

AUDIT COMMITTEE

AGENDA

Wednesday 23rd September 2015 at 1400 hours in Chamber Suites 1 & 2, The Arc,
Clowne

Item No.		Page No.(s)
PART 1 – OPEN ITEMS		
1.	To receive apologies for absence, if any.	
2.	To note any urgent items of business which the Chairman has consented to being considered under the provisions of Section 100(B) 4 (b) of the Local Government Act 1972.	
3.	Members should declare the existence and nature of any Disclosable Pecuniary Interest and Non Statutory Interest as defined by the Members' Code of Conduct in respect of: a) any business on the agenda b) any urgent additional items to be considered c) any matters arising out of those items and if appropriate, withdraw from the meeting at the relevant time.	
4.	Minutes of a meeting held on 22 nd June 2015.	3 to 7
5.	Reports of the External Auditor (KPMG) Report to those Charged with Governance (ISA 260) 2014/15.	8 to 36
6.	Reports of the Executive Director – Operations Bolsover District Council Statement of Accounts 2014/15.	37 to 130
7.	Reports of the Internal Audit Consortium; Internal Audit Charter.	131 to 140
8.	Reports of the Internal Audit Consortium; Summary of Progress on the 2015/16 Internal Audit Plan.	141 to 145
9.	Reports of the Executive Director – Operations; Key Issues of Financial Governance.	146 to 152
10.	Reports of the Executive Director – Operations; Financial Outturn 2014/15	153 to 180
11.	Reports of the Executive Director – Operations; Budget Monitoring Report Quarter 1 – April to June 2015.	181 to 194
12.	Reports of the Executive Director – Operations; Strategic Risk Register.	195 to 205
13.	Delivering Good Governance in Local Government.	206 to 234

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Minutes of a meeting of the Audit Committee of the Bolsover District Council held in Chamber Suite 3 on Monday 22nd June 2015 at 1000 hours.

PRESENT:-

Independent Member:-

Mr. J. Yates in the Chair

Members:-

Councillor J.A. Clifton, M. Dooley, S.W. Fritchley, D. Mcgregor, K. Reid and A.M. Syrett.

Officers:-

B. Mason (Executive Director – Growth), J. Williams (Interim Head of Internal Audit Consortium), D. Clarke (Assistant Director – Finance and Revenues & Benefits), T. Fletcher (Chief Accountant) and A. Brownsword (Governance Manager)

0127. APOLOGIES

There were no apologies for absence.

0128. URGENT ITEMS OF BUSINESS

The Chair consented to the following urgent item of business being raised after Agenda Item 5.

KPMG Technical Update : Bolsover District Council June 2015

0129. DECLARATIONS OF INTEREST

There were no declarations of interest.

0130. MINUTES – 2ND JUNE 2015

Moved by Councillor S.W. Fritchley and seconded by Councillor M. Dooley
RESOLVED that the minutes of a meeting of the Audit Committee held on 2nd June 2015 be approved as a true and correct record.

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**0131. REPORT OF THE EXTERNAL AUDITOR (KPMG):
ANNUAL AUDIT FEE 2015/16**

The Executive Director – Operations presented the report which gave details of the letter containing the Annual Audit Fee 2015/16 from KPMG.

It was noted that the national contract would come to an end in 2017 and a procurement exercise would need to be carried out. The current Audit fees were significantly reduced from previous levels, but it should be noted that they did not cover additional work concerning information requests from the public etc which could be quite expensive.

Moved by Councillor A.M. Syrett and seconded by Councillor K. Reid
RESOLVED that the Annual Audit Fee 2015/16 from KPMG, be noted.

**0132. URGENT ITEM FROM KPMG:
TECHNICAL UPDATE : BOLSOVER DISTRICT COUNCIL
JUNE 2015**

The Executive Director – Operations presented the Technical Update from KPMG and noted that the update was provided as part of the contract with KPMG.

KPMG were providing some training sessions which were open to Audit Committee Members should they wish to attend.

Moved by Councillor M. Dooley and seconded by Councillor A.M. Syrett.
RESOLVED that the report be noted.

**0133. REPORT OF THE INTERNAL AUDIT CONSORTIUM:
INTERNAL AUDIT CONSORTIUM ANNUAL REPORT 2014/15 TO
BOLSOVER DISTRICT COUNCIL**

The Interim Head of Internal Audit Consortium presented the report which gave a summary of the internal work undertaken during 2014/15, from which the opinion on the internal control environment is derived.

It was noted that 88% of audits carried out had been rated good or satisfactory which built on the success of last year's audits. Only three audits had been rated marginal. None had been rated unsatisfactory or unsound.

Four new performance targets were being added for 2015/16 which were:

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- To issue internal audit reports within 10 days of the close out meeting.
- Number/proportion of audits completed within time allocation
- % 2015/16 agreed recommendations implemented
- Quarterly reporting to standards and audit committee

There was overall confidence in the internal control systems and good systems of governance were in place.

Members congratulated the Interim Head of Internal Audit Consortium on the report.

Moved by Councillor S.W. Fritchley and seconded by Councillor M. Dooley
RESOLVED that the Internal Audit Consortium Annual Report for 2014/15 be noted.

0134. REPORT OF THE INTERNAL AUDIT CONSORTIUM: SUMMARY OF PROGRESS ON THE 2014/15 AND 2015/16 INTERNAL AUDIT PLANS

It was noted that the 2014/15 Internal Audit Plan had previously been reported to Committee. Between the middle of February 2015 and the middle of June 2015, the section had been operating at reduced staffing levels due to a member of staff leaving the team for a post elsewhere. The post had now been recruited with performance kept under review and remedial action taken if necessary.

Moved by Councillor K. Reid and seconded by Councillor A.M. Syrett
RESOLVED that the report be noted.

0135. REPORT OF THE EXECUTIVE DIRECTOR – OPERATIONS: DRAFT STATEMENT OF ACCOUNTS (INCLUDING ANNUAL GOVERNANCE STATEMENT) 2014/15

The Executive Director – Operations presented the report and explained that it was part of the responsibility of the Chief Finance Officer to prepare the Draft Statement of Accounts for external audit. The Draft Statement of Accounts was submitted to Audit Committee for Members' information and to demonstrate that they had been produced in a timely manner. Although the Statement presented was essentially the final draft further changes could be made before the accounts were provided to KPMG the Council's external auditors on 30th June 2015.

The Committee noted that the accounting policies had been amended to reflect the fact that the crematorium amount was no longer included. This change in accounting policy had been discussed with KPMG and the Executive Director was of

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the view that the amendments to the policies improved the usability of the accounts. With regard to the Annual Governance Statement the position in respect of S106 agreements was discussed, however, it was agreed that the issues were not sufficiently important to include within the Governance Statement.

While reduced staffing levels clearly had a potential impact upon both services to the public and internal control, the Council was aware of these risks and was actively working to mitigate them. The outturn position was noted. The Executive Director – Operations informed Members that a Growth Protection reserve had been established to protect against late appeals concerning NNDR valuations that were heard on a five year rolling programme.

Members asked a number of questions and a discussion took place regarding the need to attract a range of employers into the District to pursue the growth strategy.

Members and the Executive Director – Operations thanked officers for undertaking the work involved in preparing the Statement of Accounts in a timely fashion.

Moved by Councillor S.W. Fritchley and seconded by Councillor K. Reid.

RESOLVED that (1) the Audit Committee note that the Executive Director – Operations in his capacity as Chief Financial Officer will sign off the draft 2014/15 accounts on behalf of the Council,

(2) that Audited Statement of Accounts 2014/15 be brought to this Committee at its meeting on 23rd September 2015 for approval on behalf of the Council.

(Executive Director – Operations)

0136. REPORT OF THE EXECUTIVE DIRECTOR – OPERATIONS: ANNUAL REVIEW OF THE EFFECTIVENESS OF INTERNAL AUDIT

The Executive Director – Operations commented that the Internal Audit Consortium played a key role in ensuring that the Council operated effectively, and that the Audit Committee had worked hard to ensure that audit recommendations were implemented. The support of the Audit Committee had been fundamental in securing a turnaround in the internal control arrangements of the Council. .

The Executive Director then outlined the evidence provided within the report that the Internal Audit Service was one on which the Council could place reliance upon to undertake an independent review of the systems of internal control. Members noted this assessment. A potential weakness of Internal Audit was highlighted being that there was only one qualified accountant within the Audit Consortium. It was,

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however, noted that this issue was being addressed by providing the opportunity for a staff member to train for a professional qualification. While there was currently only one professionally qualified member of staff all other members of the team had a full Accounting technician qualification.

A discussion took place regarding the potential impact of the loss of key members of staff and the level of the Council's financial reserves.

Moved by Councillor K. Reid and seconded by Councillor M. Dooley

RESOLVED that (1) the views of the Chief Financial Officer be considered in his assessment of the Internal Audit Service during the 2014/15 financial year which is that:

'It is my opinion that the Council's Internal Audit function which is provided as a joint service between Bolsover District Council, Chesterfield Borough Council and North East Derbyshire District Council carries out this function competently and to a high standard. The Consortium provides an effective service which I can place reliance on'

(2) the Audit Committee make any comments which they consider to be appropriate either on the contents of this report or on the opinion of the Chief Financial Officer regarding the effectiveness of the Internal Audit Service.

0137. REPORT OF THE EXECUTIVE DIRECTOR – OPERATIONS: KEY ISSUES OF FINANCIAL GOVERNANCE

The Executive Director – Operations presented the report which updated Members on the main issues of financial governance. It was noted that the Council had worked hard to achieve a balanced budget and was in a good position to tackle further austerity measures.

Moved by Councillor S.W. Fritchley and seconded by Councillor K. Reid

RESOLVED that the report be noted.

The meeting concluded at 1110 hours.

Bolsover District Council

Audit Committee

23rd September 2015

**Report of those Charged with Governance (Internal Standard of Auditing (ISA260)
2014/2015)**

Report of the Councils External Auditor KPMG

This report is public

Purpose of the Report

- To provide the Audit Committee with a copy of the ISA260 report provided by our external auditors KPMG in respect of 2014/2015.
- To secure the approval of the Audit Committee to the Letter of Representation provided by the Council to KPMG our external auditors.

1 Report Details

- 1.1 The report to those charged with Governance (ISA 260) 2014/15 which is attached as **Appendix 1** summarises the findings of KPMG the Council's External Auditors in respect of their 2014/15 audit.
- 1.2 The Committee are requested to note and consider **Appendix 2** in particular, which sets out the Management Representation letter which the Chair of this Committee and the Chief Financial Officer will be required to sign on behalf of the Council.

2 Conclusions and Reasons for Recommendation

- 2.1 This report is presented to the Audit Committee as part of the process of agreeing the Councils Statement of Accounts in respect of the 2014/2015 financial year.

3 Consultation and Equality Impact

- 3.1 There are no consultation and equality impact implications from this report.

4 Alternative Options and Reasons for Rejection

- 4.1 The process set out within this report is prescribed by statutory requirement and recognised good practice. Accordingly, there are no alternative options for consideration.

5 Implications

5.1 Finance and Risk Implications

These are set out in Appendix 1 to the report.

5.2 Legal Implications including Data Protection

The process is being undertaken in accordance with the requirements of the Accounts and Audit Regulations 2011.

5.3 Human Resources Implications

There are no Human Resource implications arising directly from this report.

6 Recommendations

- 6.1 That the Audit Committee gives its consideration to the attached report from KPMG the Councils external auditors.
- 6.2 That the Audit Committee approve the Letter of Representation attached as Appendix 2 and authorise the Chair of this Committee and the Chief Financial Officer to sign the letter on behalf of the Council.

7 Decision Information

Is the decision a Key Decision? (A Key Decision is one which results in income or expenditure to the Council of £50,000 or more or which has a significant impact on two or more District wards)	No
District Wards Affected	None directly
Links to Corporate Plan priorities or Policy Framework	All

8 Document Information

Appendix No	Title
1	Report of those Charged with Governance (International Standard of Auditing (ISA260) 2014/2015)
2	Management Representation Letter
Background Papers (These are unpublished works which have been relied on to a material extent when preparing the report. They must be listed in the section below. If the report is going to Cabinet (NEDDC) or Executive (BDC) you must provide copies of the background papers)	
Report Author	Contact Number
Director of Operations (Chief Financial Officer)	01246 242431

Bolsover District Council

Executive

13 July 2015

Financial Outturn 2014/15

Report of the Leader of the Council

This report is public

Purpose of Report

- To inform Executive of the financial outturn position of the Council in respect of the 2014/15 financial year.

1 Background Information

- 1.1 The Council has closed its financial accounts for 2014/15 in line with the required deadline of 30 June 2015. The draft Statement of Accounts 2014/15 is now subject to independent audit from the Council's external auditors, KPMG. Until the accounts have been agreed by our external auditors, which will take place before 30 September 2015, there remains the possibility that they will be subject to amendment.
- 1.2 Members should note that the Council's Draft Statement of Accounts in respect of 2014/15 was signed as complete by the Council's Chief Financial Officer (Executive Director – Operations) at the end of June 2015. The final audited accounts will be reported to and approved by the Audit Committee at its meeting of 23rd September 2015. A copy of the draft Accounts is available on the Council's internet site.
- 1.3 International Financial Reporting Standards (IFRS) require that the main focus of the Statement of Accounts is on reporting to the public in a format which is directly comparable with every country that has adopted IFRS i.e. not just UK or even other local authorities. In contrast the focus of this report is on providing management information to Members and other stakeholders to assist in the financial management of the Council.
- 1.4 The following sections of this report will consider the 2014/15 outturn position in respect of the General Fund Revenue Account, the Housing Revenue Account (HRA), the Council's Capital Investment Programme and Treasury Management activities. Within the report consideration is given to the level of balances at the year end, to any impact on the Council's Medium Term Financial Plan of the outturn position, and an assessment of the impact which the closing position has upon the Council's budgets in respect of the current financial year.

2 Issues for Consideration

General Fund Revenue Account

- 2.1. The Council's original budget for 2014/15 approved by Council on 3rd February 2014, included an unidentified savings target amounting to £0.447m. During 2014/15 the Council has worked to address this shortfall and the ongoing requirement to address its underlying budget position against the background of ongoing reductions in the level of central government funding. As a result of this programme of work the Council had reached a position whereby at the time of the Revised Budget in February 2015 an underspend of £0.900m was anticipated. The actual outturn position has further improved the underspend to one of £1.308m which has been allocated to the Transformation reserve. This funding is now available for Members to allocate to investments intended to enhance or protect service delivery during a period when the level of central government support to local government will continue to be reduced. While the following reports and attached appendices detail the outturn position, the main reasons underlying the achievement of an underspend are outlined in the table below:

	£000's
Utilisation of Efficiency Grant to fund restructuring costs	252
Increased Income from NNDR	399
Increased Planning Fee Income	53
Increased Income at Pleasley Vale	65
Savings on Cost of Administrative Buildings	56
Increased Level of Benefit Subsidy	126

- 2.2. The figures above provide an overview of where the overall favourable variance of £1.308m has been achieved. Where possible, officers will be bringing forward further reports intended to ensure that these budget underspends are captured and are used to reduce the planned level of spending in future years. This will help address the projected shortfall of £2.3m which the Council is facing over the next three financial years. It needs to be recognised, however, that many of the savings identified in the 2014/15 outturn position do not reflect permanent changes in the Council's income and expenditure patterns. In particular the levels of increased income from business rates, the increase in planning income and rental income at Pleasley Vale reflect the wider national economic recovery. Over the past few years Government support from the Transitional Grant and Efficiency Grant has funded restructuring costs and investments in improving service efficiency thus avoiding the requirement to charge them to the General Fund. While Efficiency Grant continues to be available to the Council during the current financial year (2015/16) it is unlikely to be available in future years when local authorities are facing more significant levels of financial cuts. An initial exercise by Officers has suggested that the 2014/15 outturn position has identified potential budget savings in future financial years in the region of £0.1m. While this will assist in balancing the current and future year's budget it supports the view that there continue to be significant financial challenges ahead.
- 2.3. While part of the Council's success in addressing the reduction in the level of Government Grant can be attributed to higher than anticipated levels of income

arising from national economic growth, it also needs to be recognised that the Council has agreed a range of policies which have ensured that we are well placed to take advantage of such growth, and are able to promote improvements in service efficiency. The additional funding from the Growth Agenda combined with the cost reduction arising from the Transformation Agenda have combined to protect service delivery to local residents. In addition to the Growth and Transformation agenda, there is now an effective culture of financial management across the authority under which cost centre managers have worked hard to minimise expenditure and to optimise the level of income. While the impact at the level of individual cost centres is often relatively limited, there is a more significant cumulative impact when overall income and expenditure trends are brought together.

- 2.4 The position in respect of the General Fund outturn is detailed in **Appendix A** attached. The appendix shows the Original Budget that was set in February 2014, the Revised Budget agreed in February 2015 together with the Adjusted Current Budget. The Adjusted Current Budget incorporates any further committee approvals since the revised budget and incorporates adjustments for virements and for a change in the use of specific resources such as grants or earmarked reserves. This ensures that this earmarked funding is only utilised in line with the actual expenditure incurred in the year. The actual expenditure for 2014/15 is then compared against this Adjusted Current Budget in order to provide details of any variances. Executive should note that **Appendix B** (attached) provides detailed variances at a cost centre level. Where appropriate a summary explanation of these variances is provided within **Appendix B**.
- 2.5 In summary it can be seen in **Appendix A** that there has been an under spend in the year on the provision of services of £0.682m (column G). This position has arisen from under spending on budgets, additional income and efficiency savings. This underspend is offset by an increased contribution to Reserves showing an increased level of expenditure at actual outturn from the Adjusted Current Budget of £0.416m. This is offset by increased funding principally arising from NNDR growth in order to arrive at an outturn position which has no impact upon the level of General Fund balances.
- 2.6 At the year-end two main decisions have been necessary in order to secure effective closure of the Council's Annual Accounts. As previously agreed through Council, the net underspend of £1.308m secured in the year has been transferred into the Transformation Reserve. When the Efficiency Grant carried forward is also transferred into this account the balance on the Transformation Reserve now stands at a figure of £4.9m. While the Council has other general fund reserves available; a General Fund balance of £1.7m and other General Fund earmarked reserves of £2.5m, the Transformation Reserve is effectively the level of reserves which are available to support new initiatives, service reorganisation and restructure. Given the ongoing impact of the austerity agenda Council has previously agreed that the Transformation Reserve will be utilised to facilitate an Invest to Save approach to help ensure that financial sustainability of the Council and the sustainability of the services provided to local residents. While the balance of the Transformation Reserve currently amounts to £4.9m Executive should note that there are a range of commitments against the reserve principally the agreement that £2m will be utilised to fund enhanced Leisure Facilities at Clowne. It should also be noted that initiatives to promote the Council's growth and

transformation agenda are likely to come at significant cost and that the Reserve may be fully utilised on a limited number of investments. **Appendix D** attached provides full details concerning the Council's earmarked financial reserves.

- 2.7 The second key decision has been to allocate an amount of £0.705m to the Non Domestic Rates Growth Protection Reserve. Council is aware that while the levels of economic growth generated within the Bolsover area have secured increasing levels of income from Non Domestic Rates, that the localisation of this income stream is accompanied by a transfer of financial risk from central to local government. In setting its budget for 2015/16 the Council undertook a calculation of the level of Non Domestic Rating income that it would receive in respect of 2015/16. That calculation reflected the position as at 31 January 2015. Subsequent to undertaking that calculation the Council received notification from the District Valuer of a range of new appeals against the assessed valuation of business premises operating in the Bolsover area. These appeals against the rateable valuation assessment will be determined by the Valuation Office over the next few years, but in accordance with good accounting practice Officers have established a reserve to cover this future loss of income. In line with an independent evaluation of the anticipated impact of these appeals it has been decided to set aside a reserve of £0.705m to cover this Council's anticipated cost of these appeals. While the reserve is set at £0.705m this includes an allowance for the backdating of some of these appeals with the underlying impact on an annual basis anticipated to be in the region of £0.2m.
- 2.8 As outlined above Officers have commenced a piece of work to identify where the evidence from the 2014/15 outturn indicates that it is appropriate to reduce budgets for both 2015/16 and future years in order to secure a contribution to the Council's savings targets. The results of that work will be reported to a future meeting of Executive for consideration.

