



Rural Capital of Food

Agenda

Meeting name	Meeting of the Corporate Committee
Date	Tuesday, 25 September 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 Corporate 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)	L. Higgins (Vice-Chair)
	R. de Burle	P. Cumbers
	M. Glancy	E. Holmes
	E. Hutchison	A. Pearson
	B. Rhodes	J. Wyatt

Quorum: 4 Councillors

Meeting enquiries	Julie Radford
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Agenda despatched	Monday, 17 September 2018

No.	Item	Page No.
1.	APOLOGIES FOR ABSENCE	
2.	MINUTES To confirm the minutes of the previous meeting held 9 th July 2018.	1 - 8
3.	DECLARATIONS OF INTEREST Members to declare any interest as appropriate in respect of items to be considered at this meeting.	9 - 10
4.	BUDGET FRAMEWORK 2019/20 The Director for Corporate Services to submit a report to consider a number of key items which will feed into the Council's Medium Term Financial Strategy (MTFS) and the 2019/20 Budget and Corporate Planning process.	11 - 24
5.	BUDGET MONITORING APRIL TO JUNE 2018 The Director for Corporate Services to submit a report to provide information on actual expenditure and income incurred compared to the latest approved budget for the period 1 st April 2018 to 30 th June 2018. The report reflects the new Committee structure and provides detail for all Committees.	25 - 40
6.	CAPITAL PROGRAMME MONITORING APRIL TO 31 AUGUST 2018 The Director for Corporate Services to submit a report to update the Committee on the progress of schemes within the Capital Programme to 31st August 2018.	41 - 60

Minutes

Meeting name	Corporate Committee
Date	Monday, 9 July 2018
Start time	6.30 pm
Venue	Parkside, Station Approach, Burton Street, Melton Mowbray, LE13 1GH

Present:

Chair Councillor J. Orson not present –
Councillor L. Higgins (Vice Chair)
in the Chair

Councillors L. Higgins (Vice-Chair) R. de Burle
P. Cumbers M. Glancy
E. Hutchison B. Rhodes
J. Wyatt J. Illingworth (Substitute)

Observers

Officers Chief Executive
Deputy Chief Executive
Director for Corporate Services
Director for Legal and Democratic Services
Administrative Assistant (JR)

Minute No.	Minute
C1	<p>Apologies for Absence Apologies were received from Councillors Orson, Pearson and Holmes.</p>
C2	<p>Minutes The minutes of the meeting held on 11 April 2018 (previously Policy, Finance and Administration Committee) were confirmed and authorised to be signed by the vice chair.</p>
C3	<p>Declarations of interest Councillor Rhodes declared a personal interest in any items relating to Leicestershire County Council due to his role as a County Councillor. The Chief Executive declared, on behalf of all Officers present, a personal interest regarding agenda item 5. Workforce Strategy re staff car parking.</p>
C4	<p>Annual Staff Review The Director for Corporate Services submitted a report to brief members on the current staffing structure as at 1 April 2018 and to provide information on changes to the structure since April 2017. A number of reviews had taken place in the 2017/18 financial year and changes made to the establishment under delegated authority by the Chief Executive in consultation with Senior Management Team. A member requested that officer's contact numbers be updated and that the "Meet the Services" booklet also updated with current contact information. A member proposed that an event be arranged for Councillors to meet new key officers as there had been many staff changes this year. The Chief Executive advised that this was in hand with arrangements to be made for such an event possibly to be held in September when recruitment is complete to key roles. It was commented that the increase in Planning fees resulting in additional staff being recruited should assist planning applications being processed in a more timely manner. It was also noted however that recruiting planning staff was challenging within the sector generally currently. <u>RESOLVED</u> that the report be noted.</p>
C5	<p>Workforce Strategy The Corporate Director submitted a report to seek approval for the new Workforce Strategy following staff engagement and the refresh of the corporate mission, vision, values and priorities. The strategy looks to understand employee aspirations and to promote MBC as a great place to work and build a career. MBC needs to be an employer of choice to attract and retain workforce.</p>

A member highlighted that at 3.5 in the report that the wording requires clarification. This section should have additional wording added and therefore read as “*Given the perceptions of inequality and burden to administrate, the potential infrastructure costs to address and the frustrations felt by staff, it is proposed that to support the launch of the new strategy the parking charge for staff using the privately owned parking spaces in the sidings **be discontinued***”.

Following a series of workshops with staff it was highlighted that the staff car parking arrangements in the sidings car park at Parkside was a frustration due to the burden and inconsistent application of the staff parking charge. Manual enforcement and administration is a lengthy process and time consuming. The release of this administration time would be of benefit to the service area. This matter has been taken to the Joint Staff Working Group (JSWG) meeting held 4th July 2018. The JSWG did raise concern regarding the number of available car parking spaces if a charge is not made. If the ‘sidings’ area was to become unavailable in the future a revised arrangement would need to be made.

A member suggested that all staff wanting to use the sidings car park should pay a set charge of £2 per week regardless of salary banding and whether part time or full time working.

To support the launch and aspirations set out in the new strategy members supported the recommendation to cease the staff parking charge with immediate effect. A review will be made in 6 months time.

The recommendations were moved by Councillor Glancy and seconded by the Vice Chair.

All members were unanimously in favour of recommendations 1, 2 and 5. One member abstained from voting in favour of recommendations 3 and 4.

RESOLVED that:

- 1) the Workforce Strategy and action plan be approved for implementation with immediate effect.
- 2) that delegated authority be granted to the HR and Communications Manager to make minor amends to the strategy in line with employment legislation and best practice and to keep the action plan updated and refreshed.
- 3) in recognition of the potential costs of addressing the inequality in the current system, coupled with the ambitions articulated within the Workforce Strategy that the charges for parking in the non-public area known as “the sidings” behind Parkside be removed.
- 4) delegated authority be granted to the Director for Corporate Services to finalise the details and establish an appropriate method for implementing the removal of charges in the non-public area known as “the sidings” behind Parkside.
- 5) that the revised procedure for evaluating and grading a post be approved.

C6

6 Harby Lane - Sale of Land

The Director for Legal and Democratic Services submitted a report to notify

members of the exercise of delegated authority by an officer in respect of the transfer of land to rectify a discrepancy in the title plan for 6 Harby Lane, Stathern.

The recommendations were moved by Councillor Rhodes and seconded by the Vice Chair.

All members were unanimously in favour.

RESOLVED that the Committee noted that the Solicitor to the Council exercised her delegated authority under part 3b (Scheme of Delegation to Officers) of the Constitution to transfer a piece of land to rectify an error on the title Plan registered with the Land Registry with respect to the property.

C7

Revenue Budget 2017/18 Provisional Year End

The Director for Corporate Services submitted a report to provide members with information on the provisional year end position subject to external audit approval for 2017/18. With reference to the bottom line of the table on page 58 it was highlighted that the Approved Budget figure should read 543,670 and the Variance to Approved Budget figure should be a deficit of (259,811).

The key message advised to Members was that despite many pressures on the budget the council has underspent against the approved budget across all funds. The general expenses position against the estimated year end position is an underspend of £259,811k which when approved carry forwards are taken into account reduces to an underspend of £39,731k on General Fund and a net transfer to Special Expenses MM reserve of approximately £3k. This is a positive achievement and demonstrates that the hard line approach taken regarding supplementary estimates has worked well. This same approach will be followed again for the current financial year.

The key variances against the approved budget were highlighted and further detail supplied in Appendix A. Members' attention was drawn to the tables at 3.8 in the report which showed the impact on reserves and balances of the provisional year end position. The Director for Corporate Services concluded that the figures will remain provisional until the audit of the accounts is finalised but, at this stage, no changes are anticipated.

Councillor Rhodes moved the recommendation and Councillor de Burle seconded. All members were unanimously in favour.

RESOLVED that the provisional year end position, variations to the 2017/18 estimated year end position and the resultant effect on the Council's balances and reserves as set out in the attached papers be noted.

C8

Statement of Accounts (subject to audit) 2017/18

The Director for Corporate Services submitted a report to submit the Statement of Accounts, Subject to Audit, for 2017/18, which have been prepared in accordance with the Accounts and Audit Regulations 2015 and to inform of the key issues

within the accounts.

The Local Audit & Accountability Act 2014 requires that local authorities publish an audited copy of their Statement of Accounts by 31 July, from 2017/18, instead of the previous date of 30 September. The Finance team have complied with this regulation and this has been a tremendous achievement and is testament to the hard work and dedication they have put in to achieve this as well as the support they have received corporately. There were challenges in getting all the transactions included prior to starting to compile the accounts. This has meant, however, that the closedown and accounts in some areas have to be produced based on the use of more estimates rather than waiting for more accurate figures. It is important for members to recognise this as it could result in more changes post audit or in the next financial year if carry forwards/accruals are not as accurate.

The earlier closedown date requires that the final audited version be presented to the Governance Committee on 24th July 2018 for approval. It is also a requirement for the Narrative Statement to be published with the audited accounts and this document contains information regarding the council and its operation alongside financial performance. The Corporate Improvement Team will be doing more work on presenting performance figures for the Narrative Statements in future years.

Councillor Rhodes moved the recommendations and Councillor de Burle seconded.

All members were unanimously in favour.

RESOLVED that:

- 1) the Statement of Accounts Subject to Audit for 2017-18 as attached at Appendix A be noted;
- 2) the Narrative Statement as attached at Appendix B be noted

C9

Items for Approval Under Financial Procedure Rules

The Director for Corporate Services submitted a report 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.

It was highlighted that details of the requests in excess of £10k could be found in Appendix A.

Councillor de Burle moved the recommendation and Councillor Glancy seconded.

All members were unanimously in favour.

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

C10

Annual Report on the Treasury Management Activities and Actual Prudential Indicators 2017-18

The Director for Corporate Services submitted a report to provide a summary of the Treasury activities in 2017-18. The report also covered the actual position on the

Prudential Indicators in accordance with the Prudential Code. Members were advised that it is a requirement for Treasury Management reports to be scrutinised prior to being submitted to Full Council for approval. Previously this was undertaken by the Budget & Strategic Planning Working Group. Under the new governance arrangements this responsibility has passed to the Corporate Committee.

It was proposed that a further recommendation be added to thank Councillor de Burle for his scrutiny work on Treasury Management through BSPWG. The Corporate Director welcomed Councillor de Burle to continue his work and invited him to contact herself or the Corporate Services Manager if there was anything he wished to discuss in the future regarding Treasury Management.

The Director for Corporate Services advised that this annual report focuses on activities for the last financial year in comparison to the Treasury Management Strategy and Prudential Indicators approved in February 2017 when the budget was set. Through more diversification and primarily the use of property funds the level of investment rates has improved over that achieved in 2116/17 despite the challenging period for investment returns. This increase in income has flowed into the budget for 2018/19 and has helped to reduce the pressure on the budget as a whole.

There has been a change to the codes and regulatory environment within which the Treasury Management function operates, notably the requirement to approve a Capital Strategy next year with the budget and Treasury Management Strategy which officers are working on. The Director for Corporate Services commented that she was pleased to advise members that the council has been able to demonstrate that it met the criteria to operate at a “professional” level which allowed it to access a full range of investments that it was already utilising. This status has to be demonstrated annually to achieve “professional” status. As well as the requirement to approve a Capital Strategy the council is also looking at a variety of commercial activities which could impact on its Treasury Management activities and notably the need to consider borrowing in order to invest in activities e.g. the creation of a housing company.

A member commented that the plan for the creation of such a housing company was not what he had originally envisaged. The Chief Executive advised that in May of this year the Corporate Development Plan approved the setting up of a housing company and further detail is to go the Policy Forum meeting next week. Member direction will be sought as to what may be required for MBC. To assist with costs and sharing expertise this council is to work with 4 other councils to create a collaborative development company but will also be delivering a Melton specific delivery company. Other councils will likely follow suit to ensure that delivery is determined based on local needs. A business case will be brought to this Committee in September this year.

