

Committee:	Executive	Agenda Item No.:	11
Date:	10 <sup>th</sup> June 2013	Status	Open
Subject:	Medium Term Financial Plan		
Report by:	Director of Resources		
Other Officers Involved	Assistant Director – Accountancy and IT. Chief Accountant		
Director	Director of Corporate Resources		
Relevant Portfolio Holder	Councillor E. Watts, Leader of the Council.		

### **RELEVANT CORPORATE AIMS**

STRATEGIC ORGANISATIONAL DEVELOPMENT – to continually improve the efficiency and effectiveness of all Council Services by maximising the potential use of Council resources.

### **TARGETS**

All.

### **VALUE FOR MONEY**

This report is intended to ensure that the Council has in place an appropriate framework for agreeing and managing the budget. A robust budget process is an essential foundation for securing Value for Money.

### **PURPOSE OF REPORT**

To inform Executive of the work that is currently being undertaken in order to balance the Council's budget in respect of both 2013/14 and 2014/15.

### **BACKGROUND INFORMATION**

The Council agreed its Medium Term Financial Plan in respect of 2013/14 and the following two financial years in the February of 2013. That MTFP has continued to be developed against the background of the Government's Comprehensive Spending Review of Autumn 2010 which set a clear target of reducing the level of government grant provided to local authorities. This reduction in the level of central government support has been the central factor in the ongoing requirement to secure significant year on year budget saving. The savings requirement in respect of the previous two financial years along with that in respect of the current and next financial year is set out in the table below:

	2011/12	2012/13	2013/14	2014/15
	£000's	£000's	£000's	£000's
Annual Savings Target	1,979	975	884	724
Cumulative Savings Target	1,979	2,954	3,838	4,562

While no details at the level of individual local authorities has yet been provided it is clear that the government's plans to reduce the national deficit will require continued reductions in the level of central government financial support to local authorities in 2015/16 and beyond.

In the light of the required level of savings of some £0.884m in respect of the current financial year (2013/14) the Council has agreed a two phase strategy. The first phase consists of securing some £0.615m of savings which were identified at the time of agreeing the budget. It was planned that these would be in place by June 2013 and accordingly the majority of these savings would be secured for the full financial year. The position in respect of securing these savings is set out in section 4 below.

With regard to the residual savings of £0.269m required in respect of the current financial year it was agreed that the issue of securing these savings would be addressed as part of the same process for securing the £0.724m of savings necessary in respect of 2014/15 the next financial year. This result in a combined level of savings required of £0.993m which it is planned to have agreed by the early summer of 2013 with the process of implementation to be completed by the Christmas of 2013. On that basis the Council will enter into the 2014/15 year with a balanced budget. The position in respect of these savings is set out in section 4 below.

### **EFFICIENCY GRANT**

Executive will be aware that the Council is eligible for Efficiency Grant in respect of both 2013/14 and 2014/15. With regard to 2013/14 the amount available is some £1.064m with the information available suggesting that a similar amount will be available in respect of next year. Actual payment of the grant is, however, dependent upon the delivery of a Business Plan which is agreed with the Department of Communities and Local Government. The Council has submitted a Business Case based upon the approach agreed by Members within the Medium Term Financial Plan which has been agreed in principle by the DCLG. While the DCLG have now sent a letter indicating that the grant in respect of 2013/14 will be paid to the Council we await details of the conditions which will attach to that grant payment. In order to secure the Efficiency Grant it is envisaged that the Council will need to demonstrate that it has used the efficiency grant in order to secure underlying reductions in our level of expenditure. One of the main purposes of this report is to agree a detailed plan of work designed to meet the overall budget timetable for this and next financial year as agreed in the Medium Term Financial Plan. This is a key stage in ensuring that we are in a position to secure Efficiency grant which should be worth in excess of £2m in this and the next financial year.

