	<b>REPORT TO CABINET TO BE HELD ON 12 SEPTEMBER 2017</b>	
	<b>Key Decision</b>	<b>Yes</b>
	<b>Forward Plan Ref No</b>	
<b>Corporate Priority - ALL</b>	<b>Cabinet Portfolio Holder</b>	<b>Cllr. Helen Mallory</b>

## REPORT OF THE DIRECTOR (NE) – 17/192

**WARDS AFFECTED: ALL**

**SUBJECT: FINANCIAL MONITORING TO JULY 2017 (1<sup>st</sup> PERIOD)**

### RECOMMENDATION (S):

Cabinet is recommended to:

- i) Note the report and in particular that:
  - Despite the setting of an extremely challenging budget a year end surplus of £273k is currently expected to be achieved;
  - Should Full Council have approved hosting the 2018 Tour De Yorkshire at its 4 September meeting (report ref 17/188) the £150k anticipated surplus from offstreet car parking outlined within this report will be earmarked to fund this event, reducing the uncommitted year end surplus to £123k;
  - The majority of income targets are being achieved;
  - The majority of savings identified as part of the 2017/18 budget setting process are being achieved but there are some exceptions which still require addressing;
  - The capital programme continues to operate within the overall parameters set in terms of contingency levels;
  - £20k of the Council's Capital Contingency Reserve balance has been utilised to fund the overspend on the Scarborough Indoor Market refurbishment.
  
- ii) Allocate the following Section 106 monies:
  - £27,745 indexation payments to the Eastside Community and Open Space Improvement Programme
  - £11,061 to a community cycle hub at Scarborough Railway station

- £1,995 to South Cliff Rose Garden
- iii) Note that, following the Tidal Surge on 13 January 2017, the Council has raised a claim for costs through the Bellwin scheme with DCLG. The Government has not yet recognised the tidal surge as a scheme that is eligible for Bellwin support and there is a significant risk that the Council will not recoup all (or any) of the costs that it has incurred.
  - iv) Delegate authority to the Directors (Nick Edwards and Lisa Dixon), in consultation with the portfolio holder for Leisure, Tourism and Culture, to enter into an agreement with the trustees of Scarborough Rugby Union Football Club to secure community use of the facility for a period of 20 years at a cost of £10,000 per annum (with the full amount of £200,000 being paid upfront) and to include the development of four new squash courts.

## **REASON FOR RECOMMENDATION(S):**

To provide information relating to the Council's financial performance for the 2017/18 year.

To ensure the continued provision of high quality facilities to promote health and fitness in the north of Scarborough Town.

## **HIGHLIGHTED RISKS:**

There are risks in respect of financial matters, primarily in respect of potential additional costs or underachieved income. These risks are mitigated by the monitoring procedures that are in place throughout the Council.

## **1. INTRODUCTION**

- 1.1 The Council is committed to a strong financial management culture that underpins the focus on continuous improvement. Regular monitoring of the Council's capital and revenue budgets, income collection and recovery of arrears, and level of reserves are key components of the performance management framework.
- 1.2 This report covers the first four months of the 2017/18 financial year from April to July 2017. It is important that all the data included within this report is carefully considered if we are to continue to embed the culture of continuous improvement within the organisation.
- 1.3 The report covers the following areas:
  - Financial Performance – Revenue Budget
  - Financial Performance – Capital Budget
  - Grants
  - Agreement to secure community use at Scarborough Rugby Club
  - Reserves

- Bellwin Scheme

## 2. CORPORATE AIMS/PRIORITIES AND THE COMMUNITY PLAN

2.1 The Council's capital and revenue budgets cover all Corporate Objectives.

## 3. BACKGROUND AND ISSUES

### 3.1 Financial Performance – Revenue Budget

3.1.1 The Council's revenue monitoring process concentrates on areas that are categorised as high risk due to their size, volatility or previous year's outturn. This report summarises all areas of concern and budgetary surpluses that are anticipated for the year, which have been identified through the budget monitoring exercise.

#### 3.1.2 Sales, Fees and Charges and External Rents (net of direct costs)

Sales, fees and charges and external rents (net of direct costs) have a full year budgetary target of £16.6m. Various factors can affect income levels and therefore they are closely monitored during the year.

#### 3.1.3 Salaries and Wages

The Council is budgeted to spend nearly £20m on salary and wages this year and therefore these costs are monitored closely.

#### 3.1.4 Other High Risk Areas

In addition to the two areas above, the budget monitoring process has identified other areas of concern and budgetary surpluses that are anticipated in the year. These are categorised as high risk as a result of their size, volatility or previous years' outturn. Items get added to this section as the year progresses if the financial monitoring outlines any material in year shortfalls or surpluses.

3.1.5 The table below summarises the position, per Directorate, of the areas outlined above. All other areas of revenue income and expenditure within the Council are currently expected to be in line with budget. **Appendix 1** of this report outlines, in greater detail, the key areas that are reviewed as part of the monitoring process.

Director	Appendix	Full Year Budget	Year to Date			Year End Forecast
			Actual	Budget	Surplus/ (Deficit)	
			£k	£k	£k	
Chief Executive	1.1	1,671	560	649	89	-
Director (Nick Edwards)	1.2	3,633	(464)	43	507	111
Director (Lisa Dixon)	1.3	1,307	519	525	7	18
Director (Vacant)	1.4	(1,654)	(832)	(603)	229	85

Corporate	1.5	2,319	1,679	2,278	599	59
<b>Total</b>		<b>7,276</b>	<b>1,462</b>	<b>2,893</b>	<b>1,431</b>	<b>273</b>

3.1.6 The table above outlines that a year end surplus of £273k is expected. The key variations from budget that are expected to occur this year are outlined below. Deficits to budget are shown in brackets and more details are provided in **Appendix 1** to this report. Aspects of those items highlighted with an \* may recur and will therefore be reviewed as part of the 2018/19 budget setting proposals.

#### **Chief Executive**

- (£15k) - external income target put forward in the 2016/17 budget proposals for Internal Audit unlikely to be achieved in full during the year.
- £15k – staffing savings as a result of reduced hours within the service.

