



Rural Capital of Food

Agenda

Meeting name	Policy, Finance and Administration Committee
Date	Wednesday, 11 April 2018
Start time	6.30 pm
Venue	Parkside, Station Approach, Burton Street, Melton Mowbray LE13 1GH
Other information	This meeting is open to the public

Members of the Policy, Finance and Administration Committee are invited to attend the above meeting to consider the following items of business.

Edd de Coverly
Chief Executive

Membership

Councillors	J. Orson (Chair) R. de Burle M. Glancy E. Hutchison B. Rhodes	L. Higgins (Vice-Chair) P. Cumbers E. Holmes A. Pearson J. Wyatt
Substitutes	P. Chandler T. Greenow	M. Graham

Quorum: 4 Councillors

Meeting enquiries	Kirsty Whelbourne
Email	kwhelbourne@melton.gov.uk
Agenda despatched	Tuesday, 3 April 2018

No.	Item	Page No.
1.	APOLOGIES FOR ABSENCE	
2.	MINUTES To confirm the minutes of the meeting held on 24 January 2018.	1 - 6
3.	DECLARATIONS OF INTEREST Members to declare any interest as appropriate in respect of items to be considered at this meeting.	7 - 8
4.	RECOMMENDATIONS FROM OTHER COMMITTEES There are no recommendations from other committees.	
5.	UPDATE ON DECISIONS The Chief Executive to submit an update on decisions from previous meetings of the Committee.	9 - 12
6.	CAPITAL PROGRAMME PROVISIONAL YEAR END POSITION 2017/18 The Director for Corporate Services to submit a report to provide information on the provisional Capital Programme year end position for 2017/18, and to give consideration for requests for carrying forward unspent budgets in 2017/18 to 2018/19 in respect to specific schemes.	13 - 22
7.	ITEMS FOR APPROVAL UNDER FINANCIAL PROCEDURE RULES The Director for Corporate Services to submit a report to provide requests for approval of this Committee under Financial Procedure Rules and to provide information on amounts approved under delegated powers and to report the impact of these on the Council's reserves and balances.	23 - 30
8.	REVENUE BUDGET MONITORING REPORT APRIL TO DECEMBER 2017 AND REVENUE ESTIMATES CARRY FORWARD REQUESTS The Director for Corporate Services to submit a report for approval requests from budget holders to carry forward under spent budgets from 2017/18 to 2018/19 and provide information on actual expenditure and income incurred on this Committee's services compared to the latest approved budget for the period 1 April 2017 to 31 December 2017.	31 - 46
9.	COMMERCIALISM PILOT - TIMESAGE The Deputy Chief Executive to submit a report to members on the progress made on the commercialism pilot initiative "timesage".	47 - 50

10.	<p>COMMERCIAL STRATEGY</p> <p>The Director for Corporate Services to submit a report to raise awareness and seek support from members as the Council faces the current challenging financial situation through creating and delivering a commercial approach to maximising income generation.</p>	51 - 60
11.	<p>URGENT BUSINESS</p> <p>To consider any other items that the Chair considers urgent.</p>	

This page is intentionally left blank

Minutes

Meeting name	Policy, Finance and Administration Committee
Date	Wednesday, 24 January 2018
Start time	6.30 pm
Venue	Parkside, Station Approach, Burton Street, Melton Mowbray LE13 1GH

Present:

Chair Councillor J. Orson (Chair)

Councillors L. Higgins (Vice-Chair) P. Cumbers
M. Glancy E. Holmes
B. Rhodes J. Wyatt

Observers

Officers Chief Executive
Director for Corporate Services
Assistant Director for Strategic Planning and Regulatory Services
Administrative Assistant (KW)

Minute No.	Minute
P53	<p>Apologies For Absence Apologies were received from Councillors de Burle, Hutchison and Pearson.</p>
P54	<p>Minutes The minutes of the meeting held on 29 November 2017 and 7 December 2017 were confirmed and authorised to be signed by the Chair.</p>
P55	<p>Declarations of Interest Councillors Orson and Rhodes declared a personal interest in any items relating to Leicestershire County Council due to their positions as County Councillors.</p>
P56	<p>Recommendations From Other Committees There were no recommendations from other committees.</p>
P57	<p>Update On Decisions The update on decisions were noted.</p>
P58	<p>Items for Approval Under Financial Procedure Rules The Director for Corporate Services submitted a report to provide requests for approval of this Committee under Financial Procedure Rules and to provide information on amounts approved under delegated powers and to report the impact of these on the Council's reserves and balances.</p> <p>The Director for Corporate Services explained that recommendation 2.3 of the report had been amended and the funding had increased from £25k to £29k.</p> <p>A Member questioned why and also expressed dissatisfaction at only timesage customers being targeted in relation to the business case as it was felt this excluded customers who did not have use of a computer.</p> <p>The Director for Corporate Services explained that the funding available is required to be spent by March so the money was allocated to timesage to enable equipment to be purchased. The Chief Executive further explained that timesage was originally promoted through social media as it is cheap and effective however timesage is also being promoted in other ways such as doctors surgeries and Age Concern to ensure that the service is available to all. A press release will also be conducted by the Chief Executive to publicise timesage further. A report will be brought back to this committee at an ad hoc meeting in mid-March. The Chief Executive also clarified to a Member that the timesage website is not available through a link from the Melton Borough Council website currently, however this is being addressed.</p> <p>A Member highlighted that there is only one taxi available for disabled persons within the Borough and the taxi is coming to the end of its life. Members enquired as to whether the DCLG (Department of Communities and Local Government) grant could be utilised to help the taxi service for disabled people within the town.</p>

The Chief Executive explained that the grant funding is very specific; however Officers will explore options regarding the service.

The recommendations were moved by Councillor Orson and Councillor Glancy seconded.

All Members were unanimously in favour.

RESOLVED that:

1) the virements approved under delegated powers (para. 3.1.1 refers) be noted.

2) the budget reductions approved under delegated powers (para. 4.1 refers) be noted.

3) the business case for the additional £29k offered to Melton Borough Council by DCLG for wider social care capital projects be approved.

P59

Revenue and Capital Budget Proposals 2018-19

The Director for Corporate Services submitted a report to outline the key budget issues that will be going forward to the Council's budget setting meeting on 7 February 2018 and provide the opportunity for Members to comment on these in advance of the meeting.

The Chair proposed the increase in Council tax.

The Director for Corporate Services explained that the report brought together the proposals made at the Budget Away Day for Members information before the budget is formally submitted for discussion and approval at Full Council.

The Director for Corporate Services explained that with regard to the general expenses revenue budget the proposal from the away day is for an overall council tax increase of 2.99%, to keep within the referendum limit, which for district councils was the higher of £5 or 3%. It was said that the finance settlement is still provisional and the consultation closed last week. There has been lobbying to increase the flat rate increase allowed for district councils as whilst the percentage was increased from the previous limit of 2% the flat rate was not meaning a large number of district council's did not benefit from this particular flexibility. Melton would benefit marginally. As such there could be some movement in the limits if this lobbying is responded to positively.

The Director for Corporate Services asked if Members could give a steer on this for the Full Council meeting as papers could be drawn up showing both options subject to the settlement being finalised prior to the Full Council meeting. It was said that savings are proposed as set out in appendix A and growth for general expenses and special expenses set out in appendices C and D. Those savings

set out in appendix B were not proposed at the away day to be taken forward. These proposals would result in a deficit of £269k for 2018/19 based on the position at this point which is still being refined. The proposal is to fund this from the spending pressures reserve and the corporate priorities reserve.

The Director for Corporate Services further explained that no proposals are put forward in respect of capital projects for special expenses. General expenses are set out in appendix E and the housing revenue account in appendix F. Members were asked to note however that following further prioritisation work mandates and business cases could be presented for consideration for funding during the financial year. It was explained that the waste procurement is still being finalised and prudential borrowing could be an option as a result of this in order to fund the necessary assets required to deliver the contract.

The Director for Corporate Services clarified to Members that the budget deficit does include the benefits of the waste contract for 6 months as a best estimate but extra benefits will be gained for a further 6 months. It was also said that this would result in the council budget being break even if everything remained equal.

A Member questioned if the £40k for the sinking fund in the leisure vision project was required. The Director for Corporate Services explained that the sinking fund was originally £60k and was reduced to £40k and factored in the budget for urgent repairs and maintenance for the site.

A Member explained that since taking over the site it is predicted that the project will be cost neutral and would like to pass on thanks to the Head of Communities and Neighbourhoods and the team involved.

The recommendations were moved by Councillor Orson and Councillor Higgins seconded.

All Members were unanimously in favour.

RESOLVED that:

1) Members supported the revenue and capital budget proposals as made by the Strategic Planning Away Day for submission to the Council meeting on 7 February 2018.

P60

Proposals for use of Additional Planning Fees

The Assistant Director for Strategic Planning and Regulatory Services submitted a report making recommendations as to the proposed expenditure of the increase in statutory planning application fees.

The Assistant Director for Strategic Planning and Regulatory Services presented the report and explained that the 20% increase of fees paid by applicants took effect from 17 January 2018 but will be fed into the 2018/19 budget. It is recommended that the fee increase is used to amend the staffing establishment

to include more staff. By increasing the staffing levels this will assist development control from the beginning to the end of the process, it will also fund a proportion of the local plan and also an innovation fund which could be used for IT, as an example.

A Member questioned if the council are anticipating a drop in planning applications because of the fee increase. The Assistant Director for Strategic Planning and Regulatory Services explained that he is not anticipating a drop in the short term but there may be a drop when the local plan is underway. The Assistant Director for Strategic Planning and Regulatory Services clarified that an application of 10 or more would be considered a major application.

A Member explained that he has received complaints from applicants that are getting frustrated with the length of time that it takes from planning permission to be granted to receiving the slip. The Assistant Director for Strategic Planning and Regulatory Services explained that with the extra staff that is proposed in the report this will speed up all stages within the applications.

Another Member stated that he is happy if it helps create a positive customer experience.

The recommendations were moved by Councillor Holmes and Councillor Cumbers seconded.

All Members were unanimously in favour.

RESOLVED that:

1) the proposed recommendations as set out in para. 3.5 of the report as part of the wider budget setting exercise for 2018/19 be approved.

2) the staffing establishment be amended to include the additional posts described at para. 3.5 of the report.

P61	Urgent Business There was no urgent business.
-----	---

The meeting closed at: 7.10 pm

Chair

This page is intentionally left blank

Advice on Members' Interests

COUNCIL MEETINGS - COMMITTEE MINUTES : DECLARATION OF INTERESTS

Interests need not be declared at Full Council in relation to Committee Minutes which do not become the subject of debate at Full Council (i.e. Minutes referred to solely on a page by page basis when working through the Minutes of each Committee.)

An interest must be declared at Full Council as soon as it becomes apparent that a relevant Committee Minute is to be debated – this applies even if an interest has been declared at Committee and is recorded in the Minutes of that Committee.

PERSONAL AND NON-PECUNIARY INTERESTS

If the issue being discussed affects you, your family or a close associate more than other people in the area, you have a personal and non-pecuniary interest. You also have a personal interest if the issue relates to an interest you must register under paragraph 9 of the Members' Code of Conduct.

You must state that you have a personal and non-pecuniary interest and the nature of your interest. You may stay, take part and vote in the meeting.

PERSONAL AND PECUNIARY INTERESTS

If a member of the public, who knows all the relevant facts, would view your personal interest in the issue being discussed to be so great that it is likely to prejudice your judgement of the public interest and it affects your or the other person or bodies' financial position or relates to any approval, consent, licence, permission or registration then **you must state that you have a pecuniary interest, the nature of the interest and you must leave the room***. You must not seek improperly to influence a decision on that matter unless you have previously obtained a dispensation from the Authority's Governance Committee.

DISCLOSABLE PECUNIARY INTERESTS AND OTHER INTERESTS

If you are present at any meeting of the Council and you have a disclosable pecuniary interest in any matter to be considered or being considered at the meeting, if the interest is not already registered, you must disclose the interest to the meeting. You must not participate in the discussion or the vote and you must leave the room.

You may not attend a meeting or stay in the room as either an Observer Councillor or *Ward Councillor or as a member of the public if you have a pecuniary or disclosable pecuniary interest*.

BIAS

If you have been involved in an issue in such a manner or to such an extent that the public are likely to perceive you to be biased in your judgement of the public interest (bias) then you should not take part in the decision-making process; you should leave the room. **You should state that your position in this matter prohibits you from taking part.** You may request permission of the Chair to address the meeting prior to leaving the room. The Chair will need to assess whether you have a useful contribution to make or whether complying with this request would prejudice the proceedings. A personal, pecuniary or disclosable pecuniary interest will take precedence over bias.

