

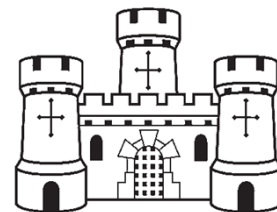
Public Document Pack

Date of meeting Wednesday, 7th February, 2018

Time 2.00 pm

Venue Committee Room 1, Civic Offices, Merrial Street, Newcastle-under-Lyme, Staffordshire, ST5 2AG

Contact Geoff Durham



**NEWCASTLE
UNDER LYME**

BOROUGH COUNCIL

Civic Offices
Merrial Street
Newcastle-under-Lyme
Staffordshire
ST5 2AG

Cabinet

AGENDA

PART 1 – OPEN AGENDA

- 1 APOLOGIES**
- 2 MINUTES** (Pages 3 - 5)
To consider the minutes of the previous meeting.
- 3 DECLARATIONS OF INTEREST**
To receive declarations of interest from Members on items included in the agenda.
- 4 REVENUE AND CAPITAL BUDGETS AND COUNCIL TAX 2018/19** (Pages 7 - 18)
- 5 FINANCIAL AND PERFORMANCE MANAGEMENT REPORT TO END OF QUARTER THREE (OCTOBER - DECEMBER) 2017-18** (Pages 19 - 27)
- 6 URGENT BUSINESS**
To consider any business which is urgent within the meaning of Section 100B(4) of the Local Government Act 1972.
- 7 DISCLOSURE OF EXEMPT INFORMATION**
To resolve that the public be excluded from the meeting during consideration of the following reports, because it is likely that there will be disclosure of exempt information as defined in the paragraphs of Part 1 of Schedule 12A (as amended) of the Local Government Act 1972.
- 8 ATTENDANCE AT CABINET MEETINGS**

Councillor attendance at Cabinet meetings:

- (1) The Chair or spokesperson of the Council's scrutiny committees and the mover of any motion referred to Cabinet shall be entitled to attend any formal public meeting of Cabinet to speak.
- (2) Other persons including non-executive members of the Council may speak at such meetings with the permission of the Chair of the Cabinet.

Public attendance at Cabinet meetings:

- (1) If a member of the public wishes to ask a question(s) at a meeting of Cabinet, they should serve two clear days' notice in writing of any such question(s) to the appropriate committee officer.
- (2) The Council Leader as Chair of Cabinet is given the discretion to waive the above deadline and assess the permissibility of the question(s). The Chair's decision will be final.
- (3) The maximum limit is three public questions at any one Cabinet meeting.
- (4) A maximum limit of three minutes is provided for each person to ask an initial question or make an initial statement to the Cabinet.
- (5) Any questions deemed to be repetitious or vexatious will be disallowed at the discretion of the Chair.

Members: Councillors S Tagg, Holland, Johnson, Northcott, Sweeney and J Waring

PLEASE NOTE: The Council Chamber and Committee Room 1 are fitted with a loop system. In addition, there is a volume button on the base of the microphones. A portable loop system is available for all other rooms. Should you require this service, please contact Member Services during the afternoon prior to the meeting.

Members of the Council: If you identify any personal training/development requirements from any of the items included in this agenda or through issues raised during the meeting, please bring them to the attention of the Democratic Services Officer at the close of the meeting.

Meeting Quorums :- 16+= 5 Members; 10-15=4 Members; 5-9=3 Members; 5 or less = 2 Members.

FIELD_TITLE

Officers will be in attendance prior to the meeting for informal discussions on agenda items.

NOTE: THERE ARE NO FIRE DRILLS PLANNED FOR THIS EVENING SO IF THE FIRE ALARM DOES SOUND, PLEASE LEAVE THE BUILDING IMMEDIATELY FOLLOWING THE FIRE EXIT SIGNS. PLEASE **DO NOT** USE THE LIFTS.

COUNCIL CHAMBER: FIRE EXITS ARE AT THE REAR OF THE CHAMBER AT BOTH SIDES AND THIS IS THE SAME FOR OCCUPANTS OF THE PUBLIC GALLERY.

COMMITTEE ROOMS: EXIT VIA THE WAY YOU ARRIVED AT THE MEETING OR AT THE FAR END OF THE COUNCIL CHAMBER.

ON EXITING THE BUILDING, PLEASE ASSEMBLE AT THE REAR OF THE ASPIRE HOUSING OFFICE OPPOSITE THE CIVIC OFFICES. DO NOT RE-ENTER THE BUILDING UNTIL ADVISED TO DO SO.

CABINET

Wednesday, 17th January, 2018
Time of Commencement: 2.00 pm

Present:- Councillor Simon Tagg – in the Chair

Councillors Holland, Johnson, Northcott, Sweeney and J Waring

Officers Executive Director (Resources and Support Services) - Kelvin Turner, Executive Director Operational Services- David Adams, Executive Director (Regeneration and Development) - Neale Clifton, John Tradewell - Acting Chief Executive / Head of Paid Service and Jayne Briscoe - Democratic Services Officer

1. **APOLOGIES**

There were no apologies

2. **DECLARATIONS OF INTEREST**

There were no declarations of interest stated.

3. **MINUTES**

Resolved: That the minutes of the meeting held on 4 January, 2018 be agreed as a correct record.

4. **TRAVELLER ENCROACHMENT ON WOLSTANTON COMMON - PROPOSED DETERRENT MEASURES**

A report was submitted which sought approval for a scheme to deter traveller encroachment onto Wolstanton Common. The Portfolio Holder for Environment and Recycling reported that the local community had raised sufficient funding to pay for the timber bollards to be installed around the boundaries of the Common which would help to deter future unauthorised encroachment whilst preserving the open nature of the Common.