3 Housing Revenue Account (HRA)

- 3.1 The Housing Revenue Account recorded an underspend of £0.397m against the Revised Budget. These savings have been transferred into the Major Repairs Reserve where they will be used to fund future investment in tenants homes. Full details are provided in **Appendix C** to this report with comments provided against the individual areas of expenditure / income where appropriate. The Housing Revenue Account position shows overall expenditure was £0.550m below the revised budget (column C) and income £0.072m less than anticipated, giving a net cost of services favourable variance of £0.478m for the financial year 2014/15.
- 3.2 The details provided in **Appendix C** show that expenditure was £0.550m below budget with the savings being secured across all budget heads. Given that overall expenditure was budgeted to be £10.7m the underspend is in the order of 5%. With respect to income that was £72k below budget. The net cost to services was therefore £0.478m below budget. Once higher interest costs and transfers to and from reserves are taken into account the budgeted contribution of £20k to the HRA general reserve was secured together with the addition to the Major Repairs Reserve of £0.397m. As previously mentioned this figure of £0.397m was effectively the underspend in the year.

- 3.3 With respect to transfers to and from financial reserves an amount of £16k was taken from the insurance reserve to meet the costs of excess payments on claims, while the contribution from the Capital Development Reserve was reduced by £69k to reflect the fact that some expenditure planned for 2014/15 will now take place in 2015/16. Within the expenditure in year a contribution of £0.950m has been made to the Capital Development Reserve. During the year capital expenditure totalling £1.834m has been funded by the reserve to meet major housing projects that the Council has approved. A contribution of £0.180 was made to the HRA vehicle reserve while vehicles costing £0.053 have been funded by the reserve. The balance on these reserves at the end of the financial year is as follows:

HRA development reserve	£0.866m
HRA vehicle reserve	£0.316m

- 3.4 The HRA balance has improved – in line with the budget – by an amount of £20k with balances at the year-end amounting to £1.881m. This is an appropriate level to help secure the operational and financial sustainability of the HRA in the light of the HRA Risk Register.

Capital Investment Programme

- 4.1 The capital expenditure incurred by the Council in 2014/15 is detailed on a scheme by scheme basis in **Appendix E** (attached). It can be seen from the appendix that the Council's capital spend in the financial year was £5.612m (£1.575m General Fund and £4.037m HRA). Overall expenditure was £3.581m below the revised budget (£2.624m General Fund and £0.957m HRA).

4.2 General Fund Schemes

Within the General Fund the majority of the under spend in the year relates to Project Horizon where work has not yet commenced on the construction of the replacement contact centre and associated facilities in Bolsover Town Centre (£0.604m). Other General Fund schemes show a net underspend of £1.118m. With respect to the underspend of £1.576m on the General fund, £1.559m is planned to take place in 2015/16 and accordingly it is recommended that Executive agree to allow the associated funding to be taken forward.

4.3 HRA Schemes

The majority of the under spend on HRA schemes is on decent homes expenditure for dwellings. Actual spend is £0.733m below the revised budget of £4.717m. HRA vehicle replacement expenditure is £0.224m below the revised budget of £0.277m. Again with respect to the underspend of £0.957m it is recommended that £0.824m be approved for carry forward into 2015/16.

4.4 Capital Financing

The Capital Programme was financed as follows:-

	Revised Budget 2014/15 £000	Actual 2014/15 £000	Variance £000
HRA			

Major Repairs Reserve	(2,684)	(1,940)	(744)
Capital Receipts (inc 1-4-1 receipts)	0	(210)	210
Capital Grants	(8)	0	(8)
HRA Development Reserve	(2,025)	(1,834)	(191)
HRA Development Reserve - vehicles	(277)	(53)	(224)
Total	(4,994)	(4,037)	(957)
General Fund			
Prudential Borrowing – Gen Fund	(1,299)	(488)	(811)
Capital Grants and Contributions	(725)	(626)	(99)
Capital Receipts	(1,800)	(110)	(1,690)
Reserves	(375)	(351)	(24)
Total	(4,199)	(1,575)	(2,624)
Grand Total	(9,193)	(5,612)	(3,581)

4.5 HRA Capital Financing

The spending on the HRA programme was £0.957m below the Revised Budget. Therefore officers have been able to utilise available Council resources when considering the financing of the programme. One key change is the use of £0.210m of capital receipts as a contribution towards the financing of 15 new houses at New Houghton.

The Council has entered into an agreement with the Government to retain a greater proportion of its capital receipts from the sale of council houses on the condition that they are used to support the financing of new council housing. If the additional amount of retained receipts is not applied to a particular scheme within a certain time period, the Council is obliged to repay the receipts plus interest. Therefore the application of these receipts in 2014/15 to this scheme satisfies the relevant conditions. No prudential borrowing for the HRA was undertaken in 2014/15.

4.6 General Fund Capital Financing

Officers have sought to minimise the need to undertake prudential borrowing when completing the financing of this element of the capital programme. Prudential borrowing of £0.488m was undertaken in 2014/15 for vehicles, asset management plan and ICT schemes.

4.7 Capital Receipts

The table below summarises the capital receipts received and used by the Council in 2014/15:

Capital Receipt	Net Receipts in year £000	Available Capital Receipts £000
Available Receipts 1 April 2014		0
2014/15		
Sale of Council Houses (38 sales)	(1,541)	

Land at Sherwood Lodge	(6,320)	
Less - Pooling Costs	403	
Less - Allowable Debt (used to repay HRA debt)	754	
Sub - Total		(6,704)
Used for Capital Financing in 2014/15 (see capital financing table above)		332
Used to repay General Fund debt		6,372
Total Available Receipts 31 March 2015		0

5 Treasury Management

5.1 At **Appendix F** is a brief report on the Treasury Management activity of the Council for 2014/15. In summary the Council operated throughout 2014/15 within the Authorised Limit and Operational Boundary limits approved in the Treasury Management strategy approved by the Council in February 2014.

5.2 The key facts from the report are:

- The overall borrowing requirement of the Council is £98.962m at 31 March 2015.
- The PWLB debt is £104.100m
- The finance lease debt is £0.038m
- No new PWLB borrowing was undertaken in 2014/15
- The HRA headroom at 31 March 2015 is £19.273m
- PWLB interest paid in 2014/15 was £3.683m
- Interest received on investments was £0.152m
- The Council had £29.8m invested at 31 March 2015

6 Conclusions and Reasons for Recommendation

6.1 General Fund

The Council has successfully met its savings target in respect of 2014/15 and has effectively managed its financial position to allow a contribution to the Transformation Reserve of £1.308m. Officers will evaluate the 2014/15 financial outturn to identify areas where the budget can be reduced in respect of 2015/16 and future financial years. While it would be reasonable to anticipate that some savings will be secured some of the income growth and expenditure reductions had already been built into budgets for 2015/16 and future years whilst other savings which arose in 2014/15 cannot be relied upon to re-occur in the current or future financial years. The contribution to the Transformation Reserve does, however, provide the Council with resources to progress its Growth and Transformation agendas in order to protect the level of services to local residents.

6.2 HRA

The HRA has delivered an underspend of £0.397m which has been used to increase the level of the Major Repairs Allowance, where it will be utilised to improve the condition of Council houses. The HRA continues to operate within the parameters established by the Business Plan and MTFP.

- 6.3 Capital Programme
The Capital Programme shows that a number of schemes are ongoing and therefore the approved schemes will need to be carried forward to 2015/16.
- 6.4 Capital Financing
The 2014/15 Capital Programme has seen an investment approaching £6m into the services – and in particular the Housing Stock – provided by the District Council. With the exception of work on the Bolsover Mini Hub project good progress has been maintained in delivering the Capital Programme. On a number of projects within the Approved Programme it will be necessary to carry forward expenditure and resourcing approvals into 2015/16 in order to meet contractual and other commitments entered into by the Council.
- 6.5 Treasury Management
During 2014/15 the Council has continued to operate within the framework established by the Treasury Management Strategy as approved in February 2014.

7 Consultation and Equality Impact

- 7.1 The report has no implications within this section.

8 Alternative Options and Reasons for Rejection

- 8.1 The financial outturn report for 2014/15 is primarily a factual report which details the outcome of previously approved budgets therefore there are no alternative options to consider.
- 8.2 The allocation of resources to earmarked reserve accounts has been determined in the light of the previously agreed policies of the Council. If the issues and risks currently anticipated do not materialise or are settled at a lower cost than anticipated then the earmarked reserve will be reassessed and returned to general balances.

9 Financial and Risk Implications

- 9.1 The financial implications are set out within the body of the report.
- 9.2 Members should note that the budgets against which we have monitored the 2014/15 outturn were those agreed within the Council's Medium Term Financial Plan. The Medium Term Financial Plan gave careful consideration to both the affordability of the budgets that were approved, and to ensuring that the level of balances remained adequate for purposes of enabling sound financial management. The fact that the outturn position for 2014/15 indicates that these financial targets have been achieved, gives the Council a firm foundation from which to achieve the service delivery and financial targets approved within the current Medium Term Financial Plan.
- 9.3 The issue of Financial Risk is covered throughout the report. The risk of not achieving a balanced budget, together with the risk that the Council's level of financial balances will be further eroded are currently key corporate risks identified on the Council's Strategic Risk Register. The outturn report shows that the

Council's approach to mitigating these risks during 2014/15 has been successful, with our budgets balanced and the level of financial reserves improved.

- 9.4 While the Council has effectively addressed its Strategic Financial Risks during 2014/15 it needs to be recognised that the Council will need to continue to meet a range of challenging savings targets if it is to operate effectively within the financial environment established by the Comprehensive Spending Review.

10 Legal Implications including Data Protection

- 10.1 The Statement of Accounts is required to be prepared by the 30 June each year. The Council has now completed the accounts and they have been signed off by the Chief Financial Officer as at the 30 June 2015 which secures compliance with the Council's legal obligations. There are no legal issues arising directly from this report.

11 Human Resources Implications

- 11.1 There are no Human Resources issues arising directly from this report.

12 Recommendations

- 12.1 That Members note the report and in particular the Council's financial outturn position in respect of 2014/15.

General Fund

- 12.2 That Members request the Accountancy Section to undertake a review of the under spend position of 2014/15 to determine where budget changes may be made to the 2015/16 and future budgets. The review is requested to be reported back to Executive by September 2015.

Housing Revenue Account

- 12.3 That Members note the outturn position of the HRA and the level of balances held at 31 March 2015 of £1,881,158.

Capital Programme

- 12.4 That Members approve the proposed carry forward of capital budgets detailed in Appendix E and totalling £2,383,052.

Treasury Management

- 12.5 That Members note the Treasury Management reported position as at 31 March 2015.

Further Reporting

- 12.6 That this report is forwarded to the Audit Committee for its consideration.

13 Decision Information

Is the decision a Key Decision? (A Key Decision is one which results in income or expenditure to the Council of £50,000 or more or which has a significant impact on two or more District wards)	Yes
District Wards Affected	All
Links to Corporate Plan priorities or Policy Framework	Ensure residents have confidence in the Council Provide good value, high performing services

14 Document Information

Appendix No	Title
A	General Fund Summary 2014/2015
B	General Fund Account Outturn 2014/2015
C	HRA Income and Expenditure Account 2014/2015
D	Earmarked Reserves and Balances
E	Capital Programme 2014/15
F	Treasury Management 2014/15
Background Papers (These are unpublished works which have been relied on to a material extent when preparing the report. They must be listed in the section below. If the report is going to Cabinet (NEDDC) or Executive (BDC) you must provide copies of the background papers)	
Held in Accountancy	
Report Author	Contact Number
Chief Accountant	2458

To: Members of the Audit Committee

Your Ref:

Our Ref:

Contact: Alison Bluff

Tel: 01246

Fax: 01246

Date: 17 September 2015

Dear Councillor

Audit and Corporate Governance Scrutiny Committee - 23rd September 2015

Please find attached copies of three internal audit reports which received a marginal assessment at their recent audit. Item 6 on your agenda refers to these items as listed below. While we consider it appropriate that the report itself is taken in the public section of the meeting the detailed audit reports themselves may refer to weaknesses in internal control which could potentially be exploited. Accordingly, the reports have been circulated separately from the agenda and should be treated as exempt items.

- (a) Creswell Leisure Centre (BO02)
- (b) Stores (BO04)
- (c) Health and Safety (BO06)

If Members wish to discuss any of these reports in detail then Committee would need to consider if a move into private session at that stage of the meeting was necessary. Should you have any issues or concerns then these can be discussed at the actual meeting.

Yours sincerely



Assistant Director – Governance and Monitoring Officer

Encs

**Bolsover, Chesterfield and North East Derbyshire District
Councils'**

Internal Audit Consortium

Internal Audit Report

Authority:	Bolsover District Council
Subject:	Creswell Leisure Centre (BO02)
Date of Issue:	13th July 2015

Report Distribution:	Assistant Director of Leisure Facilities Planning and Development Manager Executive Director for Transformation Executive Director of Operations
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INTERNAL AUDIT REPORT
CRESWELL LEISURE CENTRE
LEISURE SERVICES

Introduction

In accordance with the 2015/16 audit plan, an audit of Creswell Leisure Centre has been undertaken.

Scope and Objectives

Areas tested included: -

- Fees and Charges.
- Banking & cash security.
- Membership scheme.
- Small sales.
- Contract bookings.
- Vending machines.
- Utilisation
- Pool and activity parties
- Lost property procedure.
- Photography policy.
- Fire and evacuation procedure.
- Purchasing process.
- Budget Analysis.
- Previous recommendations.

Conclusion

The overall conclusion of the audit was that the reliability of the internal controls operating at Creswell Leisure Centre is **Marginal**; a number of areas have been identified for improvement.

Findings and Recommendations

1. Fees and charges

1.1 It was confirmed during the initial planning meeting of the audit review by the Facilities Planning and Development Manager (FPDM) that 2015 fees and charges had not been implemented at any of the Council's leisure facilities. The new charges should have been introduced with effect from 1st January 2015. The fees and charges review was uploaded onto the Advantage system during the course of the audit with effect from the 1st May 2015. The error has resulted in the introduction of a daily schedule used by the FPDM to diarise important events.

2. Banking and cash security

2.1 Cash up sheets for the month of March were examined. It was pleasing to see that a blank proforma has been produced for use at the end of shifts one & two. Unfortunately during 29 of the 31 days throughout the month only the end of day cash up had been carried out, omitting the middle of the day end of shift cash up. On the 26th March the reason given for the till being over by £7.30 was 'unknown, no cash up all day'. Highlighting the necessity to complete a cash up at the end of each shift. It should be acknowledged at this point that the centre was short staffed at the time.

2.2 As per a previous audit recommendation any cash discrepancy in excess of £10 should be subject to investigation. An analysis of cash discrepancies between April 2014 and March 2015 was undertaken, during the period discrepancies exceeded £10 on nine occasions. The Senior Supervisor at CLC was able to provide evidence of investigation four of the nine from the sample.

2.3 Takings are collected by Security Plus on a weekly basis. Insurance limits for the safes contents were obtained from the Senior Technical Officer and confirmed as £2,000 for the safe at Creswell Leisure Centre (CLC). Amounts held in the safe prior to being collected were checked for March 2015. Safe contents exceeded the £2,000 limit on the 3rd to 5th March, 10th to 12th March, 19th March and 26th March. It was confirmed that the excess cash limits occurred during a period when swimming lessons were being renewed and therefore additional payments had been received. Insurance excess values are set at £10,000 on all property claims, it has therefore been evaluated as an acceptable risk.

2.4 A list of current key holders was produced by the Senior Supervisor. Recommendations have been made in previous audit reviews regarding the number of staff with a door key, alarm fob and/or safe codes. The recommendations have previously been disagreed due to the operational difficulties a reduction in the number of staff with access would create. The situation remains unchanged at present, however future plans include a duty manager who will act as key holder, safe access point etc. Payroll confirmed that all persons named on the list of key holders are employed at CLC.

R1	Leisure Centre staff should be reminded of the need to complete a till reconciliation at the end of each shift. Priority : high
R2	Cash discrepancies above £10 should be subject to investigation. Priority : medium

3. Membership scheme

3.1 Four types of B-Active memberships are available:

- Xtra – Users are able to use all facilities which include the gym, classes, swimming, and squash. Additionally, all facilities at Clowne Leisure Centre can be used.
- Gym – Users have access to the weights room, the cardiovascular room and kinesis classes.
- Workout (classes) – with this membership users have access to fitball, spinning, aquafit, aquajog and kinesis.
- Aqua – with aqua membership users can access the pool only, which can be used for swimming, aquafit and aquajog.

3.2 The above memberships are available for purchase at adult, couple, family and golden years/student rates and can be paid by cash, direct debit or annually. A pay and go price list is also available. Should users wish to take advantage of reduced pay and go pricing an annual pass can be purchased enabling them to do so at the following cost:

- Resident £8.00
- Non resident £9.00
- Concessionary £6.50

3.3 A sample of ten leisure membership applications was selected at random from the leisure applications file. The Advantage system was checked to ensure prices charged were those quoted in the centre and reflected the type of membership applied for, all testing was satisfactory.

3.4 Direct debit payments are collected by Debit Finance Collection (DFC). Details of direct debit payments and cancellations are downloaded from the DFC website on the 1st, 8th, 15th and 25th of each month. Any frozen, cancelled or not paid entry is highlighted and cancelled on the system. A random sample of ten cancellations was chosen from information downloaded from the DFC website for the months of March and April 2015 and cross referenced to the Advantage system. Of the sample of ten, three memberships had not been cancelled on Advantage.

R3	Memberships should be cancelled on receipt of a cancelled direct debit instruction from DFC. Priority : high
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4. Small Sales

4.1 Stock takes are performed on a regular basis, albeit not monthly. Stock held is recorded in two separate locations; on manual stock sheets and within Advantage. Only stock which is being held in storage is recorded on stock sheets, whereas both stock out on display and stock held in storage is shown in the stock levels held on the Advantage system. The previous audit review in November 2013 recommended: *Stock records of small sale items must include all goods held, including any on display.* Testing has shown that the recommendation has not been implemented and is therefore repeated below.

4.2 A sample of five products was chosen and actual stock held compared to Advantage records. For one of the items within the sample the stock on display was not recorded on Advantage.

R4	Stock records of small sale items must include all goods held, including any on display. Alternatively, consideration should be given to only recoding stock levels within Advantage. Priority : low
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4.3 A sample of five stock item cost and selling prices were compared to review the percentage mark up. Items are ordered from SRS Leisure and sold at the recommended retail price as quoted by SRS Leisure.

Product	Cost price	Selling price	% Mark up
Neptune Nauticals	£2.75	£5.00	81.8%
Nose clips	£1.25	£2.00	60%
Rocky & Shelly Armbands	£3.00	£5.00	66.7%
Little Swimmers (Green)	£0.75	£1.10	46.7%
Latex socks	£2.00	£4.00	100%

5. Contract bookings

5.1 Block bookings can be made for squash courts for a total of thirteen weeks. A sample of five block booking applications was examined and all were found to be fully completed and signed by both the centre user and staff. The five applications were also checked to ensure the block booking had been entered onto the Advantage system, again all testing was satisfactory, although one block booking had been made for fourteen weeks. The Senior Supervisor attributed the mistake to human error.

5.2 Derbyshire County Council is invoiced for school swimming lessons each half term, payment terms are immediate.

6. Vending machines

6.1 Vending machines are fully serviced by Wilkes who stock, maintain and empty the machine of its takings. It is pleasing to see that a spreadsheet is now maintained within

Accountancy showing income received from vending machines to monitor reasonableness, in line with a recommendation made as part of the previous audit.

6.2 January income received from Wilkes was significantly lower than other months, additionally no income was recorded in FMS for February. The FPDM confirmed, after discussion with the Senior Supervisor that a vending machine was out of order for a number of weeks and had to be replaced.