John East, previously Interim Director for Growth and Regeneration, will be retained as a strategic consultant to maintain momentum on this venture drawing on his wealth of experience in successfully managing such projects in other parts of the country.

A member enquired whether local people could invest in the housing company and it was advised that this will all be considered as part of the project along with the possibility of extending into other areas; initially it will be important to keep things as simple as possible and build confidence in the approach before embarking on more creative options.

Councillor de Burle moved the original recommendations with the addition of the further recommendation and Councillor Illingworth seconded.

All members were unanimously in favour.

Resolved that:

- 1) the Treasury Management Annual Report for 2017-18 be approved for submission to the Council and;
- 2) the actual position on Prudential Indicators for 2017-18 be noted.
- 3) thanks to be given to Councillor de Burle for his scrutiny of Treasury Management through the now disbanded Budget & Strategic Planning Working Group.

C11

New Performance Reporting Dashboard for Corporate Committee

The Director for Corporate Services submitted a report to advise members of the current state of performance against the newly defined performance reporting measures for the new corporate structures, in relation to the organisational priorities theme under the Council's Corporate Priorities for the financial year 2017/18. This was the first report to this committee on the performance measures relative to the services and activities this committee is responsible for. A number of the indicators are new so comparative data is not available at this time but in the future comparisons will be made as more data is captured and performance can then be reviewed against priorities.

Members were advised of key areas in the report and the full suite of performance data was highlighted at Appendix A. A member commented on the data at OG4 regarding the 1.4 days sickness per FTE employee which is very good for the quarter. Council Tax collection efficiency was also mentioned as this is slightly better than the average collection profile over the last 7 years and contributes to the overall assessment for the Council's financial sustainability.

Councillor Higgins moved the recommendations and Councillor de Burle seconded.

All members were unanimously in favour.

RESOLVED that:

- 1) the contents of the report be noted.
- 2) the performance information for 2017/18 in the Performance Dashboard be used to help inform the Committee and assist Members and Officers with regard to the information of policy and oversight of the Corporate Services function of the Council be approved.

C12	<p>Leicestershire ICT Partnership Digital Strategy</p> <p>The Deputy Chief Executive submitted a report to introduce and seek approval of the Leicestershire ICT Partnership Digital Strategy. He advised that this report was a follow up from last year and it gave an update of the work undertaken by MBC and the partner authorities to produce the strategy.</p> <p>Councillor de Burle moved the recommendation and Councillor Glancy seconded.</p> <p>All members were unanimously in favour.</p> <p><u>RESOLVED</u> that the Leicestershire ICT Partnership Digital Strategy at Appendix 1 be approved and adopted by Melton Borough Council.</p>
C13	<p>Urgent Business</p> <p><u>Strategic Growth Plan</u></p> <p>The vice chair advised that he wished to give his thanks to members for their support, which had been recently received, for the Strategic Growth Plan Further information will be shared with members at an appropriate time in the future.</p>

The meeting closed at: 8.00 pm

Chair

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

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CORPORATE COMMITTEE

25 SEPTEMBER 2018

REPORT OF DIRECTOR FOR CORPORATE SERVICES

BUDGET FRAMEWORK 2019/20

1.0 PURPOSE OF REPORT

- 1.1 To consider a number of key items which will feed into the Council's Medium-Term Financial Strategy (MTFS) and the 2019/20 budget and corporate planning preparation process.

2.0 RECOMMENDATIONS

It is recommended that:-

- 2.1 Committee approve the proposed corporate planning and budget framework timetable for 2018/19, in respect of the 2019/20 financial year, set out at Appendix A.
- 2.2 No inflation be provided for in the 2019/20 budget at service budget level, other than fees and charges which has been provided for at the rate of 2.5%, unless adjusted for known cost increases by budget holders and 2% for pay.
- 2.3 Council retains its objective of setting a balanced budget for the life of the Medium Term Financial Strategy.
- 2.4 That the level of working balance for General Expenses, taking into account the revised calculations set out in Appendix B, is maintained at £640k.
- 2.5 The existing target levels of working balance be retained for special expenses (Melton Mowbray) at £50,000 and the Housing Reserve Account (HRA) at £750,000.
- 2.6 The Senior Management Team continue to determine the relative priority growth and savings options for members guidance to consider and allocate funding based on priorities set out in the corporate delivery plan.
- 2.7 The key dates for the budget process be noted.
- 2.8 That Members note the exercise of the Chief Executives delegated authority in consultation with the Leader using urgency powers by reason of limitation of time as set out in para 3.5 to become a business rate pilot as part of the Leicestershire business rates pool.

3.0 KEY ISSUES

Background

- 3.1 An updated timetable in respect of 2019/20 for the corporate planning and budget framework process is attached as Appendix A.

Local Government Finance Settlement

- 3.2 The finance settlement sets out the centrally allocated resources for all councils which are allocated within the context of the spending review. A Settlement Funding Assessment is awarded which consists of a Revenue Support Grant (fixed grant) and a Baseline Funding Level which is used to calculate the level of business rates that can be retained from that estimated to be collected locally. Figures were announced for the period 2016/17 to 2019/20 when the last finance settlement was confirmed with the announcement that where council's desired the certainty of a guaranteed four year budget this would be available with the submission of an efficiency statement. The council submitted its efficiency statement to DCLG in October 2016 which was subsequently approved. The provisional sums announced for Melton are set out in the following table with the 2015/16 adjusted figure for comparison purposes.

	2015/16	2016/17	2017/18	2018/19	2019/20
	£'000	£'000	£'000	£'000	£'000
Settlement Funding Assessment	2,191	1,791	1,489	1,328	1,305
-Revenue support Grant	986	576	250	52	0
-Baseline Funding Level	1,205	1,215	1,239	1,276	1,305
Business Rates Adjustment	0	0	0	0	-169
Rural Services Delivery Grant	35	181	182	112	146

- 3.3 As can be seen from the table subject to the announcement of the 2019/20 settlement the Council is set to incur an overall loss of Central Government grant of £661k between the financial year 2015/16 and 2019/20 representing a 30% reduction. This is in addition to the previous reductions of £1,859k or 57% over the period 2010/11 to 2015/16. It can also be seen that when the 4 year figures were originally announced once Revenue Support Grant no longer exists an adjustment was intended to be made to the business rates retained in order to continue with the reductions to funding. However, as part of the recent 2019/20 technical consultation the Government is reviewing how it deals with this issue.
- 3.4 The approved MTFs identifies a budget gap of £728k over the period 2019/20 to 2021/22 as presented to members at the Council meeting in Feb 2018. In order to address this funding gap a Budget Management Strategy has been developed and was presented to members at the same meeting. A prudent approach has been taken with regard to values being assigned to projects identified at this stage in the strategy as the council works through its prioritisation of services. The strategy strikes a balance of needing to be realistic in terms of the reductions to net expenditure that could arise from the projects it contains as well as the ability to resource and deliver the projects on time. Further work has been undertaken based on the outturn for 2017/18 and any other known changes which has identified a more healthy balance, however there are still some areas of risk from the funding review due in 2020/21 and the agreement that has yet to be reached with LCC regarding the funding for the road. In addition at this stage, as set out elsewhere on this agenda, the current financial year is proving particularly challenging and some of the pressures that are ongoing will influence future years projections. The MTFs will be developed as part of the budget setting process and presented with the budget to council in February 2019.

3.5 Business Rate Retention

The government's intention is to move to 75% business rate retention in 2020/21 as part of the significant reforms to the local government finance system, including an updated, more robust and transparent distribution methodology to set baseline funding levels, and resetting the business rates baseline. Prior to these reforms in 2020/21, the Government seems committed to testing aspects of the new system through the use of Business Rate Retention Pilots.

A number of 100% business rates pilots were agreed in both 2017/18 and 2018/19 of which a bid to establish a Leicestershire Business Rates Pool last year was unsuccessful. The government have announced a further round of pilot's bids that can be made for 2019/20 of which another joint bid is being discussed across the county for which Melton has confirmed its participation with the Chief Executive exercising his delegated authority in consultation with the Leader. A verbal update at the meeting will be provided as the submission is due on the 25th September. However, there have been some changes made for 2019/20 regarding the key features of any new pilots, namely that only 75% of business rates will be retained locally rather than 100% as in the previous year. High level modelling still suggests even at this reduced rate there is still a net benefit to the areas as whole of circa £14m. Adjustments are made to the financial calculations that apply to recognise these changes but the effect is that more growth is retained locally but it does come with some additional risk as the new pilots will not have the safety feature that was previously included called the "no detriment" clause. This clause ensures that no authorities in the pilot are worse off in the pilot than they would have been in the existing 50% scheme but for 2019/20 the Government have decided to remove this. Sensitivity analysis has indicated that the risk of being worse off in the pilot is extremely low.

As in previous years there is an application process of which it is very unlikely that all applications for pilot status will be successful because of affordability constraints. There will be a competitive process, with the key features of the prospectus being:

- The overall objective to focus on the learning necessary for transition into the proposed new scheme in 2020/21;
- As with the 2018/19 100% Business Rate Retention Pilot Participating authorities would agree to forego Revenue Support Grant (RSG) and Rural Services Grant , plus other grants that authorities may volunteer to forego as part of their pilot application. The value of the grant foregone will be taken into account in setting revised tariffs and top-ups, which will be used to ensure that the changes are cost neutral, except for the value of any growth retained.;
- Authorities would still be expected to operate as part of the business rate pool;
- MHCLG expect applicants to set out how the benefits of additional business rates growth would be shared; this should cover 'financial stability and sustainability' and investment in future economic growth;
- Pilot participants are expected to show how they would manage risk hence the removal of the no detriment clause
- Pilot participants from "two-tier" authorities need to show a tier split as part of the application process. This differs from the 2018/19 bidding process as this was only open to two-tier authorities – this process is open to all authorities.

All authorities covered by the proposed pilot will have to give their agreement. All districts in Leicestershire have supported the bid. The deadline for applications is the 25th September 2018. Decisions about successful pilots will not be made until potentially the provisional settlement itself and then authorities have 28 days to confirm their agreement to continue with the pilot based on the figures announced. For any authorities who would wish to continue with their pool (under the current 50% system), if their pilot application is unsuccessful, will need to make arrangements in parallel. In addition to the amount retained from the pilot the pool is estimated to also retain £9m of funding within the

pool area that would have been passed over in the form of levy payments to the Government.

In relation to Business Rate retention Melton is intending for the current Leicestershire business rates pool to continue for 2019/20. Whilst this does not impact directly on the level of rates retained by individual districts in the county it does mean any levies that would have been paid over to central government will be retained within the Leicestershire area. As at Q1 2018/19 the estimated year end position is a net gain of circa £6.8m. At the end of 2017/18 the pool contingency was £2m after making contributions to the LLEP of £6.057m.

3.6 Medium Term Funding for Local Government

The current spending review covers the period from 2016/17 to 2019/20. Detailed spending plans have been agreed and published for this period, including guaranteed funding to individual local authorities that submitted efficiency statements. In recent statements, the Chancellor has given an indication of the direction of travel for public spending, but no detailed plans as yet (even for departmental spending).

A review is being undertaken of the funding formula and this Fair Funding Review remains difficult to assess in terms of its impact on the future funding for local authorities. There are a number of areas to be considered each of which are moveable parts such as demography, focus on adult social care and children services. A number of technical consultations have been published as we slowly get a better understanding about the potential approach. It is expected there will be shift in funding towards areas with population growth, especially where there has been above average growth in the over-65 population. There is also likely to be a shift from districts to counties to reflect the increased importance of funding for social care. For the first time, the review will also have to take into account changes in retained business rate growth as baselines above which growth is retained will be adjusted to redistribute benefits to areas that have not benefited from this increase which for many districts, the loss of above-baseline funding will be the biggest change in their funding and this will need to be taken into account in any potential damping. Work on the Fair Funding Review continues and there is a lot of development work required if a 2020/21 implementation is to be achieved. In terms of support for rural district councils such as Melton SPARSE are actively involved in the review and will be representing our interests.