The Portfolio Holder for Community Safety and Wellbeing welcomed the proposals, particularly in view of potential benefits to community safety and was joined in her support for the scheme by the Portfolio Holders for Planning and Regeneration and Finance and Resources who referred to the costs related to the clearing up of the area following previous incursions.

Resolved (i) That Cabinet approve the scheme and authorise the Portfolio Holder for Environment and Recycling to take all necessary steps to implement the scheme, including the seeking of formal consent from the Duchy of Lancaster and

appointment of a contractor, with the scheme being financed from the funds secured via community donations and Staffordshire County Council.

(ii) That Cabinet authorises the Executive Director – Operational Services in consultation with the Portfolio Holder for Environment and Recycling to implement similar measures to other areas of the Common in the future should the need arise and funding be available.

5. **ASSET MANAGEMENT STRATEGY**

Following the change in Administration, a previous decision of the Cabinet (8/11/2017) relating to the Councils Asset Management Strategy was reconsidered. The “call-in” in relation to this item had been withdrawn.

The Portfolio Holder for Corporate and Service Improvement People and Partnerships noted that the recently commissioned Stock Condition Review would not be completed until April/May 2018 and the Local Joint Plan Preferred Options Document was due to be the subject of a consultation exercise in February 2018, and that this should provide direction in terms of Council-owned land.

In conclusion he considered that the legislation which was put in place to protect Village Green status should be respected.

Resolved: (i) That members accept the reasons for the call-in made following the decision of the previous Cabinet and rescind that decision with immediate effect.

(ii) That officers be asked to bring an updated Asset Management Strategy to a future Cabinet after the completion of the Stock Condition Review and the consultation on the Joint Local Plan Preferred Options Document.

(iii) That officers continue to focus on marketing the large sites that have the benefit of resolutions to grant planning permission with a view to achieving their disposal at the earliest opportunity.

6. **REVENUE AND CAPITAL BUDGETS**

A report was submitted which reviewed progress on the completion of the revenue and capital budgets for 2018/19 following agreement of the 5 year Medium Term Financial Strategy (MTFS).

The Portfolio Holder for Finance and Resources thanked the Executive Director – Resources and Support Services and his staff for their work in identifying savings and opportunities to increase revenue which had helped to close the funding gap for 2018/19.

With regard to Council Tax, the figures were set out for both an increase of 2.99% and a £5 (2.70% increase). It was noted that additional savings would need to be found if an increase of 2.70% was agreed.

Resolved (i) That the assumptions set out in the report be approved.

(ii) That the Cabinet recommend to full Council an increase in Council Tax of 2.7% for 2018/19.

(iii) That the Finance, Resources and Partnerships Scrutiny Committee be asked to consider what comments it wishes to make on the draft Budget and Council Tax proposals before the final proposals are considered at Cabinet on 7 February 2018.

7. SCALE OF FEES AND CHARGES

A report was submitted to Cabinet which sought approval to the proposed scale of fees and charges to apply from April 2018.

Resolved: That the fees and charges proposed to apply from 1 April 2018, as set out in Appendix 1 be approved.

8. URGENT BUSINESS

There was no Urgent Business.

9. DISCLOSURE OF EXEMPT INFORMATION

Resolved: That the public be excluded from the meeting during consideration of the following matter because it is likely that there will be disclosure of exempt information as defined in paragraph 3 in Part 1 of Schedule 12A of the Local Government Act, 1972.

10. SCALE OF FEES AND CHARGES - CONFIDENTIAL APPENDIX

Resolved: That the report be noted.

11. ATTENDANCE AT CABINET MEETINGS

COUNCILLOR SIMON TAGG
Chair

Meeting concluded at 2.30 pm

This page is intentionally left blank

REVENUE AND CAPITAL BUDGETS AND COUNCIL TAX 2018/19

Submitted by: Executive Director (Resources and Support Services)

Portfolio: Finance and Resources

Ward(s) affected: All

Purpose of the Report

To enable the Cabinet to recommend the 2018/19 General Fund Revenue Budget and the 2018/19 Capital Programme to Full Council, meeting on 21 February 2018, following consideration of comments received from the Finance, Resources and Partnerships Scrutiny Committee of 24 January 2018 and following a review of the Council's balances and reserves.

Recommendations

- a) That the 2018/19 General Fund Revenue Budget as detailed in this report and in the report to Cabinet dated 17 January 2018 be recommended to Full Council for approval.
- b) That the Capital Programme 2018/19 as detailed in the report to Cabinet dated 17 January 2018 be recommended to Full Council for approval together with the funding of £80k redundancy and associated costs in 2017/18 from the current year's capital programme, funded from capital receipts, as set out in section 5 of this report.

Reasons

To enable the Cabinet to recommend a robust and affordable budget for 2018/19 to the Council meeting on 22 February 2018.

1. Background

- 1.1 The 2018/19 Revenue Budget and the Capital Programme 2018/19 were considered by Cabinet on 17 January 2018, following which these were submitted to the Finance, Resources and Partnerships Scrutiny Committee, on 24 January, for consideration.

- 1.2 A Summary of the overall Revenue Budget is as follows:

	Estimated Expenditure	Rate of Council Tax (Band D)
	£	£ p
Borough Council requirements –		
Total Net Expenditure	11,193,840	304.08
Less: External Support	(4,183,000)	(113.63)
	7,010,840	190.45

- 1.3 The Borough's Band D council tax levy of £190.45 is an increase of £5.00 from the 2017/18 amount (an increase of 2.70 per cent), which is within the maximum increase permitted without triggering the requirement for a referendum in accordance with the excessive council tax legislation. This was the Cabinet's proposal that was resolved at its meeting on 17 January 2018.

