

	REPORT TO CABINET TO BE HELD ON 3 SEPTEMBER 2019	
	Key Decision	Yes
	Forward Plan Ref No	
Corporate Priority - ALL	Cabinet Portfolio Holder	Cllr. Janet Jefferson

REPORT OF THE DIRECTOR (NE) – 19/171

WARDS AFFECTED: ALL

**SUBJECT: FINANCIAL MONITORING REPORT 2019/20 -
(QUARTER 1)**

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 £60k is currently expected to be achieved;
 - The surplus includes £150k of one-off planning income from new (large scale) developments and, without this, the Council would be running at an in year deficit;
 - The majority of income targets are being achieved but there continues to be a shortfall from Scarborough Indoor Market that requires addressing;
 - The North and West Yorkshire Business Rates Pool has agreed to provide funding to the Council of £165k in relation to costs incurred for the 2019 Tour de Yorkshire Cycle race and contributions to the York, North Yorkshire and East Riding LEP and Welcome to Yorkshire.
 - The capital programme continues to operate within the overall parameters set in terms of contingency levels;
- ii) Approve acceptance of the following grants:
 - £17,010 from MHCLG to improve parks and green spaces across the Borough.
- iii) Delegate Authority to the Leader to lobby the Government to change the current legislation so that self-catering accommodation is taxed solely

through the council tax system (rather than being eligible for treatment as a business rates premise).

REASON FOR RECOMMENDATION(S):

To provide information relating to the Council's financial performance for the 2019/20 year.

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 and level of reserves are key components of the performance management framework.
- 1.2 This report covers the first four months of the 2019/20 financial year from April to July 2019. 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
 - Reserves
 - Self-Catering Holiday Accommodation

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 £18.9m. 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 £21.6m 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	£k
Chief Executive	1.1	1,964	525	722	197	25
Director (Nick Edwards)	1.2	5,922	1,023	928	(95)	(86)
Director (Lisa Dixon)	1.3	(4,508)	(2,228)	(2,108)	120	47
Director (Richard Bradley)	1.4	(1,496)	(1,368)	(1,371)	(3)	49
Corporate	1.5	5,454	3,482	4,023	541	-
Contribution from North & West Yorkshire Business Rates Pool		-	-	-	-	165
Transfer to Reserves		-	-	-	-	(140)
Total		7,336	1,435	2,195	760	60

3.1.6 The table above outlines that a surplus of £60k is expected to be achieved against the revenue budget for 2019/20.

3.1.7 The main movements in the expected year end surplus are outlined below (with deficits being shown in brackets). Further details are provided in **Appendix 1** to this report. Aspects of those items highlighted with an * may recur and therefore will need considering as part of the draft 2020/21 budget proposals.

Chief Executive

- £15k – additional capitalised salary recharges to schemes expected in the year.

- £7k – salary savings due to part year vacant posts in Corporate Modernisation.

Director (Nick Edwards)

- £46k – additional income within the Local Taxation unit following agreements entered in to with Ryedale DC and the Yorkshire Coast Business Improvement District. This saving is as a result of delayed recruitment and part year vacant posts and therefore will not recur in future years.
- £70k – staffing saving within the Benefits Unit (£50k) * and Asset Management (£20k) due in in year vacant posts.
- (£170k) – shortfall expected from Pub Cons (£62k lower income expectations *, £51k one off costs of providing a temporary provisions on Royal Albert Drive and Holbeck Clock * and £58k of unidentified savings*)
- (£30k) – lower income expected from parks contracts with schools *

Director (Lisa Dixon)

- (£10k) – income from burials is expected to be lower than budget
- £30k – in year saving expected within the Environmental Health service from the provision of export certificates (£35k) * offset slightly by income for Schedule B registration not being delivered (£5k).
- £30k – salary saving from Regulation and Governance due to delay in recruitment into the service

Director (Richard Bradley)

- £187k – higher than expected planning application fees (£150k) * and part year vacant posts (£37k)
- (£20k) – reduced rental income from Oliver’s Mount properties following a (temporary) agreement with a new operator (19/58)
- (£40k) – reduced occupancy at Scarborough Indoor Market following the refurbishment works. The overall shortfall is £70k but one off growth of £30k was provided as part of the 2019/20 budget *
- (£50k) – following the on-going merger discussions between the Museums Trust and the Creative Industries Centre the Service Level Agreement in relation to activities provided by the museum is being reviewed. A saving of £100k has been included within the 2019/20 budget but this reduced payment is unlikely to start until negotiations have been concluded.