6.3 An internal audit review has recently been undertaken at Sharley Park Leisure Centre, the Auditor conducting the audit confirmed that the contract between Wilkes and the Council expired in 2014. The following recommendation was therefore made '*The contract between Wilkes and the Council is reviewed to ensure it remains good value.*'

R5	The Wilkes vending machine income currently maintained by Accountancy should be sent to the FPDM on a monthly basis to allow informed decisions to be made re fluctuations in income levels. Priority : medium
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7. Utilisation

7.1 Utilisation figures for squash courts were obtained for the months of March and April 2015, the centre achieved an average of 33.05% usage over the two month period.

8. Pool and activity parties

8.1 Staff members confirmed that pool parties are a popular activity offered at CLC, this is largely due to the fact that pool parties can only be booked on a Saturday afternoon so as not to impinge on other pool activities. A standard pool party costs £45 per hour for pool hire including small balls & inflatables. A large inflatable structure can also be hired for an additional £20; therefore the maximum cost of a pool party is £65.

8.2 A £10 (minimum) non refundable deposit is required and is payable within a week of making the initial booking. The balance is payable on the day of the party. A sample of ten party bookings made throughout March, April and May was taken to ensure the correct amounts had been charged and payment received. During testing it was found that party bookings are reserved despite deposits not being paid. For two out of the sample of ten the participants had not paid a deposit and did not attend resulting in loss of income.

R6	Party bookings should only be confirmed on receipt of a deposit. Priority : high
R6a	Consideration should be given to implementing a procedure whereby the full balance is payable prior to the date of the party. Priority : Low

9. Lost property

9.1 A clear lost property procedure can be found in the centre's comprehensive operating guide (C.O.G) and is largely being followed, the Auditor was informed that non valuable items i.e. clothing is thrown away after three months whereas the procedure states that items should be taken to the local charity shop.

9.2 A procedure is not in place for the FPDM to follow in relation to the disposal of valuable items handed over from Leisure Centres, it is proposed that a procedure is implemented.

R7	Consideration should be given to implementing a procedure covering the disposal of valuable lost property by the FPDM. <ul style="list-style-type: none">• The procedure should state the disposal methodology relating to property type, method of disposal should be specified as appropriate.• The updated procedure should officially document descriptions, quantities and dates of all items received from Leisure Centres.• The document should provide for signing off and dating when the appropriate action has been taken.• The procedure should also require additional management check to confirm that the items of value have been disposed of in the stipulated manner. Priority : medium
R8	As per the comprehensive operating guide non valuable lost property items i.e. clothing should be taken to the centre's local charity shop after three months. Priority : low

10. Photography policy

10.1 The Authority has a strict policy on the use of photographic equipment on its premises. In addition, a section of the Creswell Leisure Centre C.O.G is devoted to child and vulnerable adult protection. Photography permission slips and signage was evidenced.

11. Fire and evacuation procedure

11.1 Written fire and evacuation procedures are in place and a full evacuation drill is undertaken annually.

11.2 Enquiries were made to establish the accuracy and reliability of head counts of users in the facility at any point in time. During the audit, a service user honestly paid on the way out of the centre stating no one was on reception when she had arrived. Given this, it would be difficult to provide an exact number of users within the centre at any given time. However, the Auditor was assured that as part of the evacuation procedure members of staff ensure the building is clear of all users before evacuating the building themselves.

12. Purchasing process

12.1 A sample of 10 purchase orders was extracted from the E-Purchasing system. The sample was spread across CLC employees and selected at random on that basis. Separation of duties was noted throughout the sample as all had been raised and authorised by different employees. The purchase orders were compared to the BDC Purchasing users list and authorisation limits noted. The type of goods purchased was analysed for reasonableness, all testing was satisfactory.

13. Budget analysis

13.1 2014/15 annual figures to outturn were analysed, actual totals amounted to £163,319 exceeding the budgeted total by £23,940. This is largely due to an over spend on casual staffing of £23,198 and overtime of £3,653, the over spends have been offset somewhat by an under spend in basic salaries of £13,546. Additionally, lower than anticipated fitness suite membership fees of £14,948 were received.

14. Previous recommendations

14.1 Five recommendations were made as a result of the previous audit review in November 2013; one of the recommendations has been repeated *'stock records of small sale items must include all goods held, including any on display.'*

15. Acknowledgement

15.1 The Auditor would like to thank Creswell Leisure Centre team members and the FPDM for their assistance during the course of this audit.

Internal Audit Report – Implementation Schedule


Report Title:	Creswell Leisure Centre 2015/16	Report Date:	13 th July 2015
		Response Due By Date:	3 rd August 2015

	Recommendations	Priority (High, Medium, Low)	Agreed	To be Implemented By:		Disagreed	Further Discussion Required	Comments
				Officer	Date			
R1	Leisure Centre staff should be reminded of the need to complete a till reconciliation at the end of each shift.	High	✓	Jamie Bend	Implemented			
R2	Cash discrepancies above £10 should be subject to investigation.	Medium	✓	Jamie Bend	Implemented			
R3	Memberships should be cancelled on receipt of a cancelled direct debit instruction from DFC.	High	✓	Jamie Bend				This already takes place, at the sign off of the audit the situation was explained that most of the members appearing on the web page were in fact frozen and therefore their membership not been cancelled. One person from the list provided had in fact cancelled but not been cancelled on the booking system

Recommendations	Priority (High, Medium, Low)	Agreed	To be Implemented By:		Disagree d	Further Discussion Required	Comments
			Officer	Date			
R4 Stock records of small sale items must include all goods held, including any on display. Alternatively, consideration should be given to only recoding stock levels within Advantage.	Low	✓	Wayne Carter	15 th August 2015			
R5 The Wilkes vending machine income currently maintained by Accountancy should be sent to the FPDM on a monthly basis to allow informed decisions to be made re fluctuations in income levels	Medium	✓	Wayne Carter in conjunction with Accountancy				Wayne to request from Accountancy
R6 Party bookings should only be confirmed on receipt of a deposit	High	✓	Jamie Bend	imple mented			
R6a Consideration should be given to implementing a procedure whereby the full balance is payable prior to the date of the party.	Low	✓	Jamie Bend				Where possible we will look at this request, but most would pay off balance when attending party
R7 Consideration should be given to implementing a procedure covering the disposal of valuable lost property by the FPDM. <ul style="list-style-type: none"> • The procedure should state the disposal methodology relating to property type, method of disposal should be specified as appropriate. • The updated procedure 	Medium	✓	Wayne Carter	End August 2015			Will re-write the Compressive Operating Guide to reflect the suggested changes

Recommendations	Priority (High, Medium, Low)	Agreed	To be Implemented By:		Disagree d	Further Discussion Required	Comments	
			Officer	Date				
<p>should officially document descriptions, quantities and dates of all items received from Leisure Centres.</p> <ul style="list-style-type: none"> • The document should provide for signing off and dating when the appropriate action has been taken. • The procedure should also require additional management check to confirm that the items of value have been disposed of in the stipulated manner. 								
R8	As per the comprehensive operating guide non valuable lost property items i.e. clothing should be taken to the centre's local charity shop after three months.	Low	✓	Wayne Carter	End August 2015			Slight tweak to COG as above

Please tick the appropriate response (✓) and give comments for all recommendations not agreed.

Signed Head of Service:		Date:	29/07/2015
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Appendix A

Definitions of Conclusions:	
Good	A few minor recommendations (if any).
Satisfactory	Minimal risk; a few areas identified where changes would be beneficial.
Marginal	A number of areas have been identified for improvement.
Unsatisfactory	Unacceptable risks identified, changes should be made.
Unsound	Major risks identified; fundamental improvements are required.

**Bolsover, Chesterfield and North East Derbyshire District
Councils'**

Internal Audit Consortium

Draft Internal Audit Report

Authority:	Bolsover District Council
Subject:	Stores (B004)
Date of Issue:	3rd August 2015

Report Distribution:	Assistant Director – Community Safety and Head of Housing Strategic Repairs Manager Operational repairs Manager Principal Accountant (Capital) Principal Senior Solicitor Joint Assistant Director – Finance, Revenues and Benefits Joint Executive Director of Operations
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CHESTERFIELD
BOROUGH COUNCIL



INTERNAL AUDIT REPORT

HOUSING SERVICES

STORES 2015/16

Introduction

The Internal Audit Consortium has performed an audit of the perceived risk areas of the outsourced Stores function as provided by Travis Perkins for which the Housing Department are charged with contract management issues. Given that projected expenditure levels of £1.2 million, this constitutes the largest Housing contract and is crucial to service delivery and financial performance.

Scope and Objectives

For the purposes of this Internal Audit Report, the primary objective of the audit review was to determine the following: -

- The Stores contractual arrangements are completed, signed, appropriately managed and the contractual obligations provide for the optimum service delivery provision.

Conclusion

The overall conclusion of the audit based on the specific element of the Stores function examined is **Marginal** (A number of areas have been identified for improvement); see Appendix A for definition of conclusions.

Findings

1. The original contract with Travis Perkins (TP) for the outsourced Stores service provision was dated December 2009 for a five year period ending in December 2014. Following the completion of a recent tender exercise, notification has been provided to TP that they have successfully tendered for the new contract. A draft contract document has been prepared although at present, this remains unsigned by the contractual parties. The contractual period of the draft agreement is for a five year period with an option of extending for two further periods of five years each. The Senior Principal Solicitor has stated that the basis of the current service provision is that the new contractual terms and conditions are applicable.
2. The previous contract with TP specified an annual turnover of £900,000 with a profit element of 9%, this resulted in a profit share position if actual profits exceeded £81,000 (9%). The recent Bolsover DC invitation to tender refers to

an annual spend of £1,200,000 in support of building maintenance and refurbishment. Consequently, the TP tender submission and current draft contract states an agreed annual turnover of £1,200,000 with a proposed net profit of 7.5%. This revised contractual position of a 7.5% return on a turnover of £1,200,000 produces a profit level of £90,000. This position represents an increased level of sales to achieve the agreed return and profit share scenario. Although TP have proposed a 60% / 40% profit share of excess profits in favour of Bolsover DC, if this is not achieved however, a 50% contribution by Bolsover DC is a contractual obligation.

3. The invitation to tender refers to an annual spend of £1,200,000. This annual spend level would appear to be optimistic however as the Principal Accountant has confirmed that the annual Stores expenditure in 2014/15 was £1,113,000 of which £1,063,000 relates to Housing Revenue Account (HRA) expenditure.
4. Following the departure of the previous Voids and Welfare Manager, the Strategic Repairs Manager assumed responsibility for completion of the specification for the invitation to tender. The invitation to tender is considered to be soundly based and includes all relevant the service provision requirements. The procurement process was also appropriately undertaken in conjunction with Joint Procurement and incorporated under a recognised Framework Agreement. However, due to the potential extent of the contractual period, it is considered beneficial that a thorough review should be undertaken after four years to facilitate potentially going out to tender again if this is considered to be necessary.
5. In respect of the previous contract term, the TP management accounts for the operational year 2014/15 include a year-end sales shortfall of £49,800 which would have contractually resulted in a 50% contribution payable by Bolsover DC of £24,900 (50%). This contractual obligation to pay 50% of the shortfall was also confirmed in writing by the TP Project Manager – Managed Services in April 2015. However, when challenged the contribution was waived and the reason provided by TP was stated as due to; ‘Our successful and continued relationship’. TP have alleged that the decrease in profitability in 2014/15 is due to reduced rebates received from suppliers and have suggested that some items are profitable and others are not. The actual Bolsover District Council expenditure in 2014/15 of £1,113,000 represents a shortfall of £87,000 on the £1,200,000 annual turnover as stated in the invitation to tender. If the previous contractual profit share / contribution of 9% were applicable to the Bolsover District Council financial position then the actual contribution would be £7,830 (9% of £87,000) as compared to the overall amount claimed by TP of £24,900 originally stated as being owed. The financial impact for Bolsover District Council of such a reduced level of contribution would clearly not be as significant. Based on the management information presented, it is unclear how the higher contribution initially requested in 2014/15 relates to the financial position of the Council. The basis of the contractual obligations and

the subsequent impact on the profit share contribution resulting from the Council's financial position should be fully understood and the related management information should be clear and transparent.

6. The TP management accounts for 2014/15 disclose increases in staff costs and overtime payments. TP establishment costs relating to head office interest charges and regional charges have increased overall by £20,000 in 2014/15 as compared with the 2013/14 financial year. There would not appear to be any justification for the increase in these charges or any clear understanding of why these costs have increased. The TP management accounts are not transparent and the basis of the profit levels is unclear.
7. Guidance relating to the tender preparation requirements was included within the previous Internal Audit Consortium Stores report, dated October 2013, as stated in the following recommendation:-
 - 'The client monitoring role and management information requirements should be fully considered and defined in preparation for the re-tendering of the Stores contract'.
8. Within Finance, sample checking is undertaken of collection advices to the consolidated invoice to confirm materials issued reconcile to items charged. Additionally, checks are also completed within Finance to ensure all credit notes are accounted for on the consolidated invoice. Also, as part of the operational checks undertaken by the previous Housing Voids and Welfare Manager, monthly purchases by user was reviewed to identify expenditure by purchase card-holder to determine highest spends or unusual spend patterns for further investigation. It is also acknowledged that there was a period during the previous contract where a key member of staff who had operational responsibilities for Stores had left the employment of the Council.
9. The invitation to tender refers to the contract being primarily with Bolsover District Council. However, there is also reference to being available for use by any other local authority in Derbyshire and further options for the partners at Chesterfield Royal Hospital to join the managed services at any point during the term of the contract. The invitation to tender also includes a reference to Chesterfield Royal Hospital stock value of approximately £100,000. TP have confirmed in writing that actual spend for Chesterfield Royal Hospital in the period July 2014 to May 2015 totalled £152,691. The tender submission received from TP includes details of the assistance provided in the partnership with Chesterfield Royal Hospital through the involvement with the TP Assistant Store Manager and proposals to develop this partnership further which are clearly stipulated in the tender submission. It is acknowledged that TP are contractually liable for all stock holding at Riverside Stores.

10. The value of stock issues as recorded in the HRA account on the General Ledger (GL) in 2014/15 amounted to £1,063,245 which equates to an average monthly purchase level of £88,603. This can be compared to the purchase level in quarter 1 of 2015/16 which for the months of April and May provides an average monthly spend of £81,554. Through extrapolation, this level of spend would only generate £978,648 of stock issues in respect of Housing associated stock items and would require a spend level in excess of £220,000 from General Fund to equate to the £1.2 million quoted in the invitation to tender. It is also acknowledged that an increased level of stock is generated as a result of the agreed partnership which utilising the TP Stores at Riverside Depot and this will increase turnover and profit share potential. However, it is considered that there is a risk to the attainment of target turnover and profit share due to the average monthly expenditure in 2014/15 and 2015/16 to date.
11. It is noted that partner contributions to overheads do not form part of the specification or draft contractual documentation, this position has also been confirmed during discussions with the Principal Accountant. Consequently, the increased overhead costs incurred by TP as a result of increased stock throughput at the Riverside Depot from purchasing by partnership organisations are solely chargeable by TP to Bolsover DC.
12. Overall, it is considered that the contractual obligations and service provision demands including; income and expenditure levels, turnover and profitability and the attainment of value for money have not been fully considered or arrangements to deliver these objectives have not been embedded. There is considered to be a need for the establishment of a wider client management function which constitutes a mix of operational, financial and legal representation to ensure that contractual obligations provide value for money.

Recommendations

R1	The Council should ensure that the contractual arrangements are completed and finalised as a matter of urgency in order to protect the Councils position. Priority: High
R2	Effective management and monitoring arrangements need to be put in place with regular dialogue with TP concerning overall performance Priority: High
R3	A client management group should be established to ensure that the necessary range of skills and experience are available to manage the contract. Priority: High
R4	The reason for the overhead costs increase of £20,000 in comparison with the previous year and the basis of the operating profit is unclear from the management accounts. It is imperative that the management accounts are

	<p>transparent and clearly understood to enable detailed and regular monitoring to be undertaken and regular dialogue regarding financial performance to be established with TP.</p> <p>Priority: High</p>
R5	<p>Management need to ensure that there are appropriate arrangements in place in relation to third parties using the Riverside Stores facility. In particular the potential increase to our costs is recognised and this needs to be balanced against the risk that service to our own employees in terms of waiting times increase and stock availability diminishes.</p> <p>Priority: High</p>
R6	<p>At the time of the audit there was clearly an issue that the role and responsibility of the previous Voids and Welfare Manager had not been fully assimilated into the new structure. It is important that management has a full understanding of these contractual arrangements in order to ensure that the contract is effectively managed.</p> <p>Priority: High</p>

Internal Audit Report – Implementation Schedule

Report Title:	Stores 2015/16	Report Date:	3 rd August 2015
		Response Due By Date:	24 th August 2015

	Recommendations	Priority (High, Medium, Low)	Agreed	To be Implemented By:		Disagreed	Further Discussion Required	Comments
				Officer	Date			
R1	The Council should ensure that the contractual arrangements are completed and finalised as a matter of urgency in order to protect the Councils position.	H	Y	Hsg Strategic Repairs Manager / Client Group	Oct 2015			While the final contract has not yet been signed there is written agreement in place that both parties are working to the previously agreed contractual arrangements. Once clarification of outstanding issues around third party use of the stores and profit sharing is resolved then the contract will

Recommendations	Priority (High, Medium, Low)	Agre ed	To be Implemented By:		Disagreed	Further Discussion Required	Comments
			Officer	Date			
							be finalised.
R2	Effective management and monitoring arrangements need to be put in place with regular dialogue with TP concerning overall performance.	H	Y	Hsg Strategic Repairs Manager / Client Group	Sept 2015		Qtlly Strategic Meetings and monthly operational meetings have now been put in place.
R3	A client management group should be established to ensure that the necessary range of skills and experience are available to manage the contract.	H	Y	Asst Dir Hsg	Sept 2015		A Client Monitoring Group has been established chaired by the Asst Director Housing and including reps from legal and finance.
R4	The reason for the overhead costs increase of £20,000 in comparison with the previous year and the basis of the operating profit is unclear from the management accounts. It is imperative that the management accounts are transparent and clearly understood to enable detailed and regular	H	Y	Client Group	Oct 15		The delay in agreeing the final contract is in part due to negotiations concerning overhead apportionment and to ensure

Recommendations		Priority (High, Medium, Low)	Agreed	To be Implemented By:		Disagreed	Further Discussion Required	Comments
				Officer	Date			
	monitoring to be undertaken and regular dialogue regarding financial performance to be established with TP.							that BDC benefits from 3 rd Party use of the stores facility. See also response to R 3 (above).
R5	Management need to ensure that there are appropriate arrangements in place in relation to third parties using the Riverside Stores facility. In particular the potential increase to our costs is recognised and this needs to be balanced against the risk that service to our own employees in terms of waiting times increase and stock availability diminishes.	H	Y	Client Group	Oct 15			Officers are currently negotiating the contractual arrangements to ensure BDC secures an appropriate 'profit share' from these arrangements. Officers will monitor the position to ensure that 3 rd party use is not detrimental to BDC services.
R6	At the time of the audit there was clearly an issue that the role and	H	Y	Asst Dir Housing	Sept 2015			The audit was undertaken

Recommendations	Priority (High, Medium, Low)	Agreed	To be Implemented By:		Disagreed	Further Discussion Required	Comments
			Officer	Date			
responsibility of the previous Voids and Welfare Manager had not been fully assimilated into the new structure. It is important that management has a full understanding of these contractual arrangements in order to ensure that the contract is effectively managed.							during a period of transition in both the contractual arrangements and in the service structure. The structure is now resolved and a robust Client group is in place.

Please tick the appropriate response (✓) and give comments for all recommendations not agreed.

Signed Head of Service:		Date:	
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Appendix A

Definitions of Conclusions:	
Good	A few minor recommendations (if any).
Satisfactory	Minimal risk; a few areas identified where changes would be beneficial.
Marginal	A number of areas have been identified for improvement.
Unsatisfactory	Unacceptable risks identified, changes should be made.
Unsound	Major risks identified; fundamental improvements are required.