2. **Finance, Resources and Partnerships Scrutiny Committee**

- 2.1 At its meeting on 17 January 2018 Cabinet approved the Revenue and Capital Budgets for 2018/19, recommending an increase in Band D Council Tax of £5.00.
- 2.2 The report and the recommendations were referred to the Finance, Resources and Partnerships Scrutiny Committee for review on 24 January 2018. The only issue that the committee wanted to raise with the Cabinet was the inclusion of £150k for the replacement of waste bins in the capital programme for 2018/19. They wanted more information on the Council's policy and how many bins are replaced each year.
- 2.3 In response the Head of Recycling and Fleet Services states the following:

"We currently have in excess of 100,000 wheelie bins in service, some of which are approaching 30 years of age. As time goes forward a larger proportion of these bins will fail as the plastic degrades and they split. Newer bins have an element of recycled polymer in them, and they are not lasting anything like as long as the original bins which were supplied made from 100% virgin polymer, therefore the replacement rate is still likely to increase.

Over the last few years we have been replacing around 4,000 bins due to failure or damage, and another 1,000 to new properties. We employ a designated operative, together with a van to make deliveries, which is a full time role.

We are now repairing more existing bins in service, if the issue is to do with wheels, or hinge pads on the lids, which will help. Additionally, we will be commencing charging developers of new properties for the supply and delivery of wheelie bins and recycling boxes".

3. **Final Finance Settlement Notification**

- 3.1 The Council has accepted the government's offer of a four year funding settlement, which provides it with provisional allocations for the next two years, 2018/19 and 2019/20. The final funding allocation for 2018/19 should be announced in February 2018, and should not differ from the provisional amount which the Council has accepted under the four year offer.

4. **Savings and Funding Strategies**

- 4.1 There have been a small number of changes to the savings and funding strategy since it was considered by Cabinet on 17 January. These are set out below. The revised strategy incorporating these changes is shown at Appendix A.

Ref.	Description	Amount (£000's)
S3	Minor restructure of Environmental Health Service – actual savings £9,000 more than previously estimated	9
A5	Council Tax Increase – an increase of £5 per Band D equivalent (2.7%) property in line with the Cabinet's proposal, as opposed to the maximum 2.99% permitted	(20)
A7	Additional revenue generated through the Business Rates System – actual savings £7,000 more than previously estimated	7
A8	Reduction of contributions to the Cremators and Jubilee 2 equipment replacement funds – reduction in contribution increased to 50% from 40%	16
O1	These include payment of town centre CCTV costs by the Business Improvement District and savings associated with the Council's Digital Delivery project – savings to be £70,000	(12)

5. **Capital Programme**

5.1 Owing to the impending move to Castle House, some of the Council's cleaning staff became redundant and as a result costs of around £80k will be incurred in 2017/18 in relation to redundancy payments and associated costs.

5.2 It is proposed to capitalise the above costs and fund them from capital receipts. This is permitted as a result of the government's rules in relation to the flexible use of capital receipts. These were brought into effect by a Direction made by the Secretary of State for Communities and Local Government in December 2015 that allows local authorities to treat as capital expenditure, expenditure which is incurred that is designed to generate ongoing revenue savings and to use capital receipts to fund that expenditure. Subsequently issued statutory guidance for local authorities in applying the Direction lists criteria for qualifying for capitalisation in this way. These include the following, which are relevant to the Council's case:

- Sharing back office and administrative services with one or more other council or public sector bodies
- Funding the cost of service reconfiguration, restructuring or rationalisation (staff or non-staff), where this leads to ongoing efficiency savings or service transformation

There will be sufficient capital receipts available to fund this additional expenditure.

5.3 The statutory guidance states that decisions to apply the flexible capital receipts rules to particular projects must be disclosed to Full Council to enable transparency and refers to the annual budget setting process as being an appropriate means of doing this. Accordingly it is recommended that Cabinet approves the capitalisation of £80k of redundancy and associated costs to be funded from capital receipts as permitted by the flexible capital receipts rules and recommends Full Council to add this project to the 2017/18 capital programme to be funded from capital receipts.

6 **Balances and Reserves and Risk Assessment**

6.1 The Council's Balances and Reserves Strategy for 2017/18 is that there should be a minimum General Fund balance of £1.2m and a minimum balance on the Contingency Reserve of £100,000. The Council currently holds these reserves.

6.2 A review of all the Council's Balances and Reserves together with a risk assessment has been carried out and details are shown in Appendices B and C.

6.3 The review and risk assessment indicate the following:

- Overall, reserves are still adequate to meet normal levels of expenditure.
- The level of minimum balances required after considering the risk assessment remains at £1.3m.

7. **Earlier Cabinet Resolutions**

Medium Term Financial Strategy 2018/19 to 2022/23 (Cabinet 18 October 2017);
Budget Report (Cabinet 17 January 2018)

