had duly been included in the 2018/2019 Work Programme for the Resources and Services Overview and Scrutiny Committee that was submitted to, and approved by, the Annual Meeting of the Council on 24 April 2018.

The Monitoring Officer had subsequently pointed out that this item, due to the fact that the Road Rally was not a Council run event, should actually be on the Work Programme for the Community Leadership Overview and Scrutiny Committee as the Rally involved the Council working with external bodies (Essex Police, rally organisers, public etc.) on matters such as community safety. Therefore that item had now been removed from this Committee’s Work Programme and reallocated to the Community Leadership Overview and Scrutiny Committee’s Work Programme.

*RESOLVED that the following amendments be made to the Committee’s Work Programme for 2018/2019:-*

- (1) 25 June 2018 – the update on Careline and the Lifting Service be deleted and instead submitted to an All Member Briefing;*
- (2) 25 June 2018 – the LGA Action Plan Reference from Cabinet be moved from this meeting to the meeting on 30 July 2018;*
- (3) 25 June 2018 – the review of environmental issues in the light of the waste contract changes item to also now include a review of recycling rates;*
- (4) 30 July 2018 – an item updating the Committee on the production of a new District wide Tourism Strategy to be included; and*
- (5) 17 September 2018 – an item to enable the Committee to review how the new overview and scrutiny arrangements are bedding in to be included.*

## **2 JULY 2018**

### **1. Transformation Update**

The Deputy Chief Executive (Martyn Knappett) and the Head of Property Services (Andy White) attended the meeting and gave an update of the Transformation Project.

Martyn Knappett reminded the Committee of the background to the project together with an overview of recent progress.

Andy White then gave an update on the four main strands of the project namely IT, HR, Customer Services and Buildings as follows:-

#### **Information Technology**

- (1) Cloud Migration;
- (2) Network Redesign;
- (3) Self Service Portals; and
- (4) Proposed Leisure App.

#### **Human Resources**

- 3) Policy Reviews;
- 4) E-learning Portal;

- 5) Training; and
- 6) Future Leaders Programme.

#### Customer Services

- (6) Backscanning;
- (7) Self Service Kiosks;
- (8) Centralised Printing; and
- (9) Centralised Post.

#### Buildings

- (1) Pier Avenue;
- (2) Barnes House;
- (3) Westleigh House;
- (4) Northbourne depot; and
- (5) Town Hall.

*Following a question and answer session, the Committee noted the foregoing.*

## **2. Review of Environmental Issues**

The Street Scene Officer (Jon Hamlet) attended the meeting to assist the Committee in reviewing environmental issues in the light of the changes to the Domestic Waste Collection and Recycling Contract and also the Council's current performance with regard to recycling rates.

Jon Hamlet gave a presentation that focused on the following matters:-

- (1) Recycling Rates (%) 2012/13 – 2017/18;
- (2) Refuse (Tonnes) 2012/13 – 2017/18;
- (3) Total Recycling Tonnage (Total Recycled/Total Dry Recycling/Total Compost) 2012/13 – 2017/18;
- (4) Plastic and Cans (Tonnes) 2013/14 – 2017/18;
- (5) Food Waste (Tonnes) 2012/13 – 2017/18;
- (6) Garden Waste Tonnes 2014/15 – 2017/18;
- (7) Paper and Card (Tonnes) 2013/14 – 2017/18;
- (8) Recycling Credits (£68 per tonne); and
- (9) New Service Provision – Alternative Weekly 180 litre bin collection; Projected 8% increase in recycling rates; and alternative provisions considered.

Following a question session, the Chairman stated that due to the lateness of the hour any Member who had a question that they had been unable to submit should email that question to the Head of People, Performance and Projects by the end of the week in order that a response(s) could be collated and then sent to Members of the Committee.

The Chairman also stated that consideration of whether to set up a Task and Finish Working Group to look at waste and recycling matters would be deferred until the next meeting of the Committee.