**Bolsover, Chesterfield and North East Derbyshire District
Councils'**

Internal Audit Consortium

Internal Audit Report

Authority:	Bolsover District Council
Subject:	Health and Safety (BO06)
Date of Issue:	20th August 2015

Report Distribution:	Health and Safety Advisor Human Resources Manager Joint Assistant Director of HR and Payroll Executive Director for Transformation Executive Director of Operations
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INTERNAL AUDIT REPORT
HEALTH AND SAFETY
TRANSFORMATION

Introduction

An operational audit has recently been completed by the Internal Audit Consortium to review the arrangements for the internal control surrounding the authorities Health and Safety arrangements.

Scope and Objectives

The primary objectives of the review were to confirm:-

- Previous recommendations had been implemented.
- Overall allocation of responsibility.
- Compliance with Health and Safety legislation.
- Comprehensive policies are in place.
- Health & safety employees have the necessary experience and qualifications.
- Training provided and records held.
- Performance management information produced.
- The level of accident reporting in place.
- The completion of health and safety inspections.
- The level of organisational development information received.
- Health and Safety budget provision.

Conclusion

The overall conclusion of the audit was that the reliability of the internal controls operating within Health and Safety is **Marginal**; a number of areas have been identified for improvement.

It is disappointing to note that during this pre planned audit with an agreed commencement date the audit has overrun due to the delay in receiving information from the Health and Safety Advisor.

Findings and Recommendations

1. Previous recommendations

- 1.1 Three recommendations were made as a result of the previous audit review in June 2011. The previous recommendations related to the Health & Safety policy and

benchmarking; as benchmarking data will be provided shortly no formal recommendation has been repeated in these areas, recommendation 1 below relates to the Health & Safety policy.

2. Overall responsibility

- 2.1 An established Safety Committee is in place which convenes on a quarterly basis. The committee is made up of representation from Councillors, union representatives and officers. A health and safety report is presented at each Safety Committee. The purpose of the report is to:
- provide an update on the Council's health and safety performance over the last quarter.
 - provide an update on the Council's health and safety aims and objectives and the progress made against realising these targets.
 - report on any significant health and safety accidents, incidents, enforcement activity or legislative changes which could adversely affect the Council's risk exposure.
- 2.2 Quarterly directorate meetings are also held where sickness absence and accident statistics form part of the discussion.

3. Compliance with health and safety legislation

- 3.1 Health & Safety Officers monitor changes to health & safety legislation by way of the Health & Safety Executive (HSE) website – www.hse.gov.uk, through press releases and RSS feeds. Additionally, updates are received from the professional body Institution of Occupational Safety and Health (IOSH). Policies are reviewed to reflect changes in legislation and changes to policy are presented to Safety Committee for approval prior to formal sign off by Council.

4. Health and safety policies

- 4.1 The authority's health and safety policy can be easily obtained from the intranet. The policy, dated December 2009 was due to be reviewed in December 2012. The Health and Safety Advisor confirmed that the policy is currently being rewritten as a joint policy between the two Strategic Alliance authorities. which will include categorising each element of health and safety e.g. fire, accident reporting, hazardous substances etc rather than focusing on responsibilities. It is envisaged that the rewritten policy will be submitted to Safety Committee for approval in December 2015 (as per the annual health & safety draft action plan).
- 4.2 A health and safety action plan update is presented to Safety Committee, a required action was to ensure policies were compliant with legislation, it has been reported to Members that the action has been completed.

R1	The review and adoption of the Health and Safety revised policy should be completed as soon as possible. Priority : medium
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5. Health and Safety employees

5.1 The Health and safety Advisor has ten years health and safety experience and holds a National Examination Board in Occupational Safety & Health (NEBOSH) qualification. He is also working towards achieving chartered membership of the Institute of Occupational Safety & Health (IOSH). The Health & Safety Officer holds a NEBOSH general certificate.

6. Training

6.1 Mandatory health and safety training for new starters forms part of the Council's induction process. The current Health and Safety Advisor has introduced three new areas of training; risk perception/hazard spotting, defibrillator training and trainee (apprentices) health & safety induction.

6.2 The current method of documenting training course attendance is to transfer information recorded on attendance tick sheets completed at training sessions onto personnel records held on the Comprehensive Human Resources Integrated Solution system (CHRIS 21).

6.3 A health and safety training needs matrix in the form of a spreadsheet has been developed to replace the use of CHRIS 21. The matrix has been introduced in Housing and the intention is to eventually roll out the matrix across the entire Strategic Alliance. A copy of the matrix was provided by the Health and Safety Advisor and is divided into two components:

- Organisational training matrix
- Individual record sheet (IRS)

6.4 For each post and designated role within BDC, the organisational training matrix shows whether specific elements of training are mandatory, desirable or contractually/operationally dependant. The IRS has been pre-populated with conditional formatting therefore in future on entering training dates overdue training will be clearly identifiable through colour coding.

6.5 A sample CHRIS 21 training records of ten employees across ten occupations was taken and compared to the mandatory training required for their occupation within the organisational training matrix.

Organisational training matrix	Induction	H&S Awareness	Risk perception /Hazard spotting	Manual handling	Asbestos Awareness	Fire safety awareness	Work at height	Use of ladders
Bricklayer	✓	✓	✓	✓	✓	✓	✓	✓
Community Ranger	✓	✓	✓	✓	-	✓	-	-
Electrician	✓	✓	✓	✓	✓	✓	✓	✓
Gas/Plumbing Engineer	✓	✓	✓	✓	✓	✓	✓	✓
Joiner	✓	✓	✓	✓	✓	✓	✓	✓
Mechanic	✓	✓	✓	✓		✓		✓
Painter	✓	✓	✓	✓	✓	✓	✓	✓
Leisure Attendant	✓	✓	✓	✓	-	✓	-	-
Plumber	✓	✓	✓	✓	✓	✓	✓	✓
Repairs Apprentice	✓	✓	✓	✓	✓	✓	✓	✓

CHRIS 21 records	Induction	H&S Awareness	Risk perception /Hazard spotting	Manual handling	Asbestos Awareness	Fire safety awareness	Work at height	Use of ladders
Bricklayer				✓	✓			
Community Ranger				✓	-		-	✓
Electrician	✓			✓	✓		✓	
Gas/Plumbing Engineer		✓		✓	✓		✓	✓
Joiner	✓			✓	✓		✓	
Mechanic							-	-
Painter				✓	✓		✓	
Leisure Attendant							-	-
Plumber	✓			✓	✓		✓	
Repairs Apprentice	✓				✓			

6.6 Currently, neither system of recording training provided presents a comprehensive picture of health and safety training received by all employees. I.e. the training matrix is not in use throughout the whole Council and CHRIS 21 records are incomplete.

6.7 Health and Safety training figures are provided to Safety Committee each quarter. It was reported in August 2014 that 2014-15 training was to commence in September 2014. A report submitted to the Safety Committee held in November stated that out of the 221 scheduled individual employee courses 14 employees received training. January 2015 saw a slight improvement; 237 employees were scheduled to receive training and 75 employees received training. It was reported to the 30th April 2015 Committee that of the 149 employees scheduled all received training

6.8 Training course attendance tick sheets for manual handling, fire warden training, fire safety awareness and risk perception/hazard spotting training courses held in January, February and March were obtained by the Health and Safety Advisor to verify reported attendance numbers. From evidence provided the Auditor was able to confirm fire warden training figures within the given timescale, however it was only possible to confirm the attendance of 27 out of 30 employees on the other courses and therefore the accuracy and consistency of Health and Safety figures provided at Health & Safety Committee cannot be confirmed from records provided.

R2	A comprehensive and accurate system of recording health and safety training provided to employees should be introduced. Priority : high
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6.9 A list of first aiders was provided by the Health and Safety Support Officer the list was briefly checked for new starters and leavers. A number of ex council employees still appear on the list.

R3	Consideration should be given to including the Health & safety Advisor on the establishment changes distribution list to assist with the update of the first aiders list and recruitment of replacement first aiders should they be required. Priority : high
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7. Performance Management

7.1 The annual health & safety action plan is subject to approval by Safety Committee. The plan sets out key targets for the Council's health and safety provision, it is a live document being subject to amendment during the course of the year should the need arise. The specific target areas included in the draft action plan for 2015/16 are:

- Review/amendment of health and safety policies.
- Full launch of SHE system across the Council.
- Fire compliance.
- First aid compliance.
- Undertake DSE assessments across the Council.
- Training.

7.2 It was reported to the 19th January 2015 Safety Committee that all elements of the 2014/15 action plan had been completed.

7.3 The section has a number of key performance indicators on which it reports to Safety Committee:

- Accident incident rate.
- Accident frequency rate.
- Hours since last reportable accident.

8. Accident reporting

- 8.1 Accident records are used to compile figures presented in the Accident and Stress Statistics report. The report is discussed at Safety Committee and quarterly directorate meetings. The purpose of the report is:
- To provide an update on the authorities accident and stress management performance over the last quarter.
 - To allow comparison of current accident / stress management performance against historical data to demonstrate whether effective continual improvement is being achieved.
 - To review key accident indicators so that potential accident or stress management trends can be identified and intervention strategies can be developed and delivered.
- 8.2 Details of accidents and near misses are recorded directly into the electronic accident reporting (SHE) system at Creswell Leisure Centre. In other departments accidents and near misses are initially recorded on an accident form and then input onto the SHE system by the Health and Safety Advisor.
- 8.3 A sample of five accident records was taken and cross referenced to SHE system records, testing was satisfactory.
- 8.4 The remedial action written on two of the five accident records was 'take greater care' rather than to identify whether further training is required or whether a risk assessment should be carried out. In another two of the sample the remedial action area was left blank.
- 8.5 The above sample was also checked to ensure any RIDDOR reportable accidents had been reported within the allotted time period and the remedial action taken. Within the sample one incident had been RIDDOR reportable and was reported to the Health & Safety Executive 21 days after the accident. As per the Health & Safety Executive (HSE) RIDDOR incidents should be reported to the HSE within 10 days, or within 15 days for accidents resulting in over seven day incapacitation of a worker. The authority could be fined or prosecuted by the HSE for persistent late reporting of incidents. It is the responsibility of the Health and Safety team to report RIDDOR incidents to HSE.
- 8.6 It should be noted that delays in RIDDOR reporting to HSE can be as a result of delayed reporting at departmental level, introduction of the SHE system should alleviate the problem. As per the draft action plan a target date of March 2016 has been set for full launch of the system across the Council.
- 8.7 The following incidents are classed as RIDDOR reportable –
- Fatality
 - Major injury

- employee off for over 7 days
- Dangerous occurrences
- Diseases
- Non fatal accidents resulting in hospital treatment

R4	Relevant employees should be reminded of appropriate remedial action to be taken when accidents occur. Priority : high
R5	As per the Health and Safety Executive RIDDOR incidences should be reported within 10 days of the incident. Priority : high

9. Workplace inspections

9.1 Workplace inspections are scheduled to be carried out every six months. Workplace inspection data is collated, recorded and reported to Safety Committee. Throughout 2014-15 a number of re-assessments became overdue. On such occasions the Health and Safety Advisor contacted the relevant Joint Assistant Directors or Head of Service to rearrange inspection dates.

R6	Every effort should be made to ensure that inspections are completed every 6 months. Priority : medium
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R7	Copies of relevant insurance certificates should be publicly displayed in all necessary premises. Priority : medium
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10. Organisational development

10.1 The Health and Safety Advisor advised that there are times when he is not made aware of organisational developments in a timely manner, the health and safety implications can be wide reaching and require time to implement.

R8	Closer working between Health and Safety and Property & Estates should take place during the earlier stages of organisational developments e.g. office moves. Priority : medium
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11. Budget provision

11.1 The health and safety function has been allocated its own budget provision, analysis of the code G052/1024 – Human Resources & Payroll/Health and Safety showed the majority of the health & safety budget in 2015-2016 to date had been used to purchase first aid equipment.

12. Benchmarking

12.1 As mentioned in paragraph 8.5, it is envisaged that the electronic accident reporting system (SHE) will be rolled out across the whole Authority. Data input to the system will

in future be used for benchmarking purposes between A1 Housing, Ashfield DC, Bassetlaw DC, Bolsover DC, Chesterfield BC, Mansfield DC and NEDDC.

- 12.2 The Health and Safety Advisor attends Nottinghamshire Health & Safety group where informal good practice is discussed. He is also part of the East Midlands virtual Health & Safety group.

Internal Audit Report – Implementation Schedule

Report Title:	Health and Safety 2015/16	Report Date:	20 th August 2015
		Response Due By Date:	10 th September 2015

	Recommendations	Priority (High, Medium, Low)	Agreed	To be Implemented By:		Disagreed	Further Discussion Required	Comments
				Officer	Date			
R1	The review and adoption of the Health and Safety revised policy should be completed as soon as possible	Medium						
R2	A comprehensive and accurate system of recording health and safety training provided to employees should be introduced	High						
R3	Consideration should be given to including the Health & safety Advisor on the establishment changes distribution list to assist with the update of the first aiders list and recruitment of replacement first aiders should they be required.	High						
R4	Relevant employees should be reminded of appropriate remedial action to be taken when accidents occur	High						
R5	As per the Health and Safety Executive RIDDOR incidences should be reported within 10 days of the incident	High						

Recommendations		Priority (High, Medium, Low)	Agreed	To be Implemented By:		Disagreed	Further Discussion Required	Comments
				Officer	Date			
R6	Every effort should be made to ensure that inspections are completed every 6 months	Medium						
R7	Copies of relevant insurance certificates should be publicly displayed in all necessary premises.	Medium						
R8	Closer working between Health and Safety and Property & Estates should take place during the earlier stages of organisational developments e.g. office moves	Medium						

Please tick the appropriate response (✓) and give comments for all recommendations not agreed.

Signed Head of Service:		Date:	
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Appendix A

Definitions of Conclusions:	
Good	A few minor recommendations (if any).
Satisfactory	Minimal risk; a few areas identified where changes would be beneficial.
Marginal	A number of areas have been identified for improvement.
Unsatisfactory	Unacceptable risks identified, changes should be made.
Unsound	Major risks identified; fundamental improvements are required.

Bolsover District Council

Audit Committee

23rd September 2015

INTERNAL AUDIT CHARTER

This report is public

Purpose of the Report

- To report to Members for information and approval the results of a review of the Internal Audit Charter.

1 Report Details

- 1.1** The Public Sector Internal Audit Standards (PSIAS) which took effect from the 1 April 2013 require that the purpose, authority and responsibility of internal audit must be formally defined in an internal audit charter.
- 1.2** In September 2013 the Internal Audit Charter was formally approved by the respective Audit Committee Members. It was agreed that the Charter would be reviewed every 2 years to ensure that it is kept up to date.
- 1.3** The PSIAS requires the Head of Internal Audit to review the charter periodically but final approval rests with the Audit Committee.
- 1.4** It should be noted that there has been no update or revision to the Public Sector Internal Audit Standards (PSIAS) since the 2013 version.
- 1.5** The Charter has been reviewed to confirm that it is still current. The outcome of the review is that it is considered that the current charter is still appropriate and accords with the PSIAS. Two minor changes have been made, i.e. reference to the Accounts and Audit Regulations has been updated to the 2015 version and a paragraph in respect of ethics has been added.
- 1.6** The Internal Audit Charter is attached as Appendix 1.
- 1.7** The internal audit charter is a formal document and the PSIAS require that it should:
- Recognise the mandatory nature of the PSIAS.
 - Define the scope of internal audit activities.
 - Establish the responsibilities and objectives of internal audit.
 - Establish the organisational independence of internal audit.
 - Establish the accountability, reporting lines and relationships between the Head of Internal Audit and the Audit Committee and those to whom the Head of Internal Audit reports to functionally and administratively.

- Set out the responsibility of the Audit Committee and other officers with regards to internal audit.
- Set out the arrangements that exist within the organisations anti-fraud, bribery and anti-corruption policies, requiring the Head of Internal Audit to be notified of all suspected or detected fraud, corruption or impropriety, to inform the annual internal audit opinion and the risk-based plan.
- Recognise that internal audit's remit extends to the entire control environment of the organisation and not just financial controls.
- Establish internal audits right of access to all records, assets, personnel and premises, including those of partner organisations where appropriate, and its authority to obtain such information and explanations as it considers necessary to fulfil its responsibilities.

The PSIAS also specifies that the charter must:

- Define the terms “board” and “senior management” for the purpose of internal audit activity.
- Cover the arrangements for appropriate resourcing.
- Define the role of internal audit in any fraud related work and
- Include arrangements for avoiding conflicts of interest if internal audit undertakes non-audit activities.

1.8 The charter has been formulated to adequately cover the above issues and take into account the arrangements for the Internal Audit Consortium set down in the Consortium Agreement.

2 Conclusions and Reasons for Recommendation

2.1 To ensure that the Internal Audit Charter remains a current document and complies with the requirements of the PSIAS.

3 Consultation and Equality Impact

3.1 None.

4 Alternative Options and Reasons for Rejection

4.1 None.

5 Implications

5.1 Finance and Risk Implications

5.1.1 The adoption of the Internal Audit Charter will help to ensure that the Internal Audit Consortium continues to provide a quality service in line with the PSIAS.

5.2 Legal Implications including Data Protection

5.2.1 None

5.3 **Human Resources Implications**

5.3.1 None

6 **Recommendations**

- 6.1 That Members note the outcome of the review of the Internal Audit Charter.
- 6.2 That, subject to any comments Members may wish to make, that the updated Internal Audit Charter be agreed.
- 6.3 That the agreed Internal Audit Charter be reviewed in 2 years time or sooner in the event of any significant changes being made to the Public Sector Internal Audit Standards.

7 **Decision Information**

Is the decision a Key Decision? (A Key Decision is one which results in income or expenditure to the Council of £50,000 or more or which has a significant impact on two or more District wards)	No
District Wards Affected	N/A
Links to Corporate Plan priorities or Policy Framework	The report is linked to Bolsover District Council's aims and objectives to provide customers with an excellent service.

8 **Document Information**

Appendix No	Title
1	Internal Audit Charter
Background Papers (These are unpublished works which have been relied on to a material extent when preparing the report. They must be listed in the section below. If the report is going to Cabinet (NEDDC) or Executive (BDC) you must provide copies of the background papers)	
Report Author	Contact Number
Jenny Williams Interim Head of Internal Audit	01246 217211

**BOLSOVER, CHESTERFIELD AND NORTH EAST DERBYSHIRE
DISTRICT COUNCILS'**

INTERNAL AUDIT CHARTER

INTRODUCTION

1. The Public Sector Internal Audit Standards (PSIAS) which took effect from 1 April 2013 require the adoption of an Internal Audit Charter. The Internal Audit Charter describes the purpose, authority and principal responsibilities of the Internal Audit Consortium that have been established to provide the internal audit service to the three Councils'.

PSIAS/REGULATORY BASIS OF OPERATION

2. The adoption of the PSIAS is mandatory and includes a
 - Definition of Internal Auditing
 - Code of ethics
 - International Standards for the Professional Practice of Internal Auditing
3. The Internal Audit Consortium adopts the PSIAS and the purpose and definition of Internal Audit as specified by the PSIAS:-

Internal Auditing is an independent, objective assurance and consulting activity designed to add value and improve an organisation's operations. It helps an organisation accomplish its objectives by bringing a systematic, disciplined approach to evaluate and improve the effectiveness of risk management, control and governance processes

4. The requirement for an internal audit function in local government is specified within the Accounts and Audit (England) Regulations 2015, which state:

A relevant body must undertake an effective internal audit to evaluate the effectiveness of its risk management, control and governance processes, taking in to account public sector internal auditing standards or guidance.

5. The Consortium agreement details how the Consortium will operate in terms of finance, staffing, reporting and independence.
6. Internal Audit is also governed by policies, procedures, rules and regulations established by the host Council. These include Financial Regulations, Conditions of Service, Codes of Conduct and Anti-Fraud and Corruption strategies.
7. Where key services are to be provided to one of the partner Councils' by other contractors or through a partnership, in order for internal audit to form an opinion

on the controls operating, a right of access to relevant information and documents should be included in contracts or agreements concerned.

DEFINITIONS

8. The PSIAS require that the Charter must define the terms “Board” and “Senior Management” for the purposes of internal audit activity.