8. **Appendices**

Appendix A: Savings and Funding Strategies

Appendix B: Actual and Estimated Reserves at 31 March 2017 to 31 March 2019

Appendix C: Risk Assessment

Ref	Service Area	Description	£000's	% of Budget Line(s)	Detail
Procurement					
P1	Communications	Multi-Functional Devices	50	67.6%	Rationalisation of number of devices following the move to Castle House, and entering into a new contract
			50		
Staffing Related Efficiencies					
S1	All	Flexible Retirements	190	1.2%	Employees approved for flexible retirement
S2	Environmental Health	Health and Safety	12	28.7%	Replacement of Health and Safety Officer post with shared resource (South Staffordshire District Council)
S3	Environmental Health	Restructure	52	5.5%	Minor restructure of Environmental Health section
S4	Finance	Car Leasing Scheme	36	42.4%	Car leases not renewed following expiry
S5	Waste & Recycling	Restructure	20	6.5%	Minor restructure of Waste Strategy section
S6	Streetscene	Restructure	150	8.4%	Restructure of Streetscene, Community Wardens and Parks Attendant Service. This net saving of £150,000 allows for additional resources to be spent on tree work. It also includes full cost recovery from Staffordshire County Council in respect of Highways Ground Maintenance.
S7	Central Services	Staffing	10	9.6%	Minor change following the retirement of the Mayor's Secretary
			470		
Good Housekeeping/General Other Savings/Changes in Base Budgets					
G1	Finance	Subscriptions	20	17.1%	Reductions in corporate subscriptions including CIPFA service for revenues and benefits and the Co-Operative Councils Innovation Network membership
G2	Assets	Public Sector Hub	37	TBC	Remainder of revenue savings from occupation of new public sector hub when compared to occupation of Civic Offices
G3	Assets	CCTV	20	33.3%	Reduction in costs of monitoring and equipment maintenance
G4	Business Improvement & Partnerships	Grants	37	50.0%	Balance of grants budget following the introduction of a Borough lottery to replace current grants process, with proceeds distributed to local good causes and charities
G5	Customer & ICT Services	Reduction in Computer Software Costs	20	4.8%	Reduction in budgetary requirement for computer software costs
G6	Central Services	Council 2018	66	21.6%	Reduction of the number of elected members and reduction in Cabinet members from 7 to 6
G7	Leisure & Cultural	Community Centres	14	25.9%	Reduction in grant given by the Council and reduction in repairs and maintenance following grant of full leases to Community Centre committees, agreed as part of the 2015/16 budget setting process

G8	Leisure & Cultural	New Victoria Theatre Grant	10	14.9%	Phased reduction of grant given over a 5 year period agreed as part of the 2015/16 budget setting process
G9	All	Good Housekeeping Savings	50	TBC	Reductions in budgetary requirements for supplies and services
G10	Central Services	Members Expenditure	15	50.0%	Savings re. reduction in Mayoral Allowance of 25% and discontinuation of members' IPAD's scheme
			289		
Alternative Sources of Finance/Other					
A1	Corporate	Superannuation Lump Sum	137	7.9%	Negotiation of contribution rate and discount for payment to the Pensions Actuary in advance of superannuation lump sums
A2	Corporate	Capitalisation	160	TBC	Capitalisation of anticipated equipment purchases
A3	Corporate	Council Tax Base	48	0.7%	Increase in Council Tax Base (forecast increase of 260 residential properties)
A4	Corporate	New Homes Bonus contribution	157	9.7%	Further additional New Homes Bonus funding to be received in 2018/19.
A5	Corporate	Council Tax Increase	184	2.7%	Assumed increase of £5 per Band D equivalent property (£184,000)
A6	Corporate	Parish Council Section 136 Contributions	15	25.0%	Reduction of 25% of the 2016/17 payment made to Parish Councils for concurrent functions as agreed as part of the 2017/18 budget setting process
A7	Corporate	Business Rates	50	1.2%	Additional revenue generated through the Business Rates Retention system
A8	Corporate	Contributions to Earmarked Reserves	66	50.0%	Reduction of contributions to the Cremators and Jubilee 2 equipment replacement funds by 50%
			817		
Other Areas of Savings					
O1	Corporate	Other Areas of Savings	70	TBC	These include payment of town centre CCTV costs by the Business Improvement District and savings associated with the Council's Digital Delivery project
			70		
Grand Total			1,696		

Actual and Estimated Reserves at 31 March 2017 to 2019

Reserve	Actual Balance at 31/3/17 (£000's)	Estimated Net Movement in 2017/18 (£000's)	Estimated Balance at 31/3/18 (£000's)	Estimated Net Movement in 2018/19 (£000's)	Estimated Balance at 31/3/19 (£000's)	Purpose	Notes
General Fund Balance	1,200	-	1,200	-	1,200	Working balance to cover unforeseen adverse events affecting the budget	Approved minimum balance to be £1,200,000, as confirmed by risk assessment
Contingency Reserve	135	(35)	100	-	100	To meet cost of unforeseen contingencies or for any other purpose approved by the Council	Approved minimum balance is £100,000
Equipment Replacement Fund	481	114	595	85	680	To pay for the replacement of certain items of plant and equipment	
Renewals & Repairs Fund	2	-	2	-	2	To meet the cost of repairs and maintenance of Council owned buildings and structures	
ICT Development Fund	68	56	124	(15)	109	To meet the cost of new IT requirements	Balance committed to finance capital expenditure
Budget Support Fund	269	(119)	150	(35)	115	To support the General Fund revenue budget or to meet the cost of specific items approved by the Council	
Revenue Investment Fund	105	(105)	-	-	-	To fund projects in accordance with corporate priorities	
Conservation & Heritage Fund	45	(5)	40	-	40	To provide grants to owners of historic buildings to maintain their repair	
Museum Purchases Fund	64	-	64	-	64	To purchase exhibits and to conserve and enhance the display of exhibits	
Maintenance Contributions	75	(15)	60	(15)	45	To fund maintenance costs in respect of land transferred to the Council	Sums are received from developers to pay for a period of maintenance costs following transfer of land to the Council
Standards Fund	6	-	6	-	6	To ensure the Council meets its responsibilities under the ethical and other standards frameworks	
Deposit Guarantee Reserve	36	-	36	-	36	To hold balances relating to rent guarantees	
Business Reserve	442	-	442	(25)	417	To hold surpluses of business rates received per the revenue account and to pay subsequent deficits on the collection fund	
Keele Master Plan Reserve	139	(57)	82	(43)	39	To meet the costs of the Keele master planning exercise	

Risk Register**Project – Budget Forecast 2018/19 – Required Balances/Contingency Reserve**

Impact (I)	Likelihood (L)	Score	Risk rating
5 - catastrophic >£1m	5 - Frequent / very likely	16 - 25	Extreme Risk
4 - critical <£1m	4 - Probable	9 - 15	High Risk
3 - serious <£250,000	3 - Possible	3 - 8	Moderate Risk
2 - Marginal <£50,000	2 - Remote Chance	1 - 2	Low Risk
1 - Negligible <£25,000	1 - Extremely Unlikely		

Note: All these risks relate to the following Business Objective: To set a balanced, affordable and achievable budget.