In each case above, you should make your declaration at the beginning of the meeting or as soon as you are aware of the issue being discussed.*

*There are some exceptions – please refer to paragraphs 13(2) and 13(3) of the Code of Conduct

This page is intentionally left blank

Agenda Item 5

POLICY, FINANCE AND ADMINISTRATION COMMITTEE

11 APRIL 2018

UPDATE ON DECISIONS

Item No.	Agenda Item or Minute Number	Decision	PFA Date Originates	Lead Officer	Update
1.	P33. Recommendations From Other Committees: Community and Social Affairs Committee: 13 September 2017- Minute C29. - Public Conveniences- Replacement Proposals	RESOLVED that: 1) Members delegate to the Corporate Director in consultation with the Communications Manager to deal with HR processes including decisions relating to post assimilation, redeployment and redundancy resulting from the proposals.	26.09.17	DG	COMPLETED
2.	P34. Exempt Report – Commercialism Pilot	RESOLVED that: 3) setting of timesage related fees and charges is delegated to the Deputy Chief Executive in consultation with the Corporate Director. 4) a further report is brought back in the new year to determine the next steps as appropriate.	26.09.17	KA	Fees and charges set. Report to be presented at this meeting 11.04.18.
3.	P43. Revenue Estimates 2018/19 & Medium Term Financial Strategy	RESOLVED that: 3) should the Business Rate pilot bid not be accepted by the Government delegated authority be given to the Corporate Director in consultation with the Chief Executive and the Chair to withdraw from the Leicestershire pool for business rates should the modelling demonstrate there is no longer a financial benefit to the Council and update the legal agreement with any changes that arise.	29.11.17	DG	COMPLETED Authority not exercised

Item No.	Agenda Item or Minute Number	Decision	PFA Date Originates	Lead Officer	Update
4.	P47. Exempt report - Payroll Service	RESOLVED that: 5) delegation to the Human Resources and Communications Manager authority to deal with the HR processes including decisions relating to any employee implications and associated costs resulting from the delegation.	29.11.17	SJO	Ongoing with expected formal transfer date of 01.07.18
5.	P50. Funding for the Melton Mowbray Distributor Road (MMDR)	RESOLVED that: 2) delegated authority be given to the Chief Executive in consultation with the Corporate Director, Solicitor to the Council and the Leader to develop the associated legal agreement with the Leicestershire County Council for submission to the Council for approval.	07.12.17	ED	Outstanding - Negotiations are still ongoing with Leicester City Council to finalise the legal agreement.
6.	P52. Exempt report - Corporate Structural Realignment and Associated Implications	RESOLVED that: 3) notice to terminate the shared legal service to be served on Harborough District Council be recommended to Full Council and delegated authority be given to the Chief Executive to sign the termination notice. Further delegated authority be given to the Chief Executive to agree an earlier termination date as appropriate for the Council. 6) delegated authority to the Chief Executive, in consultation with the Corporate Director, to utilise the Corporate Priorities Reserve for any non-recurring exit costs should they arise be recommended to Full Council. 7) delegated authority be given to the Chief Executive to amend roles, designations within associated structures to ensure flexibility and effective operational delivery within existing budgets.	7.12.17	ED	Notice has been served on Harborough District Council and discussions are ongoing to confirm an earlier termination date. Subject to the discussions above. Ongoing as part of the mobilisation of the new structure.

Item No.	Agenda Item or Minute Number	Decision	PFA Date Originates	Lead Officer	Update
7.	P58. Items for Approval Under Financial Procedure Rules	Members highlighted that there is only one taxi available for disabled persons within the Borough and the taxi is coming to the end of its life. Members enquired as to whether the DCLG grant could be utilised to help the taxi service for disabled people within the town. The Chief Executive explained that the grant funding is very specific, however Officers will explore options regarding the service.	24.01.18	JW	The taxi policy has recently been amended to try and encourage more applications of wheelchair accessible taxis by making the fee £0. COMPLETED

Key to Officers

MT Management Team
ED Chief Executive
KA Deputy Chief Executive
DG Director for Corporate Services
JW Assistant Director for Strategic Planning and Regulatory Services
VW Solicitor to the Council
SJO Human Resources and Communications Manager

This page is intentionally left blank

POLICY, FINANCE & ADMINISTRATION COMMITTEE

11 APRIL 2018

REPORT OF DIRECTOR FOR CORPORATE SERVICES

PROVISIONAL CAPITAL PROGRAMME YEAR END POSITION 2017-18

1.0 PURPOSE OF THE REPORT

1.1 The purpose of this report is to provide information on the provisional Capital Programme year end position for 2017-18, including a range of performance measures, and to give consideration for requests for carrying forward unspent budgets in 2017-18 to 2018-19 in respect of specific schemes.

2.0 RECOMMENDATIONS

2.1 That those schemes in the 2017-18 Capital Programme totalling £1,842,000 and shown in the column headed “Amount to Carry Forward to 2018-19 Scheme Specific” at Appendix A be carried forward and included in the Capital Programme as funded schemes.

2.2 That delegated authority be granted to the Director for Corporate Services to vary the amount of the agreed carry forward on any scheme subject to the spending on any scheme not exceeding the total authorised funds for that scheme.

2.3 To approve the project mandate relating to a procurement of a new finance system for inclusion into the 2019-20 capital programme for the sum of £250,000 as referred to in para 3.8 and attached in Appendix B.

3.0 KEY ISSUES

3.1 It is seen as good practice for spend on the capital programme against budget to be at a reasonable level with slippage kept at a minimum. In order to monitor this during the year, progress against budget for each project within the capital programme is considered by the Council’s Senior Management Team on a quarterly basis.

3.2 In addition to the above, quarterly monitoring of the programme is reported to each of the policy committees and to members generally via the Members Newsletter.

3.3 Provisional Year End Position

3.3.1 The provisional year end position is now available for the 2017-18 Capital Programme and is shown at Appendix A and summarised in the table below:

	Authorised Funding 2017-18	Estimated Year End Position 2017-18	Underspend 2017-18	Budget Spent	Amount C/fwd to 2018-19 Scheme Specific
	£'000	£'000	£'000	%	£'000
General Expenses					
Community & Social Affairs	763	222	541	29	502
Melton, Economic and Environmental	1,006	996	10	99	37

Affairs Policy Finance & Administration	69	27	42	39	3
Total General Expenses	1,838	1,245	593	68	542
Special Expenses					
Town Area Committee	18	18	0	100	0
Total Special Expenses	18	18	0	100	0
Housing Revenue Account	4,131	2,831	1,298	69	1,300
Total – All Services	5,987	4,094	1,891	68	1,842

Members may note that where the carry forward is more than underspend, this is due to business cases for some projects not yet being completed and approved and therefore, whilst there are allocated funds (budget) there are no authorised funds shown above.

- 3.4 Overall the level of spending achieved is 68% of the authorised amount. This compares with a figure of 71% for 2016-17.
- 3.5 Any surplus funds from the underspends will go back into the appropriate reserve when the year end is closed down.
- 3.7 As previously reported, Disabled Facilities Grants are now managed through the Lightbulb project hosted by Blaby. The funding received from MHCLG has exceeded demand but MHCLG have agreed that any unspent funding can be carried forward into 2018/19 to be spent on DFG or similar grants such as Home Support Grants.
- 3.8 A project mandate for a proposed new scheme is submitted for approval for inclusion into the 2019/20 Capital Programme. The Project Mandate, as approved by the Councils Senior Management Team is attached as Appendix B and is for a replacement Finance System for the Council at a cost of £250k in 2019/20. The current financial system is due to be de-supported from December 2019 which would leave the Council on a platform that is not able to implement legislative changes and security of data could be at risk. This would also compromise the integrity of the finance system and impact on the successful closure of the accounts. The potential cost of upgrading on a like for like basis is estimated to be in the region of £400k. The view from ICT is that we need to move to a cloud or externally hosted service to reduce hardware costs and improve resilience within the ICT service team. In addition to this the view of officers is that that the current system isn't fit for purpose to meet the future needs of a district council the size of Melton and therefore a new system should be explored. Initial market testing has suggested the Council should be able to get a new system that addresses all the current issues, meets the requirement of ICT for a much cheaper price than simply moving to the next version with the incumbent supplier. Depending on the final outcome of the tender process and the supplier selected if a cloud based service was chosen the accounting requirements may require this to be classed as revenue expenditure and funded accordingly. Due to the lengthy procurement timelines and implementation requirements in conjunction with the potential collaborative approach the Council is looking to take this request is being brought to members now in order to progress.

3.9 Members should also note there is a full review of the future ICT delivery roadmap being undertaken by the ICT Partnership which is looking at the ongoing requirements of the computer systems across the Council to provide clarity on when upgrades and implementations will be required in the future. This will look to provide the 'cost of doing business' to ensure the Council systems remain fit for purpose to ensure ongoing effective service delivery to customers and the Council as a whole. Therefore, there may be future funding requests which come forward in due course to support the ICT infrastructure across the Council. The council's is currently developing a capital strategy that will be presented with the budget for 2019/20 and this will bring all of the future capital spending requirements together into one document including ICT.

4.0 POLICY AND CORPORATE IMPLICATIONS

4.1 Policy and corporate implications were addressed in setting the current year's budget. There are no further policy and corporate implications arising from this report.

5.0 FINANCIAL AND OTHER RESOURCE IMPLICATIONS

5.1 There are no other financial and resource implications arising from this report.

6.0 LEGAL IMPLICATIONS

6.1 Legal implications/powers were addressed in setting the current year's budget. There are no further legal implications arising from this report.

7.0 COMMUNITY SAFETY

7.1 Community issues were addressed in setting the current year's budget. There are no further community safety issues arising from this report.

8.0 EQUALITIES

8.1 Equality issues were addressed in setting the current year's budget. There are no further equalities issues arising from this report.

9.0 RISKS

9.1 Any risks associated with the new finance system project mandate are outlined in section 5 of Appendix B.

10.0 CLIMATE CHANGE

10.1 Climate change issues were addressed in setting the current year's budget. There are no further climate change issues arising from this report.

11.0 CONSULTATION

11.1 Consultation takes place with budget holders and Heads of Service to enable the appendices of this report to be completed.

12.0 WARDS AFFECTED

12.1 To varying degrees, all wards are affected by schemes included in the Councils' Capital Programme.

Contact Officer: Natasha Allsopp

Date: 16 March 2018

Appendices: Appendix A – Provisional Year End Position 2017-18
Appendix B – New Finance System project mandate

Background Papers: Oracle Financial Reports

Reference: X:\Cttee, Council & Sub Cttees\PFA\2017-18\11 April 2018 -DG - Provisional Capital Programme Year End Position 2017-18

	Authorised Funds	Estimated Year End Position	Underspend/ Overspend (-)	Reason for Carry Forward	Amount to Carry Forward to 2018-19 Scheme Specific
	£000	£000	£000		£000
GENERAL EXPENSES					
COMMUNITY AND SOCIAL AFFAIRS COMMITTEE					
Private Housing Schemes					
Disabled Facilities Grants (Mandatory)	259	131	128	Underspend predicted due to DFG funding being higher than demand in year. It has been agreed with MHCLG that the funding can be carried forward into 2018/19 to fund DFGs and other grants such as Home Support Grants.	128
Warm Homes Grants	20	16	4	No further grants are expected to be paid in 2017/18. The remaining budget is required to be carried into 2018/19 to fund future grants for which there is currently no 18/19 budget.	4
Other Schemes					
Disabled Facilities Grants - Additional DFG Funding	29	29	0	Funding required expenditure to be incurred in full in 2017/18. Project complete with invoices awaited.	0
Leisure Vision - Phase 1 Melton Sports & Leisure Village	65	25	40	Phase one of the project complete with invoices awaited for the remaining 10% of the stadium and lighting works.	0
Public Conveniences	390	21	369	Revised planning application was required for Wilton Road which has led to a delay in the works.	369
Community & Social Affairs Committee - Sub Total	763	222	541		502
MELTON, ECONOMIC AND ENVIRONMENTAL AFFAIRS COMMITTEE					
Miscellaneous Schemes					
Partnership Scheme in Conservation	6	0	6	The previous ambition to transfer the funds to Historic England's Heritage Action Zone (HAZ) programme has not come to fruition. However there is an ambition to address the condition of one property in the town centre in respect of which the funds may be required for incentivisation or match funding. In this scenario, authorisation will be sought to transfer the sum.	6
Lake Terrace Waste Depot Refurbishment	0	0	0	A survey of the site has shown that circa £200k may be required to bring the site back to a good standard. Whilst the contractor are responsible for much of this, negotiations to agree the apportionment of costs have started and will continue in the new financial year. A business case will be put together in 2018/19 once these discussions have completed.	31
Cattle Market - Wash Down Area	30	30	0	Project complete.	0
Cattle Market - Phase 1 Securing the Future	970	966	4	Project complete.	0
Melton, Economic & Environmental Affairs Committee - Sub Total	1,006	996	10		37
POLICY, FINANCE & ADMINISTRATION COMMITTEE					
Transformational Change Projects					
Enterprise Document Management (EDM)	20	17	3	System improvements required to bring the software into working condition for its intended use which will be addressed in 2018/19.	3
Other Schemes					
Committee System	10	10	0	Project complete.	0
New Council Offices	39	0	39	No further works expected.	0
Policy, Finance & Administration Committee - Sub Total	69	27	42		3
GENERAL EXPENSES TOTALS	1,838	1,245	593		542
SPECIAL EXPENSES					
TOWN AREA COMMITTEE					
Miscellaneous Schemes					
Play Area Equipment	18	18	0	Project complete.	0
SPECIAL EXPENSES TOTALS	18	18	0		0