9. The PSIAS glossary defines the board as:

The highest level of governing body charged with the responsibility to direct and/or oversee the activities and management of the organisation. Typically this includes an independent group of directors (e.g. a board of directors, a supervisory board or a board of governors or trustees). If such a group does not exist, the “board” may refer to the head of the organisation, “Board” may refer to an audit committee to which the governing body has delegated certain functions.

10. At Chesterfield Borough Council the “Board” will be the Standards and Audit Committee.

At Bolsover District Council the “Board” will be the Audit Committee

At North East Derbyshire District Council the “Board” will be the Audit and Corporate Governance Scrutiny Committee.

11. In addition to this the Joint Board will approve and monitor the annual business plan and financial position of the Consortium.

12. “Senior Management” – those responsible for the leadership and direction of the Council. This will be each Council’s Senior Management Team.

13. The PSIAS adopt the term “Chief Audit Executive”, this role is met by the Head of the Internal Audit Consortium.

SCOPE AND OBJECTIVES OF INTERNAL AUDIT

14. The scope of the Internal Audit Consortium encompasses the examination and evaluation of the adequacy and effectiveness of each organisation’s governance, risk management and internal control processes in relation to each organisation’s defined goals and objectives.

15. The Audit Consortium’s remit covers all functions and services for which the Council’s are responsible and this extends to the entire control environment of the organisations and not just financial controls.

16. The Consortium will objectively examine, evaluate and report on the adequacy of the control environment as a contribution to the proper, economic, efficient and effective use of resources.

17. The internal audit service will be delivered on the basis of a risk assessment of auditable areas at each of the partner authorities. A predominantly systems based approach to most audits will be adopted.

18. The internal control system comprises the whole network of systems established within each partner authority to provide reasonable assurance that corporate objectives will be achieved, with particular reference to:
- Consistency of operations with established objectives and goals,
 - The reliability and integrity of financial and operational information,
 - The effectiveness and efficiency of operations and programmes,
 - Safeguarding of assets and interests from losses of all kinds, including those arising from fraud, irregularity and corruption,
 - Compliance with laws, regulations, policies, procedures and contracts,
 - The economic and efficient use of resources (value for money) and effective monitoring systems and optimum use of performance management information.
19. With the introduction of the PSIAS, internal audit may also provide “consultancy” services. This work could take any form, provided that the independence of the service is not compromised, but will typically include special reviews or assignments where requested by management, which fall outside the approved plan and for which a contingency is included in the audit plan. There will be no significant consultancy work undertaken without the approval of the relevant Audit Committee.

RESPONSIBILITIES AND REPORTING

20. The PSIAS requires that the Internal Audit Charter should establish the responsibilities and reporting arrangements of internal audit.
21. The Head of Internal Audit reports directly to each Council’s Audit Committee and to each Chief Financial Officer. The Head of Audit also has direct access to each Council’s Chief Executive, Monitoring Officer and where necessary elected Members
22. The Head of Internal Audit will manage the provision of the Internal Audit service to each Council by: -
- Preparing each year in advance a risk based audit plan for discussion and agreement by each council's Client Officer and approval by the Audit Committee. Any in-year significant changes to the audit plan shall be agreed by the respective Client Officers and Audit Committees,
 - Preparing the internal audit budget and resource plan for approval by the Joint Board,
 - Presenting an annual report to each Council’s Audit Committee that meets the requirements of the PSIAS and includes:-
 - An overall opinion on the adequacy and effectiveness of the organisation’s control environment (including any qualifications to that opinion),
 - Presents a summary of the audit work from which the opinion is derived, including reliance placed on the work by other assurance bodies,
 - Draws attention to any issues the Head of Internal Audit judges particularly relevant to the preparation of the Annual Governance Statement,
 - Compares work actually undertaken with work that was planned and to report relevant performance measures and targets.

- Presenting periodic reports to each Audit Committee summarising all internal audit reports issued and if considered necessary providing copies of the reports,
- Formally report the findings and recommendations of audit work to senior management and the respective Audit Committee throughout the year. Audit reports will:-
 - Include an audit opinion on the reliability of the internal controls in the system or area audited,
 - Identify inadequately addressed risks and non-effective control processes,
 - Detail management's response and timescale for corrective action,
 - Identify issues of good practice.
- Ensuring audit work is supervised, reviewed, recorded and reported,
- Implementing a follow up process for ensuring the effective implementation of audit recommendations or ensuring senior management are aware of the consequences of not implementing a recommendation and are prepared to accept the risk,
- Liaising as needed with the External Auditor for each Council and with other regulators,
- Maintaining and managing a risk assessment in relation to the functions of the Consortium,
- Ensuring that there is an up to date Audit Manual in place setting out expected standards for the service, and monitoring compliance with these standards, including in relation to the planning, conduct, quality assurance and reporting of audit assignments.

23. Senior managers should assist audit to discharge their duties by:

- The prompt provision of information and explanations,
- Providing input to the audit plan to ensure attention is focused on areas of greatest risk,
- Informing the Audit Consortium of any plans for change, including new systems,
- Responding to the draft internal audit report, including provision of management responses to recommendations, within the timescale requested by the audit team,
- Implementing agreed management actions in accordance with agreed timescales,

24. The respective Audit Committees must:

- Approve the Internal Audit Charter,
- Approve the risk based internal audit plan,
- Receive progress reports and an annual report from the Head of the Audit Consortium in respect of the audit plan,
- Approve any large variances or consulting services not already included in the audit plan.

25. The Joint Board will:

- Approve the internal audit budget and outturn.

AUDIT RESOURCES

26. The Chief Financial Officer at each Council will ensure that the Audit Consortium has the necessary resource to enable the Head of the Audit Consortium to be able to give an annual evidence-based opinion.
27. The staffing and budget of the Internal Audit Consortium will be kept under review by the Head of Internal Audit, bearing in mind the resource requirements identified in the audit plan process. Where resources available do not match the resource requirements identified by the annual audit plans, the Head of the Internal Audit Consortium will report to the Joint Board.
28. The Head of Internal Audit will be professionally qualified (CMIIA, CCAB or equivalent) and have wide internal audit and management experience. The Head of Internal Audit will ensure that the internal audit service is appropriately skilled in terms of qualifications, knowledge and experience.

QUALITY AND ASSURANCE PROGRAMME

29. The PSIAS state that a quality assurance and improvement programme must include both internal and external assessments. Internal assessments should be ongoing and periodical and external assessments must be undertaken at least once every 5 years.
30. All internal audits are subject to a management quality review. Policies and procedures to guide staff in performing their duties have been established within the audit manual.
31. The internal periodic self assessment of internal audit will be undertaken by completing the checklist for assessing conformance with the PSIAS included within the PSIAS Application Note.
32. External assessment can be satisfied by either arranging a full external assessment or by undertaking a self assessment with independent validation. External assessments must be by a qualified, independent assessor from outside the organisations. The Head of the Audit Consortium must discuss the format of the external assessments and the qualifications and independence of the assessor with the Audit Committee.
33. An external assessment of the internal audit function will take place at least once every 5 years and the results reported back to the Audit Committee of each Council.
34. The results of the quality and assurance programme and progress against any improvement plans must be reported in the annual report.

INDEPENDENCE, AUTHORITY AND ETHICS

35. In order to achieve its objectives effectively, Internal Audit must be seen to be independent. Internal auditors must maintain an unbiased attitude that allows them to perform their engagements in such a manner that no quality compromises are made.

36. The scope of internal audit allows for unrestricted access at each partner authority to all records, personnel, premises and assets deemed necessary to obtain information and explanations as it considers necessary to fulfil its responsibilities in the course of the audit. Such access shall be granted on demand and not subject to prior notice.
37. This right of access is included in the agreement signed by the three authorities establishing the Internal Audit Consortium and in each authority's Financial Regulations. In addition, where necessary, the Head of the Internal Audit Consortium will have unrestricted access at each authority to:
 - The Chief / Deputy Chief Executive
 - The Chief Financial Officer
 - Members
 - The Monitoring Officer
 - The Chair and Members of the Audit Committee
 - Individual Directors / Heads of Service
 - All Other Employees
 - The External Auditor
38. The Head of the Internal Audit Consortium will confirm to the Audit Committees' at least annually, the organisational independence of the internal audit activity.
39. Independence is further achieved by:
 - Reporting to the Audit Committee and senior management at each authority,
 - Not being part of system and procedures being audited,
 - Rotating responsibility for audit assignments within the audit team,
 - Completing declaration of interest forms on an annual basis,
 - Internal Audit staff not undertaking an audit in an area where they have had operational roles for at least two years.
40. If any member of the Internal Audit Consortium considers there is or could be a conflict of interest, this must be declared to the Head of Internal Audit who will direct alternative and independent resources to the audit.
41. Where internal audit staff are required to undertake non-audit duties, the Head of Audit will make it clear that those audit staff are not fulfilling those duties as internal auditors. The Head of Audit will ensure that within the service there remains sufficient impartiality to enable the actions and activities of those internal audit staff to be subject to audit by those independent from the activity.
42. Internal auditors must conform to the Chartered Institute of Public Finance and Accountancy (CIPFA) Code of Ethics in addition to those of other professional bodies of which they hold membership.
43. The Code of Ethics promotes an ethical, professional culture to ensure fairness, objectivity and freedom from conflicts of interest. The key principles are;
 - Integrity – to establish trust thus providing reliance on their judgement;

- Objectivity – in gathering, evaluating and communicating information about the activity or process being examined in order to make a balanced assessment of all relevant circumstances without influence;
- Confidentiality – to respect the value and ownership of information received which should not be disclosed without appropriate authority or a legal or professional obligation to do so, nor be used for personal gain; and
- Competence – to apply knowledge, skills and experience appropriately.

FRAUD AND CORRUPTION

44. Managing the risk of fraud and corruption is the responsibility of management. Each Council has an Anti Fraud and Corruption strategy and has adopted a policy of zero tolerance towards fraud.
45. The Head of the Internal Audit Consortium should be notified of all suspected or detected fraud, corruption or impropriety in accordance with each Council's Financial Regulations and Anti Fraud and Corruption strategies, in order to inform their opinion of the internal control environment.
46. Subject to availability of resources with the internal audit plan, internal audit may assist management in the investigation of suspected fraud and corruption.
47. The Head of the Internal Audit Consortium will report any instances of fraud detected as a result of audits undertaken to the Audit Committee.

REVIEW OF THE INTERNAL AUDIT CHARTER

48. The Internal Audit Charter will be reviewed every 2 years by the Head of the Internal Audit Consortium and will be reported to each Council's Audit Committee for approval.

Bolsover District Council

Audit Committee

23rd September 2015

<p>Summary of Progress on the 2015/16 Internal Audit Plan</p>
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This report is public

Purpose of the Report

- To present, for Members' information, progress made by the Audit Consortium, during the period 6th June 2015 to 4th September 2015, in relation to the 2015/16 Annual Internal Audit Plan. The report includes a summary of Internal Audit Reports issued during the period and work in progress.

1 Report Details

- 1.1 The 2015/16 Consortium Internal Audit Plan for Bolsover was reported to the Audit Committee on the 13th April 2015.
- 1.2 The Consortium Agreement in paragraph 9.3 requires that the Head of the Internal Audit Consortium (HIAC) or his or her nominee will report quarterly (or at such intervals as the HIAC may agree with the Committee) to the Audit Committee of each Council on progress made in relation to their Annual Audit Plan.
- 1.3 Attached, as Appendix 1, is a summary of reports issued covering the period 6th June 2015 – 4th September 2015, for audits included in the 2015/16 Internal Audit Plan.
- 1.4 Internal Audit Reports are issued as drafts with five working days being allowed for the submission of any factual changes, after which time the report is designated as a Final Report. Fifteen working days are allowed for the return of the Implementation Plan.
- 1.5 The Appendix shows for each report a summary of the Overall Audit Opinion on the audit and the number of recommendations made / agreed where a full response has been received.
- 1.6 The overall opinion column of Appendix 1 gives an assessment of the reliability of the internal controls examined in accordance with the following classifications:

Control Level	Definition
Good	A few minor recommendations (if any).
Satisfactory	Minimal risk; a few areas identified where changes would be beneficial.
Marginal	A number of areas have been identified for improvement.
Unsatisfactory	Unacceptable risks identified, changes should be made.
Unsound	Major risks identified; fundamental improvements are required.

1.7 In respect of the audits being reported, it is confirmed that there were no issues arising relating to fraud that need to be brought to the Committee's attention.

1.8 The following audits are currently in progress:

- Commercial Waste
- Recruitment and Selection
- Treasury Management
- Council Tax

2 Conclusions and Reasons for Recommendation

2.1 To inform Members of progress on the Internal Audit Plans for 2015/16 and the Audit Reports issued.

2.2 To comply with the requirements of the Public Sector Internal Audit Standards.

3 Consultation and Equality Impact

3.1 None

4 Alternative Options and Reasons for Rejection

4.1 Not Applicable

5 Implications

5.1 **Finance and Risk Implications**

5.1.1 Regular reports on progress against the internal audit plan ensure compliance with the Public Sector Internal Audit Standards and allow members to monitor progress against the plan.

5.2 Legal Implications including Data Protection

5.2.1 None

5.3 Human Resources Implications

5.3.1 None

6 Recommendation

6.1 That the report be noted.

7 Decision Information

Is the decision a Key Decision? (A Key Decision is one which results in income or expenditure to the Council of £50,000 or more or which has a significant impact on two or more District wards)	No
District Wards Affected	None
Links to Corporate Plan priorities or Policy Framework	The report is linked to NEDDC's aims and objectives to provide customers with an excellent service.

8 Document Information

Appendix No	Title
Appendix 1	Summary of Internal Audit Reports Issued 6 th June – 4 th September 2015
Background Papers (These are unpublished works which have been relied on to a material extent when preparing the report. They must be listed in the section below. If the report is going to Cabinet (NEDDC) or Executive (BDC) you must provide copies of the background papers)	
N/A	
Report Author	Contact Number
Jenny Williams	01246 217547

BOLSOVER DISTRICT COUNCIL

Appendix 1

Internal Audit Consortium - Report to Audit Committee

Summary of Internal Audit Reports Issued – 6th June 2015 – 4th September 2015

Report Ref No.	Report Title	Scope and Objectives	Overall Opinion	Date		Number of Recommendations	
				Report Issued	Response Due	Made	Accepted
B001	Corporate Targets	To ensure that targets are clearly defined and calculated correctly	Good	17/06/2015	8/07/2015	0	0
B002	Creswell Leisure Centre	To review the operations of the controls and procedures in place	Marginal	13/07/2015	3/08/2015	8 (3H 3M 2L)	8
B003	Non Domestic Rates	To ensure that bills are raised promptly and accurately.	Good	29/07/2015	19/08/2015	2(1M 1L)	2
B004	Stores	To review the contractual arrangements in place and contract monitoring procedures	Marginal	3/08/2015	24/08/2015	6H	Note 1
B005	Disabled Facilities Grants	To ensure that grant money is appropriately spent	Good	11/08/2015	1/09/2015	0	0

Report Ref No.	Report Title	Scope and Objectives	Overall Opinion	Date		Number of Recommendations	
				Report Issued	Response Due	Made	Accepted
B006	Health and Safety	To ensure that Health and Safety policies are up to date and that legislation is being complied with	Marginal	20/08/2015	10/09/2015	8 (4H 4M)	8
B007	Housing Benefits and Council Tax Support	To review and assess the controls in place	Good	8/09/15	29/9/15	0	0

Notes: For recommendations, H = High priority, M = Medium priority and L = Low Priority.

Note 1 Response not received at time of writing report

Bolsover District Council

AUDIT COMMITTEE

23rd September 2015

KEY ISSUES OF FINANCIAL GOVERNANCE

Report of the Executive Director – Operations

This report is public

Purpose of the Report

The purpose of the Key Issues of Financial Governance report is to track progress concerning the implementation of previous recommendations from both External and Internal Audit and to inform the Audit Committee of progress in addressing those recommendations. It constitutes a standing item on all agendas of the Audit Committee.

1 Report Details

- 1.1 This report seeks to update Members of the Audit Committee concerning the main issues of financial governance where further progress or ongoing monitoring is required. In particular the report outlines issues raised by both External and Internal Audit in order to monitor progress in resolving these issues and to evaluate the overall progress of the Council's financial governance arrangements. Given that reports elsewhere on this Agenda (Item 5) include the report from the external auditor (KPMG) concerning the 2014/15 Financial Statements and related issues, together with an update report from Internal Audit concerning progress on the Internal Audit Plan (Item 8) the outcome of those reports is reflected within this report. The Key Issues of Financial Governance are set out in Appendix 1 which in the view of the Chief Financial Officer constitute the main Strategic Issues of Financial Governance currently facing the Council.
- 1.2 The Strategic Issues which are outlined below are consistent with the conclusions of the External Auditors (KPMG) report on the outcome of the 2014/15 Audit. The key messages from that report concern firstly the quality of the Statement of Accounts where the external auditors are of the view that they will be in a position to issue an unqualified opinion on the Statement of Accounts by the 30th September. Secondly, the auditors have concluded that the Authority has made proper arrangements to secure economy, efficiency and effectiveness in its use of resources. While the overall conclusions are a satisfactory outcome it is important to consider the report in more detail in order to identify those areas where improvement is required.
- 1.3. As regards the Council's accounting arrangements the following section seeks to summarise the current position.

- With respect to the quality of the Council's Statement of Accounts the report of the External Auditors demonstrates that progress has been maintained in securing improvements to our accounting arrangements. Within the External Auditors report the position is summarised as follows:

“We are pleased to report that our audit of your financial statements has not identified any material adjustments. Overall, the quality of the financial statements was goodBolsover District Council has good processes in place for the production of the accounts and good quality supporting working papers.”

- At this stage the main objective appears to be that of maintaining current standards. Given that the Statement of Accounts is a key document for the Council which needs to be provided in line with challenging timescales it is important that the Council maintains a focus on providing high quality accounts. Accordingly it is suggested that it remains one of the Key Issues where this Committee monitor the position on a regular basis. It is perhaps useful at this stage to recognise the key role of the accountancy team which has led in securing this improvement in the quality of the Council's accounts.

1.4. With regard to the value for money conclusion there is still further work to be undertaken before the Council is in a satisfactory position. Whilst the issues identified are consistent with the Council providing value for money to local residents further improvements are necessary to secure arrangements that are “good” rather than “fit for purpose”. The issues identified are as follows:

- The Council needs to continue with its programme of work in respect of the management of contracts to ensure that all outstanding issues are satisfactorily resolved. Although progress is being maintained the most recent Internal Audit report continues to evaluate the internal controls operating in this area as being marginal. Appendix 1 to this report outlines the steps that are being taken by Management in response to the issues that have been identified. Audit Committee should note that a further training session led by the Procurement Team from the Chesterfield Royal Hospital is scheduled to take place this autumn with a total of six training sessions being provided for cost centre managers.
- While the Council continues to make good progress in protecting its financial resilience by securing its in year savings targets the Medium Term Financial Plan continues to identify savings requirements on the General Fund in the order of £1m p.a. over the next two financial year. It is noted that progressing the economic development objective agreed by the Council will need to be effectively managed. In addition the External Auditors report notes that the proposed changes concerning rent levels on social housing will have a detrimental impact on the financial sustainability of the HRA which need to be addressed.

1.5. In addition to the issues raised within the External Auditors report the Audit Committee will also have noted the report on the Head of the Internal Audit Consortium concerning the progress on the 2015/16 Audit Plan. At what is the halfway stage of the year the Council has already received three internal audit reports where the internal controls operating in a particular area of work have been assessed as marginal. Given that the Council only received a total of 3

marginal reports in both 2013/14 and 2014/15 this is a clear indication that we need to continue to work to maintain standard of internal control.

- 1.6. With regard to the Strategic Issues that have been agreed these are summarised in the table below (Appendix 1) which provides an outline of the issues together with an update of the current position. Given that these are Strategic Issues the responsibility for addressing them rests with the Chief Financial Officer together with the wider management team. Resolution of the issues is also dependent upon the active support of Elected Members. The role adopted by the Audit Committee has been one of monitoring and evaluating progress and where appropriate requiring and supporting further action from officers.