Corporate

- The North and West Yorkshire Business Rates Pool has agreed to provide funding to the Council of £165k in relation to costs incurred for the 2019 Tour de Yorkshire Cycle race (£125k) and contributions to the York, North Yorkshire and East Riding LEP (£20k) and Welcome to Yorkshire (£20k).
- The majority of the items being funded are either within the Council’s base budget or have had separate approvals given regarding their expenditure. £140k of the payment from the business rates pool will

therefore be transferred to reserves to ensure that key unfunded priorities can be progressed. This includes events such as National Armed Forces Day for which commitment has been made but has yet to be allocated budget provision.

The remaining £25k relates to the cost of hosting the woman's race as part of the 2019 Tour de Yorkshire cycle event. These costs were not part of the original approvals and therefore the costs were to be funded from one-off savings in the 2019/20 outturn. With the Council now having received payment for this from the North and West Yorkshire Business Rates Pool this is no longer necessary.

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.
- Some savings proposed for 2020/21 are being delivered during the current year and therefore budgetary savings will be achieved early.
- Interest receivable budgets are likely to exceed budget projections if the Council continue to hold the levels of cash that it has during the first part of the financial year.

Threats

- The introduction of the Homelessness Reduction Act has had, and will continue to have, far reaching implications upon the Council's approach to preventing and relieving homelessness within the Borough. The Council now has a responsibility for helping a much broader group of people which in turn increases the financial pressures upon the Council. Measures have been introduced to utilise available grant funding and therefore minimise the impact upon Council resources.
- The Council has not received data on recycling credits this financial year and therefore this report assumes that they will be on target. This can be a volatile area and will therefore be reviewed thoroughly once the information is available.
- No capital salaries from the legal services (projects) team have been charged to date and this report assumes that these will hit target (£52k). Over the last few years these have fallen short of target and there is therefore a risk that this will recur.
- An overspend looks likely on utility costs this year but it hasn't been possible to quantify this as part of this report. A review of these budgets and the usage will be undertaken before the next report is presented to Members.

3.2 Financial Performance - Capital Budget

3.2.1 An update on the capital program was presented as part of the Finance Outturn Report for 2018/19 (19/138). There are no updates to the program presented as part of this report.

3.3 Grants

3.3.1 Revenue Grants

Ministry of Housing, Communities and Local Government (MHCLG)

Cabinet are recommended to accept £17,010 of funding to improve parks and green spaces across the Borough. This is part of a £13m funding announcement by MHCLG to 'ensure that communities are able to enjoy the benefits parks and green spaces bring to local life'.

3.3.2 Capital Grants

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

3.4 Reserves

3.4.1 Reserves play an important role in the Council's financial planning process and underpin the sustainability of both the revenue and capital financial plans. Retaining an optimum level of reserves is integral to the budget setting process and the uncommitted level of reserves are monitored throughout the year in conjunction with the wider budget monitoring process to ensure that they are on target and are deemed to be adequate.

3.4.2 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 19	In year Forecast movement	Projected 31 Mar 20	
	Min	Max				
General Fund	2,000	3,000	3,026	-	3,026	●
Capital Contingency	500	1,500	705	100	805	●
Insurance Reserve	1,350	no max	1,975	116	2,091	●
Pension Reserve	100	750	1,172	(220)	951	●
Capital Development Reserve (including useable capital receipts)	Resources and investments matched over 10 years		16,970	(5,434)	11,536	●
Investment Fund	no min	no max	692	(338)	354	●
Other Reserves	no min	no max	10,504	(2,777)	7,728	●
Total			35,045	(8,553)	26,492	

3.4.3 **General Fund** - the balance of the General Fund at 31 March 2019 was £3.026m. The Council's budget strategy for the period to 2020/21

incorporates a £500k draw from reserves to balance the revenue budget over the period. The uncommitted balance of the reserve is therefore £2.526m.