HOUSING REVENUE ACCOUNT**COMMUNITY & SOCIAL AFFAIRS COMMITTEE**

Aids & Adaptions	120	110	10	On-going project, aids and adaptations are being progressed in line with policy and date order for small/large works. Due to the resources available to deliver the works some will fall into 2018/19.	10
Replacement Kitchens Bathrooms	129	129	0	Kitchen and bathroom contracts are in place with works expected to be completed in year.	0
Central Heating	60	60	0	Works planned for 2017/18 expected to be completed in year.	0
Replace Exterior Doors & Windows	30	22	8	A schedule of window and door replacements is in place with some works falling into 2018/19 due to delay in procurement of the contract.	8
Rewire Council Properties	34	0	34	Procurement of the rewire contract has taken longer than expected with works not expected to start until 2018/19.	34
Re-Roofing Works	237	237	0	Works are progressing well with year 5 works expected to be complete in year.	0
Housing, Health & Safety Related Schemes	77	79	-2	Works complete.	0
Communal Refurbishments	19	19	0	Communal refurbishments at Wilton Court are underway with works expected to be completed before year end.	0
Capitalisation of Housing Inspector costs	79	79	0	Salaries to be capitalised at yearend.	0
Beckmill Court Refurbishment & Regeneration	2,200	1,032	1168	expected to fall at the end of the project which will be in 2018/19. Note: potential need to request additional budget in 2018/19 for Fire Risk Assessment works not included in the original scope in 2018/19.	1168
Granby House Refurbishment	849	849	0	Works completed with final account awaited.	0
Gretton & Wilton Court	37	37	0	Works complete with final invoice awaited.	0
Affordable Housing	80	0	80	Purchase of flat delayed until 2018/19.	80
Void Catch Up Repairs	180	180	0	This is a demand led budget and it is expected that it will be fully spent in 2017/18.	0

HOUSING REVENUE ACCOUNT TOTALS	4,131	2,831	1,298		1,300
OVERALL TOTALS - ALL FUNDS	5,987	4,094	1,891		1,842

APPENDIX B**“Project Mandate”**

Agenda item number:

Date of issue:

Meeting: Programme Board

Date:

Report by: Rebecca Barker Job title: Financial Services Team Leader

Service: Corporate Services - Finance

Status: First Draft

Subject: Replacement Financials System

1 Purpose of report

Gain approval for a budget of £250k to replace the current Finance system, and make provision in the capital programme for a long term solution. Additional work will be required to develop the business case and refine the estimated costs.

2 Recommendations

Given the high cost of an invoice scanning solution, costs of the next required upgrade and increased on-going costs of Oracle, other system options should be considered to reduce these costs and the need for specialised support. An alternative system could also provide improvements in functionality.

It is recommended that we replace the current finance system with a suitable cost effective alternative that would meet the Council's current requirements, and also support future requirements. The system needs to progress digital ways of working, improve back-office efficiency and payment performance. Working with other Council's in the ICT Partnership to obtain/share the same system should also be considered.

APPENDIX B
3 Background

Investigation started initially into an invoice scanning solution to improve the ordering/invoicing process and payment performance. As the cost of implementing this with our current Finance system was significant, we then assessed the ongoing costs of Oracle and compared these to another alternative system on the market, with the scanning functionality already integrated.

We currently have to obtain system support, server support and a separate reporting tool for Oracle via various third party providers. Also the system is now in reduced support until Dec 2019, so we will need to consider upgrading which could be a major cost to the Council which we envisage to be in excess of £400k based on our previous upgrade and quotes provided from the existing supplier). Due to the central ICT costs, the ICT strategy is under development and is to propose the council moves away from Oracle database technology to easier and cheaper to maintain systems.

When looking for a new system we would prefer to opt for a cloud based system as an on-site server would not be required and maintenance, helpdesk facility and upgrades would be included in the annual maintenance charge. Having an agreement such as this would provide stability and future costs could easily be budgeted for, unlike at present as Oracle upgrades require us to employ consultants to perform implementation.

The cost to implement an invoice scanning solution by a third party provider on our current system would be:

	Implementation	Annual Fee
Oracle Scanning	£105,000	£10,000

An initial high level review has identified that there would be a cost benefit of implementing a new finance system, which would deliver both long term savings and improved functionality. This has been further developed by publishing a Prior Information Notice (PIN), which outlines our requirements and allows providers to submit details about their system with estimated costs of implementation and also ongoing maintenance costs.

We had a number of responses which would suggest that the market is keen to engage with the Council and there would be a number of options available to us. Cost of the implementation and annual fee varied greatly but we feel a £250k budget would enable us to obtain a system that fully meets our requirements, and delivers enhancements to our current functionality which would include invoice scanning software.

We are also working with some other district councils to develop a collaborative approach to the procurement which will aid in sharing procurement costs and officer time in preparing documentation. If successful it could lead to procurement savings and shared knowledge across the councils to support each other.

APPENDIX B

- 4 Legal, financial and ICT implications (please identify any system admin responsibilities)

As outlined above there is the potential for ongoing revenue savings if a new system is implemented along with cost avoidance as a new system could be less expensive to implement than an upgrade to Oracle.

The project will work closely with the ICT partnership and be linked into their work plan to ensure resource support can be allocated.

The system admin for Oracle will take a lead role in the project and remain as system admin for any new system which is identified. However, due to capacity issues and resource requirements across the team and council as a whole there may be a need to engage in external support to help overview the implementation as the project progresses.

-
- 5 Initial Assessment of risk

There is a risk that if we don't review the current system the Council will incur additional costs long term which will add to the budgetary pressures the council is facing. Also if the Oracle system is not upgraded and kept on a supported platform there will be a risk that the system is not able to implement legislative changes and security of data could be at risk.

-
- 6 Equalities and diversity and staffing implications

There are no equalities issues

This page is intentionally left blank

POLICY, FINANCE & ADMINISTRATION COMMITTEE

11 APRIL 2018

REPORT OF DIRECTOR FOR CORPORATE SERVICES

ITEMS FOR APPROVAL UNDER FINANCIAL PROCEDURE RULES

1.0 PURPOSE OF REPORT

- 1.1 The purpose of this report is to submit requests for approval of this Committee under Financial Procedure Rules and to provide information on amounts approved under delegated powers and to report the impact of these on the Council's reserves and balances.

2.0 RECOMMENDATIONS

It is recommended that:-

- 2.1 the virements approved under delegated powers (para. 3.1.1 refers) be noted and;
- 2.2 the supplementary estimates approved under delegated powers to be funded from budget reductions (para 4.1 refers) be noted;
- 2.3 the budget reductions approved under delegated powers (para. 5.1 refers) be noted;
- 2.4 it be noted that the Leader and Chief Executive approved outside this meeting the request from the Community and Social Affairs Committee to approve a supplementary estimate of £5.5k from the Corporate Priorities Reserve, to cover the winding down costs of the Wheels to Work Scheme with delegated authority given to the Director for Corporate Services to vary the amount depending on the outcome of the final offer from the County towards these costs and a further supplementary estimate to cover the costs of any redundancies and pension strain as a result of changes to the approved structure should sufficient funding not be available from budget savings elsewhere, as outlined in paragraph 6.1;
- 2.5 the request from the Community and Social Affairs Committee to amend the financing of the Warm Homes Grant project be approved, as outlined in paragraph 6.2; and
- 2.6 the request from the Community and Social Affairs Committee to amend the source of funding for the leisure vision from external funding to leisure vision capital receipts, as outlined in paragraph 6.3.

3.0 VIREMENTS

3.1 Delegated Authority

- 3.1.1 Since the last meeting the Director for Corporate Services has approved forty nine requests for virement within the same service totalling £463,100 and fourteen

requests for virement between services totalling £120,670. More details of those requests in excess of £10,000 can be found in Appendix A.

4.0 SUPPLEMENTARY ESTIMATES

4.1 Delegated Authority

4.1.1 The following items have been approved under delegated authority in 2017-18 and funded from budget reduction money:

Budget Head	Reason	Amount £
<u>Policy, Finance & Admin C'tee</u>		
Corporate Management Team- Professional Fees	LGA review – payment of expenses	1,050
<u>Community and Social Affairs C'tee</u>		
Leisure Vision- Contract Work	Consultancy costs that cannot be capitalised in respect of phase 2	18,280
<u>Melton Economic and Environmental Affairs C'ttee</u>		
Waste Management- Professional Fees	Additional costs arising from waste contract procurement	99,000
Land Drainage- Contract Work	Cleansing the culvert Freeby Close	13,900
Total		132,230

5.0 BUDGET REDUCTIONS

5.1 The items below have been identified as surplus money in 2017-18 and have been approved as budget reductions under delegated authority.

Budget Head	Reason	Amount £
<u>Policy, Finance & Admin C'tee</u>		
Welland Procurement Unit	Refund from previous year's underspends returned to WPU members	5,000
Total		5,000

6.0 RECOMMENDATIONS FROM OTHER COMMITTEES

6.1 At a meeting of the Community and Social Affairs Committee on 20 March 2018 regarding the future of the Wheels to Work Scheme it was recommended that a request be made to this committee to approve a supplementary estimate from the Corporate Priorities Reserve, with delegated authority given to the Director for Corporate Services to approve the amount, to cover the costs of any redundancies and pension strain as a result of changes to the approved structure should sufficient funding not be available from budget savings elsewhere. In addition to this, the winding down costs for the existing scheme, excluding overheads, of £26.5k will also need to be covered. The County have provisionally offered £21k

however there is a risk that this will not be received. Assuming this is received, a further supplementary estimate of £5.5k will be required to cover these costs.

6.2 At a meeting of the Community and Social Affairs Committee on 20 March 2018 it was recommended that a request be made to this committee to approve an amendment to the financing of the Warm Homes Grant project. A repayment of a previous Warm Homes Grant has been received totalling £955.50. It is recommended that, as is normal practice, the financing of the Warm Homes Grant expenditure is amended to utilise this and reduce the amount required from capital receipts.

6.3 At a meeting of the Community and Social Affairs Committee on 20 March 2018 it was recommended that a request be made to this committee to approve a change to the source of the funding for the Leisure Vision from external funding to leisure vision capital receipts. Members should note that the current funding assumed external funding from the Football Foundation (FF), although it has always been made clear that there was a risk that this funding may not be received. It has now been confirmed that the £45k grant assumed from the Football Foundation will not be received. The reason for this is that a Without Prejudice Permission (WPP) would have been required to be granted by the Football Foundation before works were commenced / expenditure incurred and this was not in place for the floodlights and stand/seating. The spend on the floodlights was dealt with in 2016/17, and a carry forward request was approved for the remaining expenditure, as part of the 12th April 2017 PFA capital report. It is therefore requested that the funding of the £25k this year, as referred to above, reverts back to leisure vision capital receipts.

7.0 POLICY AND CORPORATE IMPLICATIONS

7.1 Policy and corporate implications are considered for each new budget proposal as part of the Council's priority assessment process. The results of this are reported to members as part of the budget setting process.

8.0 FINANCIAL AND OTHER RESOURCE IMPLICATIONS

8.1 The current level of balances and reserves are shown in Appendix B. There are no other financial and resource implications arising from this report.