### **PROGRESS IN ACHIEVING 2013/14 – CURRENT YEAR – SAVINGS**

The savings that were agreed in respect of 2013/14 are set out in the table below with the second column detailing the savings achieved to date, while the third column sets out the projected savings at the year end. In the sections below the table a brief narrative is provided outlining the progress that has been made in each of the areas concerned:

	2013/14 £000's	Secured to Date £000's	Projected Outturn	2014/15 £000's
<b>Anticipated Budget Shortfall</b>	884	884	884	1,533
Vacancy Management	(100)	(50)	(100)	(75)
Leisure Services	(60)	(60)	(60)	(60)
Street Scene (Green Bins and Garage)	(75)	(69)	(69)	(75)
BDC / NEDDC Secondments	(100)	(84)	(106)	(150)
One Off Director Secondment Income	(100)	-	(100)	(0)
Property Rationalisation Savings	(100)	(19)	(100)	(100)
Fees and Charges Review	(80)	-	(80)	(80)
<b>Anticipated Budget Shortfall</b>				
Savings to be Identified	(269)	(602)	(269)	(993)
<b>Call on General Fund Balances</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>

- Vacancy Management:** With regard to vacancy management a target of some £0.1m has been agreed for 2013/14. Given that the Council is also seeking to save a significant sum by way of secondments while service managers are increasingly of the view that every post which becomes vacant needs to be filled, it is likely to prove necessary to achieve this target by way of options such as vacancy 'drag', maternity leave and by individual members of staff seeking periods of unpaid leave. While the position will require careful management officers are of the view that the target should be achieved by the year end. The position will continue to be monitored as part of the quarterly monitoring process. At this stage of the year we have assumed that £50,000 of savings are in place.
- Leisure Services:** The Leisure Services team are currently in the process of developing and delivering a strategy to reduce the level of subsidy provided by the Council that is necessary to support Leisure facilities in order for them to break even. At this stage Leisure have measures in place which should achieve the agreed target of £60,000 savings. It is, however, anticipated that Leisure Services will make a significant contribution to the wider saving arising from the fees and charges review.
- Street Scene:** The savings from Green Bins and Garage reorganisation had been approved by Council and are in the process of being implemented. At this point in time it is anticipated that the proposals will deliver on going savings of some £69k initially but the full target of £75k over time.
- BDC / NEDDC Secondments:** A report that was agreed the Council at its meeting of March 2013 provided formal agreement to proposals to secure a range of secondments between this Council and our Strategic Alliance Partner North East Derbyshire. The measures already approved by Council will secure savings of some £84,000 and it is anticipated that further measures will be identified during the course of the year which will as a minimum achieve the full £100,000 of targeted savings. While some redundancy and severance payments will be required as a result of this rationalisation which will be charged against Efficiency Grant the Council will achieve its full level of savings in respect of 2013/14.
- One Off Director Secondment Income:** This is performance related income to be earned by the Director of Development in respect of work for a neighbouring

authority. While it is currently anticipated that this one off income will be achieved in reality its achievement is outside the direct influence of this authority and the securing of this income is clearly subject to a number of uncertainties. The position will be kept under review. While this particular income is a one off Executive should note that officers will pursue similar opportunities for income generation should they arise.

- **Property Rationalisation Savings:** This is the final element of the £200k savings to be achieved in respect of the move from Sherwood Lodge to Clowne. It is anticipated that these savings will be secured from a combination of further income together with the identification of efficiencies. At the time the Council moved existing budgets were transferred from Sherwood Lodge to Clowne. The fact that the Clowne building will be cheaper to operate will enable officers to reduce these budgets as we gain experience of operating the building and are in a better position to quantify the savings.
- **Fees and Charges Review:** It is anticipated that these savings will be achieved as a result of the Strategic Income review that is currently being concluded. On the basis of current information the majority of the additional income is likely to arise from work that is being undertaken by Leisure Services as part of their deficit reduction plan.
- **Community Houses:** In addition to the measures agreed as part of the budget strategy the Council has also agreed to reconfigure the services that were previously provided from the Community Houses. The decision to provide the outreach service from locations other than the Community Houses will secure some £19k of savings p.a. arising from a reduction in property costs. Given that the service will be reconfigured rather than reduced this move is predominantly targeted at reducing property costs. Given that these are effectively savings arising from property rationalisation they will be included within that heading in the table above.