- 3.4.4 **Capital Contingency Reserve** – whilst the balance at 31 March 2019 was £705k, £200k of the balance is earmarked for the Futurist redevelopment (should it be required). After taking into account the base budget contribution into the reserve during the year of £100k the uncommitted balance is therefore £605k.
- 3.4.5 **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 uncommitted balance of the reserve is currently £1.861m and is considered adequate but will reduce to £1.681m if approval is given to fund works to the Clock Café Retaining Wall which is also on this agenda (19/150).
- 3.4.6 **Pension Reserve** – the projected reserve balance as at 31 March 2019 is £951k, which is above the predetermined range. Whilst it is recognised that the requirement to make high levels of savings to balance the revenue budget may put a particular strain over this reserve in the short to medium term an analysis of future year indicative savings shows that the savings identified to date are largely driven via the Council's commercialisation agenda so should not result in large scale staffing reductions. This balance will therefore continue to be reviewed and part of the balance may be released as part of the 2020 Financial Strategy if it is felt appropriate.
- 3.4.7 **Capital Development Reserve** – this reserve aims to match resources to investments over a ten year period. Projections currently show that the Capital Development reserve balances are fully committed over the 10 year period although separate monies have been identified within the Council's Financial Strategy, which will allow the Council to take forward an updated capital strategy from 2019/20 onwards. It is anticipated that this Strategy will be presented to members during 2019.
- 3.4.8 **Investment Fund** – this reserve has been established to provide one-off funding for schemes that will help the Council to deliver revenue savings. The establishment of the reserve has been extremely successful and a number of schemes have been funded from the reserve. The current uncommitted balance of the reserve is £346k however a review of committed spend is due to ensure that all of the schemes are still progressing. This review may lead to an increase in the uncommitted balance.
- 3.4.9 At present the balance of other earmarked reserves is considered adequate.

4. SELF-CATERING ACCOMMODATION

- 4.1 The Leader has been in discussions with the Leader of South Hams District Council on the South Coast of Devon regarding the business rates treatment of self-catering accommodation.
- 4.2 Under current legislation, second home owners can let out their properties for, in some cases, large amounts of money every week and yet, under the current system, pay no taxation whatsoever into the local economy as they are eligible for the property to be assessed under the business rates legislation and can then apply for small business rates relief.
- 4.3 The Council is looking to work collaboratively with South Hams, North Norfolk, the Isles of Scilly, South Lakeland, Dorset and Cornwall Council's to jointly lobby the Government for a change in the legislation so that self-catering accommodation is taxed solely through the council tax system.
- 4.4 Scarborough Council has approximately 2,050 self-catering assessments on business rates which, assuming they were all assessed as Band A properties, would generate council tax income of £2.56m per year. The Borough Council would receive £330k of this. At present they majority of these will be claiming small business rates relief.
- 4.5 Cabinet is therefore asked to delegate authority to the Leader to lobby the Government to change the current legislation so that self-catering accommodation is taxed solely through the council tax system.

5. ASSESSMENT

- 5.1 Despite severe funding cuts the revenue budget for the year is expected to be achieved and current projections envisage a year end surplus of £45k
- 5.2 Whilst a surplus is positive news, it should be noted that this does include £150k of one-off planning income from new (large scale) developments and, without this, the Council would be running at an in year deficit.
- 5.3 A number of areas, specifically the provision of Public Conveniences and the income being generated from the Indoor Market and the Parks service require a review and / or addressing as part of the 2020/21 budget process.
- 5.3 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**
No direct implications.

