



RESOURCES AND SERVICES OVERVIEW AND SCRUTINY COMMITTEE

DATE: Monday, 16 March 2020
TIME: 7.30 pm
VENUE: Council Chamber - Council Offices,
Thorpe Road, Weeley, CO16 9AJ

MEMBERSHIP:

Councillor M Stephenson (Chairman)
Councillor Scott (Vice-Chairman)
Councillor Allen
Councillor Barry
Councillor Bray

Councillor Codling
Councillor Griffiths
Councillor Morrison
Councillor Turner

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

DATE OF PUBLICATION: Friday, 6 March 2020

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 - 10)

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

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 38

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 Head of Democratic Services & Elections - A.1 - Call-In - Funding of the Changes to the Members' Allowances Scheme for 2019/20 (Pages 11 - 66)

To enable the Committee to scrutinise an Executive Decision made in respect of the funding of the cost in 2019/20 of the changes to the Members' Scheme of Allowances agreed by Full Council on 21 January 2020, which has been called-in.

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 17 FEBRUARY 2020 AT 7.35 PM
IN THE COUNCIL CHAMBER, COUNCIL OFFICES, THORPE ROAD, WEELEY**

Present:	Councillors M Stephenson (Chairman), Scott (Vice-Chairman), Barry, Bray, Griffiths, Morrison and Turner
Also Present:	Councillors P Honeywood (except Minutes 52 - 56), Talbot and Wiggins
In Attendance:	Keith Simmons (Head of Democratic Services and Elections), Richard Barrett (Head of Finance, Revenues and Benefits Services & Section 151 Officer) (except Minutes 54 - 56), Tim Clarke (Head of Housing and Environmental Health) (except Minutes 53 - 56), Katie Wilkins (Human Resources and Business Manager) (except Minutes 53 - 56), Jonathan Hamlet (Street Scene Officer), William Lodge (Communications Manager) and Katie Sullivan (Committee Services Officer)

46. APOLOGIES FOR ABSENCE AND SUBSTITUTIONS

Apologies for absence were received from Councillors Allen and Codling (with no substitutes).

47. MINUTES OF THE LAST MEETING

The Minutes of the meetings of the Committee held on Monday 16 December 2019, Monday 6 January 2020 and Wednesday 8 January 2020 were approved as a correct record and were then signed by the Chairman.

The Chairman expressed his thanks to Members and Officers who had attended the meetings that were held on 6 and 8 January 2020 and for all their hard work and participation at those meetings; in what was a very narrow timeframe.

48. DECLARATIONS OF INTEREST

Councillors Bray and Turner declared for the public record in regards to agenda item 7 (A.2 - Future use of Spendells House, Walton-on-the-Naze) that this matter had been considered by Frinton and Walton Town Council and that they and other Town Councillors had considered the matter at meetings of that Town Council.

49. QUESTIONS ON NOTICE PURSUANT TO COUNCIL PROCEDURE RULE 38

On this occasion no Councillor had submitted notice of a question.

50. RECOMMENDATIONS MONITORING REPORT

The Committee had before it the current Recommendations Monitoring Report. The Committee were aware that this report outlined any recommendations it had made to the Cabinet, the Cabinet's response and any relevant updates.

The Council's Head of Democratic Services and Elections (Keith Simmons) informed the Committee that the report outlined one update to the item considered previously at the last meeting of the Committee on 8 January 2020 (minute 45 refers) with regards to the General Fund Budget and the HRA Budget.

In response to a question from a Member, the Council's Head of Finance, Revenues & Benefits Services (Richard Barrett) advised that in the coming weeks consideration would be given to a range of matters to support the delivery of the corporate plan and these scheme may overlap with some of the suggestions made at the 6-8 January 2020 meetings of this Committee. As such, there would be an opportunity for the Committee to consider the extent to which items it had identified were recommended for approval or whether other schemes were to be pursued.

After some deliberation it was **RESOLVED** that the Committee notes the contents of the report and the response provided. The issue was now marked as completed within the Recommendations Monitoring Report.

51. REPORT OF CORPORATE DIRECTOR (OPERATIONAL SERVICES) - A.2 - FUTURE USE OF SPENDELLS HOUSE, WALTON-ON-THE-NAZE

Further to the decision of the Committee on 16 December 2019 (Minute 39 refers), the Committee was scheduled to undertake an enquiry into a forthcoming decision of the Cabinet in relation to the future use of the Spendells House, Walton-on-the-Naze. This was in accordance with the Overview and Scrutiny Procedure Rule 13.

A briefing note prepared by the Council's Head of Housing and Environmental Health (Tim Clarke) was circulated at the meeting (having been emailed to Members earlier that day). The Head of Housing and Environmental Health introduced the report.

Councillor P Honeywood, Portfolio Holder for Housing, was welcomed to the meeting for this item.

The Committee was informed that the closure of Spendells House as a Sheltered Housing Scheme in March 2018 had been an inevitable but unfortunate consequence of low demand and occupancy for this type of accommodation outside of town centres. Whilst it had remained empty only basic maintenance and security provision had been in place. Overall the building remained in good condition and provided a good basis for development of the site for use as temporary accommodation for those who were homeless. The Committee was further informed that the options that had been explored for the future use of the site had focused on either outright disposal or re-purposing to provide alternative housing provision such as the temporary accommodation scheme now proposed.

With homelessness levels showing no signs of reducing (both nationally and locally) temporary accommodation costs could be reduced by taking action to generate additional supply of temporary accommodation either via the private sector or by the Council directly.

Given the projected demand for accommodation, it was inevitable that there would be a need for Bed and Breakfast accommodation unless the supply of less costly options

became available. Therefore Officers were now exploring the cost of bringing Spendells House back into use as temporary accommodation for those who were homeless.

Members were informed that the Homelessness Reduction Act (HRA18) came into force in April 2018 with the aim of reducing homelessness. The act increased duties on local authorities to assess an applicant's needs and to prevent and relieve homelessness by:

- Improving advice and information about homelessness and the prevention of homelessness;
- Extending the period of threatened with homelessness from 28 days to 56 days. An applicant is now assessed as threatened with homelessness if they are likely to become homeless within 56 days.
- Introducing new duties to prevent and relieve homelessness for all eligible people, regardless of priority need and intentionality.
- Introducing assessments and personalised housing plans, setting out the actions housing authorities and individuals will take to secure accommodation.
- Encouraging public bodies to work together to prevent and relieve homelessness through a duty to refer.

Despite the extra advice and duties brought in by the Homelessness Reduction Act, the lack of affordable housing and private rented properties had meant that the use of temporary accommodation had increased.

In 2013/14 temporary accommodation placements had cost the Council £22,368 whereas by 2018/19 the cost had increased to £459,265. Unless the Council used its own housing stock the cost of temporary accommodation over that covered by Housing Benefit subsidy had to be covered by the General Fund.

Following the verbal update Members were given the opportunity to ask questions.

In considering the expectations of Overview and Scrutiny Procedure Rule 13 for the Committee to fully enquire into a proposed decision of the Cabinet, the extent of the information now provided, the intended date for the Cabinet to determine this matter (20 March) and the date of this Committee's next meeting (23 March), the Chairman informed the Committee of the options available to it as he saw them:

- 1) Request that Cabinet delay their decision in order for the Resources and Services Overview and Scrutiny Committee to conduct a pre decision scrutiny; or
- 2) Conduct a post Cabinet decision scrutiny.

Following discussion, it was **RESOLVED** that the Committee would authorise the Chairman of the Committee to liaise with Officers and the Portfolio Holder for Housing to arrange for plans, information on costs and the arrangement of a site visit in order to undertake the pre-decision enquiry of the future use of the Spendells House, Walton-on-the-Naze. If such an enquiry was not possible in the available time-frame envisaged in the notice of forthcoming decisions, the Committee would agree not to undertake the

enquiry envisaged under Overview and Scrutiny Procedure Rule 13 and, instead, undertake a post scrutiny decision of the item.

**52. REPORT OF THE HEAD OF PEOPLE, PERFORMANCE & PROJECTS - A.3 -
PERFORMANCE REPORT QUARTER 3 2019/20**

The Committee had before it a report of the Head of People, Performance & Projects which presented the Performance Report for Quarter Three (October to December 2019) including the Corporate Plan 2020/2024 and Priorities and Projects 2019/2020.

The Committee was aware that the purpose of the report now before it was to submit the relevant performance data so that it could undertake scrutiny of it in so far as:

“(a) Is the performance monitoring system capturing the right level of data to support delivery of the Corporate Plan and its priorities and projects – and to make recommendations thereon?”

“(b) Is there performance as identified in the monitoring data that warrants scrutiny of an activity – and to determine whether and how that scrutiny should take place; including it as appropriate in the work programme?”

It was reported that the Quarter 3 position demonstrated that of the 22 indicators and projects where performance was measured, 21 (95%) were on, or above, their expected target, 1 (5%) was not currently in line with expected performance.

Members were informed that any feedback from this Committee would be presented to a future meeting of the Cabinet as a separate reference report.

The Council’s HR and Business Manager (Katie Wilkins) provided the Committee with a verbal update in respect of the indicators and projects with particular focus on those indicators where there had been movement in the proposed delivery timetable.

Officers responded to questions raised by Members on various topics within the report and appendices and where an answer was not immediately available, the Human Resources and Business Manager undertook to respond to Members as soon as possible after the meeting.

After some deliberation by the Committee, it was moved by Councillor Stephenson, seconded by Councillor Scott and **RECOMMENDED TO CABINET** that:

- a) the Committee notes the contents of the Performance Report Quarter 3 October – December 2019; and
- b) the Manningtree Underpass project Performance Target Indicator should be submitted to the Council’s Community Leadership Overview and Scrutiny Committee; in addition to this Committee.

In view of a number of revisions to timescales for a range of items identified in the Performance Report, the Committee also **RESOLVED** to add to its Work Programme for 2020/21 an item to review how the Council was performing on major projects (from initiation, finalisation, approval, delivery, completion and evaluation).

53. **REPORT OF THE HEAD OF FINANCE, REVENUES & BENEFITS SERVICES - A.4 - ANNUAL CAPITAL AND TREASURY STRATEGY SCRUTINY FOR 2020/21 (INCLUDING PRUDENTIAL AND TREASURY INDICATORS)**

The Committee's comments were sought on the Annual Treasury Strategy for 2020/21 (including the Prudential and Treasury indicators).

It was reported that on 7 February 2020, the Corporate Finance and Governance Portfolio Holder had agreed the Annual Treasury Strategy for 2020/21 (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. The Council was also exploring the use of property investment funds as part of its wider investment portfolio from 2020/21, but due to risks, such as the potential impact on

revenue resources from the accounting treatment that may be required, any associated decision would be subject to advice from the Council's external advisors and a separate Member decision. Other 'quality' investment opportunities would also 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 2020/21 (including the Prudential and Treasury Indicators) was attached as an appendix to item A.4 of the Report of the Finance, Revenues & Benefits Services.

Members were given the opportunity to ask any questions, which in turn were responded to by the Council's Head of Finance, Revenues & Benefits Services.

Following discussion, it was moved by Councillor Turner, seconded by Councillor Griffiths and **RESOLVED** that the Committee both notes the contents of the Annual Capital and Treasury Strategy for 2020/21 and agrees that it does not need to submit any comments for the Cabinet's consideration.

**54. REPORT OF CORPORATE DIRECTOR (OPERATIONAL SERVICES) - A.1 -
SCRUTINY OF THE IMPLEMENTATION OF THE NEW WASTE AND RECYCLING
COLLECTION SERVICE**

The Council's Street Scene Manager (Jonathan Hamlet) was in attendance and provided the Committee with an overview of the roll out and service implementation of the Council's new waste and recycling service.