9.0 LEGAL IMPLICATIONS/POWERS

9.1 Any legal implications arising from these movements in funds will have been addressed during the approval process.

10.0 COMMUNITY SAFETY

10.1 Individual budgets could have links to community safety issues. These are covered in any associated reports and financial forms that refer to these budgets as they progress through the decision making process. As community safety is a corporate priority this is considered as part of the priority assessment and budget setting process when considering individual budget proposals.

11.0 EQUALITIES

11.1 The equality issues of each specific budget are considered as they progress

through the approval process.

12.0 RISKS

12.1 There will be risks associated with all budgets and these should be considered as part of the consideration of these individual budget proposals through the decision making process.

13.0 CLIMATE CHANGE

13.1 Individual budget heads could have climate change issues but these are considered individually as they progress through the approval process.

14.0 CONSULTATION

14.1 Any proposed adjustments to budgets are made in consultation with budget holders and the Management Team where appropriate.

15.0 WARDS AFFECTED

15.1 All wards are affected.

Contact Officer	C Burgess, Senior Management Accountant
Date:	15 March 2018
Appendices :	Appendix A: Virements in Excess of £10k Appendix B: Statement of Revenue and Capital Reserves
Background Papers:	Committee Papers Budget Reduction/Virements/Supplementary Estimate Forms
Reference :	X: C'tee, Council & Sub-C'tees/PFA/2017-18/11-04-18/DG-Items for Approval

SUMMARY OF VIREMENTS

APPENDIX A

Virements within the same Service

Service			
From	To	Description	Amount £
Local Plans - Neighbourhood Planning	Local Plans - Neighbourhood Planning Grant Expenditure	Neighbourhood Planning grant income to cover expenses including referendum costs.	£65,770
IT- WAN Costs/ Security	IT- PC Software / Mobile Phones	Savings achieved on WAN lines and security used to fund software licences and mobile phones	£11,000
Communities- Basic Pay	Communities- Professional Fees	Vacancy savings used to fund temporary Strategic Asst manager post	£11,000
Economic Development- Pay/ National Insurance/ Pension	Economic Development- Business Improvement District	To adjust budgets to reflect decision to bring BID manager post under the BID's remit rather than remain on the MBC establishment	£13,510
Environmental Health- Basic Pay/ All Mileages	Environmental Health- Agency Staff and Office Equipment	Salary savings used to fund agency staff resources	£11,000
Development Control- Basic Pay/ Planning Application Fees	Development Control- Overtime and Agency Staff	Salary savings and additional income used to fund agency staff resources and overtime	£17,910
Environmental Health- Basic Pay/ Office Equipment & Machinery purchase	Environmental Health- Other Equipment R&M and Agency Staff	Salary savings used to fund agency staff resources	£10,300
Electoral Registration- Professional Fees	Electoral Registration- Printing and Postages	To move budgets funded by Individual Electoral Registration monies in line with requirements	£10,000
Communications- Basic Pay	Communications- Agency Staff	To utilise vacancy savings to fund agency cover for Customer Experience Manager	£26,000
Parkside- Pay/ National Insurance/Pension	Parkside- Agency Staff/ Ex Gratia Payments/ Other Charges for Services	Salary savings used to fund agency costs and offset income shortfall	£16,420
Communities- Basic Pay	Communities- Professional Fees	Vacancy savings used to fund temporary Strategic Asset manager post	£30,000
Wheels to Work- DBS Checks/All Mileages/Rider Training/Clothing/Advertising/W2W Hire Deposit Refund/ Other Items/Sale of Vehicles/ CBT Charges	Wheels to Work- Pay/Overtime/National Insurance/Pension/NNDR/Derv/Licences/Essential User/Motor Insurance/Safety Equipment/Rider Contribution to Repairs/Kit Charge/Hire Deposit	To bring budget into line with requirement due to changes in the scheme	£32,540
Homelessness- Flexible Homeless Support grant	Homelessness- Flexible Homeless Support expenditure	To set up income and expenditure budgets for Flexible Homeless support grant	£50,140
			£305,590

Virements between Services

APPENDIX A

Service		Description	Amount £
From	To		
Control of Pests- Pay/ National Insurance/Pension/Other Operational Materials and Environmental Maintenance-Pay/ National Insurance/ Pension	Control of Pests- Income	Savings within Environmental Maintenance to offset the Control of Pests income shortfall and to move budgets following service change	£10,090
Economic Development- Basic Pay/ Communities- Basic Pay	Communities- Recruitment costs/ advertising/ agency costs and Legal Services- Recruitment costs/ advertising	To utilise savings from Economic Development Manager, Housing Welfare and Safer Communities Manager and Corporate Policy Officer to fund recruitment and advertising for Head of Legal and Democratic Services and Director for Growth and Regeneration, and agency costs for interim support	£56,500
Phoenix House- Rents of Other Buildings	Phoenix House- Service Charges and King St- Rents of other buildings	To utilise additional income from Phoenix House occupier to fund King St income shortfall and change Phoenix House budgets to reflect occupiers	£12,250
Development Control - Planning Application Fees	Local Plans- Basic Pay	Additional income from planning applications used to fund additional staffing needs during the Local Plan submission phase	£10,000
			£88,840

STATEMENT OF REVENUE AND CAPITAL RESERVES

APPENDIX B

	GENERAL RESERVES				WORKING BALANCES				HOUSING REVENUE ACCOUNT			CAPITAL RECEIPTS				GRAND TOTAL
	Corporate Priorities Reserve	Spending Pressure Reserve	General Reserve Special Expenses	Total	General Expenses	Special Expenses	Housing Revenue Account	Total	Development & Regeneration Reserve	Major Repairs Reserve (Usable)	Total	HRA Usable Capital Receipts	Leisure Vision Usable Capital Receipts	Other Usable Capital Receipts	Total	
	£	£	£	£	£	£	£	£	£	£	£	£	£	£	£	
1 April 2017 Balance	2,004,099	153,374	244,621	2,402,094	640,000	50,000	1,186,019	1,876,019	5,230,757	2,069,404	7,300,161	2,386,069	805,378	2,269,540	5,460,987	17,039,261
2017-18 INCOME																
Contributions from Revenue Accounts	131,221	0	28,674	159,895	0	0	252,340	252,340	1,220,430	1,394,610	2,615,040	0	0	18,040	18,040	3,045,315
Interest	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Other	0	0	0	0	0	0	0	0	0	0	0	446,901	0	0	446,901	446,901
Transfers	75,816	138,000	0	213,816	0	0	0	0	0	0	0	0	0	0	0	213,816
Total Income	207,037	138,000	28,674	373,711	0	0	252,340	252,340	1,220,430	1,394,610	2,615,040	446,901	0	18,040	464,941	3,706,032
EXPENDITURE																
Contributions to: Revenue Accounts	543,670	79,864	11,900	635,434	0	0	0	0	0	0	0	0	0	0	0	635,434
Capital Works	0	0	0	0	0	0	0	0	3,119,000	1,012,000	4,131,000	0	35,000	1,506,000	1,541,000	5,672,000
Capital Works Future Years	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Revenue Set-Aside	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Transfers	138,000	0	0	138,000	0	0	0	0	0	0	0	0	0	0	0	138,000
Pooled	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Total Expenditure	681,670	79,864	11,900	773,434	0	0	0	0	3,119,000	1,012,000	4,131,000	0	35,000	1,506,000	1,541,000	6,445,434
31 March 2018 Balance	1,529,466	211,510	261,395	2,002,371	640,000	50,000	1,438,359	2,128,359	3,332,187	2,452,014	5,784,201	2,832,970	770,378	781,580	4,384,928	14,299,859

This page is intentionally left blank

POLICY, FINANCE AND ADMINISTRATION COMMITTEE

11 APRIL 2018

REPORT OF DIRECTOR FOR CORPORATE SERVICES

BUDGET MONITORING APRIL TO DECEMBER 2017 AND CARRY FORWARD OF REVENUE BUDGETS

1.0 PURPOSE

1.1 The purpose of this report is to provide information on actual expenditure and income incurred on this Committee's services compared to the latest approved budget for the period 1st April 2017 to 31st December 2017 and to submit for approval requests from budget holders to carry forward under spent budgets from 2017/18 to 2018/19.

2.0 RECOMMENDATIONS

2.1 That the financial position on each of this Committee's services at 31st December 2017 be noted along with the year end forecast;

2.2 That the requests set out in Appendix D for budgets to be carried forward from 2017/18 to 2018/19 are approved; and

2.3 That once the final year end position is known the actual under spend be compared to the amount requested and the Director for Corporate Services be given delegated authority to amend the actual amount carried forward.

3.0 KEY ISSUES

Budget Monitoring

3.1 As part of the Council's budget monitoring procedures all budget holders are asked on a quarterly basis to provide details of service and financial performance. Copies of the budget holders' returns are available for further information.

Overall Position

3.2 A summary of income and expenditure for all of this Committee's services is attached at Appendix A. This information has previously been circulated to Members as part of the Members' Newsletter.

	Approved Budget at Dec '17 £	April to Dec Budget £	April to Dec Net Exp £	Variance (Under)/over spend £	Year End Forecast £	Year End Variance (Under) / overspend £
General Expenses	6,067,090	4,214,271	3,501,476	(712,575)	6,095,090	28,000
Special Expenses	645,750	408,272	358,757	(49,515)	645,320	(430)
HRA Total Expenditure	8,043,220	3,703,021	3,079,986	(623,035)	7,831,220	(212,000)
HRA Total Income	7,983,310	5,973,511	5,973,841	(330)	8,001,310	(18,000)

Note the General Expenses Forecast has been adjusted from that shown in Appendix A to include the £94k surplus on investment income, the budget reductions balance of

£101k, adjustment to contribution to Business Rates Retention Scheme reserve of £64k to reflect the shortfall of section 31 grant. The £28k overspend is in line with the anticipated overspend reported to Members during the budget setting process.

Key Service Areas

- 3.3 The Key Service Areas report as at the end of February 2018 for all services is attached at Appendix B. This report is presented to the Management Team on a monthly basis and highlights the high risk budgets that were identified as part of the Council's budget protocols. These budgets are reviewed with budget holders monthly. Those budgets which are more complex in nature are supported by more detailed analysis of the service usage that drives the costs.
- 3.4 The overall position on the Key Service Areas shows a potential overall deficit of £268,180.
- 3.5 There are also a number of other budget variances identified on the budget action list, including those relating to Key Service Areas above, which are considered by the Council's Strategic Management Team on a monthly basis. As such the overall current predicted position, as at 25th February 2018, when taking into account all known variances and unused budget reduction money, shows a net overspend of £28,060.
- 3.6 A summary for all of this Committee's services is attached at Appendix C.
- 3.7 A summary of the income and expenditure for this Committee's services compared to the approved budget at December 2017 is as follows:

	Approved Budget at Dec 17	April to Dec Budget	April to Dec Net Expenditure	Variance (Under)/over spend	Year End Forecast	Year End Variance (Under) / overspend
	£	£	£	£	£	£
General Expenses	1,751,000	1,303,260	882,596	(420,663)	1,717,450	(33,550)

Budget Variance Exception Reporting +/- £10k

- 3.8 As part of the budget monitoring process, variances are being promptly and proactively managed, facilitating more detailed reporting. Details of the more significant year end forecast variations +/-£10k (as shown in Appendix A) are also set out below:

Overspends

Parkside £60,000

Shortfall in income of £60k due to LPT vacating Parkside in April 2017, the budget was set assuming they would continue occupation at a reduced rate of rent and service charge.

NNDR Collection £48,000

Shortfall on section 31 grants, offset by lower than budgeted contribution to the business rates retention reserve, therefore nil impact on the bottom line.

Underspends

Corporate Costs Finance £16,270

Underspend arises as amount due to HMRC relating to correction of VAT allocation on internet payments lower than reserve creditor, also external audit fees savings due to year end position anticipated to be in line with 2016-17.

Communications £81,000

Savings arising from vacancies- Business Analysts 1.5FTE, Customer Experience Manager (covered by agency staff), and for part of the year- Digital Engagement Officer, HR officer & Health & Safety officer.