#### **Director (Nick Edwards)**

- £37k – overall saving expected from commercial waste service through increased income (£22k) \* and staffing savings (£13k).
- (£36k) – reduced income from property rental portfolio as a result of void occupancies at both Skinner Street and the former Whitby Tourist Information Centre building, (the latter is now let).
- £58k – higher than expected administration subsidy for the administration of housing benefits and the localised support for council tax scheme \*
- £50k – higher than budgeted income from Scarborough Harbour activities \*

#### **Director (Lisa Dixon)**

- (£13k) – income shortfall from licences \*
- (£20k) – legal services external income shortfall \*
- £50k – salaries savings within benefits team as a result of vacant posts and maternity leave \*

#### **Director (Vacant)**

- (£84k) – reduced occupancy at Scarborough Indoor Market following the refurbishment works
- £36k – higher than expected planning fee income \*
- £150k – increased income from off street car parking \*
- (£10k) – income shortfall within the crematoria service
- £13k – increased income expected from caravan park sites
- (£21k) – non achievement of capital salary recharges with the regeneration team

#### **Corporate**

- £21k – surplus from universal credit funding
- £38k – surplus from new burdens funding

### 3.1.7 Tour De Yorkshire 2018

Full Council are being asked to accept Welcome to Yorkshire's offer to be a host city/town for the 2018 Tour de Yorkshire at a maximum cost of £150,000 (17/188). Should approval have been granted for this then it will be funded from anticipated surpluses from car parking revenue in the current financial year.

Should the decision be made to host the event then the forecasted year end outturn presented above would reduce from £273k to £123k.

### 3.1.8 Other key opportunities / threats

The following items have not been adjusted for within this forecasted outturn however will be carefully monitored throughout the rest of the year:

#### Opportunities

- Revenue contingency budgets – as part of the budget setting process it was noted that inflationary pressures and the general state of the economy would exert pressures on many areas of the council during the year. For this reason a contingency budget was created. At this stage it is assumed that this will be utilised in full throughout the year however this may not be the case.
- Housing Benefit Overpayments - collection of housing benefit debt has improved significantly over the last four years, which is particularly encouraging given the economic climate and recent changes to the benefits system. Unfortunately data for 2017/18 is not available at the time of writing this report but estimated calculations suggest that further savings should be made during this year.
- Business Rate revaluations - expenditure on business rates is below budget to date primarily as a result of one off refunds dating back to the 2010 valuation list. It is proposed that any one-off savings generated from successful business rate appeals will be invested within the Council's capital program.
- Low levels of investment have been made at Filey Brigg Caravan site over the last twelve months to make the customer offering more attractive. This has included putting hard ground standings in place in areas that are prone to flooding and this has meant that pitches that were previously unlettable during certain parts of the year are now available to customers. These works have led to a direct increase in revenue this year. There is still work to do at the site, some of which is required to ensure that fire regulations continue to be met, and this will be funded, were possible, from additional income generated by the site during the year. Any additional income in excess of this will be included as a surplus in the next monitoring report.

#### Threats

- The transformation board continue to progress with reviews of services but at the time of writing this report the budget savings required to meet the £120k transformation savings target have not yet been identified. It

is currently assumed that these will be delivered in the remainder of the year and finance officers are currently liaising with the team in relation to new income streams within the crematoria service.

- Review of public conveniences – this project is progressing and Whitby Town Council have recently taken on responsibility for some of the facilities within the town. Whilst upfront payments are being made to upgrade the facilities this will lead to on-going savings for the Council. There is a target to reduce costs by £100k this year and this report assumes that this saving will be delivered in full.

## **3.2 Financial Performance - Capital Budget**

3.2.1 **Appendix 2** sets out detailed information in relation to areas identified in the capital monitoring process and schemes with a value above £250k.

### **3.2.2 Completed schemes**

#### **Cell 1 Strategic Regional Coastal Monitoring**

This major scheme was originally established in 2011 to be carried out over the medium term. The works were fully funded through the Environment Agency (EA) with a budget of £2.596m.

The main objective was to collect and provide coastal monitoring data to aid coastal authorities between the Scottish Borders and Flamborough Head in managing coastal issues effectively. The monitoring data is vital to understand coastal processes and aid coastal defence scheme design and the monitoring of unprotected areas. The monitoring programme for cell 1 is part of a national programme covering the whole of the English coastline, which is split into 7 cells.

All objectives of the programme have been met and the success of the project nationally has led to the government extending funding for a further five years. Following the success of Cell 1, Scarborough Borough Council will remain the lead Authority for the extended program.

A small underspend of £26k has been achieved on this scheme as a result of refining monitoring activities in a more efficient manner. Officers have contacted the EA and requested that these savings be utilised by the Council to assist in the funding of other Coastal Protection schemes. A positive (verbal) response has been received to this request and, as part of the final funding claim to the EA, officers will formalise this request and hopefully receive written confirmation as to which scheme we can apply this funding to.

#### **Scarborough Market Redevelopment**

The redevelopment of Scarborough Indoor Market is now structurally completed and, whilst the retention is still to be paid and some minor works are still to be completed, the project can be reported as complete.

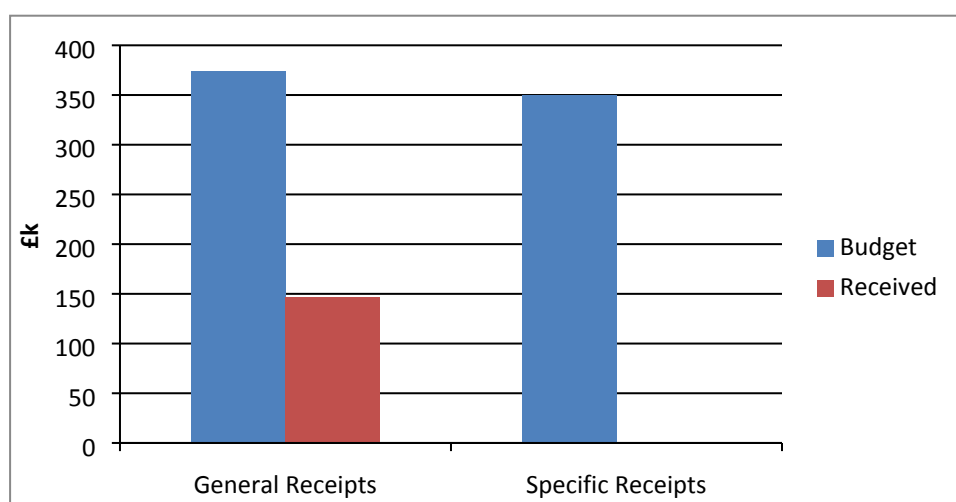
This £2.78m project was 100% externally funded following a bid to the Coastal Communities Fund. Despite tight financial control, the project has overspent by £20k and this will need to be funded from Council resources. The principle reasons for the overspend are due to higher than expected costs of fitting out the individual shop units. This work had to be undertaken to ensure that the units were attractive to potential occupants.