3.7 2019-20 Local Government Finance Settlement - Technical Consultation

The consultation document outlines the Governments proposed approach to the 2019/20 settlement which the Council has responded to. The key proposals affecting Melton are:

Multi-year Settlements

The 2016/17 settlement offered Councils a 4 year settlement to provide greater certainty of funding until the end of this spending period which Melton accepted through the publication of an efficiency plan. The Government have confirmed they propose to confirm the funding figures previously outlined in currently built into the MTFs.

New Homes Bonus

The final settlement for 2017/18 also announced significant changes to New Homes Bonus (NHB). The government reduced its legacy payments from 6 to 5 years in 2017/18 and to 4 years in 2018/19. In addition local authorities whose housing growth is less than 0.4% will receive no NHB payment; otherwise authorities will only receive the payment on

amounts over the 0.4%. For 2019/20 as part of the technical consultation the Government is retaining the option to increase the baseline depending on the review of the published Council Tax base data in November. If housing growth has increased then it is likely the baseline will increase also.

Government have also outlined their intentions regarding NHB from 2020 onwards. With 2019/20 representing the final year of settlement they are going to explore how to incentivise housing growth most effectively as the general feeling is that they aren't convinced NHB is a cost-effective way of incentivising housing growth. Further consultation around any proposed changes will be forthcoming prior to implementation

Council Tax

For 2018/19 members approved an average increase in Council Tax of 2.99% for the Melton Area. This was based on the Governments allowance for district councils to increase their Council tax by 3% or £5 of the basic amount of council tax when compared to 2017/18 (whichever is the greater amount). The MTFS currently assumes Melton would look to apply a similar increase in 2019/20 by increasing the average level of council tax by £5. Final details and confirmation of these proposals are expected to be contained within the settlement announcements however the technical consultation paper indicates that there will be no changes to these limits.

Negative Revenue Support Grant

An element of funding which also needs to be addressed by government is the impact of negative RSG in 2019/20 which for Melton is £169k resulting in a £84k loss in funding as outlined in table 3.2 above. This relates to a downward adjustment to the local authorities business rates top-up or tariff. This has occurred due to the changes in the distribution methodology adopted in the 2016/17 settlement. The Government have explored a number of possible options for addressing this issue of which their preferred method is to balance this up through a direct elimination via business rates receipts as a one-off adjustment for which the Government will fund through their share of the national business rates income. Therefore, this may result in some additional one-off grant income for Melton in 2019/20.

3.8 2019/20

The MTFS for 2019/20 will be refined and updated as the budget process develops. The impact of the technical consultation paper will be incorporated with the final settlement not due until December 2018 which is late in the process.

Inflation Forecast

- 3.9 The Government's target for inflation is 2% CPI (Consumer Prices Index) of which it is currently running at 2.4%. Their inflation forecast is expecting inflation to remain above the 2% target for the next 3 years with it dropping to 2% by 2021.
- 3.10 Pay increases have remained low over previous years with the chancellor's placing an annual 1% cap on public sector pay rises. However, from 2018/19 this has been lifted to 2% from 2018/19 coupled with an increase in national living wage level which led to an overall increase of 2.707% on the national pay bill. With regard to pay costs for 2019/20 there will be another 2% headline increase with a higher percentage for some of the lower points as Local Government Employers respond to the increase to the national living wage. This means that the council has to consider a new pay structure to implement for

April 2019 which the council is currently modelling to understand the impact it has across the board. This could place additional financial pressures on the Councils finances.

- 3.11 In light of the inflation forecasts remaining low for 2019/20 and the council's ability to manage without a contingency in the past, no contingency budget is proposed for 2018/19 but 2% for pay will be incorporated and reported to members as part of the budget setting exercise for 2018/19. On this basis no inflation has been set at service budget level other than 2.5% for fees and charges as already provided for in the fees and charges reports considered by committees in the September committee cycle. However, where budget holders have knowledge of price rises, adjustments can be made to these budgets to reflect actual price changes.

Working Balance

- 3.12 The Council's budget strategy for a number of years has been to set a balanced budget. This ensures that the net revenue expenditure, with the exception of funding for capital/new initiatives, is met from Council tax and Government grants. This strategy was also based on ensuring that working balances were retained at a sufficient level to meet any unforeseen expenditure that could not reasonably be budgeted for. As part of the 2018/19 budget setting process the Council took a slightly different approach to produce a balanced budget over the lifetime of the MTFs. As a result of this approach and on the basis of developing the Budget Management Strategy the spending pressure reserve has been used in 2018/19 to balance the budget leaving a minor balance on the reserve.
- 3.13 When calculating budget requirements, relevant authorities are required (by The Local Government Finance Act 1992) to have regard to the level of reserves needed for meeting estimated future expenditure (e.g. for emergencies), or as specific (i.e. "earmarked") funds. A clear protocol (covering purposes, utilisation, management, and review) exists for each reserve held in line with the guidance. The level of working balance an authority agrees is an individual matter for them based on their own unique circumstances, risk profile and risk appetite. It is not appropriate to compare/benchmark against other authorities in order to assess an appropriate level.
- 3.14 The current projection for the level of working balances is set out in the following table. Where the actual balances at the year-end for general and special expenses have differed from the target level the balance has been restored either by taking from or adding to the general reserves. This does not take any account of predicted year end over/underspends that have not been formalised through supplementary estimate requests. Budgets are closely monitored throughout the year and spend is proactively managed with every effort made to manage costs within budget.

	General Fund General Expenses £	General Fund Special Expenses £	Housing Revenue Account £
1 April 2018	640,000	50,000	1,438,359
Budgeted Increase/reduction (-) 2018/19	0	0	(488,390)
Estimated Balance 31 March 2019	£640,000	£50,000	£949,969

- 3.15 The target working balance for general expenses was reduced in 2016/17 to its current level of £640k. The calculation has been updated for any changes in assumptions and is set out in Appendix B. It can be seen that the revised figures produce a mid-point of £525k. Given the previous year was above the current mid-point level and with the continued financial uncertainty as this point it is proposed to retain the working balance at its current level.
- 3.16 The Council has developed its budget strategy in light of the review of the Councils Budget Management Strategy to aim for a balanced budget over the life of the MTFs. It may be more sustainable to utilise appropriate reserves to balance the budget in a more managed way whilst the Council develops a more commercial approach to address the future financial pressures. The outcome of the waste contract and the savings this has generated has improved the financial outlook for the Council which will be outlined in the updated MTFs when it is presented later in the year.
- 3.17 With regard to the £50k working balance for special expenses (Melton Mowbray) there is no justification for amending this amount based on previous years supplementary estimate history. As shown above the current and projected balance at this target.
- 3.18 The Housing Revenue Account (HRA) working balance was last increased from £500k to £750k by this committee in a meeting held on 23 January 2013 with a requirement to review annually. The increase was needed to address the risks associated with running the HRA as a going concern and ensure the sustainable and continuous maintenance and improvement of the housing stock. A further change is not proposed.
- 3.19 It has been previously agreed that, should there be a surplus over the HRA working balance then this is available to support the requirements of the HRA business plan. A review of the business plan is due to be undertaken later in this financial year.

Senior Management Team

- 3.20 The Senior Management Team have responsibility for determining the relative priority of schemes submitted for funding as part of the budget setting process for member's consideration and final approval for funding by Full Council at the budget setting meeting. SMT are also supported in the review by providing guidance on the growth and savings options during the budget process via the relevant internal review boards which have been developed as part of the Councils new ways of working.

Key Dates

3.21 For Members information the key dates in the budget process are as follows:-

Members away day to consider budget growth and savings plans	11 October 2018
Policy Forum meets to consider draft MTFS and budget submissions	5 th November 2018
Spending Review published by Government	Late November 2018
Corporate Committee consider first draft of revenue estimates	28 November 2018
Public Consultation if applicable on growth and savings plans	Late November to Mid December 2018
Settlement Announcement for Local Government	Mid December 2018
Strategic Planning Away Day (All Councillors)	9 January 2019
Corporate Committee consider outcomes from the Strategic Planning Away Day	30 January 2019
Full Council determines the budget	13 February 2019
Full Council sets Council Tax and approves the budget book and the MTFS	27 February 2019

4.0 POLICY AND CORPORATE IMPLICATIONS

4.1 The key items considered as part of this report will inform the Council's MTFS. The MTFS is an overarching strategy within the Council's Corporate Policy Framework and draws together the financial consequences of all the Council's strategies and policies.

5.0 FINANCIAL AND OTHER RESOURCE IMPLICATIONS

5.1 The financial implications of each of these key decisions will feed into the MTFS along with the detail around the Council's reserves and balances which will be submitted for approval to the November meeting of this Committee.

6.0 LEGAL IMPLICATIONS/POWERS

6.1 There are no specific legal implications as a result of these proposals.

7.0 COMMUNITY SAFETY

7.1 There are no specific community safety issues as a result of these proposals however as a corporate priority specific funding will be allocated as part of the service and budget setting process to this area.

8.0 **EQUALITIES**

8.1 There are no direct links to equalities as a result of these proposals.

8.2 As in all our service areas and in supporting our corporate priorities ensuring equality of access for all sections of the community and in particular those that are vulnerable is a key factor for all officers to consider and improve.

9.0 **RISKS**

9.1

L I K E L I H O O D	A	Very High				
	B	High			1	
	C	Significant		5,6,7	3	
	D	Low		2		
	E	Very Low		4		
	F	Almost Impossible				
			Negligible 1	Marginal 2	Critical 3	Catastrophic 4

IMPACT

Risk No	Risk Description
1	Failure to secure financial stability in the medium term
2	Budget overspend
3	Depletion in level of working balances and reserves
4	The Council is financially worse off as part of the business rate retention pilot
5	Lack of finance expertise due to loss of staff resulting in less robust estimates
6	Lack of knowledge in service areas to set realistic budgets
7	Change in committee remits and corporate realignment add complexity to the budget setting process resulting in less robust estimates

9.2 There are a number of uncertainties surrounding local government finance and the Council’s financial position. The budget is the best estimate of likely income and expenditure for the year that it covers. The proposals contained within this report attempt to quantify some of these unknowns in order to produce a best estimate. To mitigate some of these risks the working balance is provided which itself is based on a risk assessment of likely need. The process for reviewing and updating the MTFs is now underway. A key

element of this process will be to review and update the assumptions made in the efficiency plans, the impact of which will inform the MTFS. This will crystallise risk 1 set out in the above table. It may be necessary to consider using reserves to support the revenue budget in the interim period whilst income generation and savings are achieved. However it should be noted that it is estimated that the draw on the unearmarked reserves, being the spending Pressures Reserve and the Corporate Priorities Reserve, is £390k in 2018/19 which has informed the risk score in the above table

9.3 Members should note that there has been a high turnover in staff within the finance team during the year which has resulted in a loss of experience and capacity. Temporary resources are currently in post as well as staff new to the local government sector. Coupled with the changes to the committee and staffing structure and key budget holders in service areas this brings significant change into the process and also adds complexity in comparing year on year estimates. This has resulted in 2 new risks as set out above.

10.0 **CLIMATE CHANGE**

10.1 There are no direct links to climate change.

11.0 **CONSULTATION**

11.1 As part of the Corporate Planning and Budget Framework provision is made to undertake consultation on budget disinvestment. This helps inform the budget setting process and allocation of resources.