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

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Background Papers:

19/55 – Financial Strategy and Council Tax Setting 2019/20

FINANCIAL PERFORMANCE - REVENUE BUDGET

1. Introduction

This is the first monitoring summary for the 2019/20 financial year covering the period **1 April to 31 July 2019**. 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	604	624	655	31	1,960	1,951	9
Director (Nick Edwards)	920	885	824	(61)	5,167	5,145	22
Director (Lisa Dixon)	(2,205)	(2,228)	(2,095)	133	(4,456)	(4,503)	47
Director (Richard Bradley)	(939)	(1,755)	(1,674)	81	(2,098)	(2,231)	133
Corporate	1,760	1,801	1,997	196	2,148	2,148	-
Total	139	(673)	(294)	380	2,720	2,510	211

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	(105)	(98)	67	166	5	(12)	16
Director (Nick Edwards)	203	139	104	(35)	755	863	(107)
Director (Lisa Dixon)	0	0	(13)	(13)	(52)	(52)	-
Director (Richard Bradley)	364	387	304	(84)	601	661	(60)
Corporate	1,205	1,681	2,027	346	3,306	3,306	-
Total	1,667	2,109	2,489	380	4,616	4,767	(151)

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	499	525	722	197	1,964	1,939	25
Director (Nick Edwards)	1,124	1,023	928	(95)	5,922	6,008	(86)
Director (Lisa Dixon)	(2,205)	(2,228)	(2,108)	120	(4,508)	(4,555)	47
Director (Richard Bradley)	(575)	(1,368)	(1,371)	(3)	(1,496)	(1,569)	73
Corporate	2,964	3,482	4,023	541	5,454	5,454	-
	1,806	1,435	2,195	760	7,336	7,276	60

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	47	56	58	2	173	173	-
HR and Health & Safety	101	107	106	(1)	319	319	-
Capital and Procurement Unit	133	136	136	-	408	408	-
Internal Audit	51	55	52	(3)	150	150	-
Public Relations	16	16	16	-	48	48	-
Senior Management Team and Support	48	37	49	12	148	148	-
Marketing and Events	-	(7)	-	7	-	-	-
ICT Services	177	207	210	2	629	627	2
Corporate	31	17	28	11	84	77	7
Total	604	624	655	31	1,960	1,951	9

Key points to note about performance year to date:

- **Senior Management Team** – Savings on salary due to part year vacant post will be required to fund recruitment costs for CEO role.
- **Corporate Modernisation** – salary savings due to part year vacant. Officers have now been recruited into the vacant roles.



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	-	-	(1)	-	(2)	(2)	-
Local Taxation	(38)	14	3	(11)	179	131	48
Property Services Operational Unit	(12)	(68)	(51)	17	(148)	(148)	-
Scarborough Harbour	(420)	(450)	(397)	53	(622)	(622)	-
Whitby Harbour	(497)	(409)	(456)	(47)	(571)	(571)	-
Depots and Admin Buildings	(13)	(20)	(12)	8	(56)	(56)	-
Home Improvement Agency	63	142	38	(104)	87	87	-
Accountancy	100	103	108	4	324	324	-
Accounts Receivable and Payable	62	62	76	13	196	198	(3)
Cash Collection and Administration	14	13	13	-	39	39	-
Choices 4 Energy	(13)	(22)	(1)	21	(4)	(4)	-
Environmental Health and Safety	17	7	18	11	52	52	-
Estates and Asset Management	87	91	104	13	309	289	20
Housing and Homeless	199	92	121	30	597	597	-
Housing Benefits Administration	300	309	329	19	985	936	49
Refuse Collection and Street Cleansing	115	66	96	30	1,430	1,430	-
Rental Properties	54	43	(2)	(45)	(6)	(6)	-
Senior Management Team and Support	33	36	34	(1)	103	103	-
Street Seats, Lighting and Name Boards	(24)	(20)	-	20	-	-	-
Transport and Vehicles Maintenance	78	121	126	4	360	360	-
Public Conveniences	49	21	(7)	(29)	53	115	(63)
Parks and Open Spaces	766	751	684	(67)	1,860	1,890	(30)
Total	920	885	824	(61)	5,167	5,145	22

Key points to note about performance year to date:

- **Local Taxation** – additional income will be achieved following agreements entered in to with Ryedale DC and the Yorkshire Coast Business Improvement District. This saving is as a result of delayed recruitment and part year vacant posts and therefore will not recur in future years.
- **Scarborough Harbour** – whilst officers expect Scarborough Harbour to generate an income surplus during the year nothing has been included within

this report as any surplus will be transferred to harbour reserves to address a maintenance backlog.