The refurbishment has allowed the Council to increase the net income target for the site by £60k per year and, although not being achieved in the current year, it is expected that this will be achieved in full from 2018/19.

It is proposed that the £20k overspend on this project be funded from the Council's capital contingency reserve.

### 3.2.3 Capital receipts

The graph below details the current levels of capital receipts within the year.



A general level of capital receipts are anticipated each year and are built into the Council's capital strategy together with any specific disposals where appropriate. These levels of receipt must be generated in order to balance the Council's capital budgets.

The specific receipts target relates to the sale of land at Danes Dyke Scarborough, the sale of the former public toilets at Khyber Pass and the disposal of 19b York Place. These capital receipts are still expected to be received.

### 3.2.5 Section 106

The Council holds monies received under the terms of Section 106 of the Town and Country Planning Act 1990. These monies are received as contributions towards various infrastructure projects throughout the Borough.

This report seeks approval for the following allocations of Section 106 monies currently held by the Council.

## **Eastside Community and Open Space Improvement Programme - £27,745.58**

The Council has received section 106 monies relating to the housing development at Eskdale Park, Larpool Lane, Whitby. Two of these agreements relate to the provision of a Play Area (£125k), together with off-site sports provision (£115k). Members approved (ref 15/150) the allocation of these monies to the Eastside Community and Open Space Improvement Programme.

Under the terms of the agreement indexation payments of £11,994 and £10,696 became payable as part of the first instalment and Members approved the allocation of these indexation payments to the scheme (ref 17/34).

The second and final instalment of these monies has now been received incorporating further indexation payments of £14,492 and £13,254. It is recommended therefore that Members also approve the allocation of these additional indexation payments to the Eastside Park element of the Eastside Community and Open Space Investment Programme.

The Eastside Park element of the scheme includes the following proposals:

- Relocation of existing toddler and junior play area to main play area, replacement of existing equipment, with the creation of a new low maintenance natural play zone.
- Creation of a 5 a side football pitch and events area
- Remodelling and refurbishment of car park and entrances
- Renovation of existing hard landscaping areas, paths and lighting
- Improved signage and replacement street furniture
- Improved landscape interface with Calla Beck wildlife area

Following receipt of tenders a number of planned items had to be removed from the scheme and the contingency levels reduced to 5% of costs in order to make the scheme affordable. The allocation of these additional indexation payments will allow a more robust contingency budget to be established.

The overall scheme is funded through section 106 monies, SBC capital resources and an element of external funding. Should the contingency not be required the equivalent value of SBC funding will be reallocated within the wider Eastside Community and Open Space Improvement Programme.

## **Community Cycle Hub £11,061**

Approval is requested to allocate section 106 monies specific to the provision of open space / sports as a contribution towards a Community Cycle Hub.

Welcome to Yorkshire and TransPennine Express have a shared vision to establish Scarborough Station as the main rail point of entry to the region and



the North York Moors by offering visitors a focal point for information and key leisure services such as cycle hire. The vision is that this will facilitate seamless and sustainable onward travel into the North York Moors and along the Yorkshire Coast.

This facility would be perfectly positioned to access the cycle routes from Scarborough to Whitby which are being developed along the former railway line as well as the renewed National Cycle Network Route One.

An area of the station has been identified by TransPennine Express for redevelopment. The aim is to open up this space and create a community hub complete with information point, cycle storage for up to 75 bikes, a cycle hire and repair service and an area serving light refreshments.

The cost of providing this facility is estimated to be £250k and, in order to attract Government funding, TransPennine Express need to demonstrate to the Department of Transport local funding in excess of 30% (£80k). TransPennine Express are able to contribute £40k and are requesting funding from local partners of the remaining £40k.

The Council is currently holding a section 106 commuted sum of £11,061 following a development in close proximity to the station that could be used as a contribution to the scheme. It is recommended that Members approve the allocation of these monies together with a contribution of £9k from the community investment budget.

A £50k community investment budget was created as part of the 2016/17 outturn to provide funding for 'small' scale improvement schemes across the Borough, specifically those which also generated external resource (either financial or supportive). Should the recommendation be approved the community investment fund balance would reduce to £41k.

If TransPennine Express are not able to attract the remaining funding then it's unlikely that the project would be able to go ahead. Should this be the case then the section 106 monies and contribution from the community investment budget outlined above would be available for reallocation.

### **South Cliff Rose Garden £1,995**

The Authority currently holds several section 106 sums relating to the off-site provision / improvement of public open space designated for expenditure within South Cliff Gardens. Following discussions with the Friends of South Cliff Gardens group Officers have detailed some specific works which require attention.

It is recommended that £1,995 of section 106 monies be allocated to works which incorporate:

- replacement of some of the roses within the rose garden.
- a planting scheme to improve the area known as Charles Garden in Shuttleworth Gardens.

### **3.3 Grants**

#### **3.3.1 Revenue Grants**

There are no revenue grants to accept as part of this report.

#### **3.3.2 Capital Grants**

There are no capital grants to accept as part of this report.

### **3.4 Extension to Service Level Agreement with Scarborough Rugby Club**

3.4.1 In 2009 the Council entered into a ten year contract with Scarborough Rugby Club to ensure public access to the facilities and the provision of performance information to inform the Council's overarching strategy to promote leisure (09/122).

3.4.2 The leisure centre at Silver Royd incorporates the following facilities:

- 2 Fitness Gyms
- Sports Hall
- Two Squash Courts
- Changing rooms associated with the use of the facilities

3.4.3 The value of the contract for the ten year period was £100,000 and this is being funded from the Council's revenue budgets (£10,000 per year).