11.2 Senior Management Team and staff representatives have been involved in finalising the document.

11.3 Consideration will be given to public consultation on the growth and savings options in line with any relevant timetables.

12.0 **WARDS AFFECTED**

12.1 As these proposals inform the MTFS then potentially all wards are affected.

Contact Officer: David Scott

Date: 10 September 2018

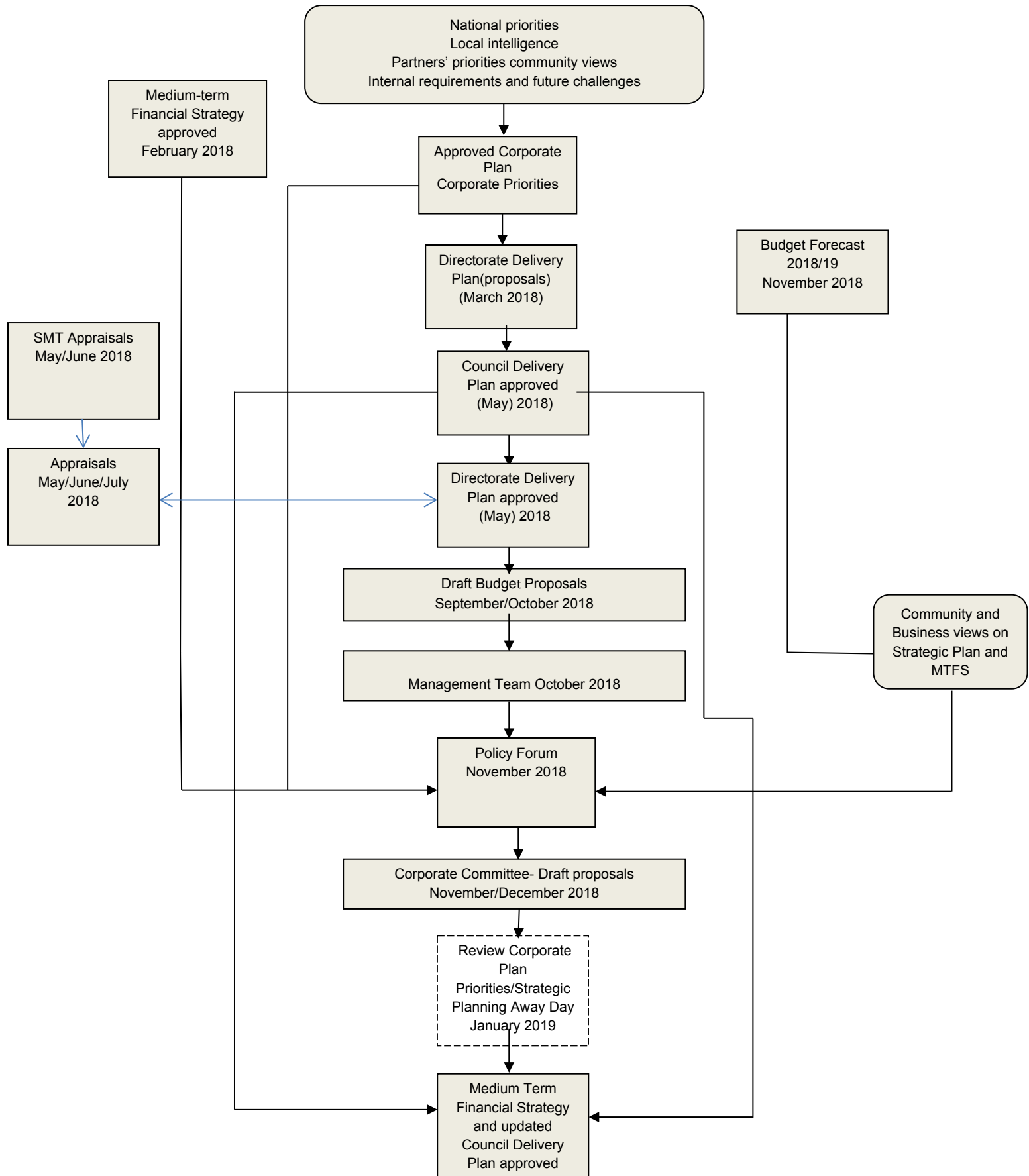
Appendices: A – Service and Financial Planning Timetable
B– Level of Working Balance from MTFS

Background Papers: MTFS working papers

Reference: X: C'tees, Council & Sub-C'tees/CORPORATE/2018-19/25-09-18/Budget Framework 2019/20

Appendix A

Corporate Planning and Budget Framework 2019-20



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LEVEL OF WORKING BALANCE

	As at 2017 Range (£'000)	As at 2018 Range (£'000)
Adequacy of inflation or interest rate provisions in budgets Nationally agreed pay awards can be uncertain, as can price and interest rate changes, and are outside the control of individual local authorities.	Up to 210	Up to 180
Effects of Capital Finance As cash flow on capital expenditure is often difficult to predict accurately, any expenditure which cannot be financed from other sources would need to be either charged to revenue balances at the year end or, with the introduction of the prudential code, covered by additional borrowing within the defined limits. The repayment of this would need to be financed from the revenue account.	Up to 270	Up to 30
Cash Flow Management The availability of resources to assist cash flow management can avoid the need for potentially expensive short-term borrowing for revenue.	Up to 30	Up to 30
Debt Collection Expenditure/Uncertainty of Income Although proper bad debt provisions are made in accordance with the Guidance Note to the Code of Practice on Local Authority Accounting, a significant surge in bad debts or sudden reduction in income would impact on revenue balances. Uncertainty of income also occurs because of the unpredictability of the annual grant settlement (though the move to three-year settlements has helped in this respect).	Up to 220	Up to 170
Unpredictable and demand-led expenditure Unpredictable expenditure and volatile or demand-led budget heads may be managed through a robust budgetary control system. However, as budgets become tighter, flexibility to accommodate the unexpected recedes and mandatory demand-led items represent unavoidable expenditure which will always require financing. Procedures for allowing supplementary estimates will influence the need for balances	Up to 430	Up to 380
Emergency Expenditure One example of unpredictable expenditure is the cost of emergencies, which by their nature are unforeseen and any uninsured costs must be financed. A Government scheme may partially protect from the huge costs of such events but significant costs will still have to be covered from reserves or balances.	Up to 100	Up to 100
Management of Change Local authorities need to have available resources to manage change (redundancy and retraining) and take advantage of investment opportunities which will produce future savings. The lack of such resources could stifle effective management.	Up to 40	Up to 60
Localisation of Business Rates Potential for loss of business rates up to a pre-determined safety net of 7.5%	Up to 90	Up to 100
Overall Range	Up to 1390	Up to 1050
Midpoint	695	525

CORPORATE COMMITTEE

25 SEPTEMBER 2018

REPORT OF DIRECTOR FOR CORPORATE SERVICES

BUDGET MONITORING APRIL TO JUNE 2018

1.0 PURPOSE OF THE REPORT

- 1.1 To provide information on actual expenditure and income incurred compared to the latest approved budget for the period 1 April 2018 to 30 June 2018. The report reflects the new Committee structure with expenditure and income by Place, People and Corporate. The report provides detail for all Committee's including those items approved under delegated authority that are required to be reported to committee and a summary position on reserves and balances resulting from these approvals.

2.0 RECOMMENDATION

- 2.1 It is recommended that the financial position for all services to 30 June 2018 and year end forecast be noted.
- 2.2 That members approve the use of Corporate Priorities Reserve to fund the Supplementary Estimates totalling £80k previously agreed as outlined in para 3.5
- 2.3 That Members note the delegation exercised by the Chief Executive and that estimated to be used from the Corporate Priorities Reserve to fund costs associated with agreed restructures as outlined in para 3.5
- 2.4 That Members approve the use of £5,000 from the Parkside budget to undertake a space planning exercise of the building to support the council's asset maximisation ambitions.
- 2.5 The virements approved under delegated powers (para. 3.8 refers) be noted.

3.0 KEY ISSUES

- 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 are attached at Appendix A for General Fund Services. This information has previously been circulated to Members as part of the Members' Newsletter.
- 3.3 A summary of the income and expenditure for this Committee's services compared to the approved budget at June 2018 is as follows:

ALL COMMITTEES							
SUMMARY OF INCOME AND EXPENDITURE							
APRIL TO JUNE 2018							
	Original Budget Per Budget Book	Approved Budget at June '18	April- June Budget	April- June Net Expenditure	Variance Underspend (-)	Year End Forecast	Year End Variance
	£	£	£	£	£	£	£
GENERAL EXPENSES							
1 Place	3,521,410	3,620,260	901,829	416,016	-485,813	3,762,350	142,090
2 People	1,627,190	1,733,720	307,887	208,426	-99,462	1,697,966	-35,754
3 Corporate	1,344,970	1,420,620	806,626	837,555	30,929	1,321,370	-99,250
4 Total General Expenses	£6,493,570	£6,774,600	£2,016,342	£1,461,996	-£554,346	£6,781,686	£7,086

3.4 The above figures shows a forecast overspend against the latest budget for general expenses of £7,086 taking in account the assumptions set out below with special expenses on target. An explanation relating to the overspend on general expenses is provided in paragraph 3.6 below.

3.5 The forecast position above is based on a number of key assumptions which include the use of the Corporate Priorities Reserve to fund one-off supplementary estimates previously agreed by Council in May as part of approving the Corporate Delivery Plan. In approving the plan, Council was advised that to support a number of new aspirations, £100k of one-off expenditure was required. At that point it was agreed to see whether this funding could be secured by re-directing from underspends elsewhere however through the budget monitoring process and based on the forecast position at Quarter 1 this will not be possible and some supplementary estimates will be required to be funded from reserves. These include:

- **Place Marketing Expert support £40k** (the originally request was for £20k but additional sums are required to deliver the outcomes required).
- **Commercial Site Viability £40k** (the originally request was for £20k but additional sums are required to deliver the outcomes required)

The following items were also identified within the Corporate Delivery Plan as areas where supplementary estimates may be required but at this stage they are not being requested and the work is being undertaken within existing budgets.

- **Housing Company £50k** – this money is not needed at this point. The business case will be presented to the Corporate Committee later this year and the report will include any specific funding requirements as part of that report.
- **Employment Study £10k** – these funds are not being drawn down at present as the study is not progressing at this time due to other priorities. At the point funding is required officers will again assess if this can be funded from existing resources in the first instance.

In addition to the above the Chief Executive has also been exercising his delegation to manage any associated costs relating to officer redundancies as result of any restructure changes agreed as part of the organisation reviews to ensure services are structured appropriately to deliver the Councils new vision and priorities. To date £76,290 of one-off costs has been agreed from the annual £100k approval limit which is broken down as follows:

- **Payroll Services** - £46,290 as part of the delegation to Leicester City Council which will generate longer savings (pay back will be within 2 years)

- **Corporate Improvement Team** - £30,000 has been estimated following the establishment of a new team from existing resources to support the Council in delivering the Corporate Delivery Plan

Budget Variance Exception Reporting +/- £10k

- 3.6 As part of the budget monitoring process variances are being promptly and proactively managed facilitating more detailed reporting. The forecast variations of +/-£10k are as follows:

GENERAL FUND

Underspends

Environmental Health Service - £22,500

There is a £20,000 salary saving due to the new Environmental Enforcement Officer post having a full year budget but only being in post for a part year. The post is currently being recruited and it is anticipated will be filled by the end of the calendar year. A new sustainable food city grant was received £2,500

Waste Management - £63,110

It is expected that an overall saving of £63,110 on expenditure could be achieved. This is made up of a £28,000 saving against budget due to lower contractor costs; an additional £42,300 saving on the Green Waste bin collections due to Biffa retaining the Green Waste Club; a £62,500 Green Waste Contribution and £5,000 income from charges for replacement bins. These are the result of the outcome of the new waste contract which was not fully factored in when the budget was set as the decision to award had not yet been made at that time. This is partly offset by higher Variation Order costs of £25,910; reduced recycling tonnages and higher contamination levels which will lead to lower recycling income of £41,090. From October 2018 there will be a £32,970 saving on green waste disposal costs due to redirection which will not fall under LCC responsibility, but this is offset by the Council not receiving any green waste credits resulting in a loss of green waste disposal income of £31,660. There is also an expected increase in advertising expenditure of £9,000 due to the new contract. The rejection rate and income loss due to collected recyclable materials being contaminated and therefore not suitable for recycling and even worse potentially contaminating acceptable recycling materials which all then becomes non recyclable waste is expected to be tackled and accordingly reduced through a number of actions. These include increased communication through the new waste contract about what can be recycled, increased scrutiny and inspection of recycling bins by collection operatives prior to emptying and increased educational liaison between householders and client officers when offending households are identified and as a last resort enforcement consideration. The inclusion of textiles and small electrical items into the new waste contract from October should serve to reduce the contamination.