*The Committee noted the foregoing.*

## **30 JULY 2018**

### **1. Terms of Reference – Working Group on Recycling**

Further to its discussions on environmental issues at the last meeting (Minute 14 referred), the Committee gave consideration to the terms of reference for the Working Group that would carry out a review of recycling.

*It was RESOLVED that the terms of reference, membership et cetera for the Working Group that would carry out a review of recycling be as follows:-*

<b>Review Topic: INCREASING RECYCLING</b>
<b>How does the topic fit with the Committee's Terms of Reference:</b>  <b>Refuse collection is probably the most widespread and frequent public facing service provided by the Council.</b>
<b>What question is the review aiming to answer:</b>  <b>What steps can the Council take to ensure that the maximum possible increase in recycling levels is achieved?</b>
<b>Aim / Objectives:</b>  <b>To identify measures which the Resources and Services Overview and Scrutiny Committee can recommend to Cabinet for implementation to maximise recycling (and recycling credits paid to TDC).</b>
<b>Scope:</b> <ul style="list-style-type: none"> <li>• <b>Review current measures / activities and their effectiveness</b></li> <li>• <b>Consider successful initiatives by other Authorities / good practice</b></li> <li>• <b>Consider communications / events / initiatives etc.</b></li> <li>• <b>Identify most appropriate proposals for Tending to complement the roll out of new working arrangements.</b></li> <li>• <b>Identify a proposed activity timeline if appropriate.</b></li> <li>• <b>Conclude with recommendations to the Resources and Services Overview and Scrutiny Committee in a form they can adopt and refer on to Cabinet for consideration.</b></li> </ul>
<b>Membership (including officer support):</b>  <b>Councillors Everett (Chairman), Alexander, Broderick and Scott</b>  <b>Officer Support – Jonathan Hamlet</b>
<b>Timescale:</b>  <b>Identify proposals for consideration by the Resources and Services Overview and Scrutiny Committee by November 2018.</b>

## **2. Corporate Peer Challenge – Action Plan**

The Committee was aware that, on 18 May 2018, the Cabinet had considered the Peer Review Action Plan arising from the feedback report on the Local Government

Association Corporate Peer Challenge of Tendring District Council that had taken place during March 2018. Cabinet had resolved that (minute 151 referred):

- (a) the Peer Review Action Plan be approved;*
- (b) Cabinet notes that further updates will be provided in October 2018 and March 2019; and*
- (c) the report be referred to the Resources and Services Overview and Scrutiny Committee for its information and review.*

In accordance with the Cabinet's decision the Cabinet report referred to above together with the Peer Review Action Plan was attached as Appendix A to the Report of the Deputy Chief Executive for the Committee's consideration.

The Committee had had circulated to it prior to the commencement of the meeting a copy of the LGA Feedback Report.

The Deputy Chief Executive (Martyn Knappett) undertook, in respect of the following, to discuss those matters further with the relevant Officers and to respond to the Committee where appropriate:-

- (1) in relation to Action K4, whether the Head of Finance, Revenues and Benefits could give an update to the December meeting of the Committee;
- (2) in relation to Action K1, the Council's public communications with residents in the west and north of the District; and
- (3) in relation to Action K3, why the Equality Impact Assessments are not due to be completed until at least October 2018.

Having considered and discussed the contents of the Cabinet report and the Peer Review Action Plan it was:-

*RESOLVED that the Committee –*

- (a) acknowledges the Officers' excellent report based on the LGA's feedback; and*
- (b) expresses its disappointment that the LGA did not involve town and parish councils in the corporate peer review and requests Officers to feed this back to the LGA.*

### **3. District-wide Tourism Strategy Update**

The Head of Sport and Leisure (Mike Carran) attended the meeting and gave an update to the Committee on the production of a new District wide Tourism Strategy.