3.4.4 The Council is now liaising with the Rugby Club to enter into a new agreement to secure community use at the site for the next twenty years. Part of this arrangement will also increase the number of squash courts available at the site and this increase will help offset the reduction in courts available to the public following the closure of the Filey Road sports centre.

3.4.5 The club is looking to replace the two existing squash courts with four new ones and, to help fund these works, is looking to enter into a 20 year agreement with the Council that will secure community use of the asset at comparable prices to Council assets. As part of this arrangement, the Council would be required to pay £200,000 and this cost would be met by the existing revenue budget (i.e. £10,000 per year for 20 years).

### **3.5 Reserves**

3.5.1 Reserves form an important part of the Council's financial planning process and retaining an optimum level of reserves is integral to the budget setting process. The level of reserves are monitored throughout the year to ensure that they are on target and are deemed to be adequate, taking into account the risks identified in the budget monitoring process.

3.5.2 The criteria for assessing the adequacy of reserves are set out each year in the Council's Financial Strategy. The table below outlines the balances of the reserves at the start of the year and also the projected year end balances:

Reserve	Optimum Criteria		Balance at 1 April 17	In year Forecast movement	Projected 31 Mar 18	
	Minimum	Maximum				
General Fund	2,000	3,000	2,676	(150)	2,526	●
Capital Contingency	500	1,500	610	74	684	●
Insurance Reserve	1,350	no max	1,571	136	1,708	●
Pension Reserve	100	750	891	149	1,039	●
Capital Development Reserve (including useable capital receipts)	Resources matched to investments over 10 yrs		11,606	(8,539)	3,067	●
Other Reserves	no min	no max	13,468	(3,257)	10,210	●
<b>Total</b>			<b>30,822</b>	<b>(11,587)</b>	<b>19,234</b>	

3.5.3 **General Fund** - the balance of the General Fund at 31 March 2017 was £2.676m. With £150k being drawn from the General Fund in 2017/18 to fund the costs associated with the Tour De Yorkshire cycle event (16/246), the uncommitted balance on the General Fund is currently £2.526m.

3.5.4 **Insurance Reserve** – the Insurance Reserve covers risks which are by their nature difficult to insure such as cliff slippage and certain storm damage, and risks which are generally uneconomic to insure such as damage due to leakage from water pipes and the theft of small items of equipment. The fund also meets the cost of some insurance excesses and risk management expenditure. The balance of the reserve is currently considered adequate.

3.5.5 **Pension Reserve** – whilst this balance is in excess of the optimum range, it is recognised that this reserve will be subject to a particular strain over the short to medium term as the Council delivers the high level of savings targets needed to balance its revenue budget. The current balance is therefore considered to be appropriate.

3.5.6 **Capital Development Reserve** – this reserve aims to match resources to investments over a ten year period. The £3,067k projected balance as at 31 March 2018 is fully committed over the ten year period.

The Financial Strategy 2017 details that the Council still has a number of unfunded essential and aspirational capital schemes to address and the Capital Development Reserve projections show overdrawn balances in some years of the ten year plan.

3.5.7 At present the balance of other earmarked reserves is considered adequate

### 3.6 Tidal Surge

3.6.1 The tidal surge in the evening of 13 January 2017 caused significant damage throughout the borough with the communities of Whitby and Scarborough

particularly affected. The incident led to a significant threat to life due to flooding although thankfully there was no loss of life as a result of the incident.

3.6.2 Given the severity of the incident the Council has informed the Government of its intention to raise a claim under the Bellwin scheme. The Council have also applied to the Environment Agency for help towards funding the costs.

3.6.3 Whilst the Council has submitted a claim under the scheme, the Government has not yet recognised the tidal surge as a scheme that is eligible for Bellwin support. There is a significant risk therefore that the Council will not recoup any of the costs (£216k) that it incurred as a result of the Tidal Surge and for this reason the costs were funded by the Council's revenue contingency budget in 2016/17.

#### **4. ASSESSMENT**

4.1 Despite severe funding cuts the revenue budget for the year is expected to be achieved and current projections envisage a year end surplus. Whilst this is positive news it should be noted that this does include one off sources of funding and savings.

4.2 There are some savings that were put forward for 2017/18 that are not being achieved and these will need to be addressed during the final eight months of the year.

4.3 The Capital Programme continues to operate within the overall parameters set in terms of contingency levels.

#### **5. IMPLICATIONS**

**5.1 Policy**  
No direct implications.

**5.2 Legal**  
The Council will need to enter into agreements in respect of the grant funding referred to in this report.

**5.3 Financial Implications**  
Set out in this report.

**5.4 Staffing Implications, Planning Implications, Crime and Disorder, Health & Safety and Environmental Implications**  
No specific implications, through many of the Corporate Priorities are linked to Economic and Sustainable Development.

*Nicholas Edwards*

**Nicholas Edwards**

**Director**

**Author:** Neil Hughes, Accountancy Manager

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e-mail address: neil.hughes@scarborough.gov.uk

**Background Papers:**

17/58 – Financial and Property Asset Management Strategy and Council Tax Setting  
2017/18

17/170 – Finance and Treasury Outturn Report 2016/17

## FINANCIAL PERFORMANCE - REVENUE BUDGET

### 1. Introduction

This is the third monitoring summary for the 2016/17 financial year covering the period **1 April to 31 July 2017**. The information contained within these appendices is derived from the same information that is delivered to managers desktops on a monthly basis and it is hoped that this consistency will aid the understanding and further embed the budget monitoring process across the authority.

Appendices 1.1 to 1.6 provide additional information on Sales, Fees and Charges, External Rents, Salaries and Wages and Other High Risk areas analysed by Directorate responsibility.