Local Plans - £34,500

An additional £30,000 has been received regarding the custom build grant in relation to new burdens placed on local authorities in dealing with recent legislation changes. These burdens have been met from within existing resources and therefore the grant is available to support the local service plan overall. In addition to this savings of £5,000 is expected due to the cancellation of a software contract, which was surplus to requirements.

Customer Services - £47,305

Savings to date have been realised due to posts being vacant (including Customer Experience Manager), secondments, salary sacrifice for additional holiday pay and Maternity leave; there has also been additional DWP funding confirmed in relation to Universal Credit against what was expected and other DWP grants received. This is partly offset by £22,905 required to cover interim vacancies; and a £8,100 virement to the Homelessness budget. The Directorate is currently being restructured which will enable any vacant new positions to be filled.

NNDR Collection - £12,730

Additional Section 31 grant is anticipated to be received over and above the original allocation. The Initial budget estimate for S31 grant (Compensation paid by the Government to Local Authorities for the loss in income due to Government changes to the business rates system) was lower than actual amount to be paid by Government following further changes to the business rates system.

Misc Financing Items - £40,000

The level of balances and interest rate achieved are predicted to be higher than budgeted due to continued proactive management of treasury activities.

Corporate Management Team - £32,000

This underspend relates to the residual amount of funding for the digital strategy that was carried forward from 2017/18 which is no longer required and has been used to re-direct resources to other priorities. If this is required again in the future a new submission for funding will be made.

Communications - £30,000

Relates to savings from vacant posts in the Corporate Improvement Team

Overspends

Public Conveniences - £52,690

There has been a delay in the public conveniences re-development project as a result employees and other associated costs in relation to Public Conveniences will continue to be incurred until at least November. The investment will still deliver a recurring saving of circa £60k.

Leisure Vision - £13,610

The main element of this overspend is in relation to the feasibility study (phase 2) around options for moving forward on this project. It is anticipated a full update on this project will be provided to the Place Committee at the end of October. The final lease agreement with the Rugby Club is lower than anticipated (partly offset by rent free period for the football club ending). There has also been some additional costs incurred relating to the installation of a Portaloo's costs (£3,000) not budgeted for in order to meet FA standards.

Open Spaces - £16,200

This Includes £15,000 for the Melton Country Park environmental study and master planning exercise which has been previously approved by members.

Car Parks and Bus Station - £45,290

Current data is showing a shortfall in usage to date which has been projected forward. There is some shortfall that is attributable to the public convenience works. Additional income in relation to the Arla lease is reduced by loss of VAT income which was previously claimed on overpayments income due to a change in tax advice.

Cattle Market - £50,760

The current income is showing a shortfall of £14,000 compared to budget, based on the remittances received from Gillstream. We are currently reviewing the impact of the brewery development and any impact positive/negative will be factored in to the future forecasts. The projected income is based on 2018/19 year to date (April to June) actuals and the actuals for July to March of 17/18. In addition to this the abnormally hot weather earlier in the year has also impacted on the level of animal auctions. Undertaking a commercial feasibility into the potential second phase development of the cattle market is a priority action within the Corporate Delivery Plan and funding has been secured from the LLEP to enable this work to proceed.

Building Control -£69,890

There is an expected shortfall in income due to reduced applications and loss of Clerks of Works service on some larger sites that were factored in. A review is being commissioned to identify options to recover this income or reduce costs accordingly.

Parkside - £5,000

Members are asked to approve the use of £5,000 for a space planning project in Parkside. This will contribute to the Asset Review project within the Corporate Delivery which aims to make more use of the space and look to opportunities to introduce new partners into the building and thereby increase income.

Community Service Grants - £13,620

At this point Melton have committed to provide funding to the Melton and District Money and Advice Centre (MADMAC) for the remainder of the year which was not budgeted for.

3.7 SPECIAL EXPENSES

A summary of the income and expenditure for Special Expenses compared to the approved budget at June 2018 is as follows:

	Original Budget Per Budget Book £	Approved Budget at June '18 £	April- June Budget £	April- June Net Expenditure £	Variance Underspend (-) £	Year End Forecast £	Year End Variance £
SPECIAL EXPENSES							
1 Melton Mowbray	625,560	631,710	47,425	35,500	0	631,710	0
2 Sproxtton	4,930	4,930	0	0	0	4,930	0
3 Frisby	6,290	6,290	250	0	-250	6,290	0
4 Total Special Expenses	£636,780	£642,930	£47,675	£35,500	-£250	£642,930	£0

Appendix B provides a more detailed breakdown of the services within the Special Expenses areas of which there are no significant variances expected at this point as highlighted in the table above.

3.8 HOUSING REVENUE ACCOUNT (HRA)

A summary of the total income and expenditure for the Housing Revenue Account compared to the approved budget at June 2018 is as follows:

	Original Budget Per Budget Book £	Approved Budget at June '18 £	April- June Budget £	April- June Net Expenditure £	Variance Underspend (-) £	Year End Forecast £	Year End Variance £
HOUSING REVENUE ACCOUNT							
1 Total Expenditure	8,273,320	8,276,900	794,802	608,873	-185,929	8,321,900	45,000
2 Income	7,784,930	7,788,510	1,907,897	1,899,957	7,940	7,848,510	-60,000
3 Net cost of services	£488,390	£488,390	-£1,113,095	-£1,291,084	-£177,989	£473,390	-£15,000

Based on the year end forecast of a £15k underspend as shown above the effect on the working balance would be:

Working Balance @ 31 Mar 2018	£	-1,666,525
Budgeted reduction in working balance 2017/18		488,390
Potential underspend (as above)		-15,000
Potential Working Balance Surplus at 31 March 2019		<u>-1,193,135</u>

The minimum working balance, as recommended by the Medium Term Financial Strategy, remains at £750,000 for 2018/19. As the working balance is in excess of this amount it has been budgeted to make a transfer to the Regeneration and Development Reserve for use as required by members in the future. This is to ensure that large balances are not carried in the revenue account.

Further information regarding variances can be found in the HRA budget monitoring report present to the Place committee at its meeting on the 5 September 2018

3.9 Virements – Delegated Authority

Since the last meeting the Director for Corporate Services has approved fourteen requests for virement within the same service totalling £273,310 and nine requests for virement between services totalling £133,620. More details of those requests in excess of £10,000 can be found in Appendix C.

3.10 Statement of Reserves

Based on the approval of supplementary estimates approvals being sought and the exercising of the Chief Executive's delegation as outlined in para 3.4 the impact on the reserves is outlined in Appendix D. Members will note the anticipated balance on the Corporate Priorities Reserve will be £911,766 at 31 March 2019. The reduction in the reserve during 2018/19 of £520k is due to the following:

- Wheels to Work - £74k
- Environmental Enforcement Officers - £40k
- Place Marketing Expert support - £40k
- Commercial Site Viability - £40k
- Chief Executive Delegations - £76k (as outlined in para 3.5)
- New finance System as previously approved by members - £250k (depending on chosen supplier and product the financial rules may require this expenditure to be funded through revenue rather than capital).

3.11 Fees and Charges

Following the realignment of the services across the new committee structure there are minimal number of fees and charges that fall within this committees remit. Those

that do fall within this committee have been increased in line with inflation and as such have been approved by the Director for Corporate Services under delegated authority, this means there are no fees and charges for this committee to formally approve for 2019/20.

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 All financial and resource implications have been addressed within paragraph 3.0.

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 EQUALITIES

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

8.0 RISKS

8.1 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.

9.0 CLIMATE CHANGE

9.1 There are no climate change issues arising from this report.

10.0 CONSULTATION

10.1 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.

11.0 WARDS AFFECTED

11.1 All wards are affected.

Contact Officer: Steve Tickle
Date: 5 September 2018
Appendices: Appendix A – Summary of Income & Expenditure (General Fund)
Appendix B – Summary of Income & Expenditure (Special Expenses)
Appendix C – Virements in Excess of £10k
Appendix D – Statement of Revenue and Capital Reserves
Background Papers: Oracle Financial Reports
Budget Holder Comments on Performance
Reference: X:/C'ttee, Council & Sub-C'ttees/Corporate/2019-19/25-09-18/Budget Monitoring April to June 2018

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All Committee's
Summary of Income and Expenditure
April to June 2018