On the basis of the above officers are of the view that the measures necessary to achieve the £0.615m of savings will largely be in place by July 2013 and thereafter will generate the targeted level of savings of £0.615m. In order to cover reorganisation and restructuring costs it will, however, be necessary to utilise an element of Efficiency Grant to cover reorganisation and restructuring costs. Given that these costs are an essential investment to secure the efficiencies which will generate on going savings for the Council in respect of both 2013/14 and future financial years this is considered to be an appropriate use of Efficiency Grant which is intended to help the Council make the transition to operating with a significant reduction in its level of government grant.

As part of the process of closing the Council's accounts in respect of 2012/13 Officers believe that it should be possible to identify on the basis of historic spending patterns a further sum of some £0.1m of non employee budget reductions. Further work will be undertaken to ratify these savings and proposals for any budget reductions will be brought forward to Executive for consideration and recommendation to Council where appropriate. These savings will either contribute to meeting any unachieved savings in respect of the £0.615m, or alternatively will be available to meet the target of £0.993m which remains to be addressed.

## **AMENDING THE STAFFING ESTABLISHMENT TO REFLECT THE MEDIUM TERM FINANCIAL PLAN**

A key element of the savings strategy that is built into the MTFP is that where savings are secured by reducing the number of staff either via natural wastage, vacancy management or by redundancy then it is necessary to amend the staffing establishment to reflect the fact that these posts have been removed. By taking the posts out of the staffing structure it is not possible to backfill them at a later stage. Therefore the costs are permanently removed from the budget. Under normal circumstances this is an automatic process with approval by Council being given when any savings proposals and associated staffing structures are agreed.

As part of the on going review of the staffing establishment a limited number of cases where secondments or fixed term contracts have in effect run for a longer period of time than was originally envisaged have been identified. Given that the individuals concerned have acquired full contractual employment rights by way of their length of service in that post Officers are proposing to regularise the current position. That would involve bringing the employees concerned together with what has become their substantive post onto the permanent staffing establishment of the Council. Given that the posts concerned are already funded within approved budgets this move would not have an adverse financial impact on the Council. This would enable the approved staffing establishment to better reflect the reality of the Council's actual staffing structure and employment liabilities. Given that the work involved is essentially an administrative issue of ensuring that the formal structure fully matches the reality of the employment status of individual employees it is recommended that the Chief Executive exercise his delegated powers in consultation with the Leader or Deputy Leader of the Council to approve the resultant changes to the Council's staffing establishment.

### **PROGRESS IN ACHIEVING 2013/14 RESIDUAL AND 2014/15 SAVINGS**

As outlined in the introduction to this report the Council's agreed Strategy in its MTFP was to move to look at achieving both the residual savings of £0.269m in respect of 2013/14, together with the savings of some £0.724m required in respect of 2014/15 during the early part of summer 2013. The total saving required is one of £0.993m and by taking early action the Council can use these savings to balance the 2013/14 position and will be in a position to plan the financial savings required in respect of 2013/14 in order to minimise the impact upon the level of services provided to local residents. Although the savings strategy set out within the MTFP was intended to focus on securing the identified 'easy wins' of £0.615m the Council has agreed a number of work programmes which are being progressed and should generate a contribution towards achieving the £0.993m outstanding. These are outlined below:

- **Strategic Alliance:** Both this Council and our Strategic Alliance partner North East Derbyshire District Council have agreed to work towards identifying further savings of some £0.5m (in addition to the £1.5m already achieved) across both Councils. In addition Officers have been requested to bring forward other options which would secure savings in excess of that figure. Officers have identified a number of options which will be discussed on an informal basis with Members from both authorities before arriving at a view as to which options would provide the most appropriate way forward. Members should note that officers have undertaken a number of informal soundings with officers from neighbouring authorities across both Derbyshire and Nottingham to assess any likely support for the development of shared services. At this stage it has not proved possible to identify any further opportunities for joint working which would generate significant savings. The limited discussions that have taken place are more about service resilience than financial savings. On that basis it would appear to be the case that the Strategic Alliance is

likely to prove to be the only shared service mechanism which will deliver the savings that the Council needs to secure.