All of the risks fall into the “Finance” Category

Item No.	Risk	Potential Consequences	Risk Score I * L	Risk Rating	Specify Existing Control Measures	Final Score I * L	Final Risk Rating	Further Action Required	Owner	Target Date
1	Increase in fees and charges does not result in higher income levels	Shortfall in income leading to overspends	3 x 4	High	Included in calculation of prudent minimum balances.	3 x 3	High	None	Exec Mgt Team	N/a
2	Income cannot be collected because of non-availability of service (e.g. through closure of facilities for repairs)	Shortfall in income leading to overspends	3 x 3	High	Included in calculation of prudent minimum balances.	3 x 3	High	None	Exec Mgt Team	N/a
3	Income falls short of Budget because of general change in market conditions and demand fluctuations (e.g. recycling and waste)	Shortfall in income leading to overspends	3 x 5	High	Included in calculation of prudent minimum balances.	3 x 3	High	None	Exec Mgt Team	N/a
4	Bad debts reduce the Council's income	Shortfall in income leading to overspends Need to top up Bad Debts Provision	3 x 4	High	The Council has a bad debts provision (£191k balance at 31/03/17). £30k contribution to provision included in the base budget.	3 x 3	High	Increase monitoring of collection performance	Exec Dir Resources	N/a

Item	Risk	Potential Consequences	Risk Score I * L	Risk Rating	Specify Existing Control Measures	Final Score I * L	Final Risk Rating	Further Action Required	Owner	Target Date
5	Employee budgets – The budget is discounted on the assumption there will be vacancies. The impact of 1% vacancy is about £160,000	Vacancies do not occur leading to additional costs	3 x 3	High	The budget assumes a vacancy factor of 2.0%. This is realistic compared with experience from previous years.	3 x 3	High	None	Exec Mgt Team	N/a
6	Employee Budgets - The 2018/19 employee pay settlement results in an increase higher than included in the budget.	Additional unbudgeted costs	3 x 1	Moderate	Balances sufficient to deal with any additional costs, plus reduced job security in economy.	3 x 1	Moderate	None	Exec Mgt Team	N/a
7	Problems with staff recruitment/retention result in significant use of agency/interim staff at extra cost or the payment of market supplements	Additional unbudgeted costs	3 x 3	High	Situation subject to ongoing review.	3 x 3	High	None	Exec Mgt Team	N/a
8	Council becomes liable to pay compensation or legal fees or other unforeseen commitment arises.	Additional unbudgeted costs	3 x 3	High	Included in calculation of prudent minimum balances	3 x 3	High	None	Exec Mgt Team	N/a
9	Inflation relating to supplies and services exceeds the allowance in the budget.	Additional unbudgeted costs	3 x 3	High	Included in calculation of prudent minimum balances	3 x 3	High	None	Exec Mgt Team	N/a
10	Existing commitment(s) missed out of budget	Additional unbudgeted costs	3 x 2	Moderate	Budgets subject to checking at several levels. Preparation of standstill budget for comparison.	3 x 2	Moderate	None	Exec Mgt Team	N/a
11	Fall in interest rates reduces income to the Council.	Investment income targets not met	4 x 4	Extreme	Rates are very low now. A decrease would make only a relatively small difference. Included in calculation of prudent minimum balances	2 x 3	Moderate	None	Exec Mgt Team	N/a
12	Profile of capital spend differs adversely from that assumed in the investment interest calculation	Investment income targets not met	3 x 3	High	Capital Budgets have been realistically set. Due to low interest rates investment income is no longer significant.	2 x 3	Moderate	None	Exec Mgt Team	N/a

Item No.	Risk	Potential Consequences	Risk Score I * L	Risk Rating	Specify Existing Control Measures	Final Score I * L	Final Risk Rating	Further Action Required	Owner	Target Date
13	Fuel costs increase by more than allowed for in budget.	Additional unbudgeted costs	3 x 3	High	Realistic increases included in base budget.	2 x 3	Moderate	None	Exec Dir Op Serv	N/a
14	Energy costs increase by more than allowed for in budget.	Additional unbudgeted costs	3 x 3	High	Realistic increases included in base budget.	2 x 3	Moderate	None	Exec Mgt Team	N/a
15	Unforeseen major repairs needed to Council properties.	Additional unbudgeted costs	4 x 3	High	Planned maintenance programme in place and stock condition survey.	3 x 2	Moderate	None	Exec Mgt Team	N/a
16	Insurances – unexpected increases in premiums.	Additional unbudgeted costs	3 x 3	High	Included in calculation of prudent minimum balances	3 x 3	High	None	Chief Exec	N/a
17	Insurances - high level of excesses to be met by Council or uninsured losses	Additional unbudgeted costs	3 x 3	High	Included in calculation of prudent minimum balances. Insurance Provision established.	3 x 3	High	Monitor level of Insurance Provision	Chief Exec	N/a
18	Government increase NI rates during 2018/19. An increase of 1% adds about £160,000 to the Council's costs	Additional unbudgeted costs	3 x 3	High	Included in calculation of prudent minimum balances	3 x 3	High	None	Exec Dir Resources	N/a
19	Loss of VAT Exempt Status	Additional unbudgeted costs	3 x 3	High	None	3 x 2	Moderate	Continue to monitor position regularly	Exec Mgt Team	N/a
20	Savings built into Budget are not realised	Additional unbudgeted costs	3 x 3	High	Regular Budget Monitoring	3 x 3	High	None	Exec Mgt Team	N/a
21	New Legislation imposes extra costs but provides insufficient resources	Additional unbudgeted costs	3 x 3	High	Contingency Reserve available. Included in calculation of prudent minimum balances.	3 x 3	High	None	Exec Mgt Team	N/a
22	Partnerships - expenses falling on Council as accountable body	Additional unbudgeted costs	3 x 3	High	Monitor partnership activities and ensure carried out according to agreements.	3 x 3	High	None	Exec Mgt Team	N/a
23	Civil Emergency	Additional unbudgeted costs	5 x 2	High	Bellwin Scheme should meet 85% of cost	4 x 2	Moderate	None	Exec Mgt Team	N/a