Appendix A

	Original Budget £	Approved Budget at June18 £	April - June Budget £	April - June Net Expenditure £	Variance Underspend (-) £	Year End Forecast £	Year End Variance Underspend (-) £	
GENERAL EXPENSES								
PLACE								
5 Environmental Health Service	244,480	284,480	66,910	56,704	-10,206	261,980	-22,500	☹
15 Control of Pests	-2,920	-2,920	-730	0	730	-2,920	0	☹
40 Public Conveniences	36,150	36,150	19,227	35,517	16,289	88,840	52,690	☹
50 Waste Management	1,845,370	1,857,250	511,270	261,686	-249,584	1,794,140	-63,110	☹
60 Leisure Vision	31,500	30,570	1,455	-7,528	-8,983	44,180	13,610	☹
70 Open Spaces	43,400	43,400	10,653	10,304	-348	59,600	16,200	☹
100 Land Drainage	18,360	18,360	8,360	8,302	-58	18,360	0	☹
120 Car Parks & Bus Station	-508,710	-508,710	-82,668	-98,955	-16,287	-463,420	45,290	☹
140 Christmas Lighting	36,460	36,460	25,500	25,350	-150	36,460	0	☹
300 Cattle Market	-263,660	-263,660	-67,350	-56,031	11,319	-212,900	50,760	☹
305 Cattle Market Redevelopment	0	28,090	28,090	0	-28,090	28,090	0	☹
315 Tourism	18,770	18,770	4,415	7,120	2,705	18,770	0	☹
320 7 King Street	730	730	6,988	9,547	2,560	9,480	8,750	☹
340 Development Control	-290,020	-268,710	-51,195	-124,201	-73,006	-275,520	-6,810	☹
345 Local Plans	243,100	243,100	60,433	-24,153	-84,586	208,600	-34,500	☹
355 Building Control	-24,390	-24,390	-6,257	13,202	19,459	45,500	69,890	☹
400 Private Sector Housing Renewal	22,110	22,110	0	0	0	22,110	0	☹
470 Parkside	278,420	269,420	129,602	92,821	-36,782	274,420	5,000	☹
472 Phoenix House	-11,550	-11,550	3,190	-70	-3,260	-11,550	0	☹
477 Corp. Repairs & Maintenance (Gen Exps)	106,260	113,760	17,760	16,905	-855	113,760	0	☹
507 Environmental Maintenance	406,540	406,540	105,792	70,782	-35,010	402,340	-4,200	☹
565 Municipal Property	45,730	45,730	12,275	14,170	1,895	45,730	0	☹
570 Industrial Estates	-162,900	-162,900	-40,725	-40,991	-266	-154,160	8,740	☹
575 Economic Development	296,670	296,670	73,702	84,953	11,251	296,670	0	☹
580 Land Charges	-69,840	-69,840	-18,273	-24,811	-6,539	-72,380	-2,540	☹
588 Licensing	-10,910	-10,910	-2,727	-3,383	-656	-10,910	0	☹
627 Wheels to Work	-29,600	-29,600	25,419	29,229	3,810	-24,780	4,820	☹
661 BID revenue account	-10,560	-10,560	-960	-2,683	-1,723	-10,560	0	☹
872 Regulatory Services	246,690	246,690	61,673	62,231	558	246,690	0	☹
Total Controllable Costs	2,535,680	2,634,530	901,829	416,016	-485,813	2,776,620	142,090	
Total Uncontrollable Costs	985,730	985,730				985,730		
Total - General Expenses	3,521,410	3,620,260	901,829	416,016	-485,813	3,762,350	142,090	
PEOPLE								
65 Waterfield Leisure Centre	-187,930	-189,450	-64,019	-66,747	-2,728	-185,530	3,920	☹
372 Rent Rebates - Non HRA	520	520	580	580	0	2,920	2,400	☹
373 Rent Rebates - HRA Tenants	-55,110	-55,110	-13,778	-9,075	4,703	-62,350	-7,240	☹
375 Rent Allowances	-31,070	-31,070	-7,768	-56,318	-48,551	-32,220	-1,150	☹
400 Private Sector Housing Renewal	22,110	22,110	0	0	0	22,110	0	☹
410 Homelessness(Board & Lodging Only)	135,120	135,120	28,200	26,525	-1,675	135,120	0	☹
415 Other Private Housing	0	0	0	0	0	0	0	☹
420 Melton Lifeline (Private)	-16,770	-16,770	-24,327	-29,208	-4,880	-16,770	0	☹
425 Other Housing Services	0	3,000	750	0	-750	3,000	0	☹
426 Supporting People	0	3,000	750	0	-750	3,000	0	☹
471 Customer Services	801,110	891,710	257,209	201,074	-56,135	844,405	-47,305	☹
595 Community Services Grants	60,620	65,620	16,405	16,000	-405	79,240	13,620	☹
620 Lottery	1,110	1,110	277	-1,253	-1,530	1,110	0	☹
625 Community Safety	141,890	141,890	73,055	47,800	-25,255	141,890	0	☹
630 Me and My Learning	141,590	145,590	36,398	68,300	31,902	145,590	0	☹
697 Strategic Sports & Leisure Development	2,250	4,700	4,155	10,747	6,592	4,700	0	☹
Total Controllable Costs	1,015,440	1,121,970	307,887	208,426	-99,462	1,086,216	-35,754	
Total Uncontrollable Costs	611,750	611,750				611,750	0	
Total - General Expenses	1,627,190	1,733,720	307,887	208,426	-99,462	1,697,966	-35,754	

All Committee's
Summary of Income and Expenditure
April to June 2018

Appendix A

	Original Budget £	Approved Budget at June18 £	April - June Budget £	April - June Net Expenditure £	Variance Underspend (-) £	Year End Forecast £	Year End Variance Underspend (-) £	
CORPORATE								
476 Welland Procurement Unit	21,490	21,490	42,420	60,189	17,769	21,490	0	☹
520 Commercialism	0	5,000	1,250	967	-283	5,000	0	☹
560 Electoral Registration	45,730	45,730	12,275	14,170	1,895	45,730	0	☹
600 Elections	400	400	60	53,694	53,634	400	0	☹
605 Emergency Planning	27,860	27,860	27,200	27,949	749	27,950	90	☹
635 Central Expenses	168,420	168,420	30,000	31,732	1,732	170,260	1,840	☹
646 Corp & Democratic Core - General Fund	273,090	273,090	81,353	63,910	-17,442	273,090	0	☹
647 Corporate Costs - Finance	87,710	87,710	29,240	5,843	-23,397	92,580	4,870	☹
648 Non Distributed Costs	221,480	221,480	55,370	3,668	-51,702	221,480	0	☹
660 NNDR Collection	-632,650	-632,650	-158,162	3,294	161,456	-645,380	-12,730	☺
680 Council Tax Collection	-51,860	-40,090	-11,223	-31,365	-20,143	-40,090	0	☹
705 Misc Financing Items	-183,310	-183,310	-45,827	-1,678	44,149	-223,310	-40,000	☹
810 Corporate Services	714,070	708,770	175,333	173,093	-2,240	717,450	8,680	☹
815 Information Technology	654,670	684,670	107,390	60,243	-47,147	684,670	0	☹
820 Internal Audit	61,570	58,570	29,284	14,622	-14,662	58,570	0	☹
830 Corporate Management Team	382,140	422,140	105,285	98,164	-7,121	390,140	-32,000	☹
835 Corporate Improvement Team	0	43,000	10,750	0	-10,750	43,000	0	☹
840 Communications	599,020	553,200	172,474	150,729	-21,745	523,200	-30,000	☹
845 Legal Services	203,300	203,300	20,195	-13,410	-33,605	203,300	0	☹
876 Communities	492,840	492,840	121,960	121,740	-220	492,840	0	☹
Total Controllable Costs	3,085,970	3,161,620	806,626	837,555	30,929	3,062,370	-99,250	
Total Uncontrollable Costs	-1,741,000	-1,741,000				-1,741,000		
Total - General Expenses	1,344,970	1,420,620	806,626	837,555	30,929	1,321,370	-99,250	
TOTAL GENERAL FUND - GENERAL	6,493,570	6,774,600	2,016,342	1,461,996	-554,346	6,781,686	7,086	

All Committee's
Summary of Income and Expenditure
April to June 2018

Appendix B

	Original Budget £	Approved Budget at June18 £	April - June Budget £	April - June Net Expenditure £	Variance Underspend (-) £	Year End Forecast £	Year End Variance Underspend (-) £	
SPECIAL EXPENSES								
Melton Mowbray								
101 Town Area Community Centres	29,420	29,420	44,785	45,005	-220	29,420	0	☹
270 Open Spaces	73,250	79,400	11,505	1,226	10,279	79,400	0	☹
325 Cemeteries	-61,680	-61,680	-13,277	-13,136	-141	-61,680	0	☹
330 Allotments	-2,690	-2,690	-5,105	-4,748	-357	-2,690	0	☹
478 Corp. Repairs & Maintenance (Sp Exps)	19,800	19,800	4,950	4,237	713	19,800	0	☹
636 Corp & Democratic Core - Special	18,270	18,270	4,568	2,916	1,652	18,270	0	☹
Total Controllable Costs	76,370	82,520	47,425	35,500	11,925	82,520	0	
Total Uncontrollable costs	549,190	549,190				549,190	0	
Total Special Expenses - Melton Mowbray	625,560	631,710	47,425	35,500	11,925	631,710	0	
Parish								
Sproxtton								
295 Closed Churchyards - Sproxtton	5,430	5,430	125	0	-125	5,430	0	☹
Total Controllable Costs	500	500	125	0	-125	500	0	
Total Uncontrollable costs	4,930	4,930	0	0	0	4,930	0	
Total Special Expenses - Sproxtton	5,430	125	0	0	5,430	0	0	
Frisby								
296 Closed Churchyards - Frisby	6,290	6,290	250	0	-250	6,290	0	☹
Total Controllable Costs	1,000	1,000	250	0	-250	1,000	0	
Total Uncontrollable costs	5,290	5,290	0	0	0	5,290	0	
Total Special Expenses - Frisby	6,290	6,290	250	0	-250	6,290	0	
TOTAL GENERAL FUND - SPECIAL	637,280	638,125	47,675	35,500	17,105	638,000	0	

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SUMMARY OF VIREMENTS

Virements within the same Service

Service		Description	Amount £
From	To		
Wheels to Work - Various	Wheels to Work - Various	Movement of budgets to reflect reduced scheme.	£109,060
Environmental Health - Basic Pay	Environmental Health - Agency Costs / Professional Fees	Vacant Environmental Enforcement Officer post to cover agency role which was supporting Enforcement Activity. Also use of INSPIRE grant to cover HMO licensing and filthy and verminous cases.	£14,350
Homelessness - Flexible Homelessness Suport Grant Expenditure/Pension	Homelessness - Agency Costs/Basic Pay/NI/Essential User Lump Sum/Mileage	Utilisation of Homelessness Support Grant to cover agency and additional employee costs.	£12,620
Development Control - Basic Pay	Development Control - Essential User Lump Sums/Agency Costs	Salary savings due to vacant posts to cover associated agency costs for temporary cover	£10,600
HRA - Repairs and Maintenance - Repairs Contract	HRA - Repairs and Maintenance - Voids Repairs	Backlog of Waites void invoices covered by underspend on new contract PPP works.	£15,980
Communities and Neighbourhoods - Other Charges for Services	Communities and Neighbourhoods - Professional Fees	Consultancy fees for development company funded through partner contributions.	£28,000
Customer Services - New Burdens Grant Admin DHP / DWP Funding	Customer Services - Agency Costs	Use of revenue grants receipts in advance to fund Interim Benefits Manager	£14,000
			£204,610

Virements between Services

Service		Description	Amount £
From	To		
Corporate Services - Commercial Development	Corporate Improvement Team - Professional Fees	Corporate Improvement Team consultancy to support services across the organisation to meet the Council's priorities.	£50,000
Community Safety - Essential User/Basic Pay/Penion and Customer Services - Basic Pay	Strategic Sports - Melton Sports and Health	Additional sports budget to cover commissioning plan covered by savings from vancant posts including Neighbourhood Support Officers.	£21,400
Development Control - Basic Pay/NI/Pension	Regulatory Services - Basic Pay/NI/Pension	To move agreed funding for the admin support officer from 340 to 872 – post agreed PFA 24.1.18	£23,150
Customer Services - Basic Pay, Melton Lifeline - Basic Pay/Pension/Essential User/Other Equipment Hire of Time/Lifeline Charge - Private and Homelessness - Pension Costs/Lease Costs/General Grants Government Agencies	Homelessness - Computer Equipment Software Maintenance/ B&B Costs/Other Charges for Services/House Rent Rent Debit	Increase in expected homelessness B&B costs, reduction in income % expected and higher contract costs due to delay in new computer system. Offset mainly through vacant posts.	£15,500
			£110,050

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STATEMENT OF REVENUE AND CAPITAL RESERVES

Appendix D

	GENERAL RESERVES						WORKING BALANCES				HOUSING REVENUE ACCOUNT				CAPITAL RECEIPTS				GRAND TOTAL
	Corporate Priorities Reserve	Spending Pressure Reserve	General Reserve Special Expenses	General Fund Carry Forward Reserve	Special Expenses Carry Forward Reserve	Total	General Expenses	Special Expenses	Housing Revenue Account	Total	Development & Regeneration Reserve	Major Repairs Reserve (Usable)	Water Arrears Reserve	Total	HRA Usable Capital Receipts	Leisure Vision Usable Capital Receipts	Other Usable Capital Receipts	Total	
	£	£	£	£	£	£	£	£	£	£	£	£	£	£	£	£	£	£	£
1 April 2018 Balance	1,431,976	211,514	252,406	220,080	6,150	2,122,126	640,000	50,000	1,666,529	2,356,529	5,129,676	2,028,926	35,000	7,193,602	3,104,578	784,878	1,236,182	5,125,638	16,797,895
2018-19 INCOME																			
Contributions from Revenue Accounts	0	0	0	0	0	0	0	0	0	0	1,470,790	1,412,960	0	2,883,750	0	0	0	0	2,883,750
Interest	0	0	0	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	0	0	455,839	0	0	0	455,839	455,839
Transfers	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Total Income	0	0	0	0	0	0	0	0	0	0	1,470,790	1,412,960	0	2,883,750	455,839	0	0	455,839	3,339,589
EXPENDITURE																			
Contributions to:																			
Revenue Accounts	270,210	185,650	4,782	220,080	6,150	686,872	0	0	488,390	488,390	0	0	2,000	2,000	0	0	0	0	1,177,262
Capital Works	0	0	0	0	0	0	0	0	0	0	5,604,000	1,750,000	0	7,354,000	0	0	413,000	413,000	7,767,000
Capital Works Future Years	250,000	0	0	0	0	250,000	0	0	0	0	0	0	0	0	0	0	0	0	250,000
Revenue Set-Aside	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Transfers	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Pooled	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Total Expenditure	520,210	185,650	4,782	220,080	6,150	936,872	0	0	488,390	488,390	5,604,000	1,750,000	2,000	7,356,000	0	0	413,000	413,000	9,194,262
31 March 2019 Balance	911,766	25,864	247,624	0	0	1,185,254	640,000	50,000	1,178,139	1,868,139	996,466	1,691,886	33,000	2,721,352	3,560,417	784,878	823,182	5,168,477	10,943,222