- **Property Rationalisation:** Towards the end of the 2012 calendar year Council agreed to provide funding to enable a full stock condition survey of the Council's General Fund Assets to take place. That work is now approaching completion and a comprehensive picture will be brought before Members which will be focussed on assessing whether particular assets are likely to be affordable in the light of their longer term maintenance costs and more general running costs. Aligned to the review of assets an opportunity has been identified to bid for Heritage Lottery Funding in respect of essential structural refurbishment at Pleasley Vale. The first stage of the process is that the Council is required to submit a bid to the Heritage Lottery Fund. Given the limited staffing resources available to the Council it is recommended that consideration be given to utilising external resource to prepare the bid concerned. Initial work would suggest that the cost of developing a bid using external resources would be £5,000. Given that this work would potentially reduce the long term maintenance liability and running costs of Pleasley Mill that fall upon the Council it is recommended that it would be appropriate to charge this cost to Efficiency Grant. Members do, however, need to recognise in committing this expenditure that the bid may not be successful, or the Council may take the view that a refurbishment part funded by the HLF is not in the interest of the Council. However, on balance Officers are of the view that the commitment of this £5,000 from Efficiency Grant will offer the Council good Value for Money in that it may secure significant external funding, while informing the debate regarding how to maximise the value of the Pleasley Vale site over the longer term.
- **Strategic Income Review:** This is a joint piece of work being undertaken with North East Derbyshire which will build on some benchmarking work undertaken by the Regional Improvement and Efficiency Partnership some 3 years ago. A draft report is currently available which will be brought to Members for consideration in the near future. Given that the Government has stressed the importance of raising income on a local basis rather than relying on national grant funding this has been an appropriate piece of work to undertake.
- **Growth Strategy:** A key element of current Government policy in respect of local government is what the Government has termed its localism strategy. This entails providing financial incentives which local authorities will secure where their area benefits from economic growth. With respect to a growth in business activity local authorities are now able to benefit from a proportion of any increase in the level of rateable value. Likewise local authorities will benefit from New Homes Bonus as a result of any increase in the number of occupied homes in their area. While New Homes Bonus is restricted to a 6 year period authorities would continue to benefit from an increase level of Council Tax. For a number of years Bolsover District Council has actively pursued a policy of encouraging development and economic growth which were viewed as the means to improve employment opportunities by way of more or better paid jobs. While Bolsover District Council will continue with its current policies – which have a track record of success – it needs to be recognised that in the short term growth of locally retained NNDR effectively reflects the developments which were already in the process of being brought forward. On the basis of recent success in attracting major investment the Council is anticipating a significant growth in the level of locally retained business rates. Further work is currently underway – including meetings with the Valuation Office - in order to more accurately quantify the potential benefits to the council arising from this initiative. Although the Council is strongly supportive of a growth strategy it needs to be

recognised that facilitating economic growth with the District may be a difficult process and one which is at best only partially within the influence of local government. Whilst officers are of the view that the potential growth in retained NNDR will exceed the projected levels currently assumed within the MTFP, it is anticipated that this will be offset by the ongoing reductions in both general and specific government grant. These are likely to impact in a range of areas such as that of government financial support for welfare reform where risk has been transferred from central to local government.