2 Conclusions and Reasons for Recommendation

Conclusions

- 2.1 The report is intended to provide information to allow the Audit Committee to consider the progress that has been secured in maintaining and improving the Council's financial governance arrangements. While the evidence provided within the report indicates that the Council's financial governance arrangements are robust and are continuing to improve it is important that this progress is maintained and outstanding issues are resolved.

Reasons for Recommendations.

- 2.2 To allow the Audit Committee to undertake its function of undertaking an ongoing independent review of the Council's financial governance arrangements.

3 Consultation and Equality Impact

Consultation.

- 3.1 There are no issues arising from this report which necessitate a detailed consultation process.

Equalities.

- 3.2 This report does not have any direct implications for Equalities issues.

4 Alternative Options and Reasons for Rejection

- 4.1. Given that the Council has a clear commitment to improving its financial governance arrangements it is appropriate that a formal reporting mechanism is in place to the Audit Committee. This approach is in line with good professional practice and accordingly other options have not been actively considered. While there are options as to the format of this report the current format has been brought before the Audit Committee for a period in excess of three years and has been amended to reflect the views of the Committee. Over this period there has been a systematic improvement in the Council's Financial Governance arrangements which indicate that the approach adopted has assisted in securing the necessary outcomes.

5 **Implications**

5.1 **Finance and Risk Implications**

Financial

There are no additional financial implications for the Council as a result of this report.

Risk

This report is intended to assist in ensuring that the Council has robust financial governance arrangements in place. As such it is a key mitigation against any failure or weakening in these arrangements which would have a significant impact upon both the Council's financial performance and its service delivery arrangements.

5.2 **Legal Implications including Data Protection**

There are no Legal or Data Protection issues arising directly from this report.

5.3 **Human Resources Implications**

There are no Human Resources issues arising directly out of this report.

6 **Recommendations**

- 6.1. It is recommended that Audit Committee considers whether the Strategic Issues of Financial Governance as set out in the report reflect the key issues facing the Council, and raises any issues of concern which it may have with progress to date.

7 **Decision Information**

Is the decision a Key Decision? (A Key Decision is one which results in income or expenditure to the Council of £50,000 or more or which has a significant impact on two or more District wards)	No
District Wards Affected	None Directly.
Links to Corporate Plan priorities or Policy Framework	Robust financial Governance arrangements underpin the effective operation of the Council and its ability to secure the full range of Corporate Plan Priorities.

8 **Document Information**

Appendix No	Title
N/A	
<p>Background Papers (These are unpublished works which have been relied on to a material extent when preparing the report. They must be listed in the section below. If the report is going to Cabinet (NEDDC) or Executive (BDC) you must provide copies of the background papers)</p>	
<p>External Audit Reports :</p> <p>“Report to those Charged with Governance 2014/15 ISA 260” (Audit Committee 23rd September 2015).</p> <p>Internal Audit Consortium:</p> <p>“Summary of Progress on the 2015/16 Internal Audit Plan” (Audit Committee 23rd September 2015).</p>	
Report Author	Contact Number
Executive Director – Operations (Chief Financial Officer)	2431

APPENDIX 1

Issue Raised	Progress to date including target dates.
<p>1. Take effective steps to balance the Council's budget over the period of the Medium Term Financial Plan.</p>	<p>The Council achieved its full targeted level of savings in respect of 2014/15 and on the basis of current information is well positioned to secure a balanced budget in respect of the current financial year where a savings target of £0.350m has been identified. However, the shortfalls in respect of 2016/17 and 2017/18 are both in the region of £1m. The position in respect of these latter years is made more difficult by the fact that the actual grant settlement will not be provided until the Autumn Statement towards the end of 2015. Against this background it is important that the Council continues to progress its growth and transformation strategies to secure financial sustainability and enable it to address the identified shortfall.</p> <p>In addition to the position in respect of the General Fund as outlined above the Council in common with all social landlords will be required to implement a 1% p.a. rent reduction over the next four years. This policy together with changes in right to buy and the welfare system will have a detrimental impact on the Council's HRA and we will need to ensure that a robust 30 year business plan remains in place.</p> <p>Progress in both these areas will continue to be reported as part of the Council's quarterly budget monitoring process.</p>
<p>2. To improve the Council's Internal Control arrangements.</p>	<p>This Key Issues of Financial Governance report, together with reports from Internal and External Audit should enable the Audit Committee to monitor the progress that is being made in respect of securing improvements in our internal control arrangements. Internal Audit have undertaken a more prominent role in the Council's Performance Management arrangements since April 2013.</p> <p>A comprehensive training programme was delivered to all cost centre managers during the summer of 2014, with further training sessions planned for the autumn of 2015.</p> <p>Progress reports from the Head of Internal Audit to this Committee will continue to highlight where areas have been assessed as marginal in respect of internal control.</p>
<p>3. To ensure that issues around the Council's contractual arrangements are resolved and that good quality arrangements remain in place.</p>	<p>The recent review by Internal Audit has concluded that managerial arrangements in this area whilst improved remain marginal. A number of measures have been put in place in order to secure further improvement which can be summarised as follows:</p> <ul style="list-style-type: none"> • A training programme including a significant element concerning procurement contracts has been delivered, with a further set of

	<p>training to be delivered over the autumn.</p> <ul style="list-style-type: none"> • The Council is using the contract data required under the Transparency Agenda as the basis for securing improvements in our managerial arrangements. • The Council has entered into a shared service arrangement with Chesterfield Royal Hospital in order to secure access to specialist procurement advice. • All recommendations made in the Internal Audit report are being implemented. • Procurement issues will continue to be a standing item within the Quarterly Finance, Risk and Performance meetings.
<p>4. To Consolidate the improvement that has been secured in the Council's financial reporting arrangements with respect to the Council's published accounts.</p>	<p>The Council has continued to improve the quality of its financial accounts with the Audit report in 2014/15 indicating that our arrangements are robust. That standard needs, however, to be maintained which will require appropriate training and development arrangements.</p> <p>The position will continue to be monitored as part of the Key Issues of Financial Governance report.</p>

Bolsover District Council

Audit Committee

23rd September 2015

Financial Outturn 2014/15

This report is public

Report of the Executive Director - Operations

Purpose of the Report

- To update Members of the Audit Committee concerning the current position in respect of the Financial Outturn 2014/2015.

1 Report Details

Background

- 1.1 The financial outturn position in respect of the previous financial year was reported to Executive at its meeting of 13th July 2015. Given that the report provided to Executive contains a greater level of detail than is provided within the Statement of Accounts it is appropriate that a copy of the Executive Report is provided to the Audit Committee for information.
- 1.2 The Executive report is attached to this covering report for consideration by the Audit Committee.

2 Conclusions and Reasons for Recommendation

- 2.1 These are set out within the relevant section of the attached report.

Reasons for Recommendation.

- 2.2 These are set out within the relevant section of the attached report.

3 Consultation and Equality Impact

- 3.1 These are set out within the relevant section of the attached report.

4 Alternative Options and Reasons for Rejection

- 4.1 These are set out within the relevant section of the attached report.

5 Implications

5.1 Finance and Risk Implications

These are set out within the relevant section of the attached report.

5.2 **Legal Implications including Data Protection**

These are set out within the relevant section of the attached report.

5.3 **Human Resources Implications**

These are set out within the relevant section of the attached report.

6 **Recommendations**

- 6.1 That the Audit Committee note the Financial Outturn 2014/2015 report and make any comments that they believe to be appropriate with regards to the position which was reported to Executive on 13th July 2015.

7 **Decision Information**

Is the decision a Key Decision? (A Key Decision is one which results in income or expenditure to the Council of £50,000 or more or which has a significant impact on two or more District wards)	No
District Wards Affected	All.
Links to Corporate Plan priorities or Policy Framework	All Priorities

8 **Document Information**

Appendix No	Title
1	Financial Outturn 2014-15 (Executive Report 13 th July 2015)
Background Papers (These are unpublished works which have been relied on to a material extent when preparing the report. They must be listed in the section below. If the report is going to Cabinet (NEDDC) or Executive (BDC) you must provide copies of the background papers)	
Financial Ledger	
Report Author	Contact Number
Chief Accountant	2458

Bolsover District Council

Executive

13 July 2015

Financial Outturn 2014/15

Report of the Leader of the Council

This report is public

Purpose of Report

- To inform Executive of the financial outturn position of the Council in respect of the 2014/15 financial year.

1 Background Information

- 1.1 The Council has closed its financial accounts for 2014/15 in line with the required deadline of 30 June 2015. The draft Statement of Accounts 2014/15 is now subject to independent audit from the Council's external auditors, KPMG. Until the accounts have been agreed by our external auditors, which will take place before 30 September 2015, there remains the possibility that they will be subject to amendment.
- 1.2 Members should note that the Council's Draft Statement of Accounts in respect of 2014/15 was signed as complete by the Council's Chief Financial Officer (Executive Director – Operations) at the end of June 2015. The final audited accounts will be reported to and approved by the Audit Committee at its meeting of 23rd September 2015. A copy of the draft Accounts is available on the Council's internet site.
- 1.3 International Financial Reporting Standards (IFRS) require that the main focus of the Statement of Accounts is on reporting to the public in a format which is directly comparable with every country that has adopted IFRS i.e. not just UK or even other local authorities. In contrast the focus of this report is on providing management information to Members and other stakeholders to assist in the financial management of the Council.
- 1.4 The following sections of this report will consider the 2014/15 outturn position in respect of the General Fund Revenue Account, the Housing Revenue Account (HRA), the Council's Capital Investment Programme and Treasury Management activities. Within the report consideration is given to the level of balances at the year end, to any impact on the Council's Medium Term Financial Plan of the outturn position, and an assessment of the impact which the closing position has upon the Council's budgets in respect of the current financial year.

2 Issues for Consideration

General Fund Revenue Account

- 2.1. The Council's original budget for 2014/15 approved by Council on 3rd February 2014, included an unidentified savings target amounting to £0.447m. During 2014/15 the Council has worked to address this shortfall and the ongoing requirement to address its underlying budget position against the background of ongoing reductions in the level of central government funding. As a result of this programme of work the Council had reached a position whereby at the time of the Revised Budget in February 2015 an underspend of £0.900m was anticipated. The actual outturn position has further improved the underspend to one of £1.308m which has been allocated to the Transformation reserve. This funding is now available for Members to allocate to investments intended to enhance or protect service delivery during a period when the level of central government support to local government will continue to be reduced. While the following reports and attached appendices detail the outturn position, the main reasons underlying the achievement of an underspend are outlined in the table below:

	£000's
Utilisation of Efficiency Grant to fund restructuring costs	252
Increased Income from NNDR	399
Increased Planning Fee Income	53
Increased Income at Pleasley Vale	65
Savings on Cost of Administrative Buildings	56
Increased Level of Benefit Subsidy	126

- 2.2. The figures above provide an overview of where the overall favourable variance of £1.308m has been achieved. Where possible, officers will be bringing forward further reports intended to ensure that these budget underspends are captured and are used to reduce the planned level of spending in future years. This will help address the projected shortfall of £2.3m which the Council is facing over the next three financial years. It needs to be recognised, however, that many of the savings identified in the 2014/15 outturn position do not reflect permanent changes in the Council's income and expenditure patterns. In particular the levels of increased income from business rates, the increase in planning income and rental income at Pleasley Vale reflect the wider national economic recovery. Over the past few years Government support from the Transitional Grant and Efficiency Grant has funded restructuring costs and investments in improving service efficiency thus avoiding the requirement to charge them to the General Fund. While Efficiency Grant continues to be available to the Council during the current financial year (2015/16) it is unlikely to be available in future years when local authorities are facing more significant levels of financial cuts. An initial exercise by Officers has suggested that the 2014/15 outturn position has identified potential budget savings in future financial years in the region of £0.1m. While this will assist in balancing the current and future year's budget it supports the view that there continue to be significant financial challenges ahead.
- 2.3. While part of the Council's success in addressing the reduction in the level of Government Grant can be attributed to higher than anticipated levels of income

arising from national economic growth, it also needs to be recognised that the Council has agreed a range of policies which have ensured that we are well placed to take advantage of such growth, and are able to promote improvements in service efficiency. The additional funding from the Growth Agenda combined with the cost reduction arising from the Transformation Agenda have combined to protect service delivery to local residents. In addition to the Growth and Transformation agenda, there is now an effective culture of financial management across the authority under which cost centre managers have worked hard to minimise expenditure and to optimise the level of income. While the impact at the level of individual cost centres is often relatively limited, there is a more significant cumulative impact when overall income and expenditure trends are brought together.

- 2.4 The position in respect of the General Fund outturn is detailed in **Appendix A** attached. The appendix shows the Original Budget that was set in February 2014, the Revised Budget agreed in February 2015 together with the Adjusted Current Budget. The Adjusted Current Budget incorporates any further committee approvals since the revised budget and incorporates adjustments for virements and for a change in the use of specific resources such as grants or earmarked reserves. This ensures that this earmarked funding is only utilised in line with the actual expenditure incurred in the year. The actual expenditure for 2014/15 is then compared against this Adjusted Current Budget in order to provide details of any variances. Executive should note that **Appendix B** (attached) provides detailed variances at a cost centre level. Where appropriate a summary explanation of these variances is provided within **Appendix B**.
- 2.5 In summary it can be seen in **Appendix A** that there has been an under spend in the year on the provision of services of £0.682m (column G). This position has arisen from under spending on budgets, additional income and efficiency savings. This underspend is offset by an increased contribution to Reserves showing an increased level of expenditure at actual outturn from the Adjusted Current Budget of £0.416m. This is offset by increased funding principally arising from NNDR growth in order to arrive at an outturn position which has no impact upon the level of General Fund balances.
- 2.6 At the year-end two main decisions have been necessary in order to secure effective closure of the Council's Annual Accounts. As previously agreed through Council, the net underspend of £1.308m secured in the year has been transferred into the Transformation Reserve. When the Efficiency Grant carried forward is also transferred into this account the balance on the Transformation Reserve now stands at a figure of £4.9m. While the Council has other general fund reserves available; a General Fund balance of £1.7m and other General Fund earmarked reserves of £2.5m, the Transformation Reserve is effectively the level of reserves which are available to support new initiatives, service reorganisation and restructure. Given the ongoing impact of the austerity agenda Council has previously agreed that the Transformation Reserve will be utilised to facilitate an Invest to Save approach to help ensure that financial sustainability of the Council and the sustainability of the services provided to local residents. While the balance of the Transformation Reserve currently amounts to £4.9m Executive should note that there are a range of commitments against the reserve principally the agreement that £2m will be utilised to fund enhanced Leisure Facilities at Clowne. It should also be noted that initiatives to promote the Council's growth and

transformation agenda are likely to come at significant cost and that the Reserve may be fully utilised on a limited number of investments. **Appendix D** attached provides full details concerning the Council's earmarked financial reserves.

- 2.7 The second key decision has been to allocate an amount of £0.705m to the Non Domestic Rates Growth Protection Reserve. Council is aware that while the levels of economic growth generated within the Bolsover area have secured increasing levels of income from Non Domestic Rates, that the localisation of this income stream is accompanied by a transfer of financial risk from central to local government. In setting its budget for 2015/16 the Council undertook a calculation of the level of Non Domestic Rating income that it would receive in respect of 2015/16. That calculation reflected the position as at 31 January 2015. Subsequent to undertaking that calculation the Council received notification from the District Valuer of a range of new appeals against the assessed valuation of business premises operating in the Bolsover area. These appeals against the rateable valuation assessment will be determined by the Valuation Office over the next few years, but in accordance with good accounting practice Officers have established a reserve to cover this future loss of income. In line with an independent evaluation of the anticipated impact of these appeals it has been decided to set aside a reserve of £0.705m to cover this Council's anticipated cost of these appeals. While the reserve is set at £0.705m this includes an allowance for the backdating of some of these appeals with the underlying impact on an annual basis anticipated to be in the region of £0.2m.
- 2.8 As outlined above Officers have commenced a piece of work to identify where the evidence from the 2014/15 outturn indicates that it is appropriate to reduce budgets for both 2015/16 and future years in order to secure a contribution to the Council's savings targets. The results of that work will be reported to a future meeting of Executive for consideration.

3 Housing Revenue Account (HRA)

- 3.1 The Housing Revenue Account recorded an underspend of £0.397m against the Revised Budget. These savings have been transferred into the Major Repairs Reserve where they will be used to fund future investment in tenants homes. Full details are provided in **Appendix C** to this report with comments provided against the individual areas of expenditure / income where appropriate. The Housing Revenue Account position shows overall expenditure was £0.550m below the revised budget (column C) and income £0.072m less than anticipated, giving a net cost of services favourable variance of £0.478m for the financial year 2014/15.
- 3.2 The details provided in **Appendix C** show that expenditure was £0.550m below budget with the savings being secured across all budget heads. Given that overall expenditure was budgeted to be £10.7m the underspend is in the order of 5%. With respect to income that was £72k below budget. The net cost to services was therefore £0.478m below budget. Once higher interest costs and transfers to and from reserves are taken into account the budgeted contribution of £20k to the HRA general reserve was secured together with the addition to the Major Repairs Reserve of £0.397m. As previously mentioned this figure of £0.397m was effectively the underspend in the year.

- 3.3 With respect to transfers to and from financial reserves an amount on £16k was taken from the insurance reserve to meet the costs of excess payments on claims, while the contribution from the Capital Development Reserve was reduced by £69k to reflect the fact that some expenditure planned for 2014/15 will now take place in 2015/16. Within the expenditure in year a contribution of £0.950m has been made to the Capital Development Reserve. During the year capital expenditure totalling £1.834m has been funded by the reserve to meet major housing projects that the Council has approved. A contribution of £0.180 was made to the HRA vehicle reserve while vehicles costing £0.053 have been funded by the reserve. The balance on these reserves at the end of the financial year is as follows:

HRA development reserve	£0.866m
HRA vehicle reserve	£0.316m

- 3.4 The HRA balance has improved – in line with the budget – by an amount of £20k with balances at the year-end amounting to £1.881m. This is an appropriate level to help secure the operational and financial sustainability of the HRA in the light of the HRA Risk Register.

Capital Investment Programme

- 4.1 The capital expenditure incurred by the Council in 2014/15 is detailed on a scheme by scheme basis in **Appendix E** (attached). It can be seen from the appendix that the Council's capital spend in the financial year was £5.612m (£1.575m General Fund and £4.037m HRA). Overall expenditure was £3.581m below the revised budget (£2.624m General Fund and £0.957m HRA).

4.2 General Fund Schemes

Within the General Fund the majority of the under spend in the year relates to Project Horizon where work has not yet commenced on the construction of the replacement contact centre and associated facilities in Bolsover Town Centre (£0.604m). Other General Fund schemes show a net underspend of £1.118m. With respect to the underspend of £1.576m on the General fund, £1.559m is planned to take place in 2015/16 and accordingly it is recommended that Executive agree to allow the associated funding to be taken forward.

4.3 HRA Schemes

The majority of the under spend on HRA schemes is on decent homes expenditure for dwellings. Actual spend is £0.733m below the revised budget of £4.717m. HRA vehicle replacement expenditure is £0.224m below the revised budget of £0.277m. Again with respect to the underspend of £0.957m it is recommended that £0.824m be approved for carry forward into 2015/16.

4.4 Capital Financing

The Capital Programme was financed as follows:-

	Revised Budget 2014/15 £000	Actual 2014/15 £000	Variance £000
HRA			

Major Repairs Reserve	(2,684)	(1,940)	(744)
Capital Receipts (inc 1-4-1 receipts)	0	(210)	210
Capital Grants	(8)	0	(8)
HRA Development Reserve	(2,025)	(1,834)	(191)
HRA Development Reserve - vehicles	(277)	(53)	(224)
Total	(4,994)	(4,037)	(957)
General Fund			
Prudential Borrowing – Gen Fund	(1,299)	(488)	(811)
Capital Grants and Contributions	(725)	(626)	(99)
Capital Receipts	(1,800)	(110)	(1,690)
Reserves	(375)	(351)	(24)
Total	(4,199)	(1,575)	(2,624)
Grand Total	(9,193)	(5,612)	(3,581)

4.5 HRA Capital Financing

The spending on the HRA programme was £0.957m below the Revised Budget. Therefore officers have been able to utilise available Council resources when considering the financing of the programme. One key change is the use of £0.210m of capital receipts as a contribution towards the financing of 15 new houses at New Houghton.