Item No	Risk	Potential Consequences	Risk Score I * L	Risk Rating	Specify Existing Control Measures	Final Score I * L	Final Risk Rating	Further Action Required	Owner	Target Date
24	Investment Counterparty (including own bank re current account, etc) fails to meet its financial commitments	Loss of interest due Ongoing loss of interest owing to loss of capital	4 x 3	High	Use of credit rating agencies Counterparty list based on minimum ratings with CDS overlay. Limits to investments with one counterparty (£7m)	3 x 3	High	Frequent reviews of investment strategy	Exec Dir Resources	N/a
25	Municipal Mutual Insurance (MMI) Clawback	Additional unbudgeted costs	4 x 4	Extreme	MMI Provision	4 x 3	High	Consider increasing amount of provision if reports from administrator indicate it to be necessary	Exec Dir Resources	N/a
26	Localised Council Tax Support Scheme is oversubscribed	Additional unbudgeted costs	3 x 3	High	Local scheme	3 x 3	High	None	Exec Dir Resources	N/a
27	Data Protection breach resulting in fine	Additional unbudgeted costs	3 x 3	High	Data Protection Policy Reminders to staff	3 x 3	High	None	Exec Mgt Team	N/a
28	Failure of Banking Services provider	Frozen Funds Additional unbudgeted costs	5 x 3	High	Business Continuity Plan	2 x 3	Moderate	None	Exec Dir Resources	N/a
29	Members act against officer advice resulting in cost to the Council	Additional unbudgeted costs	3 x 3	High	Agenda pre-meetings. Liaison with members	3 x 3	High	None	Exec Mgt Team	N/a

This page is intentionally left blank

FINANCIAL AND PERFORMANCE MANAGEMENT REPORT TO END OF QUARTER THREE (October - December) 2017-18

Submitted by: Executive Management Team

Portfolio: Corporate and Service Improvement, People & Partnerships ; Finance and Resources

Wards Affected: All

Purpose

To provide Cabinet with the Financial and Performance Review report with the Financial and Performance Review report – third quarter 2017/18.

Recommendations

- (a) That Members note the contents of the attached report and agrees to the recommendation that the Council continues to monitor performance alongside the latest financial information for the same period.
- (b) That members note and agree the changes to Appendix B-Performance

Reasons

The Financial and Performance Management monitoring reports provide information on a quarterly basis regarding the performance of individual council services, alongside related financial information on the organisation.

1. Background

- 1.1 This quarterly report provides Members with a detailed update on how the Council has performed during the third quarter of 2017/18 by presenting performance data set within a financial context.
- 1.2 This report provides broad financial information (Appendix A) and also details performance (Appendix B) for the third quarter of 2017/18.
- 1.3 A summary of the overall performance picture is presented in section 3 of this report and members will note that performance is generally progressing well.

2. 2017/18 Revenue and Capital Budget Position

- 2.1 The Council approved a general fund revenue budget of £13,825,060 on 22 February 2017. Further financial information is provided in Appendix A.

3 Performance

- 3.1 The latest performance information for quarter three has been analysed.
- 3.2 All indicators monitored for this period are listed in the table found in Appendix B.
- 3.3 Any indicators failing to meet the set targets include a comment explaining why the indicator has not performed well, and what steps are being taken to ensure improvement in the future.

- 3.4 The layout for Appendix B has changed this quarter with the portfolio holder named for each indicator they own.
- 3.5 For this report a total of 22 indicators were monitored, and the proportion of indicators which have met their target or are within tolerance levels during this period stands at 86%.
- 3.6 There are three indicators off target this quarter and one indicator is within tolerance levels, and officers consider that the performance against these indicators does not give rise to serious cause for concern at present (see commentary provided at Appendix B). The management of each of the service areas concerned continue to monitor and take steps to deal with under achievement of targets where possible and/or appropriate.

Further quarterly updates will be provided for Members in future reports.

- 3.7 Positive performance can be seen in a range of services and members will note that some services are affected by both seasonal and external factors. It should also be noted for consideration that some indicators have stretched targets set and local targets that are higher than the national ones.

4. Outcomes Linked to Sustainable Community Strategy and Corporate Priorities

- 4.1 All indicators link to corporate priorities set out in the Council Plan and/or Service Plans.

5. Legal and Statutory Implications

- 5.1 The Council has a duty to set targets for performance of a range of functions and needs to monitor these closely.

6. Equality Impact Implications

- 6.1 There are no differential equality issues arising directly from this monitoring report.