The update touched on the following:-

- (i) that the Strategy was due to be produced by October 2018;
- (ii) the ever closer working relationships with the private sector and the voluntary sector (such as on successful initiatives like Love Clacton and the Coastal Communities Group) and the lessons to be taken into the Strategy; and
- (iii) new models for marketing and promoting tourism and the importance of "Local Pride" in tourism within the District.

Mr Carran then outlined to the Committee the nine key focuses of the new Strategy, namely:-

- (1) Two tier focus on Events;
- (2) Council's role in facilitating as well as leading on Events;
- (3) Tourism promotion;
- (4) Digital marketing;
- (5) Increasing sector confidence for example through increasing investment;
- (6) Developing the seafront offer;
- (7) Developing the heritage offer for example the Mayflower 400 project;
- (8) Partnership working; and
- (9) Promoting the district for outdoor activity.

The Corporate Director (Operational Services) (Paul Price) then addressed the Committee and emphasised that tourism was a fast moving, agile economy and that this had not been taken into account in the previous Tourism Strategy (2010-16). The private sector had not been involved in the formulation of that Strategy. The Strategy had not focused on the visitor economy from within the District as well as that from outside the District. In the new Strategy there was a greater emphasis on the Council's role of facilitation.

Having considered and discussed the information provided it was:-

*RESOLVED that this Committee recommends to Cabinet that –*

- (a) the parish and town councils within the District be included as part of the consultation process on the emerging Tourism Strategy; and*
- (b) in view of the fact that tourism generates £372million income for the District, additional funding be allocated to the Tourism Section within the Operational Services department in order to ensure that it is fully resourced.*

#### **4. Review of Homeless Provision**

The Head of Housing and Environmental Health (Tim R Clarke) attended the meeting to assist the Committee in reviewing the Council's homelessness service provision.

Mr Clarke outlined to the Committee the impact on the Council of recent changes to the statutory duties the Council had in respect of homelessness. Mr Clarke also outlined the recent increases in Government funding awards to the Council in order to assist it in dealing with homelessness.

Having considered and discussed the information provided it was:-

*RESOLVED that the information provided by the Head of Housing and Environmental Health be noted.*

### **17 SEPTEMBER 2018**

#### **1. Work Programme 2018/2019**

At the request of the Chairman, the Committee reconsidered its work programme for 2018/2019 in order to decide the items that will be considered by the Committee; those that should be looked at by a Task and Finish Working Group; those items that should be the subject of an All Member Briefing and those items that should be entirely deleted from the work programme.



Having discussed the matter it was –

*RESOLVED that the following amendments be made to the Committee's Work Programme for 2018/2019:-*

*5 November 2018 – remove Clacton Airshow to an All-Member Briefing.*

*5 November 2018 – add Recycling – Task and Finish*

*5 November 2018 – Remove Corporate Budget Monitoring 2018/19 Second Quarter as this report is not going to Cabinet until 9<sup>th</sup> November 2018.*

*Add an additional meeting before the meeting of 17<sup>th</sup> December 2018 for Corporate Budget Monitoring 2018/19 Second Quarter.*

## **5 NOVEMBER 2017**

### **1. Review of the implementation of the new overview and scrutiny arrangements**

The Committee discussed its experience of the new Overview and Scrutiny arrangements since their implementation in May 2018 with a view to submitting its comments and/or recommendations to the Finance and Corporate Resources Portfolio Holder's Constitution Review Working Party who would be conducting a review of the new committee structure also introduced in May 2018.