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CORPORATE COMMITTEE

25 SEPTEMBER 2018

REPORT OF DIRECTOR FOR CORPORATE SERVICES

CAPITAL PROGRAMME MONITORING TO 31 AUGUST 2018

1.0 PURPOSE OF THE REPORT

1.1 To update the Committee on the progress of schemes within the Capital Programme to 31st August 2018.

2.0 RECOMMENDATIONS

2.1 **Members note the progress made on each capital scheme and that the capital programme will be amended as part of the budget setting process as outlined in sections 5.3 and 5.4.**

2.2 **Members approve the Telephony Upgrade business case outlined in Appendix B and the authorised funding increased to £58k with the additional cost being met from the revenue budget.**

3.0 KEY ISSUES

3.1 Under the Capital Programme Project Appraisal System, monitoring of actual capital expenditure against authorised expenditure is undertaken on a regular basis and reported to the Management Team in its capacity as the Council's Programme Board. Appendix A gives details of the spending against budget for all schemes within this Committee up to 31 August which is the latest available information at the agenda date.

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 The financial implications for each scheme are as set out in Appendix A

5.2 The overall position for all capital schemes falling within this Committee is as set out below.

	Allocated Funding 2018/19 Budget £000	Authorised Funding 2018/19 (Business Case Approved) £000	Actual Expenditure to 31 August 2018 £000	Year End Forecast £000	Year End Variance (-) Underspend £000
General	969	870	31	950	-19

5.3 The forecast is in line with the budget with schemes progressing although expenditure has yet to be incurred. There are two exceptions to this:

- Warm Homes Grant expenditure is projected to be £9k against a budget of £4k. It is anticipated that the additional spend will be covered by Disabled Facilities Grant.

- With the Partnership Scheme in Conservation, work identified has been completed by private investment and project is complete. Funds can be returned for alternative use.

5.4 The Capital Programme for 2018-19 includes the Telephony Project with an approved budget of £50K. Melton's telephony system and associated services have been in place for many years and are now out of date and due for a major update. Business case is submitted at Appendix B to this report for approval, with expenditure of £60k expected by the end of the financial year. The increased spend of £10k will be funded by revenue as set out in the business case.

6.0 LEGAL IMPLICATIONS

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

7.0 COMMUNITY SAFETY

7.1 Individual schemes could have links to community safety issues. These should be covered in any associated reports and forms linked to those schemes as they progress through the decision making process.

8.0 EQUALITIES

8.1 Individual schemes could have links to equalities issues. These should be covered in any associated reports and forms linked to those schemes as they progress through the decision making process.

9.0 RISKS

9.1 These should be covered in any associated reports and forms linked to those schemes as they progress through the decision making process.

10.0 CLIMATE CHANGE

10.1 Individual schemes could have links to climate change issues. These should be covered in any associated reports and forms linked to those schemes as they progress through the decision making process.

11.0 CONSULTATION

11.1 Consultation takes place between project managers and the Financial Accountant to determine the information included in Appendix A. Reports are also prepared on a quarterly basis for the Programme Board.

12.0 WARDS AFFECTED

12.1 To varying degrees all wards are affected by capital schemes within this Committee

Contact Officer: Jaz Bassan
 Date: 22 August 2018
 Appendices: Appendix A – Capital Programme Progress Report – Aug 2018
 Appendix B _MBC Telephony Upgrade business case
 Background Papers: Oracle Financial Reports
 Budget Holder Comments on Performance
 Reference: X:\Cttee, Council & Sub Cttees\Corporate\2018\19\250918/DG-Capital Prog. Monitoring- Apr 18 to Aug 18.

CAPITAL PROGRAMME 2018/19 PROGRESS REPORT - August 2018

APPENDIX A

	Grant Funded	Business Case Approved	Budget for Year	Actual April 18 to Aug 18	Forecast	Variance (-) = Underspend	Project Manager	Comments
	Y/N	Y/N	£000	£000	£000	£000		
Enterprise Document Management (EDM)	N	Y	3	1	3	0	JW	Enhancement of EDM for enforcement ordered with delivery and completion expected in August /September 2018
Telephony Upgrade	N	N	50	0	50	0	MD	Business case submitted to Corporate Committee (25th September)for approval with full expenditure expected by the end of the financial year.
Northgate Server	N	N	18	0	0	-18	MD	Northgate have advised a delay in the expected certification of the Windows 2016 server operating system for the Northgate application. This is now expected in Summer 2019. This has resulted in reconsideration of the strategy to migrate users away from the Solaris operating system at the current time. We have engaged with the Solaris reseller to ensure a maintained Solaris operating system until this time.
Disabled Facilities Grants (Private Sector Mandatory)	Y	Y	409	0	409	0	VC	The Leicestershire Lightbulb service is fully functional now with Blaby carrying out the work on the Council's behalf. At this early stage it is expected that the 2018/19 DFG allocation will be spent however there has been little information received from Blaby to date. £129k of the budget relates to the carry forward from 2017/18 for which the allocation is being agreed for spend within Leicestershire on capital works. The exact detail of this is still to be confirmed.
Warm Homes Grants	N	Y	4	0	9	5	VC	Turnover of staff in the team has temporarily halted the approval process for warm homes grants but there are cases going through approval presently. There has been a repayment of a DFG in year of £5.4k which is requested to be used to increase the WHG programme increasing the budget to £9k which is in line with anticipated expenditure.
Public Conveniences	N	Y	367	0	367	0	CD	Re-development project for the two public conveniences (Wilton Road and St Marys Way) started 9th July 2018 with a 20 week build period and estimated completion date of December 2018. There is the potential need for value engineering to be undertaken to ensure the spend is in line with budget.

CAPITAL PROGRAMME 2018/19 PROGRESS REPORT - August 2018

APPENDIX A

	Grant Funded	Business Case Approved	Budget for Year	Actual April 18 to Aug 18	Forecast	Variance (-) = Underspend	Project Manager	Comments
	Y/N	Y/N	£000	£000	£000	£000		
Partnership Scheme in Conservation	N	Y	6	0	0	-6	JW	Purpose for which funds were carried out now completed by private investment; project complete and funds can be returned for alternative use. Potential for a request to be brought back at a later stage with regards to a new opportunity. Should this materialise a project mandate and business case will be completed.
EMT Vehicle/frontline Service Machine replacement	N	Y	81	30	81	0	RS	Frontline mower has been purchased in quarter one with the remaining two crew carrying vehicles to be purchased in quarter three. Potential for a small underspend but this will not be confirmed until the final purchase prices have been agreed. To be reviewed at the next round of monitoring.
Lake Terrace Waste Depot Refurbishment	N	N	31	0	31	0	PP	Drainage works required to comply to the Environment Agency licencing. Discussions are underway with Biffa and further detail will be available end October.

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TOTAL - GENERAL EXPENSES

969	31	950	-19
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Key to Initials:

- PP = Pranali Parakh
- CD = Chris Damri
- JW = Jim Worley
- VC = Victoria Clarke
- MD= Mike Dungey
- RS = Raman Selvon



Business Case

Part A - Document Control

A 1 - Key personnel

Project	Telephony
Sponsor	D Garton
Project Manager	M Dungey

A 2 - Version history

Version	Date	Summary of changes	Changes marked
1.0	31.08.18	First draft	
1.1	03.09.18	Updated draft following DGarton feedback	
1.2	03.09.18	Updated draft following DGarton feedback on accessibility	

A 3 - Distribution

Name	Area
D Garton	
M Dungey	ICT

Part B – Project Background/Overview

B 1 – Background to the Project

Working across Leicestershire ICT Partnership,(LICTP) an assessment of the current telephony systems for Blaby District Council (BDC), Melton Borough Council (MBC), Oadby and Wigston Borough Council, OWBC) and Hinckley and Bosworth Borough Council (HBBC) has been undertaken.

Melton’s telephony system and associated services have been in place for many years and are now out of date and due for a major update/refresh. There are multiple suppliers (providing lines, calls and hardware) and elements of the technologies are out of date / unsupported and are considered bottle necks for the delivery of the modern services the council wishes to provide.

Working in partnership, all 4 authorities (with HBBC acting as the lead authority) have investigated options available and explored the benefits of some of the new technologies, together with utilising the benefits of a partnership approach to considering the market place, procuring and implementing a new system.

This work has identified the opportunity for modern telephony technologies to offer substantially more than just basic telephony functions which can be used as an enabler for improved, agile ways of working and offer many opportunities to improve the working environment and the service offered to our end users.

B 2 –Key Service Areas Affected

All council services telephony functions – fixed and mobile
Customer services contact centre
Telecommunication lines and call charges

B 3 – Strategic fit

Business need for this project has been identified to address:

- Current legacy equipment –suppliers ending support for current technologies
- Increased Security risk as suppliers no longer provide security patches for end of life technologies
- Increased risk of service interruptions due to the complexities of the multiple solutions and service providers involved.
- Multiple points of failure due to the evolution of individual telecom solutions across multiple sites
- A forecast of increased costs relating to support and ongoing maintenance and investment of infrastructure
- Lack of modern functionality required by the business - i.e. capability within the current solutions to provide modern features – video conferencing / PCI compliance etc.
- Market changes – Changes in service providers infrastructure e.g. integrated

services digital network (ISDN) BT Wholesale announced withdrawal of service by 2020 and withdrawal of ISDN network and public switched telephone network (PSTN) circuits, target switch off 2025

- Limited scope for disaster recovery (DR) and business continuity scenarios, limiting DR services to a fixed third-party recovery location for all partnership sites.
- ICT knowledge and skills for aging systems and technology - Service provider challenges to maintain support – may increase support costs going forward.

The proposal has been developed in consideration of the Leicestershire District's Digital Strategy objectives to introduce, manage and use digital technologies that make it easier than ever before for our residents to access council services digitally, specifically that;

- Ambition and innovation will be embedded in our approach
- Our workers will have the right skills and tools to do their job wherever they need it
- Our future residents, businesses and customers will be able to access the services they need through the most appropriate channel for them
- We will take every opportunity to consolidate applications, services and infrastructure
- We will embrace and adopt investment opportunities in new technologies e.g. cloud
- We will take every opportunity to work with other partners

The solution objectives are:

- Implement one single phone system – hosted by Vodafone with reported availability of 99.999%
- Provide one number for each user – to be used with a new desk based phone, mobile phone or existing mobile phone or softphone with headset
- Offer modern functionality – offering opportunities/options such as integration with MS Office calendars, instant messaging, video calling and conference calling
- Implement one single contact centre solution – separately configured and implemented for Melton Borough Council
- Integrate telephony Disaster Recovery and Business Continuity arrangements
- Adopt one single support contract for all telephony elements (bills, lines, calls, technologies etc.)