### Sales, Fees and Charges, External Rents and Salaries and Wages

Director	Prev YTD Actuals	Year to Date			Estimated Year End Outturn		
		Actual £k	Budget £k	Surplus/ (Deficit) £k	Full Yr Budget £k	Full Yr Forecast £k	Surplus/ (Deficit) £k
Chief Executive	545	608	622	13	1,851	1,852	(0)
Director (Nick Edwards)	(1,026)	(1,069)	(1,063)	6	993	952	40
Director (Lisa Dixon)	542	523	548	25	1,513	1,485	28
Director (Trevor Watson)	(1,516)	(1,726)	(1,722)	4	(3,072)	(3,165)	93
Corporate	2,192	1,694	1,900	206	1,927	1,927	0
<b>Total</b>	<b>736</b>	<b>30</b>	<b>284</b>	<b>254</b>	<b>3,211</b>	<b>3,051</b>	<b>160</b>

### Other High Risk Areas

Director	Prev YTD Actuals	Year to Date			Estimated Year End Outturn		
		Actual £k	Budget £k	Surplus/ (Deficit) £k	Full Yr Budget £k	Full Yr Forecast £k	Surplus/ (Deficit) £k
Chief Executive	102	(49)	27	76	(180)	(180)	0
Director (Nick Edwards)	728	605	1,107	502	2,640	2,569	71
Director (Lisa Dixon)	(8)	(5)	(23)	(18)	(206)	(196)	(10)
Director (Trevor Watson)	712	894	1,119	225	1,419	1,427	(8)
Corporate	8	(14)	379	393	392	333	59
<b>Total</b>	<b>1,543</b>	<b>1,432</b>	<b>2,608</b>	<b>1,177</b>	<b>4,065</b>	<b>3,953</b>	<b>112</b>

## Overall Summary

Director	Prev YTD Actuals	Year to Date			Estimated Year End Outturn		
		Actual £k	Budget £k	Surplus/ (Deficit) £k	Full Yr Budget £k	Full Yr Forecast £k	Surplus/ (Deficit) £k
Chief Executive	647	560	649	89	1,671	1,672	(0)
Director (Nick Edwards)	(299)	(464)	43	507	3,633	3,521	111
Director (Lisa Dixon)	535	519	525	7	1,307	1,289	18
Director (Trevor Watson)	(804)	(832)	(603)	229	(1,654)	(1,738)	85
Corporate	2,200	1,679	2,278	599	2,319	2,260	59
<b>Total</b>	<b>2,279</b>	<b>1,462</b>	<b>2,893</b>	<b>1,431</b>	<b>7,276</b>	<b>7,004</b>	<b>273</b>

## Chief Executive

## Sales, Fees and Charges, External Rents and Salaries and Wages

Service	Prev YTD Actuals	Year to Date			Estimated Year End Outturn		
		Actual £k	Budget £k	Surplus/ (Deficit) £k	Full Yr Budget £k	Full Yr Forecast £k	Surplus/ (Deficit) £k
Electoral Services	52	48	51	3	152	152	--
HR and Health & Safety	95	100	108	8	304	304	-
Capital and Procurement Unit	111	125	125	-	382	382	-
Internal Audit	49	41	43	2	135	150	(15)
Public Relations	15	16	16	-	47	47	-
Senior Management Team and Support	46	47	47	0	142	142	-
IT Services	178	178	183	5	549	535	15
Corporate	0	54	49	(5)	140	140	-
<b>Total</b>	<b>545</b>	<b>608</b>	<b>622</b>	<b>13</b>	<b>1,851</b>	<b>1,852</b>	<b>-</b>

Key points to note about performance year to date:

- **Internal Audit** - Additional income of £20k was included within the 2016/17 budget proposals and is unlikely to be achieved in full this year. It is expected that this will be offset by staffing savings during the year and, if so, this will be updated for the next monitoring report.
- **ICT Services** – Salary saving from post working at reduced hours.



## APPENDIX 1.2

Director (Nick Edwards)

### Sales, Fees and Charges, External Rents and Salaries and Wages

Service	Prev YTD Actuals	Year to Date			Estimated Year End Outturn		
		Actual £k	Budget £k	Surplus/ (Deficit) £k	Full Yr Budget £k	Full Yr Forecast £k	Surplus/ (Deficit) £k
Corporate Management	(3)	(3)	(6)	(3)	(18)	(18)	-
Local Taxation	(26)	3	(5)	(8)	113	113	-
Industrial Units	(84)	(71)	(74)	(2)	(192)	(192)	-
Property Services Operational Unit	(26)	(58)	(41)	17	(119)	(119)	-
Scarborough Harbour	(345)	(386)	(347)	39	(565)	(617)	52
Whitby Harbour	(456)	(468)	(451)	17	(565)	(550)	(15)
Depots and Admin Buildings	(26)	(9)	(12)	(3)	(56)	(56)	-
Accountancy	92	97	99	2	297	297	-
Accounts Receivable and Payable	55	60	62	2	185	185	-
Cash Collection and Administration	14	15	15	-	45	47	(2)
Environmental Health and Safety	17	18	16	(2)	48	48	-
Estates and Asset Management	117	107	151	43	411	411	-
Refuse Collection and Street Cleansing	(455)	(630)	(582)	49	673	636	37
Rental Properties	(612)	(549)	(614)	(65)	(1,592)	(1,560)	(32)
Senior Management Team and Support	32	33	33	-	99	99	-
Street Seats, Lighting and Name Boards	(29)	(26)	-	26	-	-	-
Transport and Vehicles Maintenance	111	109	101	(8)	306	306	-
Public Conveniences	78	50	63	13	211	211	-
Parks and Open Spaces	521	639	528	(112)	1,713	1,713	-
<b>Total</b>	<b>(1,026)</b>	<b>(1,069)</b>	<b>(1,063)</b>	<b>6</b>	<b>993</b>	<b>952</b>	<b>40</b>

Key points to note about performance year to date:

- **Scarborough Harbour** – income from core harbour activities continues to exceed expectation despite additional targets being set as part of the 2017/18 budget proposals.
- **Refuse Collection (Commercial Waste)** – The amount invoiced for holiday let waste collections has exceeded the original target by £22k; taking the annual savings delivered from the transformation project to £90k. A post to assist with the pro-active selling of the Council's Commercial Waste service currently stands vacant, and will be filled once work has been completed to streamline processes and data held within the service. Despite the post being vacant significant improvements have already been made within the service and amounts billed for the year to date exceed the previous year's total by

£20k. The Commercial Manager post has recently been filled and will assist with making further financial improvements in the remainder of the financial year.

- **Rental Properties** – reduced income from property rental portfolio as a result of void occupancies at both Skinner Street and the former Whitby Tourist Information Centre building, (the latter is now let).