- **Whitby Harbour** – whilst Whitby Harbour is currently showing a shortfall to budget this is expected to recover in the remainder of the year.
- **Home Improvement Agency** – The income shortfall year to date relates to timing differences in the transfer of fees utilised from the administration of Disabled Facility Grants (DFGs). Following confirmation of the value of the DFG grant from MCHLG for 2019/20 officers are confident that the annual budgeted fee level will be achieved
- **Estates and Asset Management** – Salary saving expected due to part year vacant post (now filled).
- **Housing Benefits Administration** – Staffing saving within the benefits service. This looks likely to recur (at least in part) in future years and will therefore be reviewed as part of the 2020/21 budget setting process.
- **Rental Properties** – In year shortfall due to costs incurred on leasehold flats have not yet been passed on to the occupiers. Billing is expected to occur during the year.
- **Public conveniences** – a shortfall in income from Public Conveniences is forecasted, primarily as a result of removing charges for the usage of the St Nicholas Gardens facility (due to the poor condition of the facility) and the subsequent knock on effect of reduced income from the West Pier facility. Officers are currently exploring refurbishment plans for the facility which will be presented to Members in due course.
- **Parks and Open Spaces** – the shortfall is in relation to schools contract income following the loss of some external contracts. The effect that this has on the levels of resource required will be determined as part of the parks review.

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	(22)	(28)	(21)	7	(63)	(63)	-
Parking Off Street	(2,114)	(2,106)	(2,132)	(27)	(4,452)	(4,452)	-
CCTV	73	63	55	(8)	159	159	-
Cemeteries and Crematorium	(329)	(310)	(326)	(16)	(1,020)	(1,010)	(10)
Licensing	(30)	(67)	(22)	46	(216)	(216)	-
Cash Collection and Administration	18	17	20	4	56	56	-
Community Centres	(23)	(33)	(32)	-	(67)	(67)	-
Environmental Health and Safety	161	130	179	50	552	522	30
Legal Services	23	49	72	23	216	216	-
Member & Mayoral Expenses	1	-	1	-	2	2	-
Outdoor Playing Fields and Amenities	(1)	(2)	(6)	(4)	(12)	(12)	-
Print Plus	26	27	19	(8)	57	57	-
Procurement Unit	-	37	37	(0)	91	91	-
Regulatory, Governance, Performance & Admin	152	172	212	40	563	533	30
Senior Management Team and Support	(15)	(18)	(19)	(1)	(53)	(53)	-
Beaches	54	36	34	(1)	103	103	-
Beach Chalets	48	34	36	2	54	54	-
Theatres	(163)	(144)	(146)	(1)	(122)	(119)	(3)
Rental Properties	141	116	118	2	84	84	-
Outdoor Leisure Sites	(221)	(234)	(227)	7	(475)	(475)	-
Marketing and Events	17	33	52	19	85	85	-
Total	(2,205)	(2,228)	(2,095)	133	(4,456)	(4,503)	47

Key points to note about performance year to date:

- **Parking Off-Street** – whilst parking is slightly behind target to date, projections expect budget to be achieved by year end.
- **Cemeteries and Crematorium** – lower than expected sales of burial plots has led to a reduction in expected income of £10k this year. This is partly due to the conscious decision not to actively sell plots before need due to some sites nearing capacity. A project to identify new burial sites is currently underway and funding for the feasibility costs has been provided within the capital plan.
- **Licensing** – whilst licencing income is ahead of target to date further analysis is required to determine whether this is due to an increase in premises or a change to the period in which establishments are paying their fees. Finance

officers are working with the service and ICT to extract the required information for the licencing system.

- **Environmental Health and Safety** – Higher levels of income from export licences (£35k) offset in part by no income being achieved from Schedule B registrations this year (£5k) will lead to an overall surplus of £30k.
- **Legal Services** – a delay in billing has led to a shortfall year to date but this is expected to reverse once the billing process is up to date.
- **Regulatory, Governance, Performance & Admin** –savings due to a part year vacant post for a new role.