Carry Forwards

- 3.9 The current financial procedure rules allow for under spent budgets below £100,000 to be carried forward to the next financial year subject to the approval by the Policy, Finance and Administration Committee by 30th April in any year. Carry forward requests in excess of £100,000 require further approval by Full Council.
- 3.10 By agreeing to such carry-forward requests this should remove the need for associated supplementary estimate requests being made in 2018/19.
- 3.11 For 2017/18 the requests from budget holders have been co-ordinated by Finance. The requests submitted are set out in Appendix D and total £290,750 for General Expenses and £6,150 for Special Expenses. These requests have been scrutinised and approved by Management Team after taking into account carry-forward approvals agreed in previous years.
- 3.12 A review will be undertaken at the end of 2018/19 to establish the impact on the budget performance for those areas that have carried forward under spends. This information can be used to inform the decision making process for requests in subsequent years

4.0 POLICY AND CORPORATE IMPLICATIONS

- 4.1 Policy and corporate implications were addressed in setting the current year's budget. There are no further policy and corporate implications arising from this report.

5.0 FINANCIAL AND OTHER RESOURCE IMPLICATIONS

- 5.1 A co-ordinated approach to the carry forward of under spent revenue budgets provides greater flexibility and freedom to budget holders to manage their budgets. This approach also allows members to see the overall financial implications of approving requests from budget holders.
- 5.2 Once the accounts have been finalised a check will be made to ensure that the actual net position on individual services supports each request to carry forward under spent budgets. Where the net overall position shows an under spent amount that is below that requested the amount carried forward will be adjusted downwards accordingly. Similarly where the request is to carry forward the balance on an account and the actual under spend is greater than the request then the amount will be adjusted upwards. These adjustments will be submitted for approval by Management Team.

6.0 LEGAL IMPLICATIONS/POWERS

- 6.1 Legal implications/powers were addressed in setting the current year's budget. There are no further legal implications arising from this report.

7.0 COMMUNITY SAFETY

- 7.1 Community issues were addressed in setting the current year's budget. There are no further community safety issues arising from this report.

8.0 EQUALITIES

8.1 Equality issues were addressed in setting the current year's budget. There are no further equalities issues arising from this report.

9.0 RISKS

9.1 The regularity of budget monitoring for each specific budget is based on the level of risk attributed to that budget. This is determined at the start of the financial year and is reported to members as part of the Council Tax setting report.

10.0 CLIMATE CHANGE

10.1 Climate change issues were addressed in setting the current year's budget. There are no further climate change issues arising from this report.

11.0 CONSULTATION

11.1 All budget holders and MT have been consulted regarding carry forwards.

11.2 Budget Holders and the Service Accountant discuss the financial performance of the service accounts at budget monitoring meetings arranged with reference to current budget monitoring protocols.

12.0 WARDS AFFECTED

12.1 To varying degrees, most if not all wards are affected.

Contact Officer:	D Scott
Date:	19 March 2018
Appendices:	Appendix A – Summary of Income & Expenditure- All Committees Appendix B – Budget Monitoring – Key Service Areas Appendix C – Summary of Income & Expenditure- PFA Appendix D – Request for Carry Forward of Revenue Budgets
Background Papers:	Carry Forward Request Forms Oracle Financial Reports Budget Holder Comments on Performance
Reference:	X: C'tees, Council & Sub-C'tees/PFA/2017-18/11-04-18/DG-Carry Forward of Revenue Budgets & Budget Monitoring

ALL COMMITTEES

APPENDIX A

SUMMARY OF INCOME AND EXPENDITURE
APRIL TO DEC 2017

	Original Budget Per Budget Book £	Approved Budget at Dec '17 £	April- Dec Budget £	April- Dec Net Expenditure £	Variance Underspend (-) £	Year End Forecast £	Year End Variance £
GENERAL EXPENSES							
1 Community & Social Affairs	1,579,450	1,642,720	874,434	541,973	-332,461	1,801,820	159,100
2 Policy, Finance & Admin	1,672,390	1,751,000	1,303,260	882,596	-420,663	1,717,450	-33,550
3 Melton Economic & Environmental Affairs	2,593,930	2,673,370	2,036,578	2,076,907	40,329	2,835,070	161,700
4 Total General Expenses	£5,845,770	£6,067,090	£4,214,271	£3,501,476	-£712,795	£6,354,340	£287,250
SPECIAL EXPENSES							
MELTON MOWBRAY							
5 Town Area	622,440	634,340	399,714	352,393	-47,321	633,910	-430
6 Total Special Expenses- Melton Mowbray	£622,440	£634,340	£399,714	£352,393	-£47,321	£633,910	-£430
SPROXTON							
7 Community & Social Affairs	5,280	5,280	3,960	3,069	-891	5,280	0
FRISBY							
8 Community & Social Affairs	6,130	6,130	4,598	3,295	-1,303	6,130	0
9 Total Special Expenses	£633,850	£645,750	£408,272	£358,757	-£49,515	£645,320	-£430
10 Total - All Committees	£6,479,620	£6,712,840	£4,622,543	£3,860,233	-£762,310	£6,999,660	£286,820
HOUSING REVENUE ACCOUNT							
11 Total Expenditure	8,005,020	8,043,220	3,703,021	3,079,986	-623,035	7,831,220	-212,000
12 Income	7,945,110	7,983,310	5,973,511	5,973,841	-330	8,001,310	-18,000
13 Net cost of services	£59,910	£59,910	-£2,270,490	-£2,893,855	-£622,705	-£170,090	-£230,000

This page is intentionally left blank

BUDGET MONITORING- KEY SERVICE AREAS 2017-18
1 APRIL 2017 -25 FEBRUARY 2018

APPENDIX B

Main Code	Service Area	Latest Approved Budget	Budget to Period 11	Adjusted Actual to Period 11	-----Variance----->		Projected Full Year Variance () = Favourable	
					Adverse	Favourable		
		£	£	£	£	£	£	
General Expenses								
<u>EXPENDITURE</u>								
050	Waste Management Contractor Costs	1,955,110	1,792,184	1,462,461	-	329,723	(2,140) 😊😊	The Baxters increase has been applied at 3.14%, this was budgeted at 1%, resulting in an overspend. However the current expected underspend of £2,140, is a result of less than expected VO's. The current variance is due to the payment of invoices being behind the profiled budget.
060	Leisure Vision	72,190	49,775	51,334	1,559	-	6,360 ☹️	Based on SLM info it is expected that the management fee is broadly in line with that budgeted for with the exception of utilities which are expected to be £12k higher (reduced to £11k after a credit for tennis club income). Mechanical and electrical R&M works have materialised since last reporting. This now takes the expenditure on contract works above the amount that was expected to be spent thus reducing the underspend available to help towards the additional management fee expected as above. Shortfall in income due to football club rent free period and Rugby club income expected to be only £5.25k after the year end review of amounts over £5k which the Rugby Club have incurred in maintenance costs which reduces their amount payable in rental.
372	Rent Rebates - Non HRA	10,310	38,500	38,500	-	-	(8,670) 😊😊	When the budget was set, it was not known that these claims would be included under universal credit (UC). The introduction of UC has meant that there have been very few claims under this type as most claimants have been under UC and are therefore not entitled to housing benefits. However, poor weather conditions (i.e. long periods of cold weather) means there is a further duty to house homeless which could potentially further impact as the B&Bs used are likely to be outside of the area which will result in a HB claim. For all other cases, those that are entitled to HB alternative accommodation options are being sought due to lack of local temporary accommodation.

BUDGET MONITORING- KEY SERVICE AREAS 2017-18
1 APRIL 2017 -25 FEBRUARY 2018

APPENDIX B

Main Code	Service Area	Latest Approved Budget £	Budget to Period 11 £	Adjusted Actual to Period 11 £	-----Variance----->		Projected Full Year Variance () = Favourable £	
					Adverse £	Favourable £		
	General Expenses							
373	Rent Rebates-HRA Properties (Net)	(99,700)	(94,460)	(332,423)	-	237,963	(13,250) 😊😊	Subsidy predicted slightly higher than budgeted for. Remains a volatile budget which fluctuates. Verification of Earnings and Pension Information which has allowed real time information on customers earnings when claiming housing benefits is expected to lead to an increase in claimant error overpayments which attracts a lower subsidy which can impact on the subsidy % received. Change in the process around end of tenancy overpayment recovery from rent accounts which means expenditure is likely to be reduced which may also impact on the subsidy but impact of this yet to be determined. It should be noted that the underspend predicted has been increased by £5k due to forecast additional overpayment recovery against budget which is as a result of Verification of Earnings and Pension Information and Real Time Information (RTI).
375	Rent Allowance Payments (Net)	(94,190)	(90,062)	(435,788)	-	345,726	11,960 ☹️	Subsidy predicted is below the % budgeted for. There were a number of ongoing cases for which payments had been on hold which accounted for the dip in actual subsidy % earlier in the year. As expected this has reversed and subsidy % has increased however this has not been at the level required to meet the previously predicted mid year subsidy which is mainly due to larger overpayments identified through the Single Fraud Investigation Service, Real Time Info and Verification of Earnings and Pension service - all of which are external factors. This coupled with fewer HB claims due to the introduction of UC has further impacted on the %. It should be noted that the reduction in subsidy predicted has been mitigated by £15k due to forecast additional overpayment recovery against budget which is as a result of Verification of Earnings and Pension Information and Real Time Information (RTI).
410	Homelessness	178,690	174,553	156,671	-	17,882	22,980 ☹️	New Housing Options Officer post vacant for first part of the year. B&B usage is lower than increased budget (based on forecast and 16/17 estimates). As previously reported there are now £77k of debts from 2004 onwards which are to be put forward for write off (or as a credit for previous errors, i.e. duplication of invoices). A new process is now in place to prevent a reoccurrence of this. Note, to date only £35k has been written off and the Income Recovery Officer is aware of the need to ensure that the remaining write offs are completed before year end otherwise there is a risk that the write offs will impact on the 18/19 budget.

BUDGET MONITORING- KEY SERVICE AREAS 2017-18
1 APRIL 2017 -25 FEBRUARY 2018

APPENDIX B

Main Code	Service Area	Latest Approved Budget £	Budget to Period 11 £	Adjusted Actual to Period 11 £	-----Variance----->		Projected Full Year Variance () = Favourable £		
					Adverse £	Favourable £			
General Expenses									
471	Customer Services	808,170	743,797	694,669	-	49,128	(690)	☺	Employee related costs lower than budgeted for due to vacancies only being part filled and at a lower band. Also secondments to other services for a longer period. Note reduction since last month due to honorarias due to benefits employees.
507	Environmental Maintenance	392,610	333,781	313,732	-	20,049	(7,000)	☺☺	Current vacancies within the team is projected to result in a £5k saving. It is also expected that a £2k saving will be achieved due to increased in-house works being completed, reducing the need for external contract works.
627	Wheels to Work	(87,740)	(65,000)	(37,294)	27,706		89,720	☹	Previous comments re Northampton scheme, delay in approval of fees and charges, increase in contract for one post not in the establishment, less requirement for contribution to funds and use of the W2W reserve still stands. The number of hirers is below that expected and that required to receive the output related funding. The year end forecast therefore assumes loss of one quarters income from the Access Fund and the County. The current level of bad debts, now assumes that there will only be a 60% recovery rate which is reflected in the year end forecast. Note, reduced from last month due to £7.5k contribution to R&R fund no longer needed on the assumption CSA approve the recommendation within the W2W 20.03.2018 report re sale of vehicles.
730	Retained Business Rates	310,632	310,632	316,412	5,780	-	(630)	☺	This budget reflects the current situation with the levy. The current year end forecast is for the levy to be £310,000
Total Expenditure		3,446,082	3,193,700	2,228,274	35,045	1,000,471	98,640		

BUDGET MONITORING- KEY SERVICE AREAS 2017-18
1 APRIL 2017 -25 FEBRUARY 2018

APPENDIX B

Main Code	Service Area	Latest Approved Budget	Budget to Period 11	Adjusted Actual to Period 11	-----Variance----->		Projected Full Year Variance () = Favourable
					Adverse	Favourable	
		£	£	£	£	£	£
	General Expenses						
	<u>INCOME</u>						
050	Waste Management Income	700,200	636,214	534,750	101,464		19,000 ☹
							At the current rates and tonnages it is expected that the income will be lower than budgeted. Higher than expected contamination levels of recycling is contributing to the shortfall, due to a few rejected loads, and will continue to do so in Quarter 4. The price per tonne has decreased significantly from £49.88 to £35.42, this is below the budgeted £45.91 and is likely to continue into next year.
120	Car Park Income	686,660	629,438	586,226	43,212		40,740 ☹
							The shortfall is anticipated to be £44k on parking fees. Analysis shows that the short stay parking income is the most affected with a current shortfall of £18k compared to 2016/17. This is offset by some additional income, £10.5k is expected from the new Arla lease and a £4k surplus on Season Ticket sales. Income previously reported from VAT overpayments is no longer expected, the latest advice means MBC are due to repay HMRC £5.3k for 16/17 and £3.3k for 17/18.
300	Cattle Market Income	372,000	315,245	260,940	54,305		88,800 ☹
							Using the most recent data and projecting this forward, it is forecast that there will be a shortfall of £88k. Trends will continue to be monitored to understand the affect of Phase 1 works on all income streams. The percentages that we currently receive will be revised as part of the larger re-negotiation of the longer term lease. The 2017/18 budget was based on projections provided by Gillstream, it is now understood that these projections were based on figures provided by the previous leaseholders. The same figures had been used for investors.
340	Planning Application Fees	639,340	586,062	682,244		96,182	(90,000) 😊😊
							Due to a large application received in November, it is felt that the budget will result in a surplus, assuming that the current demand continues. Government proposals for increase in planning app fees by 20% in July, was adopted 17th January 2018 and built into the year end projection. The surplus is affected by the need to support increased expenditure elsewhere through virements.