- **New Homes Bonus:** In order to ensure that the Council is securing the maximum possible financial advantage from the New Homes Bonus an opportunity has been identified to work with Capacity Grid (Liberta) in order to undertake a project to validate the data that is submitted to central government which is used as the basis of the New Homes Bonus calculation. Capacity Grid appear to be the only organisation which have successfully utilised this approach. The basis of the agreement is that Capacity Grid are incentivised by being able to claim 25% of the New Homes Bonus for the first year only in respect of those empty properties which they facilitate moving off the empty property register. The Council would then benefit from an 'additional home' both in the first year and possibly for the full 6 year period for which New Homes Bonus is paid. The Council is in the process of finalising appropriate contractual arrangements with Capacity Grid on the basis that we initially hand over a trial list of half of the current empty property register. Accordingly it is recommended that delegated powers be granted to the Chief Executive to enter into appropriate contractual arrangements with Capacity Grid to undertake work in respect of the Council's Empty Properties register.
- **Welfare Reform:** A number of the elements of the Government's welfare reform agenda have been introduced with effect from the 1<sup>st</sup> April. It is clear that at this stage the impact of these reforms has been to significantly increase the amount of work that needs to be undertaken in the contact centres and in Revenues and Benefits. On the basis of the information currently available officers are of the view that this represents an underlying increase in the level of work associated with managing the new welfare regime, rather than being an additional workload associated with the period of transition. In the light of this increased administrative burden officers are of the view that consideration needs to be given to ensuring that the Revenues and Benefits teams are adequately resourced to continue to deliver a key range of services to local residents in a timely and effective fashion. These key services include responding to residents, resolution of outstanding issues, assessment of benefit claims and Discretionary Housing Payment, together with the timely collection of debt to ensure that local residents do not fall into a position of having unmanageable arrears in respect of Council Tax. The Government has recently provided additional funding in the shape of the New Burdens grant to support local authorities in effectively addressing the challenges proposed by Welfare Reform. Given the challenges which face this and other local authorities in administering the reformed welfare benefit system consideration will need to be given to ensuring that the revenues, benefits and contact centre teams are adequately resourced. Officers are in the process of developing proposals for consideration by Members which will enable the Council to ensure that its arrangements in these areas of work continue to be fit for purpose and able to adapt to the further challenges associated with the introduction of Universal Credit.
- **Payment Strategy:** As part of the Council's approach to achieving efficiency savings during 2011/12 and 2012/13 a payments strategy aimed at securing financial savings from moving to more efficient means of handling cash payments

was introduced. The two core elements of the strategy were to promote a move to non cash means of payment such as debit cards and direct debits. Considerable progress has been secured with the use of debit cards having increased by some 25% up to 45,000 p.a. in 2012. Given the significant savings that can be secured in both staff time and bank charges from the move to automated payments officers will continue to progress this approach. In addition to securing financial savings automated payments are generally both more convenient and more secure for local residents. The second element of the strategy was to cease taking cash at contact centres and to provide this service by use of a 'paypoint' type network. Having considered this options officers are of the view that the financial savings would be minimal, while local residents appreciate the convenience of using the contact centres. The recommendation that the Council does not pursue this approach any further has been considered by Improvement Scrutiny Committee. They recommended to Executive that the Council do not pursue the element of the Payment Strategy concerned with ceasing cash collection at Council Offices. In the light of the above it is therefore recommended that Executive agrees to continue with the policy of encouraging a move to automated methods of payment, but that the Council notes that it is not considered to be appropriate to cease accepting cash payments at the Contact Centre as a means of securing further financial savings.

### **PRIORITISING THE PRIORITIES**

A central theme of the Council's approach to securing financial savings has been the objective of protecting the level of services to local residents. While the Council has been required to make some significant service reductions in respect of those services where it received specific grants from Central Government (most recently Working Neighbourhoods Fund) these cuts were generally made in respect of time limited schemes such as the Apprenticeship Programme and a range of other projects to address worklessness, rather than requiring reductions in mainstream services. It, has, however, generally proved possible to maintain mainstream services by a combination of service reconfiguration, efficiencies, improved procurement, minor reduction of standards, etc. While in some cases – such as that of the community houses or the transfer of Kissingate Leisure Centre – there has been a significant reconfiguration or changes in the service it can be reasonably argued that the key elements of the service to local residents has been retained. In general terms the Council's performance management framework has been able to manage the reduction in funding in such a way as to minimise the impact on local residents.

While the approach adopted to date has been intended to protect all existing services Bolsover District Council in common with other authorities – is now at a stage where what has been termed the 'salami slicing' approach is unlikely to offer a full solution to the financial pressures that the Council faces. In particular there is now a real concern that if the Council continues to seek to provide the current range of services that it will find itself in a position of operating a range of poor quality services which are susceptible to service failure. It is therefore important that the Council gives serious consideration to the issue of whether there are some lower priority services it would wish to stop providing, or would provide to a significantly lower standard in order to protect the quality of the majority of its mainstream services. In order to establish what the Council's priorities are in the current financial position it is planned to hold a range of events with Members to ascertain where they would see the Council's service priorities as lying.