Critical success factors and how they will be measured.

Critical success factors will be linked to the realisation of the solution objectives listed above.

Specifically, It is envisaged at this stage that the roll out of a new telephony system will give staff the opportunity to work in a more flexible way and will better facilitate working contact arrangements whilst off site.

Should the finances be approved, the formal timetable for introduction of these systems will be agreed with each authority. It is anticipated that the first implementation will take place at Melton Borough Council and will commence shortly after the approval of funding.

B 4 - Options appraisal

- High level cost/benefit analysis of three options for meeting the business need has been undertaken and is described in the table below which indicates an expected monthly reduction in (revenue) telephony costs against the anticipated ongoing costs of either remaining with the existing solution (Option 1) or upgrading the existing solutions (Option 2)

LICTP Partnership Authority	OPTION1: Existing Legacy Platform Cost (PCM)	OPTION 2: Upgrade Existing Legacy Platform Cost (PCM)	OPTION 3: Vodafone comparator cost (PCM) over period
Melton BC	£4,401.17	£5,861.44	£3,845.26

Revenue cost savings would be realised against existing budgets.

Capital costs for the project have been identified as:

- Telephony capital £20,000
- Mobile Handsets £10,000
- Project Management £28,000

Capital costs will be met from 50K capital provision and 8K revenue contribution to consultancy from the IT revenue budget

- Include analysis of 'soft' benefits that cannot be quantified in financial terms

Benefit	Result
Single contract and supplier management	Reduced hours spent managing supplier contracts and billing from LICTP Client and each partner authorities Finance Teams
Single support contract and point of contact	Reduced hours spent managing support issues, and single supplier accountability for support issues. Quicker resolution to issues and frees up Sopra Steria resources to progress other prioritised work
Staff productivity increase via collaboration technology	Efficient working via enhanced collaboration capability. Efficient resource management. Flexible and home working capability.
Enhanced DR capability	Reduced risk, reduced need for 3 rd party DR capability (such as remote site maintenance and DR contracts), enhanced business uptime, consistent resource, sharing council buildings
Consultative supplier relationship	Access to non-sales consultative support for free, as part of the strategic relationship
Enhanced citizen service capability and reporting	Increased first time resolution impact less complaint handling, better oversight on resource allocation
Management self-service on both UC and contact centre	Lower reliance on IT to make real time changes to system(voicemail, numbers, devices)

technology	
Less Power Required & Lower Carbon Output	Consolidated energy supply – hardware and systems removed from local sites.

- The procurement approach/strategy with supporting rationale.

Due to the uniqueness of the Vodafone One Net Enterprise solution, procurement can be pursued via the Crown and Commercial Service, NSF RM1045 Framework as a direct award.

Before any NSF RM1045 contract can be supplied for signature Vodafone are obliged to publish a Standard Service Offer (SSO). Once published is valid for 30 days on the Crown Commercial Service website.

- Benefits of approach:

The benefits of using a framework agreement include mitigating the risks of procurement complexity, such as pre-testing of the suppliers to ensure capability; and the ability to contract on our terms, especially in respect of termination, service levels, open book accounting, benchmarking and continuous improvement.

Reduced timescales and costs for the procurement of services:

B5 - Key Business Risks/Contingency plans

Set out the key business risks that have been identified as risks to the delivery of the project. Where risks have been identified this section of the report should also highlight how these risks are proposed to be mitigated, what risk status they are considered to represent (high, medium or low), and what contingency plans will be put in place to prevent the risk occurring.

This section should also include any decisions and measures to be taken for the eventuality that the risk actually does occur, and should highlight the various exit

strategies that can be considered/implemented in this event (if any).

For complex projects the risk matrix should be completed and presented with the Business case

Current Risk	Actions to reduce the risks
Project Costs and time will over-run	A formal project management framework will be overseen by the LICTP Strategic Board
Training will not be sufficient	The system is very easy to use, but comes with a full operating manual and training material. Champions within services will assist a smooth transition to the new system.
Service disruptions during implementation	A full project plan will be invoked to deploy the system across the authority in a way that minimises any disruption

B 6- Financial Implications

Cap / Rev

Please define if these are capital or revenue and the financial years they will be incurred. Also consider if they are Special or General Expenses or HRA

	£	£	£	£	Comment
Year	2018-19	2019-20	2020-21	2021-22	
Initial Costs	58K				Capital budget – 50K 815 4000 revenue budget– 8K
External Funding	NA				
Net Cost					
Ongoing Savings(-) /costs					

Detailed estimates should be provided to finance to assist with budget monitoring and reporting

B 7 – Project Scoring Matrix

Scoring – for your project – calculate the points				
Criteria	1 Point	2 Points	3 Points	Score
Cost £ (budget, time and human resource)	<£10k	£10k - £50K	>£50K	3

Timescale	< 6 months	6 – 12 months	> 12 months	1
Impact if project failed on the organisation	Minor disruption	Moderate	Major	3
Melton's Track Record	Done Successfully Many Times Before	Done Successfully Once or Twice Before	New Area of Working	2
Stakeholder Interest (internal and external)	Minimal	Moderate	Major	3
Project Complexity	Straight-forward	Moderately Complex	Highly Complex	2
Total score				14

Projects scoring 6 – 10 points - Formal methodology not necessary
 Projects scoring > 10 points - Formal methodology is necessary

Note

The business case must be submitted initially to the Programme Board and will allow schemes to be prioritised and feasibility to be assessed. Programme board to agree the on-going project management required based on the above scoring and documented on the Project List

Part C – Project Details

This section sets out the direction, scope and objectives of the project and forms essentially the “contract” between the Project Sponsor and Project Manager as to what will need to be delivered.

C 1 - Project Objectives, outcomes and benefits

What are we hoping to achieve from doing this project? Outline principle aspirations/objectives.

Project objectives should link to the high level Strategic Objectives as they specify what needs to be done to achieve them. Project objectives should be **SMART** (Specific, Measurable, Attainable, Relevant, Time bound)

This section should identify the business benefits to be achieved by doing the Project, both financial and non-financial.

They should also be linked to the objectives. These can include political, reputational, financial, developmental, learning etc.

Outline any key dependencies

- Implement one single phone system – hosted by Vodafone with reported availability of 99.999%
- Provide one number for each user – to be used with a new desk based phone, mobile phone or existing mobile phone or softphone with headset
- Configuration of extended functionality –integration with MS Office calendars, instant messaging, video calling and conference calling
- Implement one single contact centre solution – separately configured and implemented for Melton Borough Council
- Updated telephony Disaster Recovery and Business Continuity arrangements
- Implementation of PCI configuration
- Adoption of one single admin function for support contract for all telephony elements (bills, lines, calls, technologies etc.)

Part D – Project Management

D 1- Delivery

How will the project be delivered and resourced. This section should outline the internal and external resources to be used and any partner involvement. Have other projects and business as usual priorities been considered?

Is any new technology to be required and if so have IT been consulted. For those

projects where a project plan is appropriate a template is attached.

It is intended to manage this project with the appointment of an external Project Manager. This role will be expected to identify the key systems administrators and stakeholders in the council – establish a working group and manage the project implementation.

The delivery of the project will be closely managed through the LICTP Project Management framework, weekly meetings and documentation.

A communications plan will be developed with the council and managed by the PM.

D 2 - Key Stakeholders

This section should identify the key stakeholders, both internal and external to Melton Borough Council, for example:

External Stakeholders

General Public – Telephony ranges /. Numbers will not be affected. The solution provider will migrate services to the new platform in a transparent way maintaining the existing communication channels for the General Public.

Working with the council customer service team stakeholders the project will implement a replacement Contact Centre Solution. This will have the ability to change workflows and the interaction for the customer and will be managed as part of the project. Such changes are designed to be intuitive for the end user and not something that the council will need to publicise or provide training for.

The Media – It is not anticipated that the initial project will involve communications strategy involving the media

Partners – This project is a joint project procuring a single telephony solution for all partners of the LICTP (Hinckley and Bosworth Borough Council, Oadby and Wigston Borough Council, Blaby District Council and Melton Borough Council).

The communications plan and key stakeholder engagement will be developed to ensure partner organisations in Parkside understand the changes to handset devices.

Internal Stakeholders must be consulted in drafting the business case and again if there are any subsequent changes during delivery. The stages that internal stakeholders wished to be engaged during project delivery should be agreed at the outset however any changes to the original assumptions/criteria should involve the original stakeholders.
Finance – Finance is available and the project is forecast to be within the identified budgets

Legal – Procurement will be via the delegated agreement led by Hinckley and Bosworth Borough Council and legal checks will be made by Hinckley in this role.

IT – The project is an ICT led project.

Procurement – Procurement will be pursued via the Crown and Commercial Service, NSF RM1045 Framework as a direct award.

Property – Estates will be consulted as part of the project to afford access to council premise and facilitate the replacement of handsets

Communications – The communications plan will be developed with key stakeholders and managed by the PM.

Equalities – The solution is recommended to use Cisco IP phones with accessibility features for the blind and the visually hearing and mobility impaired. Further information:
<https://www.cisco.com/c/en/us/support/collaboration-endpoints/unified-ip-phone-7800-series/products-user-guide-list.html>

Appendix B2, – Standard Risk Management Template

Project Name: Telephony
Updated: September 2018

Col 1	Col 2	Col 3	Col 4	Col 5	Col 6	Col 7	Col 8	Col 9	Col 10	Col 11
Risk No.	Grade [red, amber, green]	Risk Owner	Cause	Potential Consequences	Current Score	Original Score	Movement [↔,↑,↓]	Current controls [working]	Adequacy of mitigation measures	Planned actions (For key risks only)
1	Green	MD	Project Costs and time will over-run	<ul style="list-style-type: none"> Increased spend above allocated funds Increased risk associated with running legacy equipment 	Low			A formal project management framework will be overseen by the LICTP Strategic Board	Adequate	None required
2	Green	MD	Training will not be sufficient	<ul style="list-style-type: none"> Users not able to operate telephony devices Users not able to operate / work with 	Low			The system is very easy to use, but comes with a full operating manual and training material. Champions within services will assist a	Adequate	PM to plan within project delivery

				extended functionality				smooth transition to the new system.		
3	Green	DG	Service disruptions during implementation	<ul style="list-style-type: none"> Service areas unable to communicate via telephony – including customers / general public 	Low			A full project plan will be invoked to deploy the system across the authority in a way that minimises any disruption	Adequate	Project plan to be reviewed by LICTP and communicated back to service areas as project develops
4				<ul style="list-style-type: none"> 						
5				<ul style="list-style-type: none"> 						

Last updated:

Risk Number	This is the unique identification number given to each individual risk
Owner/project	Who is the risk owner and therefore responsible for ensuring the mitigation work is undertaken
Cause	This describes the existing, potential or perceived risk/threat to the project objectives
Consequence	The impact of the cause is often a chain of events that can impact on many stakeholders
Current score and original score	Based on the risk matrix, how is the risk likelihood scored e.g. A, B, C, D or E Based on the risk matrix, how is the impact scored e.g. 1, 2, 3 or 4 The original score is as per the first time it was raised.
Current mitigation	The existing measures that are in place to control /prevent the risk (risk mitigation)
Adequacy	An assessment on the suitability of the current mitigation measures (adequate, poor, good)

Appendix C2 – Project Plans

Project plan will be developed and managed by LICTP Programme Office

The start date will be confirmed as soon as authority to proceed has been granted.

It is anticipated to start within weeks of receiving the approval to proceed.

Melton Borough Council will be the first of the LICTP partnership councils to implement the solution. It is anticipated that the implementation would take 3 months although this would be largely dependent on the availability / commitment of end users and the Project Plan would be developed to capture this.

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