Director (Richard Bradley)

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	132	130	142	12	427	427	-
Economic Development	126	105	116	11	329	331	(2)
Industrial Units	(61)	(59)	(55)	4	(163)	(160)	(3)
Planning	(1)	(231)	63	294	197	10	187
Markets	(66)	(65)	(69)	(4)	(199)	(159)	(40)
Community Centres	-	(4)	-	4	(1)	(1)	-
Estates and Asset Mgt	60	49	63	14	188	188	-
Outsourced Services	(9)	(10)	(13)	(4)	(22)	(22)	-
Refuse Collection and Street Cleansing	(750)	(769)	(996)	(227)	(996)	(996)	-
Rental Properties	(629)	(1,093)	(1,116)	(23)	(2,598)	(2,589)	(8)
Senior Management Team and Support	33	36	34	(1)	103	103	-
Sports Development	27	13	13	-	40	40	-
Marketing and Events	59	(3)	(6)	(3)	131	131	-
Customer Services	136	139	148	9	444	444	-
Tourist Information Centres	4	6	2	(4)	23	23	-
Total	(939)	(1,755)	(1,674)	81	(2,098)	(2,231)	133

Key points to note about performance year to date:

- **Planning** – lower than budgeted salaries within the planning department due to part year vacancies (now filled) and higher than expected planning fees due to the number of large scale developments currently being undertaken throughout the Borough
- **Markets** – Following a delay in the refurbishment project, reductions in occupancy rates have lasted longer than originally anticipated. Whilst the mezzanine and the vaults are performing well, vacancy rates are too high on the main trading floor. The overall shortfall expected is £70k but one off growth of £30k was provided as part of the 2019/20 budget setting process. Income has fallen short of projections since the refurbishment and growth is likely to be required to address this as part of the 2020/21 budget setting process.
- **Estates** – one off fees relating to new leases are now more frequently charged increasing the expected income within the unit. This income is earmarked however to fund a new position within the service and recruitment options are currently being considered by the service.
- **Refuse Collection (Trade Waste)** – whilst this service is showing a large income shortfall year to date, this is due to timings in the issuing of bills (with more customers now choosing to pay monthly rather than annually at the start of the year) and income is expected to be on target by the year end.
- **Rental Properties** - reduced rental income expected from Oliver's Mount properties following a (temporary) agreement with a new operator (19/58).

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	1,760	1,801	1,997	196	2,148	2,148	-
Total	1,760	1,801	1,997	196	2,148	2,148	-

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.
 - Part of the year to date saving reflects budget provided as part of the 2017/18 budget setting process for pension auto-enrolment. October 2017 was to see the next phase of the Council employees auto-enrolled into the pension scheme but legislative changes mean that this won't now happen until October 2019. Whilst there has been a delay, employees who are not currently in the scheme are actively encouraged to join. It is currently expected that a significant proportion of this money will be required this year.
 - Increment costs that will not be required until future years are also included within this section of the report. These are provided when services are reviewed to ensure that all costs are taken in to account and to reduce growth requirement in future years. This budget is used in year to fund temporary staffing costs incurred as a result of covering long term sickness and maternity / paternity leave and also to provide training to staff members who are new in their role as part of their career development.

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	38	45	74	29	194	194	-
Business Rates	953	1,225	1,285	60	1,285	1,285	-
Interest Receivable	(169)	(175)	(147)	28	(563)	(563)	-
Interest Payable	135	266	265	(1)	794	794	-
Capital Salary Recharges	(147)	(138)	(231)	(93)	(1,183)	(1,198)	15
Property Repair Fund	60	103	208	105	526	526	-
Grounds Maintenance (Highways Hardstanding)	45	67	172	104	439	439	-
Grounds Maintenance (Coast Protection)	29	42	221	179	472	472	-
Insurance	(17)	2	-	(2)	709	709	-
Contingency Budgets	-	-	106	106	318	318	-
Utilities (Gas, Electric and Water)	213	223	167	(56)	492	492	-
Vehicle Repairs & Fuel	275	261	179	(82)	547	547	-
Council Tax Benefit (prior to 2013/14)	(3)	(2)	-	2	-	-	-
Housing Benefit (costs net off subsidy)	(63)	(70)	(50)	20	11	11	-
Other Areas (net) Identified by Budget Managers:							
Public Conveniences	-	-	(58)	(58)	(58)	51	(109)
Scarborough Museums Trust	258	258	213	(45)	427	477	(50)
Other	59	1	85	84	205	212	(7)
Total High Risk Areas	1,667	2,109	2,489	380	4,616	4,767	(151)