### **BUDGET SAVING TIMETABLE AND EFFICIENCY GRANT**



Executive will be aware that the securing of Efficiency Grant of some £1.064 m in respect of 2013/14 together with a similar amount with respect to 2014/15 is conditional upon the Council being able to demonstrate to Central Government that it is making appropriate progress in addressing its underlying budget shortfall. A key element in demonstrating to Central Government that it is achieving its savings target is that an appropriate timescale is in place for securing the necessary savings. Accordingly an indicative timetable is set out in the table below. This is based upon the assumption that all reports will be taken initially to Executive before being forwarded to Council for approval where necessary. The mid year review in respect of efficiency grant will be undertaken in September 2013 and it is therefore crucial that by that stage the Council can demonstrate that it has a Business Plan in place which will secure the necessary level of savings.

In order to demonstrate that the Council can secure the necessary savings and to have a robust plan in place by September the following indicative timetable is recommended to Executive:

<b>Committee Date</b>	<b>Issues Considered as part of MTFP Report</b>
10th June Executive	Update Report and Timetable (this report)
8 <sup>th</sup> July - Executive	Strategic Income Review Property Rationalisation Outcome of Prioritising the Priorities exercise
5th August – Executive	Proposed Budget Adjustments arising from 2012/13 outturn position. Outcome of Peer Review Growth Strategy Update Strategic Alliance Options
2 <sup>nd</sup> September - Executive	Measures for achieving savings of £0.993m approved for recommendation to Council

#### September 2013 Efficiency Grant Mid Year Review Submitted

The reports to Executive will also provide further updates in respect of the progress in achieving the targeted level of savings of some £0.615m as outlined in section 4.1 above.

While it is currently envisaged that efficiency grant will be used to cover the costs of restructuring or to provide investment funding for Invest to Save projects, the Council could if it so wished seek to use the Grant to repay debt. On the basis that £1m was used to repay debt then the annual savings would be some £75,000 per annum. While it is envisaged that restructuring, Invest to Save will produce considerably in excess of that amount the use of Efficiency grant to repay debt would provide a guaranteed saving with little or no work required to secure its implementation. If all of the £2m of Efficiency Grant over the two years were invested in repaying debt then the saving would be one of £150,000 which amounts to 15% of the overall saving necessary to secure a balanced budget in respect of 2014/15.

#### **JOINT PROCUREMENT UNIT**

Members will be aware that this Council has for some time operated a Joint Procurement Unit which originally covered Bolsover, Chesterfield and North East Derbyshire. More recently the unit expanded to incorporate Ashfield and Mansfield as Member authorities. The unit has brought significant advantages to the Council including the savings which have arisen from purchasing as part of a larger group of authorities, the opportunity to share the costs of undertaking a tender process amongst more than one authority and finally the ability to attract and retain suitably qualified staff. These advantages have secured significant financial savings for the authority over the past few years. Unfortunately in recent weeks the Unit has experienced the resignation of its three qualified staff all of whom have been offered alternative employment with remuneration packages which were significantly above those offered by this Council.

Given the current market conditions for qualified procurement staff it is considered unlikely that this council could successfully recruit to the posts concerned. The Council is therefore likely to find itself in a position where it is not able to provide an effective procurement service for our partner authorities. As part of the discussions with the other authorities involved in the partnership we have been approached by Bassetlaw District Council who have offered to take over the running of the shared service. On the basis of discussions held to date they have the advantage of already having three trained and / or experienced Members of staff in their procurement team and are confident that they would be in a position to source further expertise should that be necessary. They have also indicated that they would be able to operate within current budgets so that the cost of the Unit would not increase for the current members. However, in the case of Bolsover we would lose the ability to charge overheads into the unit which would cost an additional £7,000 p.a.