The Council has entered into an agreement with the Government to retain a greater proportion of its capital receipts from the sale of council houses on the condition that they are used to support the financing of new council housing. If the additional amount of retained receipts is not applied to a particular scheme within a certain time period, the Council is obliged to repay the receipts plus interest. Therefore the application of these receipts in 2014/15 to this scheme satisfies the relevant conditions. No prudential borrowing for the HRA was undertaken in 2014/15.

4.6 General Fund Capital Financing

Officers have sought to minimise the need to undertake prudential borrowing when completing the financing of this element of the capital programme. Prudential borrowing of £0.488m was undertaken in 2014/15 for vehicles, asset management plan and ICT schemes.

4.7 Capital Receipts

The table below summarises the capital receipts received and used by the Council in 2014/15:

Capital Receipt	Net Receipts in year £000	Available Capital Receipts £000
Available Receipts 1 April 2014		0
2014/15		
Sale of Council Houses (38 sales)	(1,541)	

Land at Sherwood Lodge	(6,320)	
Less - Pooling Costs	403	
Less - Allowable Debt (used to repay HRA debt)	754	
Sub - Total		(6,704)
Used for Capital Financing in 2014/15 (see capital financing table above)		332
Used to repay General Fund debt		6,372
Total Available Receipts 31 March 2015		0

5 Treasury Management

5.1 At **Appendix F** is a brief report on the Treasury Management activity of the Council for 2014/15. In summary the Council operated throughout 2014/15 within the Authorised Limit and Operational Boundary limits approved in the Treasury Management strategy approved by the Council in February 2014.

5.2 The key facts from the report are:

- The overall borrowing requirement of the Council is £98.962m at 31 March 2015.
- The PWLB debt is £104.100m
- The finance lease debt is £0.038m
- No new PWLB borrowing was undertaken in 2014/15
- The HRA headroom at 31 March 2015 is £19.273m
- PWLB interest paid in 2014/15 was £3.683m
- Interest received on investments was £0.152m
- The Council had £29.8m invested at 31 March 2015

6 Conclusions and Reasons for Recommendation

6.1 General Fund

The Council has successfully met its savings target in respect of 2014/15 and has effectively managed its financial position to allow a contribution to the Transformation Reserve of £1.308m. Officers will evaluate the 2014/15 financial outturn to identify areas where the budget can be reduced in respect of 2015/16 and future financial years. While it would be reasonable to anticipate that some savings will be secured some of the income growth and expenditure reductions had already been built into budgets for 2015/16 and future years whilst other savings which arose in 2014/15 cannot be relied upon to re-occur in the current or future financial years. The contribution to the Transformation Reserve does, however, provide the Council with resources to progress its Growth and Transformation agendas in order to protect the level of services to local residents.

6.2 HRA

The HRA has delivered an underspend of £0.397m which has been used to increase the level of the Major Repairs Allowance, where it will be utilised to improve the condition of Council houses. The HRA continues to operate within the parameters established by the Business Plan and MTFP.

- 6.3 Capital Programme
The Capital Programme shows that a number of schemes are ongoing and therefore the approved schemes will need to be carried forward to 2015/16.
- 6.4 Capital Financing
The 2014/15 Capital Programme has seen an investment approaching £6m into the services – and in particular the Housing Stock – provided by the District Council. With the exception of work on the Bolsover Mini Hub project good progress has been maintained in delivering the Capital Programme. On a number of projects within the Approved Programme it will be necessary to carry forward expenditure and resourcing approvals into 2015/16 in order to meet contractual and other commitments entered into by the Council.
- 6.5 Treasury Management
During 2014/15 the Council has continued to operate within the framework established by the Treasury Management Strategy as approved in February 2014.

7 Consultation and Equality Impact

- 7.1 The report has no implications within this section.

8 Alternative Options and Reasons for Rejection

- 8.1 The financial outturn report for 2014/15 is primarily a factual report which details the outcome of previously approved budgets therefore there are no alternative options to consider.
- 8.2 The allocation of resources to earmarked reserve accounts has been determined in the light of the previously agreed policies of the Council. If the issues and risks currently anticipated do not materialise or are settled at a lower cost than anticipated then the earmarked reserve will be reassessed and returned to general balances.

9 Financial and Risk Implications

- 9.1 The financial implications are set out within the body of the report.
- 9.2 Members should note that the budgets against which we have monitored the 2014/15 outturn were those agreed within the Council's Medium Term Financial Plan. The Medium Term Financial Plan gave careful consideration to both the affordability of the budgets that were approved, and to ensuring that the level of balances remained adequate for purposes of enabling sound financial management. The fact that the outturn position for 2014/15 indicates that these financial targets have been achieved, gives the Council a firm foundation from which to achieve the service delivery and financial targets approved within the current Medium Term Financial Plan.
- 9.3 The issue of Financial Risk is covered throughout the report. The risk of not achieving a balanced budget, together with the risk that the Council's level of financial balances will be further eroded are currently key corporate risks identified on the Council's Strategic Risk Register. The outturn report shows that the

Council's approach to mitigating these risks during 2014/15 has been successful, with our budgets balanced and the level of financial reserves improved.

- 9.4 While the Council has effectively addressed its Strategic Financial Risks during 2014/15 it needs to be recognised that the Council will need to continue to meet a range of challenging savings targets if it is to operate effectively within the financial environment established by the Comprehensive Spending Review.

10 Legal Implications including Data Protection

- 10.1 The Statement of Accounts is required to be prepared by the 30 June each year. The Council has now completed the accounts and they have been signed off by the Chief Financial Officer as at the 30 June 2015 which secures compliance with the Council's legal obligations. There are no legal issues arising directly from this report.

11 Human Resources Implications

- 11.1 There are no Human Resources issues arising directly from this report.

12 Recommendations

- 12.1 That Members note the report and in particular the Council's financial outturn position in respect of 2014/15.

General Fund

- 12.2 That Members request the Accountancy Section to undertake a review of the under spend position of 2014/15 to determine where budget changes may be made to the 2015/16 and future budgets. The review is requested to be reported back to Executive by September 2015.

Housing Revenue Account

- 12.3 That Members note the outturn position of the HRA and the level of balances held at 31 March 2015 of £1,881,158.

Capital Programme

- 12.4 That Members approve the proposed carry forward of capital budgets detailed in Appendix E and totalling £2,383,052.

Treasury Management

- 12.5 That Members note the Treasury Management reported position as at 31 March 2015.

Further Reporting

- 12.6 That this report is forwarded to the Audit Committee for its consideration.

13 Decision Information

Is the decision a Key Decision? (A Key Decision is one which results in income or expenditure to	Yes
--	-----

the Council of £50,000 or more or which has a significant impact on two or more District wards)	
District Wards Affected	All
Links to Corporate Plan priorities or Policy Framework	Ensure residents have confidence in the Council Provide good value, high performing services

14 **Document Information**

Appendix No	Title
A	General Fund Summary 2014/2015
B	General Fund Account Outturn 2014/2015
C	HRA Income and Expenditure Account 2014/2015
D	Earmarked Reserves and Balances
E	Capital Programme 2014/15
F	Treasury Management 2014/15
Background Papers (These are unpublished works which have been relied on to a material extent when preparing the report. They must be listed in the section below. If the report is going to Cabinet (NEDDC) or Executive (BDC) you must provide copies of the background papers)	
Held in Accountancy	
Report Author	Contact Number
Chief Accountant	2458

	As per Exec 2/2/15						
	A	B	C	D	E	F	G
	Original Budget 2014/2015 £	Revised Budget 2014/2015 £	Current Budget 2014/2015 £	Grant and Reserve Adjustments 2014/2015 £	Adjusted Current Budget 2014/2015 £	Actuals 2014/2015 £	Variance Adj to remove Reserves etc. 2014/2015 £
Growth Directorate	2,752,182	3,262,540	3,018,937	(186,043)	2,832,894	2,645,823	(187,071)
Operations Directorate	6,815,649	6,421,029	6,596,476	(238,851)	6,357,625	5,992,688	(364,937)
Transformation Directorate	3,046,545	3,346,155	3,342,466	(555,627)	2,786,839	2,656,657	(130,182)
Recharges to HRA	(3,475,950)	(3,475,950)	(3,475,950)	0	(3,475,950)	(3,475,950)	0
Provision for Pay Award	80,675	72,758					
Net Cost of Services	9,219,101	9,626,532	9,481,929	(980,522)	8,501,407	7,819,218	(682,189)
Transfer to Balances	(447,198)	0	43,818	(76,378)	(32,560)	0	32,560
<u>Debt Charges</u>	771,677	635,533	635,533	68,941	704,474	657,451	(47,023)
<u>Investment Interest</u>	(72,861)	(87,579)	(87,579)	0	(87,579)	(87,469)	110
	9,470,719	10,174,486	10,073,701	(987,959)	9,085,742	8,389,200	(696,542)
Appropriations:							
<u>Contributions to Reserves:</u>							
ICT & Office Equipment	75,250	75,250	75,250	0	75,250	75,250	0
Local Development Scheme	40,000	40,000	40,000	0	40,000	40,000	0
Vehicle Replacement Reserve	12,600	12,600	12,600	0	12,600	12,600	0
GF Insurance Reserve	90,000	90,000	90,000	0	90,000	90,000	0
General Reserve	0	0	0	61,143	61,143	61,143	0
Transformation Reserve	0	1,064,000	1,064,000	0	1,064,000	1,064,000	0
Transformation Reserve	0	900,454	900,448	0	900,448	1,307,975	407,527
NDR Growth Protection Reserve	0	0	0	0	0	705,000	705,000
<u>Contributions to Reserves:</u>	217,850	2,182,304	2,182,298	61,143	2,243,441	3,355,968	1,112,527
<u>Contribution from Earmarked Reserves:</u>							
Transformation Reserve - 9704	0	(160,000)	(160,400)	(7,104)	(167,504)	(167,504)	0
General Reserve - 9706	0	(71,408)	(71,408)	46,306	(25,102)	(25,102)	0
ICT/ Office Equip. Reserve - 9708	(3,449)	(3,449)	(3,449)	1	(3,448)	(3,448)	0
Legal Cost Reserve - 9710	0	0	(28,725)	2	(28,723)	(28,723)	0
Local Development Fund - 9712	(86,000)	(96,000)	(96,000)	31,281	(64,719)	(64,719)	0
Planning Delivery Grant - 9714	0	0	0	0	0	0	0
Efficiency Grant - 9718	0	(290,605)	(418,560)	166,617	(251,943)	(251,943)	0
Vehicle, Plant + Equip. Reserve - 9720	0	(3,600)	(3,600)	42	(3,558)	(3,558)	0
Area Based Grant Reserve - 9721	0	(246,015)	(260,285)	10,425	(249,860)	(249,860)	0
GF Insurance Reserve	0	0	0	(44,680)	(44,680)	(44,680)	0
Transition Fund - 9722	(66,470)	(68,231)	(68,231)	23,297	(44,934)	(44,934)	0
<u>Contribution from Earmarked Reserves:</u>	(155,919)	(939,308)	(1,110,658)	226,187	(884,471)	(884,471)	0
<u>Contribution (from)/to Holding Accounts</u>	64,841	(148,396)	(39,933)	159,758	119,825	119,825	0
<u>Contribution (from) Grant Accounts</u>	0	(5,320)	(5,320)	2,760	(2,560)	(2,560)	0
<u>Contribution from S106 Holding A/cs</u>	(255,238)	(448,954)	(285,276)	562,356	277,080	277,080	0
TOTAL EXPENDITURE	9,342,253	10,814,812	10,814,812	24,245	10,839,057	11,255,042	415,985
Parish Precepts	2,144,612	2,227,081	2,227,081	0	2,227,081	2,227,081	0
Council Tax Support Grant - Parish	381,139	381,139	381,139	0	381,139	381,139	0
TOTAL SPENDING REQUIREMENT	11,868,004	13,423,032	13,423,032	24,245	13,447,277	13,863,262	415,985
<u>Revenue Support Grant from SFA</u>	(2,905,097)	(2,905,097)	(2,941,149)	0	(2,941,149)	(2,941,912)	(763)
Council Tax Grant (14/15)	(67,443)	(72,836)	(36,784)	0	(36,784)	(36,784)	0
<u>Business Rates Retention from SFA</u>	(2,606,266)	(2,606,266)	(2,606,266)	0	(2,606,266)	(2,606,266)	0
NNDR Growth 13/14	(155,079)	(155,079)	(155,079)	0	(155,079)	(155,079)	0
NNDR Growth 14/15	0	(378,012)	(378,012)	683,875	305,863	(92,701)	(398,564)
New Homes Bonus Grant	(772,355)	(781,107)	(781,107)	0	(781,107)	(781,107)	0
COUNCIL TAX - BDC precept	(3,139,072)	(3,139,072)	(3,139,072)	(60,045)	(3,199,117)	(3,199,117)	0
Council tax - Parish element from above	(2,144,612)	(2,227,081)	(2,227,081)	0	(2,227,081)	(2,227,081)	0
Council Tax - New Burdens Funding	(78,080)	(78,080)	(78,080)	0	(78,080)	(94,739)	(16,659)
Efficiency Grant	0	(1,064,000)	(1,064,000)	0	(1,064,000)	(1,064,000)	0
Misc Un-ringfenced grants	0	(16,402)	(16,402)	0	(16,402)	(16,402)	0
Recognised Capital Grants and Contributions	0	0	0	(273,411)	(273,411)	(273,411)	(0)
Financial Instruments Impairment (G953)	0	0	0	44,696	44,696	44,696	1
MIRS Reversals Cap Adj Acc (G954)	0	0	0	(68,941)	(68,941)	(68,941)	0
MIRS Cap Grants Unapplied	0	0	0	273,411	273,411	273,411	0
MIRS Collection Fund Adjust Account	0	0	0	(623,829)	(623,829)	(623,829)	0
TOTAL FUNDING	(11,868,004)	(13,423,032)	(13,423,032)	(24,245)	(13,447,277)	(13,863,262)	(415,985)

Monitoring Report 1/4/14 - 31/3/15		Current	Adjusted Current	Actuals	Variance	Comments
		Budget	Budget	Actuals	Variance	
		£	£	£	£	
Direct.						
APP	G909 Cont. to Revenue Reserves (8022)	2,182,298	2,243,441	3,355,968	1,112,527	
APP	G909 Cont from Revenue Reserves (G909)	(1,110,665)	(884,477)	(884,470)	7	
APP	G909 Cont. To/from Revenue Grants (8040)	(5,320)	(2,560)	(2,560)	0	
APP	G909 Cont. To/from Holding a/cs - (8044)	(39,933)	119,825	119,825	0	
APP	G909 Cont. to/from S106 Holding a/cs - (8045)	(285,276)	277,080	277,080	0	
APP	G911 Provision for Repayment of External Loan (G911)	384,241	453,182	453,182	0	
APP	G913 Precept Demand from Collection Fund (G913)	(5,366,153)	(5,426,198)	(5,426,198)	0	
APP	G914 General Government Grants (G914)	(8,056,879)	(7,373,004)	(7,788,991)	(415,986)	
APP	G916 Interest Received (G916)	(111,720)	(111,720)	(134,285)	(22,565)	
APP	G918 Interest Paid - Bank (G918)	0	0	0	0	
APP	G919 Interest Paid - PWLB (G919)	248,714	248,714	202,166	(46,548)	
APP	G920 Interest Paid - Parish (G920)	1,782	1,782	2,103	321	
APP	G925 Internal Interest Received (G925)	796	796	0	(796)	
APP	G927 Interest Received (G927)	24,142	24,142	46,816	22,674	
APP	G928 Local Precepts (G928)	2,608,220	2,608,220	2,608,220	0	
APP	G930 T/f of General Fund Balance (G930)	43,824	(32,554)	0	32,554	
APP	G940 Recognised Capital Grants and Conts	0	(273,411)	(273,411)	0	
APP	G953 Financial Instruments Impairment (G953)	0	44,696	44,696	0	
APP	G954 MIRS Reversals Cap Adj Acc (G954)	0	(68,941)	(68,941)	0	
APP	G956 MIRS Cap Grants Unnapp (G956)	0	273,411	273,411	0	
APP	G961 MIRS Collection fund adj acc. (G961)	0	(623,829)	(623,829)	0	
APP	Total for: Appropriations	(9,481,929)	(8,501,407)	(7,819,219)	682,188	
GROWTH	G005 Joint Chief Executive Officer (G005)	82,347	127,908	123,602	(4,306)	BDC share of costs
GROWTH	G006 CEPT (G006)	344,400	284,942	296,838	11,896	
GROWTH	G010 Neighbourhood Management (G010)	85,143	85,143	57,356	(27,787)	Reduction in Costs

		Monitoring Report 1/4/14 - 31/3/15		Current		Adjusted Current		Actuals		Variance		Comments	
Direct.		Budget		Budget		Budget		Budget		£		£	
GROWTH	G017	Private Sector Housing Renewal (G017)	49,778	46,491	49,778	46,491	49,778	46,491	3,287				
GROWTH	G020	Public Health (G020)	(14,000)	(14,000)	(14,000)	(14,000)	(14,000)	(14,000)	0				
GROWTH	G021	Pollution Reduction (G021)	157,427	157,427	157,427	157,427	165,290	157,427	7,863				
GROWTH	G022	Health & Safety (G022)	0	0	0	0	(224)	0	(224)				
GROWTH	G023	Pest Control (G023)	47,144	47,144	47,144	47,144	45,869	47,144	(1,275)				
GROWTH	G025	Food Safety (G025)	135,525	135,525	135,525	135,525	131,639	135,525	(3,886)				
GROWTH	G026	Animal Welfare (G026)	84,949	84,949	84,949	84,949	84,627	84,949	(322)				
GROWTH	G030	Street Trading (G030)	0	0	0	0	(452)	0	(452)				
GROWTH	G036	Environmental Health Mgmt & Admin (G036)	171,092	171,092	171,092	171,092	163,013	171,092	(8,079)				
GROWTH	G053	Licensing (G053)	(37,382)	(37,382)	(37,382)	(37,382)	(52,755)	(37,382)	(15,373)				increased income
GROWTH	G054	Electoral Registration (G054)	58,787	43,121	58,787	43,121	37,755	43,121	(5,366)				t/f to holding a/c
GROWTH	G055	Democratic Representation & Management (G055)	539,352	539,352	539,352	539,352	535,974	539,352	(3,378)				
GROWTH	G056	Land Charges (G056)	8,538	8,538	8,538	8,538	3,678	8,538	(4,858)				Increased income & increased costs from DCC for additional searches
GROWTH	G057	District Council Elections (G057)	8,040	8,040	8,040	8,040	7,764	8,040	(276)				
GROWTH	G058	Democratic Services (G058)	216,971	216,971	216,971	216,971	214,722	216,971	(2,249)				
GROWTH	G060	Legal Services (G060)	167,312	163,810	167,312	163,810	161,109	163,810	(2,701)				
GROWTH	G073	Planning Policy (G073)	275,033	243,752	275,033	243,752	224,115	243,752	(19,637)				Planning Policy Manager vacancy
GROWTH	G074	Planning Development Control (G074)	115,872	87,740	115,872	87,740	34,624	87,740	(53,116)				Increased Planning Fee income. Vacant shared post at NE - Business Transformation and Systems Officer. Unspent Software Maint./Rental
GROWTH	G076	Planning Enforcement (G076)	69,392	69,392	69,392	69,392	52,190	69,392	(17,202)				Vacancy from Jan
GROWTH	G079	Planning Services Mgmt & Admin (G079)	20,213	20,213	20,213	20,213	11,223	20,213	(8,990)				5 qtrs of recharges for Urban Design Officer
GROWTH	G085	Economic Development (G085)	52,550	33,381	52,550	33,381	27,486	33,381	(5,895)				
GROWTH	G086	Alliance (G086)	9,250	9,250	9,250	9,250	8,338	9,250	(912)				
GROWTH	G088	Derbyshire Economic Partnership (G088)	15,000	15,000	15,000	15,000	15,000	15,000	0				
GROWTH	G116	Parish Council Elections	(1,040)	(1,040)	(1,040)	(1,040)	0	(1,040)	1,040				