Following those discussions it was:-

***RESOLVED** that the following comments be submitted to the Portfolio Holder's Constitution Review Working Party namely that –*

*(1) the terms of reference of the Resources and Services and Community Leadership Overview and Scrutiny Committees should be looked at with a view to making them 'more equal' in workload. A suggestion is that leisure and tourism matters could be reallocated to the Community Leadership Committee;*

*(2) there should be a sharper focus on the remit, scope, responsibilities and expected outcomes of Task and Finish Working Groups. A suggestion is that guidance in the form of an Overview and Scrutiny handbook should be produced;*

*(3) better attendance of Members at All Member Briefings should be encouraged; and*

*(4) the Committee reiterates the importance of providing training on overview and scrutiny matters to those Members who have been appointed to serve on an overview and scrutiny committees immediately after the Annual Meeting of the Council in May 2019.*

### **2. Work Programme 2018/2019**

Members discussed the following three items that were due to be considered at its next meeting on 29 November 2018:-

- Corporate Budget Monitoring 2018/19 Second Quarter (including update on Financial Forecast)
- Recycling - Task & Finish Group's Final Report
- Tourism Strategy

It was moved by Councillor Scott and seconded by Councillor Amos that the Tourism Strategy be removed from the Committee's work programme and instead be made the subject of an All Members' Briefing, which vote on being put to the vote was declared **LOST**.

It was then:-

***RESOLVED*** that the meeting of the Committee due to be held on Thursday 29 November 2018 will now commence at 7.00 p.m. and not 7.30 p.m. as previously scheduled.

## **29 NOVEMBER 2018 (SPECIAL MEETING)**

### **1. Tourism Strategy**

Pursuant to the provisions of Overview and Scrutiny Procedure Rule 13 and the decision taken by the Committee at its meeting held on 17 September 2018, the Committee scrutinise the emerging Tourism Strategy with a view to submitting its comments and/or recommendations to the Cabinet. Cabinet would then agree a draft Strategy which would go out for further consultation.

The Portfolio Holder for Leisure and Tourism (Councillor Skeels Snr.) and the Corporate Director (Operational Services)(Paul Price) attended the meeting.

The Corporate Director gave a presentation on the emerging Strategy which covered the following matters:-

Scope of Strategy  
Establishing the Road Map  
Background Strategic Planning Process  
Taking Stock  
Corporate Road Map  
Reviewing the Inputs  
Vision  
Mission Statement  
Strategic Goals  
Objectives  
Tactics  
Strategic Positioning  
Corporate Social Responsibility and  
Recommendations for Success.

Members raised questions and/or concerns which were responded to by the Corporate Director and/or the Portfolio Holder.

*The Committee noted the contents of the presentation.*

### **2. Final Report of Task and Finish Working Group on Recycling**

The Committee recalled that, at its meeting held on 30 July 2018 it had, inter alia, agreed the brief for a Task and Finish Working Group to undertake a review of recycling, with a view of finding ways to increase recycling rates within the District. That Group had comprised four members of the Committee (Councillors Alexander, Broderick, Everett and Scott) with Councillor Everett acting as its Chairman.

It was reported that the Working Group had now completed its review and its detailed report was attached at Appendix A to item A.1 of the Report of the Head of People, Performance and Projects.

Having considered and discussed the Working Group's report:-

It was moved by Councillor Scott, seconded by Councillor Miles and:-

*RESOLVED that the contents of the Working Group's report be endorsed and that the Committee RECOMMENDS TO CABINET that:*

*1) The Portfolio Holder writes to every school across Tendring (Primary, Secondary and Colleges) to ask them what they do to support the recycling agenda and encourage recycling within their individual establishments.*

*2) Any future publications regarding recycling are clear, concise, with hints and tips to encourage recycling.*

*3) A cross party working group is established to review the recycling and waste needs across the District .This should be undertaken two years prior to any new contract.*

The Committee thanked Councillor Everett and the Task and Finish group members for all their hard work.

## **17 DECEMBER 2018**

### **1. Updated Financial Forecast and Budget 2019/20**

The Committee's comments were sought on the updated Financial Forecast/Budget 2019/20, which had been approved at the meeting of the Cabinet held on 14 December 2018. The Committee was aware that an updated financial forecast for 2019/20 had been prepared which reflected changes since Members had last considered the forecast in November 2018.