Veolia's Contract Manager (Michael Riches) and Regional Manager (Chris Smiles) were also in attendance for this item.

Councillor Talbot, Portfolio Holder for Environment and Public Space, was welcomed to the meeting.

Members were aware that in June 2019 the Council implemented a new waste collection service, changing from a weekly black sack collection (with no restriction on the number of black sacks collected from a property) to a fortnightly 180L wheeled bin service and as such represented a significant service change.

The Committee had before it a Report of the Corporate Director (Operational Services) which provided information on the following areas:

Planning

- Communications;
- Procurement;
- Property audit and route planning; and
- Service roll out.

Implementation

- Bin delivery;
- Waste and Recycling Collections Veolia;
- Customer support;

- Waste Team; and
- Communication.

Results

- Residual waste;
- Food waste;
- Paper/cardboard;
- Plastic/cans;
- Glass (banks); and
- Recycling rate.

Overview

- Failure to complete collection rounds;
- Difficulty in contacting the Council / Officers; and
- Missed assisted collections / Remote properties.

Learning Points

- Commence the process of evaluating the contract options at an earlier stage;
- Recruitment of the temporary posts to start at an earlier stage, combined with the fixed term contracts being of a longer duration;
- Quicker at feeding operational issues up to the communications and support teams; and
- Reduce the reliance upon the local knowledge held by individual operatives for the collection rounds.

Members were given the opportunity to ask questions which were responded to by the Portfolio Holder, the Council's Street Scene Manager and Veolia's Contract Manager and Regional Manager.

Veolia's representatives advised that it needed to implement revised collection route rounds at the same time as the roll out of the wheeled bin change as the previous collection route rounds would not work under the new arrangements. They reported that under the black sacks scheme a team could collect from 2,000 properties a day and with wheeled bins that reduced to 1,300 properties a day.

Members considered the current recycling of plastics through the waste collection service and the impact of contamination of those plastic types with other plastic products or other items. It was reported to the Committee that it was intended to arrange for Members to visit recycling facilities nearby in order to develop the knowledge of Members about the processes involved and thereby enable them to address enquiries from Members of the public and to encourage policy development.

The extent of the increase in recycling rates within 2019/20 was commented upon. In April 2019, prior to the roll out commencing, recycling rates were at 28% and in October (after the roll out) they were at 41%. Figures for November 2019 onwards were not available to the Committee. The Committee asked about the appropriate targets for 2020/21. Notwithstanding that, it was reported that the budget for 2020/21 included an addition £60K of recycling credits for the Council.

Separate figures on recycling rates among those still on the black sack service, for instance those in flats, were not kept by the service. However, the incentive to recycle by limiting waste collection to a fortnightly 180L amount was not there for those households. Some flats had red and green wheelie bins in their communal bin areas following a request to recycle from one or more residents there. In addition, green canvass carry bags were available for residents in those flats to carry recyclables to the communal bin areas.

Veolia's representatives responded to a question to indicate that if a plastic bottle deposit and return scheme were to be introduced it would have a significant impact on its services. The likely impact would though need to be assessed for each separate contract it had with local authorities.

Glass recycling had increased locally and a question was asked about the provision of further recycling points in response to that increase. The whole range of recycling bring sites in the District was to be looked at including whether options to provide more opportunities on existing or new sites was to be considered; the Committee was advised.

In respect of the Council's green waste collection service, the Committee was advised that the amount of waste collected had risen since 2017/18 from 297 tonnes to 3000 tonnes per year and was continuing to grow. Veolia was now introducing a third collection round due to the expansion of the scheme. The charge levied locally appeared to be about right when considering the charges levied elsewhere in Essex and the known movement in those charges in the coming period.

In respect of Clinical Waste, the Committee was advised that the service had been in operation for about one year, although by GBH and not by Veolia. Those self-medicating and who needed to dispose of sharps and dressings with bodily fluid that would be dangerous to add to the general waste would be able to use the clinical waste service provided. Nappies and incontinence pads would normally be able to be disposed of in general waste.

Following discussion, the Committee **RECOMMENDED TO CABINET:**

a) To note, based on experience locally from the previous major change in waste collection arrangements, this Committee appreciated that the 2019 roll out of the wheelie bins/new waste service was always going to have some pain. However, that pain was more than it should otherwise have been. What contributed to this included:

- Insufficient/overloaded communication channels in to the Council to report problems and timely responses to those enquiries.
- Problems with staffing in the team and particularly recruitment to temporary contract posts.
- The consequences of the route changes implemented by Veolia (the Council's contractor) to accommodate the changed waste collection service.

However, the Committee acknowledges the hard work of Officers to address and overcome those issues and to achieve the current position, which is one the Committee

wishes to record as moving positively to the good standard expected. Cabinet is recommended to seek to capture learning from this roll out for the delivery of future major change in service delivery.

b) To request the Portfolio Holder for Environment to write to Essex County Council in an effort to address the continuing issue of the littering from waste being moved from the waste transfer stations by or on behalf of the Waste Disposal Authority and the related cleansing of that litter on the A120 around that waste transfer station.

c) To consider this Committee's disappointment at the limited statements provided to it as to the Portfolio Holder's future ambition for the service; including improving recycling levels further over the remainder of the contract and to request that a report on this ambition/vision be submitted to this Committee in September 2020.

d) To arrange for the submission of proposals for revised targets for recycling rates in the District for 2020/21, as part of the Council's Performance Monitoring System, to this Committee's meeting on 23 March 2020 (and that comparable recycling rates be reported to the Committee from the other Districts in Essex and any appropriate commentary on the prospect of such rates being achieved in Tendring where the rates are higher than locally).

e) To pursue the stated intention of arranging a site visit for all Councillors to waste and recycling centres as part of developing understanding by Councillors of these activities and this site visit should be organised prior to September 2020.

f) That the clear information should be provided to residents on the recycling processes of material collected from homes in the District, further information be provided on practical waste minimisation measures for residents and that, in time, a summary of the Council's Climate Reduction measures be provided to all households (perhaps with the annual Council Tax Notification).

[Note: In accordance with the decision of Council of 10 September 2019, Minute 59 refers, the outcome of this scrutiny review is also to be reported to the next following meeting of the Council.]

55. 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.

56. REVIEW OF THE WORK PROGRAMME

The Committee had before it the latest Work Programme 2019/20 that outlined the scrutiny to be undertaken by the Committee in the remainder of the municipal year. In presenting this work programme to the Committee, it was invited to determine whether the programme needed to be adjusted, including items covered, the scope of the programmed reviews and whether Portfolio Holders or others were to be invited to

present to them. Specific information requirements of Councillors to undertake the programed reviews should also be identified as should any 'Councillor Development' requirements.

The Committee **RESOLVED** that the following be added to its Work Programme accordingly:

- 1) Review how the Council was performing on major projects (from initiation, finalisation, approval, delivery, completion and evaluation) – to be determined;
- 2) Proposals for revised targets for recycling rates in the District for 2020/21, as part of the Council's Performance Monitoring System, (and comparable recycling rates from the other Districts in Essex and any appropriate commentary on the prospect of such rates being achieved in Tendring where the rates are higher than locally) - 23 March 2020 meeting;
- 3) The Portfolio Holder for the Environment's future ambition for the waste collection service; including improving recycling levels further over the remainder of the contract – September 2020 meeting; and
- 4) The review of the proposed cemetery extension should be expanded to include the Crematorium site provision of resting arrangements and memorials (including vaults and mausoleums).

The meeting was declared closed at 10.36 pm

Chairman

RESOURCES AND SERVICES OVERVIEW AND SCRUTINY COMMITTEE

16 MARCH 2020

REPORT OF HEAD OF DEMOCRATIC SERVICES & ELECTIONS

A.1 CALL-IN – FUNDING OF THE CHANGES TO THE MEMBERS’ ALLOWANCES SCHEME 2019/20

(Report prepared by Ian Ford and Lisa Hastings)

1.0 PURPOSE OF THE REPORT

To enable the Committee to scrutinise an Executive Decision made in respect of the funding of the cost in 2019/20 of the changes to the Members’ Scheme of Allowances agreed by Full Council on 21 January 2020, which has been called-in.

2.0 BACKGROUND

At its meeting held on 21 February 2020 (Minute 120 refers) the Cabinet, inter alia, considered the Financial Performance Report – In Year Performance against the Budget at end of the Third Quarter 2019/20 and Long Term Financial Forecast Update and made the following Executive Decision:

“RESOLVED that –

(a) *in respect of the financial performance against the budget at the end of December 2019:*

- (1) *the current position be noted;*
- (2) *the proposed adjustments to the budget, that include a contribution to the Forecast Risk Fund of £0.446m, as set out in Appendix H to item A.3 of the Report of the Corporate Finance and Governance Portfolio Holder, be agreed; and*
- (3) *the use of £0.041m of the contribution to the Forecast Risk Fund of £0.446m to fund the cost in 2019/20 of the changes to the Members’ Scheme of Allowances agreed by Full Council on 21 January 2020 be agreed.*

(b) *in respect of the Updated Long Term Forecast:*

- (1) *the updated forecast be agreed, which includes the commitment to on-going support to external organisations within the principles set out in the Portfolio Holder’s report; and*
- (2) *the Resources and Services Overview and Scrutiny Committee be consulted on the updated long term forecast.”*

The Report and Appendices from the Corporate Finance and Governance Portfolio Holder which Cabinet took into account when making its decision are attached as Appendices 1 and 2 to this report. Appendix H to the Portfolio Holder’s report is the most relevant to the Decision and this call-in.

Resolution (a) (3) “the use of £0.041m of the contribution to the Forecast Risk Fund of £0.446m to fund the cost in 2019/20 of the changes to the Members’ Scheme of Allowances agreed by Full Council on 21 January 2020 be agreed” of the above Decision has been called in by Councillors Bush, I J Henderson and Placey and is to be the subject of scrutiny by this Committee. The Call-in Notice submitted by those Councillors is attached as Appendix 3 to this report.

In calling in the decision, those councillors did so on the basis that in their opinion the decision failed to meet one or more of the assessment criteria as set out in Overview and Scrutiny Procedure Rule 17(b). The criteria identified with stated reasons for the scrutiny is as follows:

(iv) The decision maker did not take into account relevant considerations or other material factors and therefore, the decision is unreasonable:

Reasons: The Independent remuneration Panel had already factored in the increased work load due to the reduction in the size of the council when recommending the increase to basic allowances in May 2019. At that time the panel’s recommendation was ‘to increase by 7.5% to reflect additional work from ward changes and increased numbers of constituents which is more comparable to the mean and medium of basic allowance paid by other councils given a recommended amount payable from the 1st May 2019.’

This being the case the reason expressed by the leader of the council that the latest increase reflects the increased work load brought about by the reduction in the size of the council is not valid as this issue was addressed by the previous increase.

Therefore, in our opinion, the use of savings identified in the budget to fund this increase in Members’ allowances would be unreasonable in these circumstances.

(v) The decision is contrary to a previously agreed decision made in Full Council, which has not been superseded by a subsequent decision

Reasons: as above

(vii) The decision was not taken in accordance with the principles set out in Article 13 (Decision Making) of the Constitution:

Reasons: We believe that the report of the IRP which was accepted with the approval of the above mentioned recommendation to raise allowances in May 2019 constitutes a consultation and the latest decision ignores it. Furthermore, the leader of the council failed to put the proposal that resulted in this latest decision to the IRP for consideration prior to implementation.

In our opinion the £41,000 would be better used offsetting the 10 year budget deficit, reducing this year’s amount from £450,000 to £409,000.

