

2019/20 BUDGET MONITORING
AREAS OF BUDGETARY RISK

The table below notes service-areas that, based on either experience last year or market factors this year, have been identified as having significant budgetary risk within the 2019/20 revenue budgets.

The revenue budget areas of risk are:

Service	19/20 Approved Budget	Risk Rating	Risk and mitigation
Strategic Housing, City Development, Housing Needs & Homelessness, Customer Services, Welfare Reform, Revenues, Benefits & Business Rates, Democratic Services			
Planning Services Revenue	£533,180		There has been a number of recent planning decisions which have been appealed. This generally results in a need for external consultancy and legal advice. Significant expenditure has been incurred in this area in previous financial years.
Revenues and Benefits Housing Benefit Subsidy	£36,123,870		The Council currently administers over £36 million of Housing Benefit payments for rent allowances and rent rebates. Not all expenditure can be claimed back as subsidy. Certain supported and temporary accommodation costs are not eligible for full subsidy; these claim types will remain in Housing Benefit and not move to Universal Credit. As more Housing Benefit claims move onto Universal Credit the amount of unsubsidised expenditure will be an increased proportion of total expenditure. Errors made by ECC officers are not subsidised in full if they go over a set percentage of total expenditure. As total expenditure reduces due to Universal Credit rollout, the margins within which error payments are subsidised will reduce, increasing the risk of a subsidy loss in this area.
Communications, Tourism & Culture			
Markets & Halls Revenue	(£439,850)		Income is from entrepreneurial activities at Matford and the Corn Exchange, and there is always a risk around individual activities. However, in each of the past 3 years the Service has successfully managed risk to the extent that it has brought in contributions of 11% to 16% (£47k to £80k) better than budgeted.

Service	19/20 Approved Budget	Risk Rating	Risk and mitigation
Museum Service Revenue	£2,281,630		The Service is based in a distinctive Victorian building with some highly specialised environmental requirements, and much responsibility for its facilities management has recently been devolved from Corporate Property to the Service. The budget for all premises costs except business rates is £366,550 and this is likely to come under significant pressure as (for example) specialised maintenance and servicing costs are identified and planned.
Environment and City Management			
Cemeteries Revenue	£282,960		The income budgets include various sources such as interment fees, rights of burial and headstone fees. Historically the actual income has often been lower than the target, although it was slightly over target in 2018/19. Income levels will be monitored and the issue flagged to senior management if the trend of income continues as in previous years.
Cleansing Chargeable Services Revenue	(£316,850)		The majority of the £1,051,045 income is subject to local and national markets with many competitors, which creates significant commercial unpredictability.
Recycling Revenue	£131,970		Recycling income is budgeted at £1,247,400. Although the service actively seeks to trade at the most advantageous price available, this is a global market and can be very volatile with even small changes in world prices having a material impact here. In July 2019 Executive supported a move to weekly kerbside-sort recycling collection, incorporating glass and food waste collection with three weekly rubbish collection, alongside an investment in appropriate material sorting technology to maximise commercial recycling opportunities. The Service reports that implementation may be delayed until 2021 because of long delivery times for specialist vehicles.

Service	19/20 Approved Budget	Risk Rating	Risk and mitigation
Fleet Revenue	Revenue £744,580		The contract approved by Executive in April 2019 and implemented across 2019-20 onwards provides the Council's fleet at a fixed price for supply and maintenance and ensures all vehicles will be replaced at an affordable cost at the end of their working life. Although one expected benefit of the contract is therefore to significantly reduce unpredictable non-contract costs such as reactive repairs (which have averaged around £350k/year since 2010-11), with the size and complexity of a specialised fleet currently valued at £4.9m at cost, there will always be a risk of material overspends due to damage or breakdowns. The risk will reduce as the contract becomes fully implemented.
Corporate Property – Estates Rental Income	(£3,537,750)		Current High Street conditions are impacting the ability of the service to keep all rental properties let at full market rent. Income levels will be monitored and the issue flagged to senior management if material issues are identified.
Car Parking Revenue	(£8,252,970)		Car Parking income can be volatile; a 3% shortfall in income would mean a shortfall of £250k against the budget. Income levels will be monitored and the issue flagged to senior management if a downturn is detected.

Risk Rating Key:

	Current forecasts indicate either a favourable variance compared to the budget or no variance at all
	Current forecasts indicate an adverse budgetary variance of between 0% and 5% that will be kept under review
	Current forecasts indicate an adverse budgetary variance of more than 5% and will be monitored closely