The Chief Executive (Ian Davidson) attended the meeting and informed the Committee that the Local Government Finance Settlement had now been received from the Government. Whilst the Settlement would be difficult for those authorities who had adult social care responsibilities (such as County Councils and Unitary Councils), Tendring District Council had been pretty accurate in its predictions and therefore no major changes were required to the Cabinet's initial budget proposals. He stated that this Council's move to a 'rolling' ten year financial forecast had proved to be a 'boon' in that it had helped to protect a lot of frontline services with its ability to average out savings across the ten year profile. Mr Davidson was pleased to report that the Council had met its £300,000 savings target for 2019/20 and that the ongoing aim was to beat this on an annual basis.

The Chairman thanked the Chief Executive for his attendance and Mr Davidson then left the meeting.

The Finance and Corporate Resources Portfolio Holder (Councillor G V Guglielmi) attended the meeting and stated that he was pleased that the Council's bold approach and robust ten year financial forecast had enabled it to meet its savings target over the last two years more than comfortably. This had enabled the Council to invest in the following:-

- (1) Phase 3A Broadband;
- (2) Harwich Realm, and
- (3) Garden Communities.

In addition, the Council had monies in reserve to meet any difficulties arising with Universal Credit and the business rates retention. Councillor Guglielmi referred to the new culture of constant review of expenditure where by cost pressures and areas for potential savings which required hard decisions could be identified and actioned with no cuts to services. Finally, Councillor Guglielmi referred to the level of planning income which had plateaued due to a decline in the number of planning applications.

Councillor Guglielmi then responded to questions put to him by Members. The Chairman thanked Councillor Guglielmi for his attendance and Councillor Guglielmi then left the meeting.

The Head of Finance, Revenues & Benefits Services (Richard Barrett), outlined the changes in the financial forecast since it had last been considered plus the possible implications for the future. Mr Barrett also informed the Committee that a New Homes Bonus of £1.18 million was available for one-off expenditure by the Cabinet.

Mr Barrett, together with the Head of People, Performance and Projects (Anastasia Simpson), then responded to Members' questions.

The Committee then adjourned for lunch (Noon – 12.50 p.m.). Following that adjournment the Committee resumed and considered the following matters:-

Mr Barrett outlined to the Committee the Initial Net Savings Items 2019/20 and responded to Members' questions thereon.

Mr Barrett then drew to the Committee's attention the Updated Cost pressure Summary for 2019/20 and responded to Members' questions thereon.

Councillors Baker and Stephenson each declared a Personal Interest when the Committee's discussions touched on the subject of Disabled Facilities Grants insofar as both had close family members who had been in receipt of a Disabled Facilities Grant.

*Following a discussion of the day's events the Chairman adjourned the meeting until 9.30 a.m. on Thursday 3 January 2019 at which time the Committee would ask questions of members of the Cabinet with regards to service delivery matters related to items in the Financial Forecast that were relevant to their respective portfolios. The Committee would then decide what comments and/or recommendations it wished to submit to Cabinet in relation to the updated Financial Forecast/Budget 2019/20.*

### **3 JANUARY 2019**

#### **1. Scrutiny of Members of the Cabinet in respect of service delivery of items in the Financial Forecast**

Following the adjournment of its meeting held on 17 December 2018, the Committee resumed its scrutiny of the Financial Forecast / Budget proposals for 2019/20 as follows:-

Members of the Cabinet, accompanied by the appropriate Management Team Member, attended the meeting in turn and answered questions put to them by the members of the Committee.