As required by sub-paragraph (b) of the Overview and Scrutiny Procedure Rule 17 (Part 5.27 of the Constitution) Councillors Bush, Henderson and Placey confirmed that they did not wish to enter into mediation.

3.0 COURSES OF ACTION OPEN TO THE COMMITTEE

When the Committee has considered the decision, sub-paragraphs (j), (k) and (l) of the Overview and Scrutiny Procedure Rule 17 (Part 5.29 of the Constitution) give the Committee three different options:

1. Having had regard to the advice of the Monitoring Officer, the Committee considers the decision is contrary to the Council's Budget or Policy Framework, at which point it refers the matter to the next practicable meeting of the Council, subject to the provisions of the Council Procedure Rules; or
2. The Committee decides to ask the decision maker (i.e. Cabinet in this instance) to reconsider their decision, at which point the decision maker (Cabinet) must do so within fifteen working days following the meeting; or
3. The Committee does not wish to refer the matter back to the decision maker (Cabinet) or to Council, at which point the decision is deemed to be confirmed and takes effect immediately following the meeting.

The Committee cannot amend the decision.

4.0 ADVICE OF THE MONITORING OFFICER

In accordance with Article 6 of the Constitution, each Overview and Scrutiny Committee will, amongst other functions, review or scrutinise executive decisions made by the Cabinet.

It is important to highlight that the Call-in process applies to the Decision made at Cabinet on 21st February 2020, which relates to the identification of the funding for the cost in 2019/20 of the changes to the Members' Allowance Scheme, which was agreed by Full Council on 21st January 2019. The Call-in procedure is not to scrutinise a decision of Full Council.

The Constitution requires that where a call-in is requested the Councillors requesting the call-in shall state whether they consider the decision is contrary to the Budget and Policy Framework. In this case Councillors Bush, I J Henderson and Placey, the callers-in, have stated that they do not believe the decision contravenes the Budget or Policy Framework.

Neither the Monitoring Officer nor the Section 151 Officer considers that the decision taken by the Cabinet on 21st February 2020 was contrary to the Budget and Policy Framework. The Council will be responsible for the adoption of its Budget and Policy Framework as set out in Article 4. Once a Budget or Policy Framework is in place, it will be the responsibility of the Cabinet to implement it.

5.0 RECOMMENDED

That the Committee notes the contents of the above report, scrutinises the called-in decision and decides which course of action in Section 3.0 above it wishes to take.

RESOURCES AND SERVICES OVERVIEW AND SCRUTINY COMMITTEE

16 MARCH 2020

LIST OF APPENDICES FOR REPORT OF HEAD OF DEMOCRATIC SERVICES & ELECTIONS

A.1 **CALL-IN – FUNDING OF THE CHANGES TO THE MEMBERS’ ALLOWANCES SCHEME 2019/20**

Appendix 1 – Report of the Corporate Finance and Governance Portfolio Holder submitted to the Cabinet.

Appendix 2 – Appendices to the Portfolio Holder’s Report.

Appendix 3 – Call-in Notice submitted by Councillors Bush, I J Henderson and Placey

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

21 FEBRUARY 2020

REPORT OF CORPORATE FINANCE AND GOVERNANCE PORTFOLIO HOLDER

A.3 FINANCIAL PERFORMANCE REPORT – IN-YEAR PERFORMANCE AGAINST THE BUDGET AT END OF THE THIRD QUARTER 2019/20 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 2019 and to present an updated long term forecast.

EXECUTIVE SUMMARY

- These regular finance reports present the overall financial position of the Council by bringing together in-year budget monitoring information and timely updates on the development of the long term forecast.
- Therefore 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 2019*
 - 2) *An updated long term financial forecast*

In respect of the in-year financial position at the end of December 2019:

- The position to the end of December 2019, as set out in more detail within the appendices, shows that overall the General Fund Revenue Account is underspent against the profiled budget by **£2.864m**. 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 on-going long term financial forecast.
- Some necessary changes to the budget have been identified which are set out in **Appendix H**, with an associated recommendation included within this report. The net impact of all of the budget adjustments is a surplus of **£0.446m**.

- In addition to the adjustments included within **Appendix H**, it is also proposed to fund the cost of the changes to the Members' scheme of allowances that was agreed at Full Council on 21 January 2020. The total cost is **£0.041m** in 2019/20 and it is proposed to fund this from the net surplus of **£0.446m** highlighted above.
- After taking the above into account, the net budget surplus at the end of December 2019 is revised to **£0.405m**, which is proposed to be contributed to the Forecast Risk Fund.
- Subject to the recommendations set out below, as at the end of the third quarter a total of **£0.335** would have been contributed to the fund over the course of the whole year. This is **£0.165m** short of the required target of **£0.500m** set out in the long term forecast, which hopefully is a gap that can be closed over the remaining quarter of the year, especially in light of the comment immediately below.
- 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.

In respect of the updated long term financial forecast:

- The most up to date position for 2020/21 was considered by Full Council on 11 February 2020 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 2020/21, 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 much earlier in the financial cycle.
- As highlighted later on in this report, the long term forecast and on-going base budget continues to reflect support to external organisations, such as those who benefit from the CAROS scheme. As included in the recommendations, this commitment will remain in place but may need to be revisited in the later years of the forecast as is the case with all other budget lines.

- Although the detailed budget for 2020/21 was considered by Full Council on 11 February, the forecast remains an on-going task going into 2021/22 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 2019, it is recommended that:

- (a) The position be noted;**
- (b) the proposed adjustments to the budget, that include a contribution to the Forecast Risk Fund of £0.446m, as set out in Appendix H be agreed; and**
- (c) subject to (b) above, agrees to use £0.041m of the contribution to the Forecast Risk Fund of £0.446m to fund the cost in 2019/20 of the changes to the Members' Scheme of Allowances agreed at Full Council on 21 January 2020.**

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

- (a) The updated forecast be agreed, which includes the commitment to on-going support to external organisations within the principles set out within this report; and**
- (b) That subject to a) above, the Resources and Service Overview and Scrutiny Committee be consulted on the updated long term forecast.**

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 2019, 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;
- New legislation placing unfunded duties on the Council or reducing the level of the Council's 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.

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 **£3.253m** will have been set aside by the end of 2019/20 within the Forecast Risk Fund to support the budget in future years. 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 continue to 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 over the life of the forecast if required. 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.

Set against the above foundations, the original long term forecast was based on the need to identify on-going savings of **£0.300m** each year. Due to changes to the forecast such as an unexpected increase in on-going costs pressures in 2020/21 to a level significantly above the **£0.150m** 'allowance', this savings figure has been increased to **£0.450m** per year. This increase is required to ensure that an annual surplus can still be delivered over the life of the forecast.

This savings 'target' will still need to remain flexible and react 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 longer term 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 **£1.758m** (Business Rates Resilience Reserve) and **£1.000m** (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.

To support the forecast, sensitivity testing has been undertaken which is set out in more detail later in this report.

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 THE THIRD QUARTER OF 2019/20

The Council's financial position against the approved budget has been prepared for the period ending 31 December 2019.

This is the third such report on the Council's financial position against the budget for 2019/20, 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 budget
- HRA Revenue
- Capital Programme – General Fund
- Capital Programme - HRA
- Collection Performance
- Treasury Activity
- Garden Communities / NEGC Project

GENERAL FUND REVENUE

The position to the end of December 2019, as set out in more detail in the Executive Summary attached, shows that there is an overall net underspend of **£2.864m**.

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

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

- Income achieved to date remains ahead of the profile in areas such as investment income (**£0.092m**), parking (**£0.128m**), planning (**£0.146m**), Building Control (**£0.019m**) and at the crematorium (**£0.036m**). This income position is offsetting areas of reduced income such as across cemeteries (**£0.061m**) and the career track service (**£0.053m**). Where necessary, adjustments to the budget have been included within **Appendix H** to reflect these latest income positions.
- Similarly to the position at the end of quarter 2, additional costs of responding to planning appeals / inquiries continue to be incurred. In addition to the total adjustment of **£0.313m** made in 2019/20 so far to date, a further budget adjustment of **£0.130m** is proposed at the end of the third quarter. This adjustment is included within **Appendix H** along with an associated adjustment to the planning income budget mentioned above to offset this continuation of increased costs.

In addition to the items highlighted above, **Appendix H** also sets out a number of other proposed budget adjustments that respond to both favourable and adverse issues that have emerged over the third quarter of the year along with supporting new initiatives, with some highlights as follows:

- The provision of additional staff capacity within the Waste and Recycling Team along with the purchase of additional recycling boxes / bins to respond to customer demand – total cost **£0.105m** met from the new homes bonus previously set aside to support the roll out of the new service.
- The establishment of a new Urban and Rural Infrastructure Fund – total amount set aside of **£1.184m** met from the 2019/20 New Homes Bonus grant.
- The establishment of a new Tendring Community Fund in 2020/21 – total amount set aside of **£0.500m** met from the 2020/21 New Homes Bonus grant.
- Proposed Contribution to the Women’s Cycling Tour 2020 - **£0.100m** is proposed to be set aside subject to a separate report.
- Increased recycling credit income of **£0.050m**, reflecting increased recycling rates from the operation of the new waste and recycling service.
- Business Rate Income – net additional income of **£0.383m** is expected to be receivable, primarily as a result of the Council’s membership of the Essex Business Rates Pool.

The net overall position set out in **Appendix H**, which includes vacancy savings accruing to date of **£0.108m**, results in a proposed net contribution to the Forecast Risk Fund of **£0.446m**.

At its meeting on 21 January 2020, Full Council agreed a number of increases to the Members’ Scheme of Allowances in 2019/20 and resolved that:

The implementation of the proposed amendments will remain subject to identifying the necessary funding of £0.041m, which will be considered as part of the Financial Performance Report for Quarter 3 2019/20

Given the overall favourable position set out in **Appendix H** and the associated contribution to the Forecast Risk fund of **£0.446m**, the cost of the increases in Members’ allowances of **£0.041m** can be accommodated within this overall budgetary position. Therefore a recommendation is set out above that reflects this adjustment, which results in the net contribution to the Forecast Risk Fund reducing to **£0.401m**.

HRA REVENUE

An overall position is set out in the Executive Summary with further details included in **Appendix C**. At the end of December 2019, the HRA is showing a small net underspend of **£0.005m**. Although not standing out within the overall figures set out in the appendices, rental income is currently under recovered by **£0.091m**. This is an estimated figure as information was unable to be extracted from the housing rents system for the period to the end of December due to software issues that the relevant supplier is being consulted on. However, the position will be monitored over the remainder of the year with updates provided to Members as necessary.

CAPITAL PROGRAMME – GENERAL FUND

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

As at the end of December 2019 the programme is broadly on target against the profiled position, although a highlight is the office rationalisation project where the timing of expenditure is different to that initially anticipated. Detailed comments are provided within the appendix against this scheme along with the other projects where necessary.

One net neutral change to the budget relates to the purchase of additional recycling boxes / bins as previously highlighted, which is set out in **Appendix H**.

CAPITAL PROGRAMME – HOUSING REVENUE ACCOUNT

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

As at the end of December 2019 the programme is behind profile by **£0.428m**.

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.

In respect of the New Build Initiatives / Acquisitions Scheme and the new homes in Jaywick Sands, both of these schemes are being supported by the use of 'one for one' capital receipts that the Council is able to retain from right to buy sales. As mentioned earlier in the year, there is currently a three year deadline imposed by the Government by which Local Authorities have to spend the money retained under the 'one for one' scheme, but the Government are considering extending this to as much as five years. Notwithstanding this, 'spend by dates' are included in **Appendix D**, which the Council needs to remain alert to. For completeness and to support the financial monitoring process, a new table setting out further details of the 'one for one' receipts received and the important milestones has now been included within the same appendix. Wherever possible, the receipts will be targeted towards a more strategic approach, but the option of purchasing properties on the open market remains a fall-back position to ensure the money retained from right to buy sales stays in the district and not paid over to the Government.