7. Financial and Resource Implications

- 7.1 Any positive variance for the full year on the General Fund Revenue Account will enable that amount to be transferred to the Budget Support Fund and will be available in future years for use as the Council considers appropriate. Conversely, if there is an adverse variance, the amount required to cover this will have to be met from the Budget Support Fund.

8. Major Risks

- 8.1 The ongoing changing market conditions represents the greatest risk to the revenue budget, particularly with regard to the impact it may have upon income receivable in relation to services where customers may choose whether or not to use Council facilities or in the case of the waste/recycling service where the volume of recycled materials is liable to fluctuate. The situation will be monitored through the normal budget monitoring procedures.
- 8.2 The capital programme will require regular monitoring to identify any projects which are falling behind their planned completion dates. This will be carried out by the

Capital Programme Review Group, which meets on a monthly basis together with quarterly reports to Cabinet.

- 8.3 The above represents a high level view of risk. There are detailed risk registers available if members wish to see them.

9. List of Appendices

Financial information (Appendix A), and performance information (Appendix B).

10. Background Papers

Working papers held by officers responsible for calculating indicators.

11. Management sign off

Each of the designated boxes need to be signed off and dated before going to Executive Director/Corporate Service Manager for sign off.

	Signed	Dated
Financial Implications Discussed and Agreed		
Risk Implications Discussed and Agreed		
Legal Implications Discussed and Agreed		
H.R. Implications Discussed and Agreed		
ICT Implications Discussed and Agreed		
Report Agreed by: Executive Director/ Head of Service		

This page is intentionally left blank

Financial Position Quarter Three 2017/18

1. General Fund Revenue Budget

- 1.1 The Council approved a General Fund Revenue Budget of £13,825,060 on 22 February 2017. The actual position compared to this budget is continuously monitored by managers, EMT and Portfolio Holders in order to detect any significant variances of expenditure or income from the approved amounts contained in the budget.

2. Capital Programme

- 2.1 A Capital Programme totalling £3,047,000 was approved at the same Council meeting. Of this total, £1,500,000 relates to the total cost of new schemes for 2017/18 together with £1,547,000 for schemes brought forward from the original 2016/17 Capital Programme. In addition £2,890,616 slippage was incurred in 2016/17, resulting in a total Capital Programme of £5,937,616 for 2017/18.

3. Revenue Budget Position

- 3.1 At this point in the financial year, we would have expected to have spent approximately £5,465,532; we have actually spent £5,660,525. Therefore, as at the end of the third quarter, the general fund budget shows an adverse variance of £194,993.

- 3.2 The main reasons for the overall adverse variance to date are:

- a. Waste Services is operating at a net overspend. This is due to a shortfall in recycled material income and overspending on agency/overtime costs. An Action Plan has been developed to minimise the overspend in this area. Actions include, reducing the use of agency staff over the winter period, reviewing overtime working to ensure this is kept to the minimum necessary, a block on non-essential spending, uplift on material sales value following a retendering process, driving out further operational efficiencies, restricting vehicle hire, running a communications campaign to drive up recycling tonnages for metals and exploring providing back-up from other in-house teams.
- b. Costs associated with the redundancies of the Cleaners ahead of the move to Castle House.
- c. Income from car parking is below the amount budgeted for, a review of car parking income is currently being undertaken and the sale of Permits is being promoted with key partners and large businesses in an attempt to improve income levels.
- d. Elections service as a result of the independent review undertaken into the Parliamentary election and from the employment of agency staff.

There are also a number of favourable variances, the main variance being:

- a. Employee costs in respect of a number of vacant posts and flexible retirements that have taken place across the Council.

4. Capital Programme Position

4.1 The Capital Programme approved by Council in February 2017 has been updated to take account of slippage in 2016/17. Where planned expenditure did not occur last year, this has been added to the budget for 2017/18 (apart from any cases where costs have been reduced or expenditure will no longer be incurred). The revised budget for capital projects in 2017/18 totals £5,937,616.

4.2 £4,601,272 of the revised budget was expected to be spent by 31 December; the actual amount spent was £4,585,907 resulting in a favourable variance at the end of quarter three of £15,365.

5. Investment Counterparties







5.1 As at 31 December 2017 the Council had no funds to invest.

5.2 With regard to the Council's frozen investment in Heritable Bank the total amount repaid now totals £2,457,623, which is 98% of the total that was frozen.

Corporate Performance Scorecard Quarter 3, October to December 2017-18

Priority 1: A clean, safe and sustainable Borough

Outcomes: Our borough will be safer, cleaner and sustainable









Ref	Service Area	Portfolio Holder	Indicator	Good is	Result Q3 2016-17	Result Q3 2017-18	Target 2017-18	Status	Notes
1.1	Environmental Health	Cllr. Trevor Johnson	Percentage of food premises that have a zero or one national food hygiene rating	Low	1.51%	1.64%	5%		(2016-17) 14 out of 930 published premises, (2017-18) 18 out of 1,100 published premises.
1.2	Community Safety	Cllr. Jill Waring	Number of Anti-Social Behaviour (ASB):-						
1.2a			New ASB cases received during the quarter	Low	93	93	-	-	
1.2b			Current open ASB cases as at the end of the quarter (30.12.17)	Low	27	13	-	-	
1.2c			ASB cases closed in the quarter	Low	118	101	-	-	
1.5	Recycling & Fleet	Cllr. Trevor Johnson	Household collections from the kerbside (%):-						
1.5a			· Dry Recycling	High	19.10%	19.03%*	17%		
1.5b			· Food	High	5.69%	6.66%*	5%		
1.5c			· Green	High	16.98%	15.92%*	25%		Very poor weather and snow in December drastically reduced quantities of green waste
1.6	Operations	Cllr. Trevor Johnson	Levels of street and environment cleanliness (LEQ survey) free / predominantly free of litter, detritus, graffiti and fly-posting)	High	95.17% 97.47% 99.33% 100%	93.5% 95.86% 100% 100%	91% 91% 97% 99%		
1.7	Operations	Cllr. Trevor Johnson	Number of community volunteer groups/hours spent caring for their local green spaces and neighbourhoods	High	1705hrs Qtr 3 (4573.5hrs cumulative)	1361.5hrs Qtr 3 (4520hrs cumulative)	1445hrs Qtr 3 (3442.5hrs cumulative)		

*Results are provisional at this time.