Having considered all of the information that had been given to the Committee and having reconsidered the possible comments and recommendations to Cabinet that had been discussed at the meeting held on 17 December 2018:-

*It was RESOLVED that the following are the Committee's final and definitive COMMENTS/RECOMMENDATIONS to be submitted to the Cabinet:-*

- 1. The Cabinet, via the LGA, lobbies Government about local business rates and how much that can be retained by local Councils. The Council expects to be able to retain as much as possible from the business rates collected locally, so that funding can be used to support key priorities such as the eradication of coastal deprivation across the Tendring area.*
- 2. That Cabinet supports the continuation of the Grant Co-Ordinator post. Ideally the post should be funded from external funds. However, if this is not possible it is recommended that the Cabinet given serious consideration to the continuation of this post through alternative resources.*
- 3. The Milton Road car park business case should be considered as part of the wider Harwich public realm review.*

*The Committee Comments that;*

- 1. The Government wants local Councils to be self-sufficient and Tendring District Council, alongside other Councils, does not want to have to rely on government funding. A fair deal is required for local Councils to enable this to be achieved.*

## **11 FEBRUARY 2019**

### **1. Review of the Beside the Seaside Festivals 2018**

The Council's Head of Sport and Leisure (Mike Carran) attended the meeting and gave a presentation to the Committee which reviewed the Beside the Seaside Festivals in 2018.

Mr Carran's presentation included the following matters:-

#### **(1) Objectives**

- Maximisation of tourist opportunities through events;
- "book-end" the summer season with the Clacton Air Show;
- Raise the profile of the 'Blue Flag' beach in Dovercourt Bay; and
- Work with partners.

#### **(2) The Event**

- Traditional seaside entertainment;
- Live music/entertainment;
- 'Have a Go' activities; and
- Engagement with community groups.

(3) The 'Big Issues'

- An additional community event in Frinton-on-Sea;
- Recycling money;
- Attendance;
- Cost of the event;
- Economic impact on the local economy; and
- The weather.

(4) Learning points for 2019

- Revert to an earlier month for Clacton (i.e. June rather than July);
- Work closely with local businesses;
- Dovercourt event was too 'spaced out';
- Work towards financial sustainability; and
- Investigate possibilities of linking with other events.

Mr Carran then responded to Members' questions on his presentation.

The Chairman then thanked Mr Carran for his attendance and the information that he had provided to the Committee.

**2. Annual Treasury Strategy for 2019/20 (including the Prudential and Treasury indicators)**

The Committee's comments were sought on the Annual Treasury Strategy for 2019/20 (including the Prudential and Treasury indicators).

It was reported that on 5 February 2019, the Finance and Corporate Resources Portfolio Holder had agreed the Annual Treasury Strategy for 2019/20 (including the Prudential and Treasury Indicators) for consultation with the Resources and Services Overview and Scrutiny Committee.

Members were aware that the Local Government Act 2003 and supporting regulations required the Council to set out its treasury strategy for borrowing, and to prepare an Annual Investment Strategy (as required by Investment Guidance subsequent to the Act) that set out the Council's policies for managing its investments and for giving priority to the security and liquidity of those investments, "having regard" to the Chartered Institute of Public Finance and Accountancy's (CIPFA) Prudential Code and the CIPFA Treasury Management Code of Practice. Revised editions of both those documents had been issued in December 2017.

The Committee was informed that the revised guidance issued in 2017 also required the Council to update its Capital Strategy annually. Rather than produce two separate documents and as they were closely linked the Capital Strategy had been combined with the Treasury Strategy in one document.

It was reported that the Capital Strategy element of the combined document covered the various elements surrounding capital investment decisions and the key criteria that investment decisions should be considered against.

Similarly, the Treasury Strategy element of the combined document covered the various elements that satisfied the requirements of the various codes that governed the

borrowing and investment activities of the Council and had been prepared in the light of advice received from the Council's Treasury advisors and reflected the latest codes and guidance.

Members were advised that under the Prudential Code the Council had freedom over capital expenditure as long as it was prudent, affordable and sustainable. The Prudential Indicators either measured the expected activity or introduced limits upon the activity, and reflected the underlying capital appraisal systems and enabled the Council to demonstrate that it was complying with the requirements of the Prudential Code.