Key points to note about performance year to date:

Homelessness – B&B Accommodation

Whilst this is showing an underspend year to date this is due to a delay in allocating some of the payments made to accommodation providers. This should be address before the next monitoring report.

Business Rates

Business rates costs for the year are currently expected to be in line with budget however there is the possibility of some savings in the final half of the year when some properties may no longer be the responsibility of the Council (eg Manor Road Nursery).

Interest Receivable

Interest receivable budgets are likely to exceed budget projections if the Council continue to hold the levels of cash that it has during the first part of

the financial year however nothing has been included within this report at this stage.

Capital Salary Recharges

Additional capitalised salary recharges to schemes are expected in the year from the Projects team however there is a risk of non achievement of budget from recharges within the regeneration and legal project teams neither of which have made any charges this 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.

Insurance

Officers are currently undergoing a tender exercise for the insurance renewal due with effect from 30 September 2019. At the moment it is envisaged that costs will be in line with budget.

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 2019/20 budget proposals and, in addition, some of the monies provided within the 2018/19 budget for the same purpose are still available for allocation.

It is currently assumed that the budget contingencies will be utilised in full but these will be reviewed as part of the 2020/21 budget setting process. Any residual contingency remaining from the current year will be earmarked for one-off investment in the capital programme.

Utilities

Spend on utilities is running at a deficit year to date primarily as a result of unusual spend at a couple of sites. Water costs at the Boating Lake on West Cliff in Whitby is unusually high and costs are being incurred on some properties that are now tenanted. These sites are being reviewed and refunds are expected for some of the costs. In addition to this the saving that was included within the 2019/20 budget in relation to street lighting is not being achieved and needs reviewing.

Officers are currently tasked with resolving these issues and a full update will be provided within the next report. At this stage no forecast deficit is included within this report as it hasn't been possible to quantify the issue but it is expected that a deficit will occur and this will be included within the next report that is presented to Members.

Vehicle Fuel and Repairs

Fuel costs are currently higher than budget, however below equivalent costs over the same period last year. This report assumes a similar trend in expenditure profile which will result in full year costs being in line with budget.

Repairs costs are slightly ahead of budget, however the timing of when costs are incurred plays a significant part particularly around repairs on the Councils refuse fleet. It is assumed that full year costs will be in line with budget, however officers from Finance will continue to review costs with relevant service areas.

Other Areas Identified by Budget Managers

(£109k) Public Conveniences - The Council's Medium Term Financial Strategy identified a budget savings requirement from the public convenience service of £300k to be delivered over a three year period to 2019/20. Work undertaken to date has identified £242k of this saving but the additional £58k has yet to be identified and is therefore unlikely to be delivered this year.

In addition to the above, Cabinet approved (19/134) the provision of temporary toilet facilities on Royal Albert Drive for the 2019 summer season and the re-opening of Holbeck Clock toilets. The cost of these temporary facilities is £51k.

(£50k) Scarborough Museums Trust – following the on-going merger discussions between the Museums Trust and the Creative Industries Centre the Service Level Agreement in relation to activities provided by the museum is being reviewed. A saving of £100k has been included within the 2019/20 budget but this reduced payment is unlikely to start until negotiations have been concluded. There is a risk that this overspend may be higher should negotiations not be quickly resolved.

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

RISK MATRIX

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					

Likelihood:

- A = Very Low
- B = Not Likely
- C = Likely
- D = Very Likely
- E = Almost Certain

Impact

- 1 = Low
- 2 = Minor
- 3 = Medium
- 4 = Major
- 5 = Disaster