Negotiations between the authorities in the Shared Procurement Unit and Bassetlaw are currently taking place. On the basis that they can offer an appropriate service then the preferred way forward may well be to accept the offer of Bassetlaw, subject to the clarification of the necessary details, etc. Subject to the satisfactory resolution of outstanding issues it is recommended that Members grant delegated authority for Chief Executive in consultation with the Leader / Deputy Leader to enter into a Shared Procurement arrangement delivered by Bassetlaw Council on behalf of this and other Councils and to make other such changes that are necessary to the Council's staffing establishment in the light of that decision.

### **ISSUES FOR CONSIDERATION**

The Council needs to agree a strategy for addressing the savings target of some £0.993m which includes the residual savings in respect of 2013/14 (£0.269m), together with the targeted savings of some £0.724m in respect of 2014/15. In order to implement that savings strategy it is vital that the Council is able to secure the full £2m of Efficiency Grant which is being provided by the Government over the current and next financial year. This report sets out a plan and an associated timetable for achieving both the level of savings necessary and for securing Efficiency Grant from Central Government. Executive is requested to consider and approve the proposed approach which is set out within this report.

### **LEGAL ASPECTS**

This report is part of the process intended to ensure that the Council achieves its statutory requirement to secure a balanced budget.

### **RISK MANAGEMENT**

The issue of Financial Risk is covered throughout the report. In addition, however, it should be noted that the risk of not achieving a balanced budget is outlined as a key risk within the Council's Strategic Risk Register. It is important that any measures agreed to address the ongoing reductions in central Government funding are managed in such a way as to ensure that they do not have an unforeseen impact upon local residents. Given the extent of savings which have already been secured – as set out in section 2.1 (above) – it is important to note that approved budgets are now considerably more restricted than in previous financial years and that accordingly the risk of an overspend or failures in service has significantly increased.

In addition to the risk that the Council will not prove able to balance its budget which may lead to a requirement to undertake expenditure reductions which have a significant and unplanned impact on services, if the Council is not able to agree a structured approach to balancing its budget for 2013/14 and 2014/15 then it will run a clear risk of losing Efficiency Grant from central government amounting to in excess of £2m.

### **POLICY AND PERFORMANCE**

The Council's budget in respect of both 2013/14 and future financial years has been planned in order to achieve the Council's service plans and performance targets. Should it not prove possible to operate within the context of agreed budgets and savings targets then this will invariably have an impact on the Council's ability to deliver against agreed service plans and targets.

### **FINANCIAL IMPLICATIONS**

Financial issues and implications are covered throughout the report.

### **REASONS FOR RECOMMENDATIONS**

To ensure that the Council is in a position to operate within approved budgets and to secure the financial efficiencies that are necessary in order to continue to provide services to local residents within the context of ongoing reductions in the level of central government financial support.

## **RECOMMENDATIONS**

That Executive approves:

- (1) The indicative timescale for addressing the Council's budget position together with the work streams as set out in the report.
- (2) That the Chief Executive, in consultation with the Leader / Deputy Leader of the Council, exercise his delegated powers to amend the staffing structure to incorporate those employees who have acquired permanent employment rights on to the Council's Staffing Establishment.
- (3) Notes the position in respect of the Payment Strategy and agrees the recommendation by the Improvement Scrutiny Committee that the Council do not pursue the element of the Payment Strategy concerned with ceasing cash collection at Council Offices.
- (4) Granting delegated powers to Chief Executive in consultation with the Leader / Deputy Leader to determine whether to enter into a Shared Procurement arrangement delivered by Bassetlaw Council on behalf of this and other Councils.
- (5) Granting delegated powers to the Chief Executive to enter into appropriate contractual arrangements with Capacity Grid (Liberta) to seek to maximise the Council's eligibility to New Homes Bonus.
- (6) Approves the allocation of £5,000 of Efficiency Grant in order to develop a business case / bid for securing funding from the Heritage Lottery Fund towards the structural refurbishment of Pleasley Vale Mills.
- (7) Approves the use of Efficiency Grant to cover the restructuring, service reconfiguration and transitional costs as outlined within the report.

Attachments: N

Background papers: None

File References: N/A