BUDGET MONITORING- KEY SERVICE AREAS 2017-18
1 APRIL 2017 -25 FEBRUARY 2018

APPENDIX B

Main Code	Service Area	Latest Approved Budget	Budget to Period 11	Adjusted Actual to Period 11	-----Variance----->		Projected Full Year Variance () = Favourable
					Adverse	Favourable	
		£	£	£	£	£	£
	General Expenses						
355	Building Control Fees	176,130	161,453	114,119	47,334		51,000
470	Parkside Income	310,150	278,009	277,758	251		60,000
472	Phoenix House Income	53,300	48,942	51,483		2,541	0
620	Lottery	13,710	12,568	9,567	3,001		0
	Total Income	2,951,490	2,667,931	2,517,087	249,567	98,723	169,540
	Net Position	494,592	525,769	-288,813	284,612	1,099,194	268,180
730	Council Tax Collection Fund Surplus/Deficit	25,000	25,000	(21,051)	-	47,116	(42,000)

There is a shortfall of £23k on Inspection charges and £30k on plan submission fees. This has been marginally offset by a £2k surplus on Street Naming & Numbering. Analysis has been completed on all fee earning applications coming into the council, this showed that applications have reduced compared to previous years, indicating that there is less activity within the market, of that market share the use of approved inspectors is at approximately 58%, (in previous years this has been on average around 35%), this equates to only 42% of available work being completed by MBC. It seems that private approved inspectors are now chasing the smaller jobs, which is taking the work away from MBC. It is thought that demand will remain as it is over the next few months. The projected year end is considered to be fair projection at this time.

Income anticipated to be behind budget, due to LPT leaving. It was budgeted that they would continue occupation at a lower rate. MBC needs to consider a more proactive approach to marketing the vacant space. A space planning project to increase desk space by a minimum of 14 desks per floor has commenced and may result in additional income in the new financial year subject to the successful letting of the new space.

Additional income has been achieved due to new letting to Enterprise Cars, rent achieved is in excess of budget which was based on the previous tenant. Additional income vired to King St and Parkside to reduce the loss of income on those budgets

Ticket sales are in excess of the budgeted figure, and based on current predictions will sell 24,680 for the year, this is 5,000 more than anticipated. We need to further review promotion and marketing approach, radio advertising has commenced. Also need to incentivise grant funding organisations to increase their good cause sales. Any surplus arising will be used to offset the shortfall in the Community Service grants budget.

Predicted amount of collection fund surplus/deficit attributable to MBC which will impact on next year's council tax setting. The trend for there to be a large deduction/increase in surplus/deficit as seen over the last few years has not happened this year. Therefore the expected surplus at the year end is now £17,000

This page is intentionally left blank

POLICY, FINANCE & ADMINISTRATION COMMITTEE

APPENDIX C

SUMMARY OF INCOME & EXPENDITURE

	APRIL TO DECEMBER 2017							
	Original Budget Per Budget Book	Approved Budget @ Dec 17	April - Dec Budget	April - Dec Net Expenditure	Variance Underspend (-)	Year End Forecast	Year End Variance	
	£	£	£	£	£	£	£	£
1 7 King Street	-270	-270	2,668	8,010	5,342	6,730	7,000	☹
2 Parkside	210,400	218,400	157,999	132,036	-25,963	278,400	60,000	☹
3 Phoenix House	12,770	770	4,111	-8,992	-13,103	770	0	☺
4 Welland Procurement Unit	38,250	38,250	28,688	-8,055	-36,743	28,860	-9,390	☺☺
5 Corporate Repairs & Maintenance	110,030	110,030	84,705	58,079	-26,626	110,030	0	☺
6 Commercialism	0	96,780	76,940	72,734	-4,206	96,780	0	☺
7 Electoral Registration	47,190	47,190	34,671	27,943	-6,728	38,760	-8,430	☺☺
8 Land Charges	-59,420	-59,420	-43,753	-55,796	-12,043	-66,850	-7,430	☺☺
9 Elections	2,770	2,770	2,662	119,606	116,944	6,910	4,140	☹
10 Lottery	1,450	1,450	-3,383	-2,301	1,082	1,450	0	☺
11 Me and My Learning	202,150	211,520	168,966	154,127	-14,839	205,290	-6,230	☺☺
12 Central Expenses	169,240	164,240	164,240	163,401	-839	163,400	-840	☺☺
13 Corporate & Democratic Core	261,440	256,320	195,846	189,837	-6,009	256,320	0	☺
14 Corporate Costs - Finance	96,940	87,640	68,105	-1,377	-69,482	71,380	-16,260	☺☺
15 Non Distributed Costs	185,550	194,850	82,122	81,339	-783	196,200	1,350	☹
16 NNDR Collection	-605,500	-591,500	-460,925	-511,348	-50,423	-543,500	48,000	☹
17 Business Improvement District	-11,060	-11,060	-6,235	-11,014	-4,779	-11,060	0	☺
18 Council Tax Collection	-41,380	-47,780	-56,302	-64,149	-7,847	-47,780	0	☺
19 Misc. Financing Items	-144,840	-174,840	-131,430	-168,239	-36,809	-174,840	0	☺
20 Corporate Services	845,810	696,160	556,748	560,534	3,786	696,160	0	☺
21 ICT Services	636,360	652,530	527,721	433,184	-94,537	652,530	0	☺
22 Internal Audit	65,720	65,720	65,720	42,300	-23,420	56,720	-9,000	☺☺
23 Corporate Management Team	395,860	388,610	281,458	248,675	-32,783	388,610	0	☺
24 Communications	655,930	689,090	522,458	419,424	-103,034	608,090	-81,000	☺☺
25 Legal Services	136,940	146,940	110,206	-3,036	-113,242	120,940	-26,000	☹
26 Regulatory Services	302,520	302,520	226,890	224,455	-2,435	293,070	-9,450	☹
27 Communities and Neighbourhoods	315,430	389,050	287,667	248,163	-39,504	389,050	0	☺
28 Total - Controllable Costs	3,830,280	3,875,960	2,948,563	2,349,540	-599,023	3,822,420	-53,540	
29 Total - Uncontrollable Costs	-2,157,890	-2,124,960	-1,645,303	-1,466,944	178,360	-2,124,960	0	
30 Total General Expenses	1,672,390	1,751,000	1,303,260	882,596	-420,663	1,697,460	-53,540	

This page is intentionally left blank

REQUESTS FOR CARRY FORWARD OF REVENUE BUDGETS 2017-18 GENERAL EXPENSES

General Fund					
Main/ Detail Code	Service	Budget Holder	Reason for Underspend in 2017-18	Proposed Expenditure in 2018-19 if different	Amount Requested £
General Underspends					
050	Waste Management	Raman Selvon	Materials purchased budget for wheeled bin and litter bin stock not fully utilised		23,000
305	Cattle Market Re-development	John East	The remaining £28k budget of the 2017/18 carry forward of £47k relating to Phase 1 related works and Phase 2 architects fees.		28,090
340	Development Control	Jim Worley	The remaining £10k of the 2017/18 carry forward of £20k, to support the additional legal costs incurred in relation to a public enquiry regarding Hoby Road, Asfordby	To continue to cover the additional legal costs expected regarding the defence Hoby Road, Asfordby public enquiry.	10,000
340	Development Control	Jim Worley	Surplus income from planning application fees during 2017/18 due to high number of applications, one high value application and increased fees.	To support the short term use of agency staff within the Environmental Health team in 2018/19	5,000
425	Other Housing Services	John East	Prioritisation of homelessness strategy delayed housing strategy - to be developed in 18/19.	To continue with the use of citizen space and undertake strategy and promotion work around understanding housing needs across the borough	3,000
471 and 840	Customer Services and Communications	Sarah Jane O'Connor	Budget was allocated to the transformation programme within Revenues and Benefits, ensuring robust processes and structures are in place. Managerial vacancies and the corporate structure review has led to this money being underspent.	Funding will be used to support the ongoing transformation programme within the People and Communities directorate, including process reviews and structural realignment. External project assistance may be sought to provide greater clarity regarding processes and integration within the directorate.	44,960
477	Repairs & Maintenance - General Expenses	Chris Damri	Snow Hill Roofing work - looking to undertake remedial works to the roof of one block, to ensure the works provide the solution to the ongoing problem. Budgeted £20k for the work, but the contractors costing came in at £8k.	To undertake further roofing works in 2018/9 once the trial works have proved to work.	15,000
507	Environmental Maintenance	Raman Selvon	£5k funding to be spend in co-ordination with the Friends of the Country Park only partially utilised in 2017-18		3,750
520	Commercialism	Victoria Clarke	To enable completion of a few outstanding items prior to closure of the project		5,000
680	Council Tax Collection	Albert Wilson	Impact of Discretionary Council Tax Support in 2017-18 less significant than expected	Continuation of targeted work identifying those affected, who are yet to approach MBC for support. The role of the Me and My Learning centre aims to reduce the dependency on this budget.	11,770
810 and 845	Corporate Services and Legal Services	Dave Scott	Legal Services additional s106 income ahead of budget and due to its nature some legal fees anticipated in 2017/18 will now be incurred in 2018/19. For Corporate Services there is £1,180 remaining of the Equalities consultant budget - to be utilised 2018/19.	Cover additional agency costs in excess of salary budget for the Senior Management Accountant Post Q1 2018-19 (£7k). Legal Fees to be incurred in 2018/19 (£5k) and for equalities (£1,180)	13,180
815	I.T	Mike Dungey	Consultancy costs for the telephony and unified communications / contact centre project which has been delayed- to be undertaken 18/19		30,000
830	Corporate Management Team	Keith Aubrey	Digital Strategy Roadmap - new Chief Executive and structural re-alignment has impacted on the ability to spend the allocated budget during 2017/18	The structural realignment has now enabled the Council to be in a good place to implement the anticipated strands of the Digital Strategy Roadmap in 2018/9. These were focused on marketing/promotions of the Council's digital offer, development of a test environment for digital services, some work with older people to encourage digital engagement and staff development.	40,000
876	Communities & Neighbourhoods	John East	Budget for vacant posts - Corporate Policy Manager; Community Policy Officer and Head of Communities & Neighbourhoods (now Director Post)	To fund interim Director for Growth & Regeneration costs	20,000
845	Corporate Services	David Scott	General account revenue underspends to be used to fund Place survey	Understanding a borough wide community engagement process in response to the feedback from the peer challenge	20,000
340	Development Control	Jim Worley	General account revenue underspends to be used to feasibility for improved rail connectivity.	Support the feasibility work around improving the rail connection links to Nottingham. This would be a 50% match contribution as part of a LLEP bid and would only be payable if the bid was successful.	31,000
680	Council Tax Collection	Albert Wilson	Additional one-off grant income for Univeral Credit full service transition costs to support Sundry Debtor post	Provide the capability to appropriately chase and reduce outstanding arrears on former MBC tenant accounts. It is expected that the post will recoup the initial £5k spend through increased collection of rent arrears to the authority. This funding covers a 6 month period allows for a detailed feasibility review of the post to be undertaken, and for the outcome to inform the proposed restructure of the People and Communities directorate	5,000
595	Grants - Community Services	Albert Wilson	Additional one-off grant income for Univeral Credit full service transition costs to support the extension of working with the Melton and District Money Advice Service	MADMAC provides budgeting support and advice to residents in Melton who are currently working with over 70 Residents in Melton who provide a valuable service to residents with specific needs. The proposed £5k investment in MADMAC will safeguard the service being provided until 30 June 2018, allowing for a review of community support grants against corporate priorities. The outcomes of this review will provide a stable basis from which to commission money advice services in future	5,000
Total General Expenses					£290,750
Special Expenses					
Main/ Detail Code	Service	Budget Holder	Reason for Underspend in 2017-18	Proposed Expenditure in 2018-19 if different	Amount Requested £
General Underspends					
270	Open Spaces	Raman Selvon	Carry forward from 2016-17 £7k not yet spent, following dog fouling report to Town Area Committee 13.3.17, budget to be used to clean up the streets, buy and erect signs, deliver educational material. This must only be applied to special expenses area		6,150
Total Special Expenses					6,150

This page is intentionally left blank

POLICY FINANCE & ADMINISTRATION COMMITTEE

11th APRIL 2018

REPORT OF DEPUTY CHIEF EXECUTIVE

COMMERCIALISM PILOT - TIMESAGE

1.0 PURPOSE OF REPORT

- 1.1 To update members on progress made on the commercialism pilot initiative “timesage”.