COLLECTION PERFORMANCE

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

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**.

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. However, as set out in **Appendix H** it is proposed to increase the investment income budget for 2019/20 by a further **£0.100m** that reflects the treasury performance achieved to date.

GARDEN COMMUNITIES / NEGC PROJECT

In following on from the information provided within the financial performance report at the end of the second quarter, a summary of the financial position relating to the NEGC Project is set out in **Appendix I**. This has now been expanded to include more detail along with the associated income position. This will remain subject to further updates as part of future financial performance reports and within separate reports associated with this major project as it continues to develop.

SECTION 2 – UPDATED LONG TERM FORECAST

The detailed budget for 2020/21, which was based on the most up to date financial forecast was considered and agreed by Full Council on 11 February 2020.

Although the budget for 2020/21 has now been agreed, the forecast for 2021/22 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 2020/21, against which the 2021/22 forecast and beyond will be developed.

The risk assessment of each line-of the forecast has also been reviewed (**Appendix K**) and it is recognised that there remains a number of potential adverse issues that the Council could face going into 2021/22 and beyond, not least the outcome from the Government's fair funding review and associated changes to the business rates retention model.

Given the increased funding required to meet unavoidable cost pressures in 2020/21, it may signal the need to increase the cost pressure 'allowance' in future years. This will remain under review and will need to be balanced against the annual savings target also built into the forecast.

The forecast remains based on responding to cost pressures relating to the Council's assets outside of the 'base' revenue position by utilising the associated fund of **£1.134m** that has been set aside for this purpose.

It is also proposed to deal with one-off projects and initiatives that support the Council's priorities outside of the 'base' revenue position by using one off money and/or the reprioritisation of existing budgets where necessary. The above approach will also be supported by the Council's newly adopted business case / project initiation processes, which will include the consideration of maximising the use of existing resources or external funding where possible.

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 2020/21. 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 and 2018/19 the requirement to contribute **£0.500m** to the Forecast Risk Fund was delivered.

In respect of 2019/20 to date, net contributions to the Forecast Risk Fund total **£0.335m**, made up of:

- **£0.077m** contributed to the fund as reported at end of June 2019.
- **£0.147m** contribution from the fund as reported at the end of September 2019.
- **£0.405m** proposed contribution to the fund at the end of December 2019 as set out in **Appendix H** and after taking into the account funding of the increase in Members' allowances highlighted earlier in the report.

The shortfall to date in 2019/20 of **£0.165m** remains subject to the outturn position for 2019/20, where it may be possible to identify the required net underspends to meet this cost. If not, then the final position for the year will need to be reflected in the revised forecast going into 2020/21 and beyond.

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

Year	Net Overall Position as Set out in the Updated Forecast (at the end of September 2019)	Latest Net Overall Position
2021/22	£0.935m (Deficit)	£0.842m (Deficit)
2022/23	£0.651m (Deficit)	£0.509m (Deficit)
2023/24	£0.365m (Deficit)	£0.172m (Deficit)
2024/25	£0.076m (Deficit)	£0.169m (Surplus)
2025/26	£0.215m (Surplus)	£0.515m (Surplus)
2026/27	£0.507m (Surplus)	£0.867m (Surplus)

Although subject to changes in future years, the forecast moves to an annual surplus position from 2024/25, slightly ahead of the forecast presented earlier in the year, primarily due to estimated increases in underlying funding growth and the overall favourable position reflected in the 2020/21 budget.

Appendix J 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. However this position has benefited from the increased collection fund estimated performance in 2020/21. The level of this reserve will need to be considered in light of this and set against the savings target currently built into 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 within these reports that enables timely action to be taken in response to any adverse issues that may

emerge. It is also important to highlight that the continuing delivery of the long term forecast provides 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.

In terms of a longer term rolling forecast, it is proposed to review the current position in 2023 and consider extending the forecast period out beyond 2026/27.

2020/21 represents year 4 of the 10 year long term financial plan, which set out to protect as far as reasonable possible the Council's front line services. It is also important to highlight that although further investment in the Council's corporate priorities will be considered in the first half of 2020/21, the long term plan has enabled the Council to continue to deliver good quality affordable services as well as continue to provide support to external organisations such as the CAB and those in receipt of a grant from the CAROS scheme.

The remaining 6 years of the forecast continues to reflect such support to external organisations, and in respect of the CAROS Scheme it will continue on the following key principles:

- Those currently in receipt of a CAROS grant will continue to receive support.
- Those now occupying TDC property but not currently in CAROS will be eligible to join the scheme until 2023.
- No new properties will be able to make applications and all existing outstanding leases will need to be agreed by 2023.
- No organisation can benefit from both a CAROS grant and stepped / tapered rent. The most beneficial option to the external organisation will be applied.
- The scheme to continue based on the existing condition of offsetting the rent payable to £500 or 25% (whatever is the greater)
- For organisations to be considered for support as part of any future review, there must be a valid lease in place.

As mentioned earlier, it is proposed to review the long term forecast in 2023 which would see 3 to 4 years to go until the end of the original 10 year plan. This will provide an opportune time to review the Council's financial position going forward, including key budgets such as the support to external bodies set against the financial position of the Council at that time.

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 Budget

Appendix I – NEGC Project - Financial Summary

RELATING TO SECTION 2 OF THE REPORT

Appendix J – Updated Long Term Financial Forecast

Appendix K – Risk Analysis of Each Line of the Forecast

Tendring District Council



Appendices Included:

Executive Summary	A summary of the overall position.
Appendix A	A summary of the overall position by Portfolio/Committee split by GF and HRA
Appendix B	An analysis by Department of all General Fund Revenue budgets.
Appendix C	An analysis of Housing Revenue Account Revenue budgets.
Appendix D	The position to date for General Fund and HRA capital projects.
Appendix E	Collection Performance
Appendix F	Treasury activity.
Appendix G	Income from S106 Agreements.
Appendix H	Proposed Adjustments to the Budget
Appendix I	NEGC Project - Financial Summary

Financial Performance Report In-Year Performance as at end of:

December 2019

(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)

Financial Performance Report - Executive Summary as at the end of December 2019

The tables below show the summary position for the General Fund, Housing Revenue Account, Capital, Collection Performance 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	175,890	131,918	129,448	(2,469)
Corporate Services	(23,020,360)	(7,922,426)	(9,688,780)	(1,766,355)
Operational Services	16,179,160	7,218,307	7,120,322	(97,985)
Planning and Regeneration	6,665,310	2,278,430	1,280,900	(997,530)
Total General Fund	0	1,706,229	(1,158,110)	(2,864,339)

Housing Revenue Account

	Full Year Budget £	Profiled Budget to Date £	Actual to Date £	Variance to Profile £
Total HRA	0	(6,149,347)	(6,154,774)	(5,426)

Capital

	Full Year Budget £	Profiled Budget to Date £	Actual to Date £	Variance to Profile £
General Fund	13,767,200	4,485,727	4,739,719	253,992
Housing Revenue Account	6,711,690	4,045,732	3,617,298	(428,433)
Total Capital	20,478,890	8,531,459	8,357,018	(174,441)

Collection Performance

	Collected to Date Against Collectable Amount
Council Tax	82.25%
Business Rates	81.36%
Housing Rents	97.20%
General Debt	88.94%

Treasury

	£'000
Total External Borrowing	40,654
Total Investments	66,494

Revenue Budget Position at the end of December 2019

General Fund Portfolio / Committee Summary

	2019/20 Current Full Year Budget £	2019/20 Profiled Budget to date £	2019/20 Actual to date £	2019/20 Variance to Profile £
Leader	5,170,650	1,864,045	877,403	(986,641)
Corporate Finance and Governance	2,552,360	2,066,336	976,020	(1,090,316)
Environment and Public Space	7,040,510	3,431,941	2,914,729	(517,212)
Housing	3,287,970	3,321,251	2,473,620	(847,631)
Partnerships	658,090	219,678	244,022	24,344
Business and Economic Growth	2,885,890	457,112	448,965	(8,147)
Leisure and Tourism	6,198,080	1,151,690	1,704,493	552,803
Independent Living	345,170	420,053	423,478	3,425
Budgets Relating to Non Executive Functions	810,730	323,545	427,414	103,869
	28,949,450	13,255,651	10,490,144	(2,765,506)
Revenue Support for Capital Investment	5,621,020	0	0	0
Financing Items	(5,995,220)	(320,746)	(422,645)	(101,900)
Budget Before use of Reserves	28,575,250	12,934,905	10,067,499	(2,867,406)
Contribution to / (from) earmarked reserves	(15,018,680)	0	0	0
Total Net Budget	13,556,570	12,934,905	10,067,499	(2,867,406)
Funding:				
Business Rates Income	(4,469,610)	(4,384,414)	(4,381,448)	2,966
Revenue Support Grant	(421,920)	(287,006)	(286,905)	101
Collection Fund Surplus	(709,650)	(567,720)	(567,720)	0
Income from Council Tax Payers	(7,955,390)	(5,989,536)	(5,989,536)	0
Total	0	1,706,229	(1,158,110)	(2,864,339)

Revenue Budget Position at the end of December 2019

HRA Portfolio Summary

	2019/20 Current Full Year Budget	2019/20 Profiled Budget to date	2019/20 Actual to date	2019/20 Variance to Profile
	£	£	£	£
Housing	(1,756,450)	(6,149,347)	(6,154,774)	(5,426)
	(1,756,450)	(6,149,347)	(6,154,774)	(5,426)
Financing Items	1,756,120	0	0	0
Budget Before use of Reserves	(330)	(6,149,347)	(6,154,774)	(5,426)
Contribution to / (from) earmarked reserves	330	0	0	0
Total	(0)	(6,149,347)	(6,154,774)	(5,426)

Financial Performance Report - General Fund Budget Position at the end of December 2019

Department - Office of Chief Executive

	2019/20 Current Full Year Budget £	2019/20 Profiled Budget to date £	2019/20 Actual to date £	2019/20 Variance to Profile £	Next Quarters Profile £	Comments
<u>Analysis by Type of Spend</u>						
Direct Expenditure						
Employee Expenses	170,260	127,695	127,940	245	0	
Transport Related Expenditure	2,820	2,115	1,430	(685)	705	
Supplies & Services	2,810	2,108	78	(2,029)	702	
Total Direct Expenditure	175,890	131,918	129,448	(2,469)	1,407	
Net Direct Costs	175,890	131,918	129,448	(2,469)	1,407	
Total for Office of Chief Executive	175,890	131,918	129,448	(2,469)	1,407	

Department - Office of Chief Executive

	2019/20 Current Full Year Budget £	2019/20 Profiled Budget to date £	2019/20 Actual to date £	2019/20 Variance to Profile £	Comments
<u>Analysis by Service/Function</u>					
Total for Office of Chief Executive	175,890	131,918	129,448	(2,469)	