Director (Lisa Dixon)

## Sales, Fees and Charges, External Rents and Salaries and Wages

Service	Prev YTD Actuals	Year to Date			Estimated Year End Outturn		
		Actual £k	Budget £k	Surplus/ (Deficit) £k	Full Yr Budget £k	Full Yr Forecast £k	Surplus/ (Deficit) £k
Local Land Charges	(18)	(31)	(18)	13	(53)	(53)	-
Licensing	(37)	(21)	(32)	(11)	(224)	(211)	(13)
Housing Benefits administration	297	302	321	19	957	907	50
Legal Services	64	58	63	6	190	200	(10)
Member & Mayoral Expenses	11	1	1	-	2	2	-
Print Plus	18	25	24	(1)	72	72	-
Regulatory, Governance, Performance & Admin	156	129	136	7	409	409	-
Senior Management Team and Support	50	62	53	(9)	160	160	-
<b>Total</b>	<b>542</b>	<b>523</b>	<b>548</b>	<b>25</b>	<b>1,513</b>	<b>1,485</b>	<b>28</b>

Key points to note about performance year to date:

- Licensing** - Reductions in the number of licences in recent years has led to unachievable income targets. Whilst this was highlighted as part of the 2016/17 budget setting process it was hoped that reviews of the services offered, changes to the licensing structure and a general increase in the numbers of licences would ensure that the target could be achieved. To date this has identified additional income of £2,500 and a shortfall of £12,500 is therefore expected this year. This review is continuing to identify additional income streams.
- Housing Benefit Admin** – Salary savings, due to both vacant posts (including additional hours not being required) and officers on maternity leave, will occur this year. Any on-going savings will be included as a saving in the 2018/19 budget proposals.
- Legal Services** - Savings put forward as part of the 2016/17 budget proposals look unlikely to be delivered this year. The savings were to be achieved by increasing the income generated by providing a legal service to external clients. Unfortunately some long term clients have reduced the amount of work that they look to have undertaken due to their own funding constraints. This position will continue to be reviewed during the remainder of the year to assess whether or not it is achievable in the future. The team continue to work to develop their client base to protect against future income loss.

## APPENDIX 1.4

### Director (Vacant)

### Sales, Fees and Charges, External Rents and Salaries and Wages

Service	Prev YTD Actuals	Year to Date			Estimated Year End Outturn		
		Actual £k	Budget £k	Surplus/ (Deficit) £k	Full Yr Budget £k	Full Yr Forecast £k	Surplus/ (Deficit) £k
Community Partnerships & Safety	170	183	188	5	564	555	9
Economic Development	64	84	76	(7)	229	229	-
Planning	(38)	(0)	74	75	262	232	30
Parking Off Street	(2,012)	(2,113)	(2,174)	(61)	(4,462)	(4,622)	160
Markets	(26)	(55)	(77)	(22)	(229)	(145)	(84)
CCTV	42	59	53	(6)	145	145	-
Cemeteries and Crematorium	(106)	(277)	(283)	(7)	(886)	(876)	(10)
Home Improvement Agency	80	54	49	(6)	135	135	-
Cash Collection and Administration	13	18	17	(2)	50	50	-
Choices 4 Energy	(25)	(9)	(2)	7	(6)	(6)	-
Community Centres	(16)	(19)	(13)	5	(38)	(33)	(5)
Environmental Health and Safety	163	166	173	7	531	539	(8)
Housing and Homelessness	189	179	144	(35)	420	420	-
Outdoor Playing Fields and Amenities	(0)	(1)	(3)	(2)	(21)	(14)	(7)
Outsourced services	(10)	(10)	(13)	(3)	(21)	(21)	-
Rental Properties	(3)	(3)	(3)	0	(39)	(39)	-
Senior Management Team and Support	32	26	33	7	99	99	-
Sports Development	23	24	12	(12)	35	35	-
Beaches	46	40	32	(9)	68	68	-
Beach Chalets	(167)	(168)	(166)	2	(172)	(172)	-
Theatres	66	187	212	25	86	92	(6)
Outdoor Leisure Sites	(206)	(313)	(260)	53	(488)	(501)	13
Marketing and Events	78	88	80	(8)	253	253	-
Customer Services	117	121	119	(1)	374	374	-
Tourist Information Centres	8	11	13	1	39	39	-
<b>Total</b>	<b>(1,516)</b>	<b>(1,726)</b>	<b>(1,721)</b>	<b>4</b>	<b>(3,072)</b>	<b>(3,165)</b>	<b>93</b>

Key points to note about performance year to date:

- **Community Partnerships and Safety** – salary savings due to additional hours budget not being required.
- **Planning** – large value planning applications have been received at the start of the year and this, coupled with continuing high levels of applications, will lead to higher than expected income this year.

- **Parking Off-Street** - Income from off street car parking is projected to be £150k higher than budget this year. In addition to this, a £10k saving is expected on salaries from within the operational team.
- **Markets** – Following a delay in the refurbishment project, reductions in occupancy rates have lasted longer than originally anticipated. Whilst several new tenants have now opened shops within the site it is expected to take a further few months before target occupancy is achieved.
- **Cemeteries and Crematoria Income** – Income from the service is lower than target (and on a like for like basis lower than at the same point in the previous year). Whilst a shortfall is currently expected, the transformation team have recently looked to diversify income streams at the venue and it is hoped that this will deliver additional income in the remainder of the year.
- **Outdoor Leisure Sites** – Significant work to address the continuing overspend on Outdoor Leisure staffing was undertaken last year and this is now addressed. Spend is on target this year and the position is being closely managed by the service. The focus has now shifted to increasing income at the sites and pleasingly this has started to be reflected in the income being generated. Management are looking to put forward further budget savings from the service in 2018/19.
- **Filey Brigg Caravan Park** – Low levels of investment have been made at the site over the last twelve months to make the customer offering more attractive. This has included putting hard ground standings in place in areas that are prone to flooding and this has meant that pitches that were previously unlettable during certain parts of the year are now available to customers. These works have led to a direct increase in revenue this year. There is still work to do at the site, some of which is required to ensure that fire regulations continue to be met, and this will be funded, were possible, from additional income generated by the site during the year. Any additional income in excess of this will be included as a surplus in the next monitoring report.