The Committee was reminded that the Council's investments would be undertaken in accordance with its Treasury Management Practices. Those had been expanded to include use of non-specified investment in property to yield both rental income and capital gains from 2016/17. If credit ratings remained at their current low levels it was likely that a significant proportion of the Council's investments would continue to be in Government securities such as Treasury Bills or with other Local Authorities. However, other 'quality' investment opportunities would be explored in consultation with the Council's external advisors in order to maximise returns on investments within a continuing and overall risk-averse approach.

A copy of the report submitted to the Portfolio Holder together with the proposed Annual Capital and Treasury Strategy for 2019/20 (including the Prudential and Treasury Indicators) was attached as an appendix to item A.2 of the Report of the Deputy Chief Executive.

The Head of Finance, Revenues & Benefits Services informed the Committee that as the 2018/19 Annual Treasury Strategy had already reflected many of the new requirements only minor updates had been necessary for the 2019/20 Strategy, namely the inclusion of the Capital Strategy within the combined document. No other significant changes were proposed in the Annual Capital and Treasury Strategy for 2019/20 with limited amendments in areas such as the general economic outlook and interest rate forecasts, with the Council maintaining a very low risk appetite approach to its treasury activities.

RESOLVED that the Committee both notes the contents of the Annual Capital and Treasury Strategy for 2019/20 and agrees that it does not need to submit any comments for the Cabinet's consideration.

## **18 MARCH 2018**

1. **Review the impact of the Public Convenience Strategy and future plans for a charging model**
2. **Review of the Year and Work Programme for 2019/20**

## **CALL-INS**

- ◆ The Committee received no call-ins during 2018/19.

## A.2 - APPENDIX B

### RESOURCES AND SERVICES OVERVIEW AND SCRUTINY COMMITTEE 2019/2020 MUNICIPAL YEAR

#### DRAFT WORK PROGRAMME

<b>Meeting Date</b>	<b>Topic</b>
10 June 2019	<ul style="list-style-type: none"> <li>◆ Performance Report 2018/19 Fourth Quarter and Outturn</li> <li>◆ Replacement of Careline Computer and Call Handling System</li> </ul>
29 July 2019	<ul style="list-style-type: none"> <li>◆ Final Budget Position/Finance Forecast Update</li> </ul>
16 September 2019	<ul style="list-style-type: none"> <li>◆ Performance Report 2019/20 First Quarter</li> <li>◆ Corporate Budget and Financial Forecast Monitoring 2019/20 First Quarter</li> </ul>
28 November 2019	<ul style="list-style-type: none"> <li>◆ Performance Report 2019/20 Second Quarter</li> <li>◆ Corporate Budget and Financial Forecast Monitoring 2019/20 Second Quarter</li> </ul>
16 December 2019	<ul style="list-style-type: none"> <li>◆ Initial Budget 2020/21 and Financial Forecast Scrutiny Detailed Review</li> </ul>
6 January 2020	<ul style="list-style-type: none"> <li>◆ (TBC) Initial Budget 2020/21 and Financial Baseline Scrutiny Detailed Review</li> </ul>
17 February 2020	<ul style="list-style-type: none"> <li>◆ Annual Capital &amp; Treasury Strategy Scrutiny</li> <li>◆ Performance Report 2019/20 Third Quarter</li> </ul>
23 March 2020	<ul style="list-style-type: none"> <li>◆ Corporate Budget and Financial Forecast Monitoring 2019/20 Third Quarter</li> <li>◆ Review of the Year and Work Programme 2020.2021</li> </ul>

To Be Arranged

Review of the Council's Public Convenience Strategy



## **OVERVIEW AND SCRUTINY PROCEDURE RULE 13 – SCRUTINY OF PROPOSED DECISIONS**

DESCRIPTION OF DECISION	KEY DECISION – YES/NO	DECISION MAKER
Terms for a lease over former Public Conveniences, Main Road, Dovercourt	NO	Finance & Corporate Resources Portfolio Holder
Disposal of Greensward at 12-16 Wignall Street, Lawford	NO	Finance & Corporate Resources Portfolio Holder

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