Financial Performance - General Fund Budget Position at the end of December 2019

Department - Corporate Services

	2019/20 Current Full Year Budget £	2019/20 Profiled Budget to date £	2019/20 Actual to date £	2019/20 Variance to Profile £	Next Quarters Profile £	Comments
<u>Analysis by Type of Spend</u>						
Direct Expenditure						
Employee Expenses	7,124,970	3,954,505	3,771,768	(182,737)	3,099,760	
Premises Related Expenditure	423,400	271,980	247,148	(24,832)	151,420	
Transport Related Expenditure	86,800	81,047	65,395	(15,652)	5,753	
Supplies & Services	8,220,550	2,940,488	2,596,949	(343,539)	5,306,572	
Transfer Payments	46,044,940	30,649,160	30,327,817	(321,343)	15,395,780	
Interest Payments	29,240	15,549	10,132	(5,416)	13,692	
Total Direct Expenditure	61,929,900	37,912,729	37,019,210	(893,520)	23,972,976	
Direct Income						
Government Grants	(50,597,030)	(32,885,420)	(33,763,852)	(878,432)	(17,711,610)	
Other Grants, Reimbursements and Contributions	(1,423,640)	(1,167,720)	(1,062,285)	105,435	(255,920)	
Sales, Fees and Charges	(16,650)	(5,990)	(14,575)	(8,585)	(10,660)	
Rents Receivable	(5,730)	(4,315)	(265)	4,050	(1,415)	
Interest Receivable	(651,580)	(543,034)	(639,404)	(96,370)	(108,546)	
RSG, Business Rates and Council Tax	(13,556,570)	(11,228,676)	(11,225,609)	3,067	(2,327,894)	
Total Direct Income	(66,251,200)	(45,835,155)	(46,705,990)	(870,835)	(20,416,045)	
Net Direct Costs	(4,321,300)	(7,922,426)	(9,686,780)	(1,764,355)	3,556,931	
Net Indirect Costs	(3,680,380)	0	(2,000)	(2,000)	(3,680,380)	
Net Contribution to/(from) Reserves	(15,018,680)	0	0	0	(15,018,680)	
Total for Corporate Services	(23,020,360)	(7,922,426)	(9,688,780)	(1,766,355)	(15,142,129)	

Department - Corporate Services

	2019/20 Current Full Year Budget £	2019/20 Profiled Budget to date £	2019/20 Actual to date £	2019/20 Variance to Profile £	Comments
<u>Analysis by Service/Function</u>					
Total for Deputy Chief Executive and Administration	(1,100)	179,910	187,115	7,205	
Total for Governance and Legal Services	(850)	239,283	218,130	(21,153)	Please see Appendix H for an adjustment between salary and agency staff budgets to reflect the current use of temporary staff within the service.
Total for Finance, Revenues and Benefits	1,870,040	2,355,412	1,477,252	(878,160)	Although adjusted for as part of the year end subsidy reconciliation process, Housing Benefit payments to claimants are lower than budgeted at the end of December 2019 reflecting a lower caseload following the move to universal credit. In addition, employee costs are lower than budgeted as the service continues to adjust its capacity to respond to this reduction in housing benefit caseload, which will continue over the next few years.
Total for Finance - Other Corporate Costs	2,608,380	(2,922,339)	(3,565,752)	(643,413)	Although the budget has already been adjusted earlier in the year, Investment income has continued to grow over the third quarter of the year and is ahead of the profiled budget by £92k at the end of December. This is in addition to new burdens grant income and business rates grant income (£849k). The increase in investment income is included as an in-year budget adjustment as set out in Appendix H.
Total for Finance - Financing Items	(16,542,700)	202,120	205,828	3,708	

Department - Corporate Services

	2019/20 Current Full Year Budget £	2019/20 Profiled Budget to date £	2019/20 Actual to date £	2019/20 Variance to Profile £	Comments
Total for Finance - RSG, Business Rates and Council Tax	(13,556,570)	(11,228,676)	(11,225,609)	3,067	
Total for Property Services	240,180	190,512	201,936	11,423	
Total for People, Performance and Projects	490,600	486,392	531,484	45,092	The position to date primarily reflects the Career Track Service. Following the Government's recent relaxation of the rules about which external organisations can access the Council's Career Track Service, it is hoped that the customer base will grow in the medium term to reach a break-even position. However it is accepted that there will be an interim period where the service may report a net deficit. This will be monitored over the last quarter of the year and going into 2020/21.
Total for IT and Corporate Resilience	758,550	1,673,796	1,277,254	(396,543)	Variations in this service area continue to broadly reflect the timing of the delivery of a number of projects and initiatives associated with various strands of the digital transformation project.
Total for Democratic Services	1,113,110	901,165	1,003,582	102,417	The current position reflects expenditure incurred to deliver the recent Parliamentary election which is reimbursable by the Government.
Total for Corporate Services	(23,020,360)	(7,922,426)	(9,688,780)	(1,766,355)	

Financial Performance Report - General Fund Budget Position at the end of December 2019

Department - Operational Services

	2019/20 Current Full Year Budget £	2019/20 Profiled Budget to date £	2019/20 Actual to date £	2019/20 Variance to Profile £	Next Quarters Profile £	Comments
<u>Analysis by Type of Spend</u>						
Direct Expenditure						
Employee Expenses	9,587,050	7,061,189	7,333,791	272,601	2,525,861	
Premises Related Expenditure	3,155,630	2,300,053	2,233,950	(66,103)	855,577	
Transport Related Expenditure	469,870	285,671	334,274	48,604	184,200	
Supplies & Services	4,545,860	2,781,165	3,148,329	367,164	1,764,695	
Third Party Payments	4,895,370	2,840,301	2,843,974	3,673	2,055,069	
Transfer Payments	263,160	199,875	328,729	128,854	63,285	
Total Direct Expenditure	22,916,940	15,468,254	16,223,048	754,794	7,448,686	
Direct Income						
Government Grants	(658,860)	(496,750)	(496,753)	(3)	(162,110)	
Other Grants, Reimbursements and Contributions	(1,362,640)	(810,105)	(996,143)	(186,038)	(552,535)	
Sales, Fees and Charges	(8,240,970)	(6,530,271)	(7,180,542)	(650,271)	(1,710,699)	
Rents Receivable	(318,310)	(248,476)	(268,377)	(19,901)	(69,834)	
Direct Internal Income	(206,780)	(143,165)	(147,862)	(4,697)	(63,615)	
Total Direct Income	(10,787,560)	(8,228,767)	(9,089,677)	(860,911)	(2,558,793)	
Net Direct Costs	12,129,380	7,239,487	7,133,370	(106,117)	4,889,893	
Net Indirect Costs	4,049,780	(21,180)	(13,048)	8,132	4,070,960	
Total for Operational Services	16,179,160	7,218,307	7,120,322	(97,985)	8,960,853	

Department - Operational Services

	2019/20 Current Full Year Budget £	2019/20 Profiled Budget to date £	2019/20 Actual to date £	2019/20 Variance to Profile £	Comments
<u>Analysis by Service/Function</u>					
Total for Corporate Director and Administration Operational Services	659,680	308,365	281,070	(27,295)	
Total for Public Realm	1,714,470	517,005	255,790	(261,215)	Income from car parks (£128k) and at the crematorium (£36k) are running ahead of the budget at the end of the quarter. However as was the case at the end of the second quarter, this position is offsetting reduced cemetery income of £61k at the end of December. In addition to these income items, expenditure remains behind profile for items such as building repairs and employee costs.
Total for Customer and Commercial Services	511,940	572,620	521,297	(51,323)	
Total for Sports and Leisure	3,145,180	415,154	635,230	220,075	Two items are included in Appendix H that respond to this overall deficit position (increase in utility costs and external income to support the Mayflower celebrations to meet spend already incurred). However, achieving income budgets remains a challenge for the service, with a proposed response currently being considered for reporting to members later in the year as part of the overall Leisure Strategy.

Department - Operational Services

	2019/20 Current Full Year Budget £	2019/20 Profiled Budget to date £	2019/20 Actual to date £	2019/20 Variance to Profile £	Comments
Total for Housing and Environmental Health	2,877,800	1,318,616	1,183,136	(135,480)	A significant element of the variance to date relates to underspends against employee budgets along with a contribution receivable from ECC. This does however mask increases in homelessness costs which are now running £44k ahead of the profiled budget, which will be monitored over the last quarter of the year.
Page 37 Total for Building and Engineering	7,270,090	4,086,547	4,243,800	157,252	The primary variance to date (£428k) is due to the in-house Engineering Team undertaking work within the Council (mainly work previously undertaken by the main housing repairs contractor, Roalco, who went into liquidation last year) which has not yet been charged out. Work remains ongoing as part of a number of strands of work within the in-house team to process the recharges on a per job basis. This work needs to be completed by the end of the year to provide an accurate annual position for 2019/20 as part of the wider year end account closedown processes. At the present time it is assumed that the work undertaken will be accommodated within the existing budget in the Housing Revenue Account. In addition to the above, recycling credit income has moved ahead of the budget (£32k) along with income from garden waste (net £77k).
Total for Operational Services	16,179,160	7,218,307	7,120,322	(97,985)	

Financial Performance Report - General Fund Budget Position at the end of December 2019

Department - Planning and Regeneration

	2019/20 Current Full Year Budget £	2019/20 Profiled Budget to date £	2019/20 Actual to date £	2019/20 Variance to Profile £	Next Quarters Profile £	Comments
<u>Analysis by Type of Spend</u>						
Direct Expenditure						
Employee Expenses	2,450,370	1,741,795	1,630,772	(111,023)	708,575	
Premises Related Expenditure	28,770	24,580	22,103	(2,477)	4,190	
Transport Related Expenditure	54,690	45,865	24,873	(20,992)	8,825	
Supplies & Services	4,883,823	1,825,030	1,116,727	(708,303)	3,058,793	
Third Party Payments	870	0	0	0	870	
Total Direct Expenditure	7,418,523	3,637,270	2,794,476	(842,795)	3,781,253	
Direct Income						
Government Grants	(52,960)	(52,960)	(52,978)	(18)	0	
Other Grants, Reimbursements and Contributions	0	0	(7,000)	(7,000)	0	
Sales, Fees and Charges	(1,696,983)	(1,261,802)	(1,412,958)	(151,156)	(435,181)	
Rents Receivable	(56,510)	(44,078)	(40,639)	3,439	(12,432)	
Total Direct Income	(1,806,453)	(1,358,840)	(1,513,575)	(154,735)	(447,613)	
Net Direct Costs	5,612,070	2,278,430	1,280,900	(997,530)	3,333,640	
Net Indirect Costs	1,053,240	0	0	0	1,053,240	
Total for Planning and Regeneration	6,665,310	2,278,430	1,280,900	(997,530)	4,386,880	

Department - Planning and Regeneration

	2019/20 Current Full Year Budget £	2019/20 Profiled Budget to date £	2019/20 Actual to date £	2019/20 Variance to Profile £	Comments
<u>Analysis by Service/Function</u>					
Total for Corporate Director	600	84,315	98,707	14,392	
Total for Planning and Customer Services	22,590	1,144,945	988,970	(155,975)	The variance to date is primarily against employee budgets which are proposed to be used to support the cost of agency staff over the remainder of the year. (See Appendix H)
Total for Planning and Development	1,832,100	(501,102)	(455,309)	45,793	Planning income is running £146k ahead of the profiled budget at the end of the third quarter. It is however masking the continuation of increased costs responding to planning appeals / inquiries. These items have been included as in-year adjustments within Appendix H.
Total for Planning Policy	1,643,580	908,212	47,039	(861,174)	The position to date primarily reflects the timing of expenditure associated with the development of the Local Plan.
Total for Building Control	174,880	20,042	(13,215)	(33,258)	Income continues to remain ahead of the budget at the end of December 2019. (£19k)
Total for Regeneration	2,991,560	622,017	614,709	(7,308)	
Total for Planning and Regeneration	6,665,310	2,278,430	1,280,900	(997,530)	