**Corporate****Sales, Fees and Charges, External Rents and Salaries and Wages**

Service	Prev YTD Actuals	Year to Date			Estimated Year End Outturn		
		Actual £k	Budget £k	Surplus/ (Deficit) £k	Full Yr Budget £k	Full Yr Forecast £k	Surplus/ (Deficit) £k
Corporate	2,192	1,694	1,900	206	1,927	1,927	-
<b>Total</b>	<b>2,192</b>	<b>1,694</b>	<b>1,900</b>	<b>206</b>	<b>1,927</b>	<b>1,927</b>	<b>-</b>

Key points to note about performance year to date:

- **Corporate**  
The budget for the back funded element of the pension scheme is included within the 'Corporate' Service and this expenditure is in line with budget.

## APPENDIX 1.6

### High Risk Areas

High Risk Area	Prev Yr Actual to Date £k	Year to Date			Estimated Year End Outturn		
		Actual £k	Budget £k	Surplus/ (Deficit) £k	Full Yr Budget £k	Full Yr Forecast £k	Surplus/ (Deficit) £k
Homelessness - B&B accommodation	18	45	50	5	124	124	-
Business Rates	862	887	1,074	188	1,074	1,074	-
Interest Receivable	(128)	(152)	(135)	16	(522)	(522)	-
Interest Payable	136	135	136	1	408	408	-
Capital Salary Recharges	(109)	(119)	(143)	(24)	(1,069)	(1,048)	(21)
Property Repair Fund	143	123	255	132	583	583	-
Grounds Maintenance (Highways Hardstanding)	171	110	275	165	500	500	-
Grounds Maintenance (Coast Protection)	161	63	178	115	419	419	-
Insurance	(8)	(20)	41	61	709	709	-
Contingency Budgets	-	-	365	365	349	290	59
Utilities (Gas, Electric and Water)	162	135	189	54	578	578	-
Vehicle Repairs & Fuel	191	215	185	(31)	592	592	-
Council Tax Benefit (prior to 2013/14)	(9)	(4)	-	4	-	-	-
Housing Benefit (costs net of subsidy)	*	(11)	30	42	91	91	-
Other Areas (net) Identified by Budget Managers	(47)	24	108	85	230	156	74
<b>Total High Risk Areas</b>	<b>1,543</b>	<b>1,432</b>	<b>2,608</b>	<b>1,177</b>	<b>4,065</b>	<b>3,953</b>	<b>112</b>

\* Accurate information was not available

Key points to note about performance year to date:

#### **Business Rates**

Expenditure on business rates is below budget to date primarily as a result of one off (backdated) refunds. Whilst it is expected that one-off savings will be generated during the year any saving that do crystalise will be invested within the Council's capital program.

#### **Capital Salary Recharges**

Economic Development continues to under recover on their capital salary targets for the year.

#### **Property Repair Fund and Grounds Maintenance**

These budgets are fully committed however timings in when the expenditure takes place may cause variances during the year.

#### **Budget Contingencies**

As part of the budget setting process it was noted that inflationary pressures and the general state of the economy would exert pressures on many areas of the council during the year. A contingency of £200k was therefore included

within the 2017/18 budget proposals and, in addition, some of the monies provided within the 2016/17 budget for the same purpose were still available for allocation.

£290k of the 2017/18 has not yet been committed but at this stage it is assumed that this will be earmarked during the remainder of the year.

The budget is primarily used to fund unavoidable increases in costs where, for example, contracts have built in inflationary increases, since the 2017/18 budget made no provision for increases to service budgets.

Any budget that is not required this year will be transferred into the Capital Development Reserve to help progress currently unfunded priority capital schemes identified within the 2017 Financial Strategy. A review of the balance will be undertaken as part of the 2018/19 budget setting process to identify if part of the balance can be put forward as a saving.

### **Housing Benefit (costs net of subsidy)**

Collection of housing benefit debt has improved significantly over the last four years, which is particularly encouraging given the economic climate and recent changes to the benefits system. Unfortunately data for 2017/18 is not available at the time of writing this report but estimated calculations suggest that further savings should be made during this year.

### **Other Areas Identified by Budget Managers**

£58k – higher than expected administration subsidy for the administration of housing benefits and the localised support for council tax scheme

£7k – open air theatre costs lower than budget (offset by reduced income - see appendix 1.4)



## APPENDIX 2

### FINANCIAL PERFORMANCE - CAPITAL BUDGET

The following table shows, for ongoing schemes and schemes anticipated to commence in 2017/18, the budget, and expenditure incurred to date as at 31 July 2017, anticipated forecast outturn and the resultant impact on Borough Council Resources.

Description	Budgeted Expenditure £000	Expenditure to Date £000	Budget Expended %	Forecast Outturn £000	Impact on Council Resources £000
Scarborough Spa Coast protection Scheme	14,711	621	4.22%	14,711	
Leisure Village - Dry Construction	9,882	9,026	91.34%	9,882	
Leisure Village - Wet Construction	8,194	7,519	91.76%	8,194	
Filey Flood Alleviation Construction	4,370	15	0.34%	4,370	
Futurist - Demolition and Redevelopment	4,090	256	6.25%	4,090	
Middle Deepdale Infrastructure works	3,254	3,163	97.19%	3,254	
Eskside Wharf Parkol works	3,000	1	0.03%	3,000	
North East Strategic Regional Coastal Monitoring Programme 2	2,903	335	11.54%	2,903	
Eastfield Regeneration (Middledeepdale receipt)	2,317	-	0.00%	2,317	
Coastal Protection Funding towards Whitby Piers	2,000	-	0.00%	2,000	
Community Housing	1,861	50	2.69%	1,861	
Vehicles Plant & Equipment *(2017/18 expenditure only)	1,652	9	0.06%	1,652	
Neighbourhood & Communities Programme	1,785	483	27.04%	1,785	
Disabled Facilities Grants	1,399	391	34.11%	1,399	
Spa Roof Replacement	1,140	11	0.99%	1,140	
Runswick Bay Coast Protection Scheme	1,140	127	11.33%	1,140	
Pathfinder Grant	1,023	850	83.14%	1,023	
Whitby Church Street Flood Alleviation	979	92	9.43%	979	
Lighting Columns	970	309	31.85%	970	
Purchase of Empty Homes for Homelessness Accommodation	750	693	92.34%	750	
Unidentified Coastal Protection Works	587	-	0.00%	587	
Robin Hoods Bay Sea Wall	618	-	0.00%	618	
Flat Cliffs Urgent Slope Stabilisation	572	8	1.38%	572	
Leisure Village - Demolition of Ryndle Crescent	500	-	0.00%	500	
Property Asset Management Works - 2017/18	476	124	26.07%	476	
Filey Flood Alleviation Scheme	464	431	92.95%	464	
IT Infrastructure Investments *(2016/17 expenditure only)	453	1	0.17%	453	
Spa Heritage Lottery Funding Works	424	34	8.10%	424	
Remedial Works to Pilings at Endeavour Wharf	419	-	0.00%	419	
Whitby Dredger Equipment Replacement	402	333	82.88%	402	
Hard standings - Ground Maintenance	416	65	15.59%	416	
Filey and Cayton Bay Coastal Strategy	400	161	40.25%	400	
Cemetery Provision in Whitby	400	-	0.00%	400	
Eastside Green Spaces	397	113	28.44%	397	