2.0 RECOMMENDATIONS

It is recommended that:

- 2.1 **Note the review of the timesage pilot and actions taken to commence trading and reduce costs to create a sustainable future position.**
- 2.2 **Confirm the continuation of the timesage brand to support the current product offer and authorise the further use of the brand for other service areas should a benefit in doing so be identified as part of the Council’s wider commercial aspirations.**
- 2.3 **Recommend the dis-establishment of the Timesage Board to the Governance Development group currently considering the wider implications associated with the LGA Governance Review.**

3.0 KEY ISSUES

- 3.1 In 2016 members approved a pilot to run for an initial period of 9 months from late 2016. Following further reports on progress in February 2017 and September 2017 the period of the pilot, called ‘timesage’, was extended to the end of March 2018. As part of the final extension a clear focus was given to making the existing arrangements more financially sustainable, by either reducing costs or increasing income. A significant focus was given to commencing trading and a commitment given to either achieve a sustainable position by March 2018 or to recommend the end of the pilot, with a view to refocussing on alternative commercial options.
- 3.2 The original aim of the pilot was to explore how the Council could develop services to attract monthly subscriptions from customers with different monthly subscription rates linked to a variety of configured packages of services. The advantage of monthly subscription packages is an ongoing relationship and repeat spending, thus reducing the cost of transaction, without the need to constantly secure individual one-off payments.
- 3.3 The digital infrastructure has been developed in conjunction with a commercial partner secured through the LGA resulting in a professional website platform which went live in September 2017. In November 2017 the platform incorporated an effective secure on-line payment system, which is an easier system to use than is currently available to customers accessing services through the main council website.
- 3.4 During the course of the project many options for subscription services have been considered; from household cleaning, garden maintenance to out of school activity clubs. Developments in assistive technology were identified as an area where enhanced support services could be provided to give residents and their families extra peace of mind.

Following research with our existing lifeline users, more than half stated they would consider enhanced assistive technology.

- 3.5 With low cost of set up and an existing customer base it was felt the most appropriate service to commence trading of would be to offer packages available with the enhanced 'lifeline' offer. This would enable a resident to access assistance through a local control centre all day every day, with options for at home (via a phone line), for when out (through mobile technology) and a further offer of a wrist watch which operates anywhere in the UK with GPS tracking. This is in addition to supply and installation of a key safe.
- 3.6 Once the secure payment platform was in place, timesage and the products available began being more proactively marketed in December:
- Melton Christmas Market on 'light switch on' day – market stall.
 - Presentations of the services and products have been given to Melton Borough Council staff, particularly the customer services team and reception teams and the triage team for disabled facilities grants.
 - Invitations were received to demonstrate at luncheon clubs, senior support groups and at Gloucester House (Age Concern).
 - Liaison with Occupational Therapists of Adult Social Care teams
 - Advertising in Latham House doctors surgery and with distribution of Melton Theatre tickets.
 - Melton Times - half page article (January 2018),
 - Flyers were distributed to village shops with an explanation of the new services. It was determined that shop keepers seem to know what was going on in the vicinity and were aware when individuals needed extra support. These were warmly received; Somerby shop offered to put one in each newspaper they distributed, Buckminster shop said they would do anything to support the Council and a referral came from Bottesford within a day of visiting.
 - Bottesford pharmacy also requested a demonstration of the new assistive technology.
 - Social media (Facebook & Twitter).

3.7 **Current Position**

Since trading commenced at the end of December 2017, the following services have been purchased:

Standard lifeline packages – 10 at £249.60 per annum (= £2,496)

Falls device – 3 packages at £363.48 per annum (= £1,090.44)

Doro 480 – secure watch – 1 package at £519.48 per annum

Product Sales (5 keysafes and kettle £275)

TOTAL - £4,380.91 annual turnover assuming contracts remain in place for a full year

It is still early days and it is too early to establish whether the timesage brand has sufficient value to justify continued use. Whilst the initial sales are encouraging, historically the timesage platform has had incurred a significant overhead which would not be covered by this level of turnover. Accordingly, to give the potential for any trading growth to be established focus has been given to significantly reducing the cost of hosting the platform such that it can continue within existing resources.

3.8 Creating a sustainable future

During the life of the pilot the council has funded support from a commercial provider to build the digital infrastructure and platform; as well as utilising some internal resources to provide project management. Given the current level of sales, to continue these arrangements is unsustainable therefore an alternative model has been developed to enable the brand to continue with significantly lower overheads. The following is therefore proposed:

- Responsibility for the overall timesage brand and platform would now sit with the Corporate Improvement Team.
- Responsibility for the individual service offers will rest with the lead service for each. Given the current service offer, the responsibility for continuing delivery will transfer to the Lifeline Team with some training from the existing project lead.
- The website has already been transferred to an internally managed platform rather than requiring support from external LGA advisors. This has significantly reduced the cost of maintaining the platform, and technical support will now be provided internally.

The proposed approach maintains the 'timesage' brand and enables the previous investment into the design and infrastructure to be retained and further opportunities considered as appropriate. Additional resources may be required to support these and each will be considered on a case by case basis.

Alternative Options

The alternative option is to cease supporting the timesage brand and to de-commission the brand and digital platform. Given the costs incurred to date and the fact that the ongoing running costs have now significantly reduced this is not recommended at this time, but the brand should continue to be kept under review.

4.0 POLICY AND CORPORATE IMPLICATIONS

4.1 There is now an opportunity to embed this work and learning within a broader Commercial Strategy for the Council which is due to be considered as part of the same agenda.

5.0 FINANCIAL AND OTHER RESOURCE IMPLICATIONS

5.1 The ongoing operation of this project will be resourced from within existing resources and the project manager previously seconded into overseeing the pilot will return to their substantive role.

5.2 The new internal website for timesage will incur a nominal cost of approximately £1250 per annum. This can be financed from the income from the additional services being provided. No further supplementary estimates are required and it is hoped that if turnover increases there will be an opportunity to build future income projections into the base budget.

6.0 LEGAL IMPLICATIONS/POWERS

6.1 The Localism Act 2011 introduces a new General Power of Competence (GPC), which explicitly gives councils the power to do anything that an individual can do which is not expressly prohibited by other legislation. This activity can include charging or it can be undertaken for a commercial purpose, and could be aimed at benefiting the authority, the area or its local communities.

7.0 COMMUNITY SAFETY

7.1 The current timesage offer of an extended Lifeline services provides security for residents of support 24/7. This offers additional peace of mind in their own homes and when out and about.

8.0 EQUALITIES

8.1 No implications anticipated as services will be open to all.

9.0 RISKS

9.1 Probability



Very High A					Risk No.	Description
High B					1	Transfer of ownership, timesage concept may not be embraced by operational services
Significant C					2	Loss of enthusiasm for the project from removal of the existing team.
Low D		1,2,3			3	Loss of the detailed knowledge through the development of the project.
Very Low E						
Almost Impossible F						
	IV Neg- ligible	III Marg- inal	II Critical	I Catast- rophic		
	Impact					

10.0 CLIMATE CHANGE

10.1 No direct implications have been identified.

11.0 CONSULTATION

11.1 Engagement and consultation with targeted groups of residents has been a key aspect of the project.

12.0 WARDS AFFECTED

12.1 All wards are affected.

Contact Officers: Victoria Clarke

Date: 26th March 2018

Appendices:

Background Papers:

POLICY, FINANCE AND ADMINISTRATION COMMITTEE

11TH APRIL 2018

REPORT OF DIRECTOR OF CORPORATE SERVICES

ADOPTION OF A COMMERCIAL STRATEGY

1.0 PURPOSE OF REPORT

- 1.1 In the context of the Council's Medium Term Financial Strategy, and challenging financial situation, to set out and support the establishment of a Commercial Strategy; pursuing a more commercial approach which maximises income, increases self-sufficiency and enables funding for services to be protected.

2.0 RECOMMENDATIONS

It is recommended that:

- (i) The Commercial Strategy at Appendix A is adopted**
- (ii) Note the key areas of focus and proposed initial actions to support implementation of the strategy.**

3.0 KEY ISSUES

- 3.1 Between 2010/11 and 2015/16 the Council lost £1.86m revenue funding representing a 57% reduction in centrally allocated funding. In the current 4 year settlement up to 2019/20 the Council will lose a further £933k. There is further uncertainty regarding the level of business rates that will be retained when the baseline is reset. Whilst the Council has managed this reduction well, a deficit position is currently projected within the Medium Term Financial Strategy. A Budget Management Strategy is being developed to help address this deficit and a key component of this is for the council to become more commercial
- 3.2 While the financial position is extremely challenging to the Council, we can embrace the opportunities to take control over our own future and become a more financially sustainable Council. One way to achieve this is to become a more commercially focussed organisation with less reliance on central government funding.
- 3.3 The commercial strategy at Appendix A, sets out a statement of intent; to move from commercial ambition to delivery, providing leadership and direction to the organisation and ensuring our residents understand our desire to meet the financial challenge positively and to protect (and where possible enhance) local services.
- 3.4 **The Key Drivers for this strategy are**
- Need to address loss of government funding
 - Build on work already undertaken to take control of our financial future and become financially resilient
 - Appetite to move to a more innovative and commercial approach
 - The current work being undertaken to refresh the Council's Corporate Mission, Vision and priorities
 - The desire to maximise Income generation where appropriate

Key Focus Areas:

Responding to these drivers the strategy includes a number of key areas of focus:

Existing services: All Council services need to have a greater awareness of the true costs of their service. Services should look to enhance or develop new income streams. Where trading services exist they need to adopt a more commercial approach so that their turnover exceeds their costs or they break even. This may not be appropriate for all Council services as the primary focus for some may be social value and therefore to adopt a more commercial approach may be inappropriate. However income generation should still be considered. Services also need to consider customer data/information held and ensure that the best use is made of this valuable market information.

Fees and Charges: The Council can look to ensure existing services are charging appropriate fees and charges within the market place and also identify any further opportunities where local levies can be charged for. Concessions can be considered where there is a need.

Economic growth: The Local Plan and the Strategic Growth Plan will identify areas of growth that can be supported by the Council. In particular we can, with partners, look to increase the business rates base and therefore our retained business rates and through housing growth, increase our council tax and new homes bonus revenue.

Existing contracts: In addition to in-house services the Council provides it has also entered into a number of contracts with external providers. By reviewing contracts with a more commercial approach, it may be possible to renegotiate more favourable contracts, look at delivering services in a different way or entering into new business partnerships.

Developing business opportunities: Current legislation enables the Council to provide commercial services to other Local Authorities and in particular circumstances the Council can also consider providing new or enhanced services. Should the Council's aim be to make surpluses to reinvest in supporting core funding, it is likely a separate trading company would need to be set up.

Current Assets: Parkside is a good example of where the Council has made better use of its assets. A review of all council assets would identify further opportunities to improve asset utilisation and whether a greater return on our assets could be achieved, alongside supporting our social ambitions.

Delivering the strategy

In support of delivering the strategy the following initial actions are proposed:

- Seek funding from the LGA Productive Expert Fund to support commercial support for training and development within the council
- As part of the LGA's Governance Review, and recommendations recently agreed at the Governance Committee, the Governance Development Group be asked to consider what changes to the scheme of delegation, financial regulations and other parts of the constitution are required to support a more commercial approach
- Develop a business case for establishing a local authority housing company to support the council's social and commercial aims.
- Undertake a review of corporate assets to identify opportunities to maximise commercial return where appropriate.
- Continue to consider the resources required to support commercial development previously noted as part of the corporate restructure and establishment of the

4.0 POLICY AND CORPORATE IMPLICATIONS

- 4.1 The Council is refreshing its Corporate Mission, Vision and priorities to ensure they accurately reflect the changing landscape within which it operates. The Council has articulated intent to become more commercial. This strategy sets out a statement of intent for how ambition can become reality.