Financial Performance Report - Housing Revenue Account Budget Position at the end of December 2019

Housing Revenue Account

	2019/20 Current Full Year Budget £	2019/20 Profiled Budget to date £	2019/20 Actual to date £	2019/20 Variance to Profile £	Next Quarters Profile £	Comments
<u>Analysis by Type of Spend</u>						
Direct Expenditure						
Employee Expenses	1,090,540	496,560	472,428	(24,132)	593,980	
Premises Related Expenditure	3,533,870	2,443,059	2,439,799	(3,260)	1,090,811	
Transport Related Expenditure	20,370	15,278	23,028	7,751	5,093	
Supplies & Services	524,600	247,641	196,717	(50,924)	276,959	
Third Party Payments	1,030	773	0	(773)	258	
Transfer Payments	17,000	12,750	10,850	(1,900)	4,250	
Interest Payments	1,413,490	685,214	656,886	(28,328)	728,276	
Total Direct Expenditure	6,600,900	3,901,275	3,799,708	(101,567)	2,699,625	
Direct Income						
Other Grants, Reimbursements and Contributions	(8,000)	0	(1,612)	(1,612)	(8,000)	
Sales, Fees and Charges	(533,920)	(396,207)	(378,883)	17,324	(137,714)	
Rents Receivable	(12,843,320)	(9,654,416)	(9,573,987)	80,429	(3,188,905)	
Interest Receivable	(51,600)	0	0	0	(51,600)	
Total Direct Income	(13,436,840)	(10,050,622)	(9,954,481)	96,141	(3,386,218)	
Net Direct Costs	(6,835,940)	(6,149,347)	(6,154,774)	(5,426)	(686,593)	
Net Indirect Costs	6,835,610	0	0	0	6,835,610	
Net Contribution to/(from) Reserves	330	0	0	0	330	
Total for HRA	0	(6,149,347)	(6,154,774)	(5,426)	6,149,347	

Housing Revenue Account

	2019/20 Current Full Year Budget £	2019/20 Profiled Budget to date £	2019/20 Actual to date £	2019/20 Variance to Profile £	Comments
<u>Analysis by Service/Function</u>					
Total for Finance - Financing Items	1,756,120	0	0	0	
Total for Corporate Director and Administration Operational Services	591,340	52,574	46,129	(6,445)	
Total for Customer and Commercial Services	(47,570)	(84,000)	(66,903)	17,097	
Total for Housing and Environmental Health	(6,217,010)	(8,234,938)	(8,229,876)	5,062	
Total for Building and Engineering	3,917,120	2,117,017	2,095,877	(21,140)	
Total for HRA	0	(6,149,347)	(6,154,774)	(5,426)	

Financial Performance Report - General Fund Capital Programme

Position at the end of December 2019

	Total Budget Allocated to Scheme* £	2019/20 Current Full Year Budget £	2019/20 Profiled Budget to date £	2019/20 Actual to date £	2019/20 Variance to Profile £	Comments
Expenditure						
Business and Economic Growth Portfolio						
SME Growth Fund Capital Grants	43,250	43,250	0	0	0	All funding has now been committed against qualifying projects, with funding to be drawn down by recipients at agreed milestones.
Starlings and Milton Road Redevelopment	1,599,180	1,599,180	6,610	6,608	(2)	Ground investigations are continuing in support of the next significant project milestone, which is the assembly of the necessary land.
Total for Business and Economic Growth Portfolio	1,642,430	1,642,430	6,610	6,608	(2)	
Corporate Finance and Governance Portfolio						
Audit management software	2,230	2,230	0	0	0	
Joint HR and Payroll System	1,780	1,780	0	0	0	
Information and Communications Technology Core Infrastructure	355,210	190,210	41,407	63,903	22,496	This capital sum, together with the IT strategic Investment budget below are now fully committed during 2019/20 to the office transformation network re-design and investment works and essential hardware upgrades, including the Council's security firewalls.

Financial Performance Report - General Fund Capital Programme

Position at the end of December 2019

	Total Budget Allocated to Scheme* £	2019/20 Current Full Year Budget £	2019/20 Profiled Budget to date £	2019/20 Actual to date £	2019/20 Variance to Profile £	Comments
IT Strategic Investment	35,180	35,180	0	20,567	20,567	See Information and Communications Technology Core infrastructure comment re: office transformation network re-design.
Agresso e-procurement	84,000	84,000	0	0	0	
Individual Electoral Registration - Scanning Equipment	1,560	1,560	0	0	0	
Enhanced Equipment replacement - Printing and Scanning	15,860	12,250	9,650	9,652	2	
Office Rationalisation	1,038,440	1,006,680	371,065	550,013	178,948	Expenditure on transformation is running slightly ahead of profile as work at Barnes house and Westleigh House have both completed and work at the Town Hall continues. Payments are likely to slow over the next two months and expenditure will continue reasonably uniformly to the end of the project with an amount of carry forward to be requested to allow for the lag of payments against work and the completion of the project in the next financial year.
Total for Corporate Finance and Governance Portfolio	1,534,260	1,333,890	422,122	644,136	222,013	

Financial Performance Report - General Fund Capital Programme Position at the end of December 2019

	Total Budget Allocated to Scheme* £	2019/20 Current Full Year Budget £	2019/20 Profiled Budget to date £	2019/20 Actual to date £	2019/20 Variance to Profile £	Comments
Environment and Public Space Portfolio						
Cranleigh Close, Clacton, landscaping works	7,830	7,830	6,000	5,997	(3)	
Environmental Health Database Migration	5,250	5,250	0	0	0	The Service is reviewing this budget as part of the wider Digital Transformation Project.
Public Access Module to CAPS	54,140	54,140	0	0	0	The Service is reviewing this budget as part of the wider Digital Transformation Project.
Laying Out Cemetery	168,470	0	0	640	640	The works element of this project has been profiled to 2020/21.
Crematorium and Cemeteries Road Works	163,000	163,000	131,810	131,811	1	Remaining works to commence March 2020.
Bath House Meadow Play Area, Walton	4,870	4,870	0	0	0	Works finished, with retention due to be paid.
Changing Place Facilities, Walton	1,500	1,500	1,500	1,551	51	Scheme Complete.
Resurfacing Works, Off Valley Road	6,770	6,770	640	635	(5)	Remaining works to be completed by March 2020.

Financial Performance Report - General Fund Capital Programme Position at the end of December 2019

	Total Budget Allocated to Scheme* £	2019/20 Current Full Year Budget £	2019/20 Profiled Budget to date £	2019/20 Actual to date £	2019/20 Variance to Profile £	Comments
Waste Collection Wheeled Bins	945,870	945,870	945,870	996,738	50,868	Main rollout of wheeled bins complete. Further purchases made to meet the requirement for additional recycling containers and bins with budget adjustment included in App H.
Bath House Meadow Security Measures	20,000	20,000	0	0	0	Project due to commence February 2020.
Factoron Multi-Storey car park repairs	180,000	180,000	0	0	0	This scheme remains under review as costs estimated at more than the budget - opportunities to re-scale the project are being explored.
Public Convenience Works	40,000	40,000	0	0	0	Demolition and Refurbishment works expected to be completed by March 2020.
Total for Environment and Public Space Portfolio	1,597,700	1,429,230	1,085,820	1,137,373	51,553	
Housing Portfolio						
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.

Financial Performance Report - General Fund Capital Programme Position at the end of December 2019

	Total Budget Allocated to Scheme* £	2019/20 Current Full Year Budget £	2019/20 Profiled Budget to date £	2019/20 Actual to date £	2019/20 Variance to Profile £	Comments
Housing in Jaywick	498,750	498,750	30,663	30,659	(4)	
Private Sector Renewal Grants/Financial Assistance Loans	325,260	325,260	22,660	22,655	(5)	
Disabled Facilities Grants	7,439,960	5,168,960	1,168,210	1,168,206	(4)	
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 as part of the Council's wider investment plan.
Total for Housing Portfolio	8,559,480	6,276,480	1,221,532	1,221,520	(12)	
Independent Living Portfolio						
Careline - Replacement Telephone System	37,210	37,210	360	356	(4)	
Total for Independent Living Portfolio	37,210	37,210	360	356	(4)	

Financial Performance Report - General Fund Capital Programme

Position at the end of December 2019

	Total Budget Allocated to Scheme* £	2019/20 Current Full Year Budget £	2019/20 Profiled Budget to date £	2019/20 Actual to date £	2019/20 Variance to Profile £	Comments
Leisure and Tourism Portfolio						
Replacement of beach hut supports - The Walings	11,620	0	0	0	0	
Princes Theatre Toilets	40,000	40,000	0	0	0	Project rolled into the main office transformation project with delivery scheduled in 20/21.
Town Centre Fountain	160,000	160,000	0	0	0	Alternative options for this site remain under consideration as part of the Council's wider investment plan and priorities.
Dovercourt Bay Lifestyles CCTV	49,500	49,500	49,500	26,000	(23,500)	The project is under spent by £23K as a cheaper option was procured out of 2 potential camera types. It is proposed to utilise £15K of the under spend to fund the purchase of gym equipment as it would provide a cheaper option than the alternative of leasing it.
CLC - Spa and Wetside Re-development	525,000	525,000	0	0	0	A contract administrator has been appointed. Specification is now being written with a target to send out for tender before the end of the financial year.
Venetian Bridge Clacton	0	0	0	9,620	9,620	Works Complete.
New Beach Huts	64,600	64,600	0	0	(0)	Project awaiting completion of lease agreement before building of huts can commence.

Financial Performance Report - General Fund Capital Programme Position at the end of December 2019

	Total Budget Allocated to Scheme* £	2019/20 Current Full Year Budget £	2019/20 Profiled Budget to date £	2019/20 Actual to date £	2019/20 Variance to Profile £	Comments
Cliff Stabilisation Scheme	2,108,320	2,108,320	1,640,930	1,640,933	3	
Marine Parade West Clacton Cliff Works	49,380	49,380	9,590	9,584	(6)	
Wood Wall, Walton On The Naze	7,590	7,590	5,693	3,500	(2,193)	Works Complete.
Purchase of Street Cleansing Equipment	43,570	43,570	43,570	40,090	(3,480)	
Total for Leisure and Tourism Portfolio	3,059,580	3,047,960	1,749,283	1,729,727	(19,555)	
Total Approved General Fund Capital Programme	16,430,660	13,767,200	4,485,727	4,739,719	253,992	

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

Financial Performance Report - Housing Revenue Account Capital Programme Budget Position at the end of December 2019

	2019/20 Current Full Year Budget £	2019/20 Profiled Budget to date £	2019/20 Actual to date £	2019/20 Variance to Profile £	Comments
Improvements, enhancement & adaptation of the Council's housing stock	3,215,410	2,309,060	2,242,832	(66,229)	
IT Upgrade & Replacement	20,000	2,820	3,117	297	
Disabled Adaptations	458,210	326,617	296,003	(30,614)	
Cash Incentive Scheme	60,000	0	0	0	
New Build Initiatives and Acquisitions	1,951,260	525,424	186,733	(338,691)	
Jaywick Sands - New Build/Starter Homes	1,006,810	881,810	888,613	6,803	
Total Housing Revenue Account Capital Programme	6,711,690	4,045,732	3,617,298	(428,433)	

New-Build and Acquisitions - Subject to 1-4-1 Pooling Retained Receipts Regulations