Whitby Harbour Piers Coast Protection - Phase 1	357	252	70.66%	357	
Discover Filey	300	22	7.45%	300	
Homelessness Accommodation Phase 2	260	80	30.77%	260	
Peasholm Lake De-silting	251	-	0.00%	251	
Kyber Pass Public Conveniences	250	135	54.08%	250	
Other current schemes <£250k	2,380	1,098	46.11%	2,380	
<b>Total</b>	<b>77,746</b>	<b>26,808</b>	<b>34.48%</b>	<b>77,746</b>	<b>-</b>

Comments are made in order to provide updates and commentary on key schemes or to report a change in budget or budget variation:

### **Schemes over £250k**

#### **Disabled Facility Grants**

Within the Capital Programme the Council undertakes a rolling provision of Disabled Facility Grants (DFG's). The provision of these grants is budgeted as 100% externally funded. Funding is received via the Better Care Fund pool allocated to Upper Tier Authorities.

The Grant allocation received for 2017/18 is £1,243k, being an increase of £98k from the previous year. This increase reflects a national commitment made by the Government to increase levels of capital funding in order to help Local Authorities enable disabled, elderly and vulnerable people to live independently. In order to ensure that the agency has sufficient resources to undertake this work a fee of 15% is levied against the value of grant received (ref 16/86). Following this deduction the underlying levels of grant available for works stands at £1,081k.

Expenditure within the 2016/17 was slightly lower than the grant allocation resulting in a carry forward of £157k. The 2017/18 budget for allocation therefore stands at £1,238k. The Council has the statutory duty to provide for DFG's regardless of the levels of funding received. As highlighted the provision of the grants is budgeted to be 100% funded from the grant received, therefore any demands in excess of the grant total must be met from Council resources.

In the first 4 months of the year expenditure totals £391k which, if demand carried on at current levels, would result in full year expenditure of £1,173k. The levels of demand are out of the control of Council Officers with cases being referred via NYCC Occupational Therapists. As can be seen any further increases in demand will result in significant pressure on the levels of funding available. Officers will continue to monitor the situation closely and provide an update in the next Financial Monitoring Report.

### **Schemes under £250k**

There are currently no major variations to report.

### **New Schemes**

There are no new schemes seeking approval as part of this report.

## RISK MATRIX

Risk Ref	Date	Risk	Consequences	Mitigation	Current Risk Score	Target Score	Service Unit Manager/ Responsible Officer	Action Plan
A	Sept 2011	Service and Financial Planning not integrated	Poor service planning, not achieving VFM.  Resources not allocated in line with priorities.  Affects Use of Resources Score	Financial Strategy Corporate Strategy group. Clear procedures and timescales.  Resource allocation procedures that link directly to priorities.	B3	B3	Dir (NE)	-
B	Sept 2011	Financial pressures not planned and managed effectively	Cuts in services  Non-achievement of efficiency targets  Not delivering priorities	Long term Financial Strategy  Efficiency Targets set over a number of years	B4	B3	Dir (NE)	Action Plans for areas not achieving budget
C	Aug 2012	Service Unit Managers do not supply timely and accurate financial information for inclusion within the monitoring report	Information provided within the report will be inaccurate and the forecast position reported may be misleading	Service Unit Managers undertook mandatory training.	C3	B3	Dir (NE)	On-going training and support planned for Service Unit Managers
D	Sept 2017	That budget managers are overly prudent and recurring savings are not taken into account in future year budgets	Budgets are overstated and services are unnecessarily reduced.	Exercise to review 2016/17 outturn and in-year monitoring projections as part of the budget strategy	C3	B3	Dir (NE)	Finance to undertake a critical assessment of previous years outturn position as part of 2018/19 budget setting process
E	Sept 2017	Procurement challenge to new agreement with Scarborough Rugby Club.	Legal resource required and potential for costs to be incurred. Delay to start of project and adverse publicity.	Legal advice to be sought.	B3	A1	Dir (LD)	

**Glossary of Terms**

Risk	An event which may prevent the Council achieving its objectives
Consequences	The outcome if the risk materialised
Mitigation	The processes and procedures that are in place to reduce the risk
Current Risk Score	The likelihood and impact score with the current mitigation measures in place
Corporate Objectives	An assessment of the Corporate Objectives that are affected by the risk identified.
Target Risk Score	The likelihood and impact score that the Council is aiming to achieve
Service Unit Manager	The Service Unit or Officer responsible for managing the risk
Action Plan	The proposed actions to be implemented in order to reduce the risk to the target score

**Risk Scoring**

Impact	5					
	4					
	3					
	2					
	1					
		A	B	C	D	E
	Likelihood					

- |                    |               |
|--------------------|---------------|
| <u>Likelihood:</u> | <u>Impact</u> |
| A = Very Low       | 1 = Low       |
| B = Not Likely     | 2 = Minor     |
| C = Likely         | 3 = Medium    |
| D = Very Likely    | 4 = Major     |
| E = Almost Certain | 5 = Disaster  |