5.0 FINANCIAL AND OTHER RESOURCE IMPLICATIONS

- 5.1 For 2018/19 £50k is available to support the Corporate Improvement Team in the development of the corporate priorities, governance and decision making and development of commercialism within the Council. To support the Council's commercial development, the Council is seeking funding of £7K from the LGA Productivity expert funding to engage an experienced commercial consultant to assist with implementation including training and development.

Future commercial investment will likely require the use of prudential borrowing and the implications associated with these will be considered within any business case development.

6.0 LEGAL IMPLICATIONS

- 6.1 There are potential legal implications arising from the direction that the Council decides to follow. The legal authority to charge for discretionary services and the legal authority to trade commercially are different. Charging must be done on a cost recovery basis only. Trading which is done for a commercial purpose can be done for profit but must be carried out through a company. Similarly if the Council wishes to build housing a number of options are available including purchasing or building houses for social rent, private rent, or sale. The vehicle through which this will be achieved will depend on the purpose it is seeking to respond to. This may include either in-house purchase or the formation of a housing development and/or building company. In either situation, legal advice will be required in setting up a separate company.

7.0 EQUALITIES

- 7.1 Although there are no direct Equality issues arising out of this report, as the Council develops its commercial approach it is recommended that Equality Impact Assessments are completed.

8.0 **RISKS**

8.1 The risks identifies below are the potential outcomes:

L I K E L I H O O D	A	Very High				
	B	High			1	
	C	Significant				
	D	Low				
	E	Very Low				
	F	Almost Impossible				
			Negligible 1	Marginal 2	Critical 3	Catastrophic 4

IMPACT

Risk No	Risk Description
1	Do nothing or not generating income through developing commercial opportunities fails to contribute to the future financial security of the council

9.0 **CLIMATE CHANGE**

9.1 There are no specific climate change implications.

10.0 **WARDS AFFECTED**

10.1 All wards are affected

Contact Officer M Bowen – Corporate Improvement Manager

Date: 16 March 2018

Appendices : Appendix A – MBC Commercial Strategy – A Statement of Intent

Background Papers: *None*

Reference : PFA

MELTON BOROUGH COUNCIL

COMMERCIAL STRATEGY – A STATEMENT OF INTENT

BACKGROUND

Context: As previously reported our four year settlement results in an overall loss of grant of £933k between the baseline financial year 2015/16 and 2019/20, representing a 42% reduction. This is in addition to the previous reductions of £1,859k or 57% over the period 2010/11 to 2015/16.

The Council has continued to receive cuts in funding from central government with more to come. The Council is set to incur an overall loss of grant of £933K between the financial years 2015/16 and 2019/20 representing a 42% reduction as part of the four year funding settlement. This is in addition to the previous reductions of £1,895k or 57% over the period 2010/11 to 2015/16. By 2019/20 the Council will no longer be set to receive any general central government funding. There is further uncertainty regarding the level of business rates that will be retained when the baseline is reset.

While this is an extremely challenging position to the Council, we can embrace the opportunities to take control over our own future and become a more financially sustainable Council, through becoming a more commercially focussed organisation with less reliance on central government funding.

This commercial strategy sets out a statement of intent; to move from commercial ambition to delivery, providing leadership and direction to the organisation and ensuring our residents understand our desire to meet the financial challenge positively and to protect (and where possible enhance) local services.

Key Drivers:

- Need to address loss of government funding
- Build on work already undertaken to take control of our financial future and become financially resilient
- Appetite to move to a more innovative and commercial approach – looking internally and externally
- Refreshed Corporate Mission, Vision and priorities
- The desire to maximise Income generation where appropriate

Corporate Context

The Council is refreshing its Corporate Mission, Vision and priorities to ensure they accurately reflect the changing landscape within which it operates. One theme within the Organisational Priorities is to become “...a more agile and commercial council, removing waste and ineffectively and securing our future.” The Council’s Commercial Strategy sets out how the commercial elements of this transformation will be achieved and where the Council will focus.

Our Commercial Vision *We will generate additional income to help meet our future funding needs; safeguarding existing and offering new services to support our social ambitions, and enabling us to more effectively deliver our Corporate vision and priorities.*

Definitions

Commercialism can mean different things to different people and can have negative connotations especially within the public sector. However, because it can have different meanings and be implemented in diverse ways, this enables the Council to have our own approach to commercialism that enables us to meet our corporate aims and objectives

Commercialism:

Our commercial activity will be delivered within a Commercial Framework. For the Council commercialism will be an approach to meet the financial challenges which we respond to by adopting a more business-like approach to both existing services, where applicable, and to new business opportunities. This will be through developing a commercial culture, empowering staff to be innovative, continuing to develop agile and flexible working, making best use of our resources, and identify sound investment opportunities to generate income.

Innovation:

We want our staff and partners to think and act in new ways; to be creative in the way that we approach, design and deliver existing and new services to our community. By developing our staff to become more commercially aware, it will increase confidence and ensure decisions are taking being 'risk-aware' rather than 'risk averse'. It must be recognised that in becoming more commercial, not every opportunity undertaken will be successful and that the Council therefore needs a culture which enabled learning and improvement; accountability, not blame.

Commercial Culture:

Developing behaviours, skills, knowledge, and mind-set to behave in a more business-like way to meet our aim of financial sustainability

Trading:

The legal authority to charge for discretionary services and the legal authority to trade commercially are different. Charging must be done on a cost recovery basis only. Trading which is done for a commercial purpose can be done for profit but must be carried out through a company.

Investment:

The council has a well managed treasury investment strategy. This will be widened into other types of investment. Future investments will look to focus on projects or activities including property and housing that will generate a return on investment for the Council

Return on investment:

The amount of profit from an investment, usually in terms of the percentage of the original total cost invested over an agreed timeframe net of any costs.

Social Value:

Activities, projects, undertakings that produce a benefit to the community.

Commercial Opportunities

There are a number of areas where the Council can focus its commercial activity. If the areas identified below are to be developed in the future it needs to be within a Commercial Framework and aligned to the Council's aims and priorities, project management system and performance management framework.

Existing services: All Council services need to have a greater awareness of the true costs of their service. Services should look to enhance or develop new income streams. Where trading services exist they need to adopt a more commercial approach so that their turnover exceeds their costs or they break even. This may not be appropriate for all Council services as the primary focus for some may be social value and therefore to adopt a more commercial approach may be inappropriate. However income generation should still be considered. Services also need to consider customer data/information held and ensure that the best use is made of this valuable market information.

Fees and Charges: The Council can look to ensure existing services are charging appropriate fees and charges within the market place and also identify any further opportunities where local levies can be charged for. Concessions can be considered where there is a need

Economic growth: The Local Plan and the Strategic Growth Plan will identify areas of growth that can be supported by the Council. In particular we can, with partners, look to increase the business rates base and therefore our retained business rates and through housing growth, increase our council tax and new homes bonus revenue.

Existing contracts: In addition to in-house services the Council provides it has also entered into a number of contracts with external providers. By reviewing contracts with a more commercial approach, it may be possible to renegotiate more favourable contracts, look at delivering services in a different way or entering into new business partnerships.

Developing business opportunities: Current legislation enables the Council to provide commercial services to other Local Authorities and in particular circumstances the Council can also consider providing new or enhanced services. Should the Council's aim be to make surpluses to reinvest in supporting core funding, it is likely a separate trading company would need to be set up.

Current Assets: Parkside is a good example of where the Council has made better use of its assets. A review of all council assets would identify further opportunities to improve asset utilisation and whether a greater return on our assets could be achieved, alongside supporting our social ambitions.

The Council's Current Commercial Activity - timesage

In Autumn 2016 Melton Borough Council decided to run a pilot to see whether there was a commercial opportunity with offering subscription services to residents. This is partially based on the fact that there are in excess of 1/3rd of households in the Borough paying for the green waste club, currently operated on behalf of the Council by Biffa, and that according to Mosaic data groups ABDE&F with capacity for discretionary spend account for over 12,000 households (approx 53%).

Developments in assistive technology meant we could offer enhanced services to give residents, and their families, extra peace of mind. Following research with our existing Lifeline users, more than

half stated they would consider enhanced assistive technology. The packages available through timesage involved this enhanced 'lifeline' offer. This would enable a resident to access assistance through a local control centre all day every day, with options at home (via a phone line), for when out (through mobile technology) and a further offer of a wrist watch which operates anywhere in the UK.

A professional website was developed with external support which included a straightforward payment platform. Resources have been given to enable the website to be managed through existing internal resources to enable the project will continue to progress without the need for external support.

Investments

The Council no longer holds significant capital receipts and therefore future investment of capital may require borrowing and therefore the return on any investment decisions in projects and schemes will need to be considered to assist the council in maintaining its financial sustainability. Consideration should also be given to opportunities to invest capital in projects which may generate a return for the Council and which will assist the Council's Medium Term Financial Strategy.

Areas to be considered for investment include:

Housing: The provision of housing is a national priority. Focussing on increasing the supply of housing has the potential to not only meet the council's social ambitions, it can also provide a valuable source of income too. A number of options are available including purchasing or building houses for social rent, private rent, or sale. The vehicle through which this will be achieved will depend on the purpose it is seeking to respond to. This may include either in-house purchase or the formation of a housing development and/or building company.

Considering how to make the best use of the Council's own land and whether to work in a collaborative approach with other districts are significant factors.

Commercial Property: More and more Councils are looking at this as an option; purchasing commercial property to take advantage of the relatively low cost of borrowing with a view to securing a steady income stream for the future as a response to reductions in government funding. Targeted real estate investment within the Borough can boost regeneration and add value, both economic and social.

Councils are also acquiring commercial properties outside of their local area for purely commercial reasons with the ability to achieve a return. However recent changes in accounting guidance have made the potential returns less attractive, though opportunities should still be considered on a case by case basis.

The income from these investments can then be reinvested in the local area, or to fund local services.

The way forward.

To meet the financial challenges facing the Council and to become a commercially-focussed organisation a number of positive changes are needed:

Developing a commercial culture: The rules of engagement

The move towards a more commercial, enterprising, entrepreneurial approach will require not only a change in mind-set but also a change in the ethos of the Council. For services to become more commercial they must be able to compete within what can often be fast paced markets. Agile and quick decisions will be required and a sharper focus on the bottom line will be required. Colleagues working in areas identified to become more commercial will need support and development to adapt to the new ways of working/thinking. It will also be necessary to review the scheme of delegation and financial regulations to enable a commercial culture to translate into commercial behaviours.

Key factors to consider will include:

- Empowering colleagues to take business-like decisions and seize opportunities, make quick decisions on pricing/ promotions in response to costs/ market conditions
- Acting in a risk aware, not risk averse way
- Having permission to innovate whilst recognising not everything tried will work but we learn from any mistakes
- Recognising sometimes we will need to invest now for a return later
- Recognising some services will be required to at least breakeven or even better
- Consider our position about competing with local businesses
- Whether we are prepared to compete outside of area/other LAs?
- To be commercially focussed you need to be Customer focussed – put the customer at the heart of what we do

Commercial Framework

This is to be developed but will encourage everybody to share their ideas so people feel valued and involved. Staff will receive training and development. To ensure we meet our statutory and social responsibilities, that public money continues to be accounted for, we will set up a governance system and monitor our activities through our enhanced project management and performance frameworks.

Skills, knowledge and capacity

To meet the financial challenges and in a timely manner, the Council will need support in developing its commercial ambitions by bringing in those specialist skills and knowledge not currently available within the Council. Wherever possible we will seek out funding opportunities to meet costs incurred.

Branding

The Council is a trusted organisation within the community. People know where we are and recognise our long term commitment to Melton. For some services, particularly those where trust is a factor it would be prudent to strongly associate a service with the Council. For other services, particularly those which are more experiential, it may be more appropriate to create a spinout-brand, where association with the Council is perhaps less attractive. This required branding would need to be considered on a case by case basis.

Delivery vehicle

The Council will need to decide what delivery model would best achieve our commercial aspirations. This could be achieved through a number of vehicles including in-house delivery (where it is legal to do so), establishing a trading company, a form of hybrid-brand. Some delivery vehicles may be closely aligned to the Council and branding while others will be more removed. The vehicle will need to be considered as part of any business case developed.