MHCLG Target Date for Expenditure	Required Expenditure to meet MHCLG Target				Remaining Expenditure Required to Meet MHCLG Target
	30 % 1-4-1 Receipts to Retain from MHCLG £	70 % Expenditure Required by TDC £	Total Expenditure Required to Retain Receipts £	Total Actual Expenditure by TDC £	Total Expenditure £
31/12/2019	30,646	71,506	102,152	102,152	0
31/03/2020	124,070	289,496	413,566	413,566	0
30/06/2020	82,820	193,246	276,066	276,066	0
30/09/2020	160,839	375,291	536,130	466,990	69,140
31/12/2020	381,031	889,074	1,270,105	0	1,270,105
31/03/2021	45,057	105,136	150,193	0	150,193
30/09/2022	185,551	432,954	618,505	0	618,505
31/12/2022	113,411	264,626	378,037	0	378,037
Cumulative Expenditure	1,123,425	2,621,329	3,744,754	1,258,774	2,485,980

Collection Performance : Position at the end of December 2019

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

Council Tax			Business Rates																																
<table border="1"> <caption>Council Tax Collection Performance</caption> <thead> <tr> <th>Quarter</th> <th>2018/19</th> <th>2019/20</th> </tr> </thead> <tbody> <tr> <td>Quarter 1</td> <td>29.44%</td> <td>30.64%</td> </tr> <tr> <td>Quarter 2</td> <td>56.09%</td> <td>55.86%</td> </tr> <tr> <td>Quarter 3</td> <td>82.52%</td> <td>82.25%</td> </tr> <tr> <td>Quarter 4</td> <td>96.96%</td> <td></td> </tr> </tbody> </table>			Quarter	2018/19	2019/20	Quarter 1	29.44%	30.64%	Quarter 2	56.09%	55.86%	Quarter 3	82.52%	82.25%	Quarter 4	96.96%		<table border="1"> <caption>Business Rates Collection Performance</caption> <thead> <tr> <th>Quarter</th> <th>2018/19</th> <th>2019/20</th> </tr> </thead> <tbody> <tr> <td>Quarter 1</td> <td>30.48%</td> <td>30.21%</td> </tr> <tr> <td>Quarter 2</td> <td>56.40%</td> <td>55.03%</td> </tr> <tr> <td>Quarter 3</td> <td>81.42%</td> <td>81.36%</td> </tr> <tr> <td>Quarter 4</td> <td>97.92%</td> <td></td> </tr> </tbody> </table>			Quarter	2018/19	2019/20	Quarter 1	30.48%	30.21%	Quarter 2	56.40%	55.03%	Quarter 3	81.42%	81.36%	Quarter 4	97.92%	
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Treasury Activity : Position at the end of December 2019

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	306	0	49	257	
Long Term PWLB Borrowing - HRA	41,770	0	1,373	40,397	
TOTAL BORROWING	42,076	0	1,422	40,654	
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	47,000	214,400	206,600	54,800	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)	12,470	33,024	33,800	11,694	At the end of the period, investments were held with 7 counterparties.
Investments with non-UK Financial institutions	0	0	0	0	
Total Investments for less than a year	59,470	247,424	240,400	66,494	
<i>Investments for longer than a year</i>	0	0	0	0	
TOTAL INVESTMENTS	59,470	247,424	240,400	66,494	
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	22	10	10	0	The weighted average rate of interest on the Council's GF borrowing is currently 7.81%. (on an accrued basis).
Interest Paid on Borrowing - HRA	1,413	685	657	(28)	The weighted average rate of interest on the Council's HRA borrowing is currently 3.42%. (on an accrued basis)
Interest Received on Investments	(456)	(359)	(451)	(92)	The weighted average rate of interest being received on the Council's investments is currently 0.84%. (on an accrued basis)
PRUDENTIAL INDICATORS					
	Approved Indicator £'000	Highest amount reached in the period £'000	Comments		
Authorised limit for external borrowing	76,455	42,076	Borrowing has remained within approved limits.		
Operational boundary for external borrowing	67,704				

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 2019/20 (including accrued interest as appropriate) £'000
Capital Schemes	
Cranleigh Close, Clacton - landscaping works	8
Valley Road, Car Park Resurfacing	7
Revenue Schemes and other Contributions	207
TOTAL	222

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	2
Affordable Housing	0	0	0	652
Town Centre Improvements	0	0	0	43
Habitat Protection	0	0	0	3
Open Space*	2	3	43	1,105
TOTAL	2	3	43	1,805

* For schemes with a 'spend by' date of less than one year, this money must be spent as follows
£2,000 by November 2020

Proposed Adjustments to the Budget December 2019

Description	Expenditure Budget £	Income Budget £	Reason for Adjustment
GENERAL FUND REVENUE			
<i>The following items have no net impact on the overall budget</i>			
Grant receivable from Greater Anglia to support the Mayflower celebrations		(45,000)	Grant funding is expected from Greater Anglia to support this major event.
Creation of an expenditure budget for the Mayflower celebrations	45,000		
Planning agency staff	235,000		This adjustment reflects the estimated cost of employing agency staff for the period up to the end of March 2020 to maintain current service levels, given the on-going recruitment and retention issues within this area.
Local Development Framework Budget	(73,000)		
Planning staff vacancies	(162,000)		
to establish 2 additional fixed term contract posts (12 months) within the waste and recycling team to continue to promote recycling and provide administrative support along with allowing for an increase in the 2019/20 Revenue Contributions to the Capital Programme budget to reflect demand for recycling bins / boxes.	105,200		It is proposed to use the existing New Homes Bonus that was originally set aside to support the roll out of the new waste service to provide additional capacity within the team and to provide the necessary budget to provide bins / boxes (£224k would remain within the earmarked New Homes Bonus budget after this proposed adjustment and is in-line with the mitigation of the cost pressure relating to the supply of recycling bins / boxes that was included within the 2020/21 budget)
Use of New Homes Bonus	(105,200)		
Planning Appeals	130,000		Following on from the position reported at the end of the first and second quarters, costs are being incurred to support the Council in defending appeals and responding to inquiries. This cost is proposed to be met from increases in the underlying planning income budget being experienced so far to date.
Planning Income		(130,000)	
Legal Services agency staff	40,000		To reflect the use of temporary staff in the short term to provide the necessary capacity within the service following the recent loss of a permanent member of staff.
Legal Services staff vacancies	(40,000)		

Appendix H

Description	Expenditure Budget £	Income Budget £	Reason for Adjustment
Establishment of a New Urban and Rural Infrastructure Fund	1,184,310		This commits the full New Homes Bonus grant for 2019/20 to projects that link improvements in infrastructure to the unlocking of economic growth. Projects will be considered against this key criteria over the coming months and will be subject to separate reports as necessary.
New Homes Bonus Budget 2019/20	(1,184,310)		
Establishment of a New Tending Community Fund <u>in 2020/21</u>	500,000		This allocation is made from the £1.514m New Homes Bonus receivable from the Government in 2020/21 and aims to support community groups and organisations that in turn support our residents and local communities.
New Homes Bonus Budget <u>in 2020/21</u>	(500,000)		
Total General Fund Revenue with no net impact on the overall budget	175,000	(175,000)	

The following items will be adjusted against the Forecast Risk Fund			
General price increases relating to utility bills	73,440		To reflect price increases over the year which also replicates a cost pressure item built into the budget for 2020/21
Parks Improvement fund	22,710		This represents Government grant funding received in 2018/19 that was not ring-fenced to associated projects with the money being 'lost' within the overall general fund outturn position for that year. However the funding should have been carried forward in line with the grant expectations which this proposed adjustment corrects and enables the associated projects to be delivered this year.
Women's Cycle Tour 2020	100,000		To set aside funding to support the potential hosting of this event in 2020. The use of this funding is subject to a separate PFH report which is also expected to include a wider cycling festival style event.
Investment Income		(100,000)	Investment returns are running ahead of the budget with this proposed adjustment reflecting the estimated increase in income over 2019/20.
Use of waste transfer station along A12	(20,250)		As included within the 2020/21 budget, a saving on the waste contract budget is achievable following ECC agreeing terms for the use of their waste transfer site along the A12.

Description	Expenditure Budget £	Income Budget £	Reason for Adjustment
Increased recycling credit income		(50,000)	To reflect the improvements in the recycling rate and the knock on benefit of increased recycling credit income receivable from ECC.
Council tax benefit recoverable from prior years		(10,000)	This replicates an item built into the 2020/21 budget where income is receivable from adjustments to council tax accounts from the period prior to the introduction of the Local Council Tax Support Scheme.
Increased costs of operating recycling bring bank sites	30,000		This replicates an item already included in the 2020/21 budget that reflects the increase in costs due to the volatility of the recycling market where if the price of materials falls, then the Council has to pay for it to be collected rather than receiving income for it.
Estimated net business rates income for the year		(383,470)	This budget adjustment reflects the most up to date position in terms of income from business rates, including the estimated benefit in 2019/20 of continuing to a member of the Essex wide business rates pool.
Adjustment to Employee budgets	(107,970)		This adjustment reflects vacancies accrued during the year to date along with the most up to date standby and overtime payments and staff restructures.
Net Contribution <u>to</u> the Forecast Risk Fund	445,540		

Description	Expenditure Budget £	Income Budget £	Reason for Adjustment
GENERAL FUND CAPITAL			
Schemes Reprofiled			
None			
Other Changes to General Fund Capital Programme			
Increase in budget for recycling bins/boxes	50,870		Increase to an existing budget reflecting the Revenue Contribution to Capital adjustment set out above.
Total General Fund Capital Adjustment with no net impact on the overall budget	50,870		

HRA REVENUE			
The following items will be adjusted against the HRA General Balance			
None			

HRA CAPITAL			
None			

Financial Performance Report - Budget Position at the end of December 2019

Financial Summary - North Essex Garden Communities Project

	2019/20 Current Full Year Budget £	2019/20 Profiled Budget to date £	2019/20 Actual to date £	2019/20 Variance to Profile £	Comments
<u>Analysis by Type of Spend</u>					
Direct Expenditure					
Employee Expenses	417,166	292,800	295,464	2,664	
Premises Related Expenditure	165,263	142,838	137,666	(5,172)	
Transport Related Expenditure	42,333	60,000	30,167	(29,833)	
Supplies and Services	1,406,434	1,085,128	1,081,714	(3,414)	
Total Direct Expenditure	2,031,196	1,580,766	1,545,011	(35,755)	
Direct Income					
Government Grants	(600,000)	(600,000)	-	600,000	£550k announced in Jan 2020
Other Income	-	-	(3,000)	(3,000)	
Other Grants, Reimbursements and Contributions					
ECC	(150,000)	(150,000)	-	150,000	£150k invoiced in Jan 2020
CBC	(150,000)	(150,000)	-	150,000	
BDC	(350,000)	(350,000)	(350,000)	-	
TDC	(350,000)	(350,000)	(350,000)	-	
Total Direct Income	(1,600,000)	(1,600,000)	(703,000)	897,000	
Use of Reserves	(431,196)	-	(842,011)	(842,011)	
Net Direct Costs	-	(19,234)	-	19,234	
<u>Analysis by Activity</u>					
Local Plan / DPD	1,207,522	955,714	942,496	(13,218)	
Overheads	437,235	328,402	323,346	(5,056)	
Delivery Strategy	386,439	296,650	279,169	(17,481)	
Total Direct Expenditure	2,031,196	1,580,766	1,545,011	(35,755)	