Priority 2: Borough of Opportunity





Outcomes: Newcastle is a great place to live, work and do business

Page 26

Ref	Service Area	Portfolio Holder	Indicator	Good is	Result Q3 2016-17	Result Q3 2017-18	Target 2017-18	Status	Notes
	Regeneration & Economic Development	Cllr. Simon Tagg	Town Centre Vacancy Rate	Low	9.51%	13.8%	15%		
2.2	Property	Cllr. Paul Northcott	Percentage of investment portfolio vacant (NBC owned)	Low	7.50%	8.80%	12%		
2.3	Regeneration & Economic Development	Cllr. Paul Northcott	Average stall occupancy rate for markets	High	63%	55%	65%		In October 2017 Cabinet resolved to appoint an external operator for the markets in Newcastle town centre. This decision was made following due consideration of the options available to improve the future potential of the market as it was considered to represent the best prospect for improving the fortunes of the market for the benefit of the wider town centre economy. It is anticipated that the new operator will be in place by the start of the next financial year.
2.4	Planning & Development	Cllr. Paul Northcott	Percentage of Major Planning Applications decisions issued within an agreed extension of time	High	78.30%	75%	70%		
2.5	Planning & Development	Cllr. Paul Northcott	Percentage of Non Major Planning decisions issued within an agreed extension of time	High	93.20%	81.90%	85%		This raised target has not quite been met again for this quarter. This is due largely to a backlog of undetermined applications developing. A significant contributory factor has been a change in policy leading to the need to secure public open space contributions through legal agreements or undertakings. A model undertaking has been prepared to speed up the process however it still remains challenging to complete an acceptable obligation within the determination period and as applicants are often unhappy to make such contributions they are less likely to agree to extend the determination period which is therefore adversely affecting performance. Nevertheless it should be noted that the Council's performance remains above the Government target.
2.6	Customer & ICT	Cllr. Simon Tagg	Percentage of requests resolved at first point of contact	High	98%	99%	97%		
2.7	Customer & ICT		% Unmet demand (number of calls not answered as a % of total call handling volume)	Low	7.86%	7.48%	8%		
2.8	Revenues & Benefits	Cllr. Stephen Sweeney	Time taken to process Housing/Council Tax Benefit new claims and change events	Low	5.81 days	5.82 days	10 days		
2.9	Revenues & Benefits		Percentage of Council Tax collected	High	80.90%	78.10%	76.08%		
2.10	Revenues & Benefits		Percentage of National non-domestic rates collected	High	82.10%	83.00%	78.66%		

Priority 3: A Healthy and Active Community



Outcomes: Everyone has the chance to live a healthy, independent life, access to high quality leisure and cultural facilities/activities and the opportunity to get involved in their community

Ref	Service Area	Portfolio Holder	Indicator	Good is	Result Q3 2016-17	Result Q3 2017-18	Target 2017-18	Status	Notes
3.1	Operations	Cllr. Trevor Johnson	Number of parks which have Green Flag status	High	7	7	7		
3.2	Operations	Cllr. Trevor Johnson	Level of satisfaction with Council run parks and open spaces	High	70% (Annual Survey)	Not reported at this time	70%	-	
3.3	Culture & Arts	Cllr. Mark Holland	Number of people visiting the museum	High	9,034 Qtr 3 (49,414 cumulative)	10,340 Qtr 3 (52,644 cumulative)	9,000 Qtr 3 (38,000 cumulative)		
3.4	Leisure	Cllr. Mark Holland	Number of people accessing leisure and recreational facilities	High	160,856	158,829 Qtr 3 (482,549 cumulative)	150,080 Qtr 3 (670,000 annual)		
3.5	Human Resources	Cllr. Simon Tagg	Average number of days per employee lost to sickness	Low	5.57 days (cumulative)	6.22** days (cumulative)	6 days (cumulative)		

** Result is within the tolerance level

Priority 4 : A Co-operative Council, delivering high-quality, community driven services

Outcomes: Your council is efficient, open and innovative in its work, with services designed and delivered co-operatively and communities are strong and well supported

Ref	Service Area	Portfolio Holder	Indicator	Good is	Result Q3 2016-17	Result Q3 2017-18	Target 2017-18	Status	Notes
4.1	Democratic Services	Cllr. Simon Tagg	Percentage attendance at planned meetings by members	High	79%	81.5	80%		
4.2	Culture & Arts	Cllr. Mark Holland	Number of hours worked by volunteers in council co-ordinated activities (museum)	High	398hrs (1250 hrs cumulative)	508.8hrs (1778hrs cumulative)	400 hrs (1200 hrs annual)		
4.3	Housing	Cllr. Paul Northcott	Number of homelessness cases where positive action was successful preventing homelessness	High	136 (425 cumulative)	118 (366 cumulative)	150 (600 annual)	-	

N/A Performance information not available at this time or due to be provided at a later date.



Performance is not on target but direction of travel is positive



Performance is not on target where targets have been set



Performance is on or above target.

This page is intentionally left blank