UPDATED LONG TERM FINANCIAL FORECAST

APPENDIX J

Line	Budget 2017/18 £	Budget 2018/19 £	Budget 2019/20 £	Budget 2020/21 £	Estimate* 2021/22 £	Estimate 2022/23 £	Estimate 2023/24 £	Estimate 2024/25 £	Estimate 2025/26 £	Estimate 2026/27 £
Underlying Funding Growth in the Budget										
1	(0.136)	(0.147)	(0.151)	(0.158)	(0.165)	(0.168)	(0.171)	(0.175)	(0.178)	(0.182)
2	(0.090)	(0.086)	(0.082)	(0.079)	(0.077)	(0.074)	(0.071)	(0.067)	(0.064)	(0.060)
3	0.000	(0.131)	(0.110)	(0.110)	(0.136)	(0.138)	(0.141)	(0.144)	(0.147)	(0.150)
4	(0.148)	(0.293)	(0.576)	(0.365)	(0.187)	(0.198)	(0.208)	(0.219)	(0.230)	(0.242)
5	(0.218)	(0.652)	(0.710)	(1.360)	(0.100)	(0.100)	(0.100)	(0.100)	(0.100)	(0.100)
	(0.592)	(1.309)	(1.629)	(2.072)	(0.665)	(0.678)	(0.691)	(0.705)	(0.719)	(0.734)
Net Cost of Services and Other Adjustments										
6	0.914	0.580	0.648	(0.007)	0.429	0.000	0.000	0.000	0.000	0.000
7	(0.155)	(0.315)	(0.112)	0.013	(0.393)	0.000	0.000	0.000	0.000	0.000
8	(0.020)	0.218	0.652	0.710	1.360	0.100	0.100	0.100	0.100	0.100
9	0.125	0.514	0.635	0.615	0.374	0.378	0.382	0.387	0.391	0.395
10	0.000	0.088	0.221	0.231	0.163	0.167	0.172	0.177	0.182	0.188
11	(0.268)	(0.055)	(0.115)	0.000	(0.090)	0.000	0.000	0.000	0.000	0.000
12	0.000	(0.049)	(0.055)	0.000	(0.036)	0.000	0.000	0.000	0.000	0.000
13	0.000	(0.150)	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000
14	(0.100)	0.000	0.000	(0.045)	0.000	0.000	0.000	0.000	0.000	0.000
15	0.287	0.374	(0.069)	1.103	0.000	0.000	0.000	0.000	0.000	0.000
16	(0.879)	(0.290)	(0.328)	(0.301)	(0.450)	(0.450)	(0.450)	(0.450)	(0.450)	(0.450)
17	1.046	0.114	0.153	0.884	0.150	0.150	0.150	0.150	0.150	0.150
18	0.000	(0.134)	(0.118)	(1.157)	0.000	0.000	0.000	0.000	0.000	0.000
	0.950	0.895	1.512	2.045	1.507	0.346	0.355	0.364	0.373	0.382
Net Total	0.358	(0.414)	(0.117)	(0.027)	0.842	(0.333)	(0.337)	(0.341)	(0.346)	(0.352)
Add back Use of Reserves / Forecast Risk Fund in Prior Year	0.200	0.558	0.144	0.027	(0.000)	0.842	0.509	0.172	(0.169)	(0.515)
Net Budget Position	0.558	0.144	0.027	(0.000)	0.842	0.509	0.172	(0.169)	(0.515)	(0.867)
Use of Forecast Risk Fund to support the Net Budget Position	(0.558)	(0.144)	(0.027)	0.000	(0.842)	(0.509)	(0.172)	0.169	0.515	0.867

* 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	(0.558)	(1.934)	(2.780)	(3.253)	(3.753)	(3.411)	(3.402)	(3.730)	(4.399)	(5.414)
Applied in year as set out in the forecast above	0.558	0.144	0.027	(0.000)	0.842	0.509	0.172	(0.169)	(0.515)	(0.867)
Additional contributions generated in year	(1.934)	(0.990)	(0.500)	(0.500)	(0.500)	(0.500)	(0.500)	(0.500)	(0.500)	(0.500)
Balance to Carry Forward	(1.934)	(2.780)	(3.253)	(3.753)	(3.411)	(3.402)	(3.730)	(4.399)	(5.414)	(6.780)

FORECAST SENSITIVITIES	2021/22	2022/23	2023/24	2024/25	2025/26	2026/27	Totals
	£	£	£	£	£	£	£
Forecast Budget Gap / (Surplus) from table above (BASE Position)	0.842	0.509	0.172	(0.169)	(0.515)	(0.867)	(0.027)
<i>Revised Forecast Budget GAP / (SURPLUS) in the event of the following possibilities</i>							
Council Tax Increase are lower by 1% per annum compared to the base	0.926	0.680	0.434	0.189	(0.059)	(0.308)	1.863
Property Growth does not grow over the life of the forecast	1.029	0.707	0.380	0.050	(0.285)	(0.625)	1.257
Property Growth is lower by 5% compared to the base	0.851	0.527	0.198	(0.134)	(0.471)	(0.814)	0.158
Inflation increases at a rate of +1% faster than the base	1.075	0.753	0.427	0.097	(0.238)	(0.579)	1.536
Inflation decreases at a rate of 1% slower than the base	0.609	0.265	(0.083)	(0.435)	(0.792)	(1.155)	(1.590)
Savings achieved are lower by 10% per annum compared to the base	0.887	0.599	0.307	0.011	(0.290)	(0.597)	0.918
Savings achieved are lower by 20% per annum compared to the base	0.932	0.689	0.442	0.191	(0.065)	(0.327)	1.863
Unmitigated Cost Pressures are greater by 10% per annum compared to the base	0.857	0.539	0.217	(0.109)	(0.440)	(0.777)	0.288
Unmitigated Cost Pressures are greater by 20% per annum compared to the base	0.872	0.569	0.262	(0.049)	(0.365)	(0.687)	0.603

Relevant line of the Forecast	RAG Assessment of Risk	Comments
Underlying Funding Growth in the Budget		
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 a 75% 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 remains significant.
Collection Fund Surpluses b/fwd		Following the latest review of the forecast and using the most up to date figures, collection fund surpluses of £1.360m have been included in the 2020/21 budget. This is expected to return to more modest amounts which 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)
Net Cost of Services and Other Adjustments		
Reduction in RSG		Given the unexpected revenue support grant in 2020/21, it is very unlikely to continue unless there was a further delay in the Government moving to the new business rates retention model. Therefore there is a fair degree of certainty in respect of this line of the forecast.
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)		It was initially hoped that the significant increases across 2018/19 and 2019/20 would limit further increases in the short term. However the recent pay claim submitted by the union sets out a figure of 10% for 2020/21. Therefore the inflationary allowance was increased to 2% in 2020/21 and 1.5% from 2021/22 onwards.
Inflation - Other		Although the Government's target CPI inflation is 2%, this is a long term target which will inevitably see fluctuations over short financial cycles. However 2% and 3% remain the basis for calculating an inflationary allowance for contracts and budgets that are based on either CPI or RPI respectively.
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. The item included in 2021/22 relates to the annual revenue savings expected from the disposal of Weeley Council Offices
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 with the total grant reducing to zero from 2021/22.
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.
On-going savings required		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. Although the long term forecast provides flexibility in the timing of the delivery of such savings, it is important that on-going savings continue to be secured to meet the amounts set out in the forecast.

Relevant line of the Forecast	RAG Assessment of Risk	Comments
Unmitigated Cost Pressures		<p>It is recognised that this line of the forecast presents one of the highest risks, especially given the amount of unavoidable cost pressures included in 2020/21. On-going revenue items remain the most difficult items to respond to. Although one-off items, such as those associated with repairing / refurbishing assets could also have a significant impact on the forecast, one-off funding has been made available elsewhere in the budget to support these costs which therefore contributes to the mitigation of this 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 £700k each year. This has been reflected in the forecast based on ECC's current commitment, but it may need to be increased based on future proposals put forward by ECC.</p> <p>To support the management of risks, the Council continues to resist using one-off money, such as the New Homes Bonus, to support the on-going base budget.</p>

OVERVIEW AND SCRUTINY PROCEDURE RULE 17 (CALL-IN)

PRESCRIBED FORM FOR GIVING NOTICE OF A CALL-IN

OF AN EXECUTIVE DECISION

A notice of call-in must be made on the appropriate prescribed form or email (so long as the email addresses the relevant information required). To take effect valid notices must be submitted to Committee Services within five working days of the date of publication of the decision by either the Chairman of the relevant Overview & Scrutiny Committee or by three non-Cabinet Members of the Council.

TITLE OF EXECUTIVE DECISION THAT YOU WISH TO CALL-IN (AND WHO WAS THE DECISION MAKER)

Financial Performance Report – In Year Performance against the Budget at end of the Third Quarter 2019/20 and Long Term Financial Forecast Update (Cabinet – 21 February 2020 – Minute 120 Resolution (a)(3) - The use of £0.041m of the contribution to the Forecast Risk Fund of £0.446m to fund the cost in 2019/20 of the changes to the Members’ Scheme of Allowances agreed by Full Council on 21 January 2020)

IN YOUR OPINION HAS THE DECISION FAILED TO MEET ONE OR MORE OF THE FOLLOWING ASSESSMENT CRITERIA (AS SET OUT IN OVERVIEW AND SCRUTINY PROCEDURE RULE 17(b))	YES/ NO	IF YES, PROVIDE REASONS TO SUPPORT WHY THE ISSUE NEEDS TO BE SCRUTINISED?
(i) The decision-maker has failed to consult relevant people, or bodies, in contravention of defined Council policies or procedures.	NO	
(ii) The decision is contrary to the Council’s Budget or Policy Framework.	NO	
(iii) The decision is not consistent with Council policy.	NO	

<p>(iv) The decision-maker did not take into account relevant considerations or other material factors and therefore, the decision is unreasonable.</p>	<p>YES</p>	<p>The Independent remuneration Panel had already factored in the increased work load due to the reduction in the size of the council when recommending the increase to basic allowances in May 2019. At that time the panel's recommendation was 'to increase by 7.5% to reflect additional work from ward changes and increased numbers of constituents which is more comparable to the mean and medium of basic allowance paid by other councils given a recommended amount payable from the 1st May 2019.'</p> <p>This being the case the reason expressed by the leader of the council that the latest increase reflects the increased work load brought about by the reduction in the size of the council is not valid as this issue was addressed by the previous increase.</p> <p>Therefore, in our opinion, the use of savings identified in the budget to fund this increase in Members' allowances would be unreasonable in these circumstances.</p>
<p>(v) The decision is contrary to a previously agreed decision made in Full Council, which has not been superseded by a subsequent decision.</p>	<p>YES</p>	<p>As Above.</p>
<p>(vi) The decision is inconsistent with a previous Overview and Scrutiny recommendation that has been accepted by Cabinet or Council and that recommendation has not been superseded by a subsequent decision.</p>	<p>NO</p>	
<p>(vii) The decision was not taken in accordance with the principles set out in Article 13 (Decision Making) of the Constitution.</p>	<p>YES</p>	<p>We believe that the report of the IRP which was accepted with the approval of the above mentioned recommendation to raise allowances in May 2019 constitutes a consultation and the latest decision ignores it. Furthermore, the leader of the council failed to put the proposal</p>

		<p>that resulted in this latest decision to the IRP for consideration prior to implementation.</p> <p>In our opinion the £41,000 would be better used offsetting the 10 year budget deficit, reducing this year's amount from £450,000 to £409,000.</p>
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ARE YOU PREPARED TO ENTER INTO MEDIATION WITH THE RELEVANT CABINET MEMBER(S) AS ENCOURAGED IN OVERVIEW AND SCRUTINY PROCEDURE 17?	YES /NO	IF YES, WHAT ELEMENT OF THE DECISION AND/OR FURTHER INFORMATION WOULD YOU WISH TO DISCUSS AS PART OF THE MEDIATION?
	NO	

Signed (or attach to covering email) _____

Dated _____

Submit to democraticservices@tendingdc.gov.uk

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