Monitoring Report 1/4/14 - 31/3/15		Current	Adjusted Current	Actuals	Variance	Comments
		Budget	Budget	Actuals	Variance	
		£	£	£	£	
Direct.						
GROWTH	G132 Planning Conservation (G132)	40,256	40,256	37,891	(2,365)	
GROWTH	G143 Housing Strategy (G143)	32,275	32,275	29,607	(2,668)	
GROWTH	G144 Enabling (Housing) (G144)	19,875	19,875	19,738	(137)	
GROWTH	G145 Handy Van Service (G145)	(6,184)	(6,184)	(5,952)	232	
GROWTH	G154 ERDF - Work for Yourself (G154)	26,099	39,077	38,491	(586)	
GROWTH	G171 S106 Education (G171)	(169,143)	(206,437)	(206,437)	0	
GROWTH	G172 S106 Affordable Housing (G172)	76,940	75,824	75,824	0	
GROWTH	G176 Affordable Warmth (G176)	(4,425)	(4,425)	(13,253)	(8,828)	Increased income
GROWTH	G178 ERDF - Bols Public Realm (G178)	0	(6,049)	(6,049)	(0)	
GROWTH	G192 Scrutiny (G192)	20,255	20,255	18,955	(1,300)	
GROWTH	G193 Economic Development Management + Admin (G193)	102,878	87,494	72,331	(15,163)	Vacancy + increased income
GROWTH	G194 Assist Dir - Economic Growth (G194)	33,872	33,872	34,217	345	
GROWTH	G195 Assist Dir - Governance + Monitoring (G195)	33,891	33,891	33,700	(191)	
GROWTH	G196 Assist Dir - Planning + Env Health (G196)	32,387	32,387	31,608	(779)	
GROWTH	G198 CEPT Commissioning (G198)	7,800	7,800	7,800	0	
GROWTH	G204 CEPT - BIG Lottery Talent Match (G204)	0	(5,348)	(5,348)	0	
GROWTH	G209 Conservation - New Bolsover HLF Scheme	(6,568)	(6,568)	0	6,568	Grant funded - not due until 15/16
GROWTH	G211 Help to Work (G211)	20,680	20,730	20,730	0	
GROWTH	G212 Budget Buddies (G212)	12,000	11,997	11,997	0	
GROWTH	G213 Volunteering (G213)	7,975	6,746	6,746	0	
GROWTH	G214 Healthy Weight (G214)	29,055	29,053	29,053	0	
GROWTH	G215 Community Health Checks (G215)	5,310	(4,543)	(4,543)	0	
GROWTH	G216 Raising Aspirations	(86,500)	(84,000)	(84,000)	0	
GROWTH	G217 Residual WNF Schemes (G217)	168,241	160,885	160,885	0	
GROWTH	G218 Namibia Bound	7,275	7,275	7,275	0	
GROWTH	G223 Joint Empty Property Officer	3,000	0	0	0	

Monitoring Report 1/4/14 - 31/3/15		Current		Adjusted Current		Actuals		Variance		Comments	
		Budget	£	Budget	£	£	£	£	£		
Direct.											
GROWTH	Prime Minister's Challenge Fund	(50,000)		(50,000)		(50,000)		0			
GROWTH	Total for: Growth Directorate	3,018,937		2,832,894		2,645,823		(187,071)			
OPERA	Audit Services (G001)	123,450		123,450		113,550		(9,900)		Reduced Audit Consortium costs due to vacancy	
OPERA	Community Safety - Crime Reduction (G007)	45,550		42,670		41,838		(832)			
OPERA	Community Action Network (G013)	227,012		227,012		217,958		(9,054)		Vacancy + hired + contract	
OPERA	Public Conveniences (G018)	21,910		21,910		22,740		830			
OPERA	Street Cleansing (G024)	348,550		344,650		322,756		(21,894)		Underspent staffing costs	
OPERA	Waste Collection (G028)	985,962		1,006,125		994,609		(11,516)		Various variances	
OPERA	Grounds Maintenance (G032)	540,984		539,993		549,867		9,874			
OPERA	Vehicle Fleet (G033)	697,355		697,355		699,928		2,573			
OPERA	Depot - South Normanton	30,000		0		0		0			
OPERA	Concessionary Fares & TV Licenses (G038)	(8,707)		(8,707)		(8,743)		(36)			
OPERA	Corporate Management (G040)	114,696		114,692		104,174		(10,518)		Bank fees, subscriptions & External Audit fees underspent	
OPERA	Non Distributed Costs (G041)	1,081,000		1,081,000		1,082,076		1,076			
OPERA	Financial Services (G044)	300,214		294,555		283,367		(11,188)			
OPERA	Homelessness (G046)	146,131		146,131		119,227		(26,904)		Staffing costs underspent. Homelessness Prevention + b&b accommodation costs underspent	
OPERA	Town Centre Housing (G048)	(25,000)		(25,000)		(10,700)		14,300		Income underachieved	
OPERA	Engineering Services (ESRM) (G080)	70,548		24,308		23,443		(865)			
OPERA	Drainage Services (G081)	3,300		3,300		3,121		(179)			
OPERA	Building Control Consortium (G083)	96,550		96,550		86,388		(10,162)		Recharge from CBC	
OPERA	Premises Development (G089)	(64,904)		(64,002)		(82,877)		(18,875)		Business rates & Gas have credits received. Advertising & Electricity underspent. Income over achieved.	
OPERA	Pleasley Vale Mills (G090)	(99,240)		(129,528)		(153,892)		(24,364)		Income over achieved	
OPERA	Pleasley Vale Electricity Trading (G092)	(39,950)		(39,950)		(82,319)		(42,369)		Income over achieved	

APPENDIX B

Monitoring Report 1/4/14 - 31/3/15		Current	Adjusted Current	Actuals	Variance	Comments
		Budget	Budget	£	£	
Direct.		£	£			
OPERA	G093 Sherwood Lodge (G093)	47,877	47,877	16,982	(30,895)	Business Rates & Electricity underspent. Income over achieved
OPERA	G095 Estates + Property (G095)	484,685	435,928	442,896	6,968	
OPERA	G096 Building Cleaning (General) (G096)	74,411	74,411	71,774	(2,637)	
OPERA	G097 Groundwork & Drainage Operations (G097)	47,075	47,075	45,337	(1,738)	
OPERA	G099 Catering (G099)	6,000	6,000	6,201	201	
OPERA	G100 Benefits (G100)	294,275	386,872	377,490	(9,382)	
OPERA	G103 Council Tax / NNDR (G103)	227,643	227,322	208,102	(19,220)	
OPERA	G104 Sundry Debtors (G104)	99,798	99,798	89,297	(10,501)	Salary underspend due to vacancy
OPERA	G106 Housing Anti Social Behaviour (G106)	56,025	56,025	58,330	2,305	
OPERA	G111 Shared Procurement Unit (G111)	36,000	36,000	34,100	(1,900)	Recharge from Chesterfield Royal Hospital
OPERA	G113 Parenting Practitioner (G113)	26,010	26,010	25,914	(96)	
OPERA	G123 Riverside Depot (G123)	168,228	168,228	172,537	4,309	
OPERA	G124 Street Servs Mgmt & Admin (G124)	63,930	63,930	63,406	(524)	
OPERA	G127 Planning + Estates Admin (G127)	48,845	48,845	45,876	(2,969)	
OPERA	G133 The Tangent Business Hub (G133)	49,192	49,192	46,940	(2,252)	
OPERA	G135 Domestic Violence Worker (G135)	37,655	37,655	37,585	(70)	
OPERA	G138 Sherwood Lodge Development (G138)	500	467	467	0	
OPERA	G142 Community Safety - CCTV (G142)	93,390	(8,550)	(8,550)	(0)	
OPERA	G148 Trade Waste (G148)	(63,596)	(67,744)	(40,623)	27,120	Income underachieved and h+c overspent

Monitoring Report 1/4/14 - 31/3/15		Current	Adjusted Current	Actuals	Variance	Comments
		Budget	Budget	£	£	
		£	£	£	£	
Direct.						
OPERA	G149 Recycling (G149)	(25,870)	(25,870)	(22,145)	3,725	Recycling credits income underachieved. Recharges from NE overspent. H+c underspent
OPERA	G151 Street Lighting (G151)	6,000	6,000	4,998	(1,002)	
OPERA	G153 Housing Advice (G153)	9,641	9,641	8,116	(1,525)	
OPERA	G156 The Arc (G156)	272,905	227,931	202,602	(25,329)	h+c, Repairs + Maint. and other various underspent. Income overachieved
OPERA	G159 Council Tax Benefit Reform (G159)	(3,648)	(9,627)	(5,979)	3,649	
OPERA	G161 Rent Rebates (G161)	(65,277)	(65,277)	(144,535)	(79,258)	Rent rebates underspent, rent rebates subsidy received underachieved (based on final claim) HB overpayments income overachieved.
OPERA	G162 Rent Allowances (G162)	(150,694)	(150,694)	(197,329)	(46,635)	Rent allowances underspent. Rent allowances income underachieved (as per final claim)
OPERA	G164 Support Recharges (G164)	(3,475,950)	(3,475,950)	(3,475,950)	0	
OPERA	G167 Facilities Management (G167)	18,710	18,710	18,225	(485)	
OPERA	G169 Closed Churchyards (G169)	10,000	10,000	9,790	(210)	
OPERA	G177 Discretionary Housing Payments (G177)	0	0	(0)	(0)	
OPERA	G190 Executive Director - Operations (G190)	49,951	49,951	49,114	(837)	
OPERA	G197 Assist Dir - Finance, Revenues + Benefits (G197)	31,340	31,340	25,045	(6,295)	Share of NE Chief Accountant saving
OPERA	G199 Assist Dir - Street Scene (G199)	29,776	29,776	30,892	1,116	
OPERA	G208 Assist Dir - Estates and Property (G208)	19,888	19,888	19,320	(568)	
OPERA	G219 Community Cohesion	400	(26,000)	(26,000)	0	
OPERA	Total for Operations Directorate	3,120,526	2,881,675	2,516,738	(364,936)	
TRANS	G002 I.C.T. (G002)	648,752	642,760	575,485	(67,275)	Equipment/tools/materials, telephone equipment, hardware maint, software maint/rental, business software underspent.
TRANS	G003 Reprographics (printing) (G003)	42,752	42,752	45,141	2,389	Income under achieved

Monitoring Report 1/4/14 - 31/3/15		Current	Adjusted Current	Actuals	Variance	Comments
		Budget	Budget	Actuals	Variance	
		£	£	£	£	
Direct.						
TRANS	G014 Customer Contact Service (G014)	771,892	771,130	749,862	(21,268)	Staffing costs underspent
TRANS	G015 Strategy & Performance (G015)	184,240	199,871	200,936	1,065	
TRANS	G027 Emergency Planning (G027)	15,200	15,200	15,140	(60)	
TRANS	G052 Human Resources & Payroll (G052)	306,671	306,671	288,525	(18,146)	training expenses underspent. Income overachieved plus other various underspends
TRANS	G061 Bolsover Wellness Programme (G061)	(7,517)	14,494	13,800	(694)	
TRANS	G062 Extreme Wheels (G062)	(6,937)	(6,937)	(6,251)	686	
TRANS	G063 Go Football (G063)	10,487	10,487	12,546	2,059	staffing costs overspent
TRANS	G064 Bolsover Community Sports Coach Scheme (G064)	97,210	97,210	93,187	(4,023)	Income overachieved
TRANS	G065 Parks, Playgrounds & Open Spaces (G065)	49,595	49,595	45,423	(4,172)	Income overachieved. Plus other various underspends
TRANS	G067 Culture & Heritage (G067)	45,644	32,614	35,540	2,926	
TRANS	G069 Kissinggate Leisure Centre (G069)	50,000	50,000	50,000	0	
TRANS	G070 Outdoor Sports & Recreation Facilities (G070)	31,347	40,120	30,321	(9,799)	Staffing costs, repairs & maint and water charges underspent + income overachieved
TRANS	G071 Creswell Leisure Centre (G071)	139,379	139,379	163,319	23,940	Income underachieved. Staffing costs overspent. Plus other various over/underspends
TRANS	G072 Leisure Services Mgmt & Admin (G072)	173,772	168,188	165,279	(2,908)	
TRANS	G112 Frederick Gents School Community Use (G112)	12,560	23,089	10,529	(12,560)	Additional use of Holding a/c funding
TRANS	G125 S106 Percent for Art (G125)	94,566	(79,675)	(79,675)	0	
TRANS	G126 S106 Formal and Informal Recreation (G126)	20,209	(48,824)	(48,824)	0	
TRANS	G129 Bolsover Apprenticeship Programme (G129)	37,556	36,855	36,109	(746)	
TRANS	G146 Pleasley Vale Outdoor Activity Centre (G146)	32,700	21,278	18,454	(2,824)	Income over achieved
TRANS	G155 Customer Services (G155)	73,571	53,351	53,578	227	
TRANS	G160 Clowne Leisure Centre (G160)	31,892	31,892	29,887	(2,005)	Staffing costs overspent. Income over achieved
TRANS	G168 Multifunctional Printers (G168)	59,119	59,118	46,743	(12,375)	Equipment/tools/materials + hardware rental underspent
TRANS	G170 S106 Outdoor Sports (G170)	262,704	(17,968)	(17,968)	0	

Monitoring Report 1/4/14 - 31/3/15		Current	Adjusted Current	Actuals	Variance	Comments
		Budget	Budget	Actuals	Variance	
		£	£	£	£	
Direct.						
TRANS	G173 SE Community Sports Activation Fund (G173)	147	147	0	(147)	
TRANS	G175 Leisure Outdoor Activity Events (G175)	0	0	28	28	
TRANS	G179 Streets Sports (G179)	0	0	1,834	1,834	Staffing costs underspent. Income under achieved.
TRANS	G180 Special Events (G180)	177	314	137	(177)	
TRANS	G181 BLACA (G181)	1,000	(266)	(266)	0	
TRANS	G182 Village Games (G182)	8,585	2,840	2,840	(0)	
TRANS	G183 Rounders (G183)	0	259	259	(0)	
TRANS	G185 Club Link Makers (G185)	0	(12,311)	(12,311)	1	
TRANS	G186 PL45 Satellite Programme (G186)	0	(542)	(542)	(0)	
TRANS	G189 Executive Director - Transformation (G189)	49,291	49,291	49,207	(84)	
TRANS	G200 Assist Dir - Customer Services + Improvement (G200)	31,956	31,956	31,718	(238)	
TRANS	G201 Assist Dir - HR + Payroll (G201)	34,106	34,106	33,783	(323)	
TRANS	G202 Assist Dir - Leisure (G202)	32,134	32,134	31,952	(182)	
TRANS	G203 Sportivate (G203)	0	(1,595)	(1,595)	0	
TRANS	G205 Badminton (G205)	18	18	0	(18)	
TRANS	G206 Street Games (G206)	(2,312)	(3,242)	(8,555)	(5,313)	
TRANS	G207 Cycling (G207)	0	(1,458)	(1,458)	0	
TRANS	G222 Clowne Leisure Facilities Enhancement (G222)	10,000	2,538	2,538	0	
TRANS	Total for Transformation Directorate	3,342,466	2,786,839	2,656,657	(130,182)	
	Total for: General Fund	0	0	(0)	(0)	

Monitoring Report 1/4/14 - 31/3/15		Current	Adjusted Current	Actuals	Variance	Comments
		Budget	Budget	Actuals	Variance	
		£	£	£	£	
Direct.						
APP	G909 Cont. to Revenue Reserves (8022)	2,182,298	2,243,441	3,355,968	1,112,527	
APP	G909 Cont from Revenue Reserves (G909)	(1,110,665)	(884,477)	(884,470)	7	
APP	G909 Cont. To/from Revenue Grants (8040)	(5,320)	(2,560)	(2,560)	0	
APP	G909 Cont. To/from Holding a/cs - (8044)	(39,933)	119,825	119,825	0	
APP	G909 Cont. to/from S106 Holding a/cs - (8045)	(285,276)	277,080	277,080	0	
APP	G911 Provision for Repayment of External Loan (G911)	384,241	453,182	453,182	0	
APP	G913 Precept Demand from Collection Fund (G913)	(5,366,153)	(5,426,198)	(5,426,198)	0	
APP	G914 General Government Grants (G914)	(8,056,879)	(7,373,004)	(7,788,991)	(415,986)	
APP	G916 Interest Received (G916)	(111,720)	(111,720)	(134,285)	(22,565)	
APP	G918 Interest Paid - Bank (G918)	0	0	0	0	
APP	G919 Interest Paid - PWLB (G919)	248,714	248,714	202,166	(46,548)	
APP	G920 Interest Paid - Parish (G920)	1,782	1,782	2,103	321	
APP	G925 Internal Interest Received (G925)	796	796	0	(796)	
APP	G927 Interest Received (G927)	24,142	24,142	46,816	22,674	
APP	G928 Local Precepts (G928)	2,608,220	2,608,220	2,608,220	0	
APP	G930 T/f of General Fund Balance (G930)	43,824	(32,554)	0	32,554	
APP	G940 Recognised Capital Grants and Conts	0	(273,411)	(273,411)	0	
APP	G953 Financial Instruments Impairment (G953)	0	44,696	44,696	0	
APP	G954 MIRS Reversals Cap Adj Acc (G954)	0	(68,941)	(68,941)	0	
APP	G956 MIRS Cap Grants Unnapp (G956)	0	273,411	273,411	0	
APP	G961 MIRS Collection fund adj acc. (G961)	0	(623,829)	(623,829)	0	
APP	Total for: Appropriations	(9,481,929)	(8,501,407)	(7,819,219)	682,188	
GROWTH	G005 Joint Chief Executive Officer (G005)	82,347	127,908	123,602	(4,306)	BDC share of costs
GROWTH	G006 CEPT (G006)	344,400	284,942	296,838	11,896	
GROWTH	G010 Neighbourhood Management (G010)	85,143	85,143	57,356	(27,787)	Reduction in Costs

		Monitoring Report 1/4/14 - 31/3/15		Current		Adjusted Current		Actuals		Variance		Comments	
Direct.		Budget		Budget		Budget		Budget		£		£	
GROWTH	G017	Private Sector Housing Renewal (G017)	49,778	46,491	49,778	46,491	49,778	46,491	3,287				
GROWTH	G020	Public Health (G020)	(14,000)	(14,000)	(14,000)	(14,000)	(14,000)	(14,000)	0				
GROWTH	G021	Pollution Reduction (G021)	157,427	157,427	157,427	157,427	165,290	157,427	7,863				
GROWTH	G022	Health & Safety (G022)	0	0	0	0	(224)	0	(224)				
GROWTH	G023	Pest Control (G023)	47,144	47,144	47,144	47,144	45,869	47,144	(1,275)				
GROWTH	G025	Food Safety (G025)	135,525	135,525	135,525	135,525	131,639	135,525	(3,886)				
GROWTH	G026	Animal Welfare (G026)	84,949	84,949	84,949	84,949	84,627	84,949	(322)				
GROWTH	G030	Street Trading (G030)	0	0	0	0	(452)	0	(452)				
GROWTH	G036	Environmental Health Mgmt & Admin (G036)	171,092	171,092	171,092	171,092	163,013	171,092	(8,079)				
GROWTH	G053	Licensing (G053)	(37,382)	(37,382)	(37,382)	(37,382)	(52,755)	(37,382)	(15,373)				increased income
GROWTH	G054	Electoral Registration (G054)	58,787	43,121	58,787	43,121	37,755	43,121	(5,366)				t/f to holding a/c
GROWTH	G055	Democratic Representation & Management (G055)	539,352	539,352	539,352	539,352	535,974	539,352	(3,378)				
GROWTH	G056	Land Charges (G056)	8,538	8,538	8,538	8,538	3,678	8,538	(4,858)				Increased income & increased costs from DCC for additional searches
GROWTH	G057	District Council Elections (G057)	8,040	8,040	8,040	8,040	7,764	8,040	(276)				
GROWTH	G058	Democratic Services (G058)	216,971	216,971	216,971	216,971	214,722	216,971	(2,249)				
GROWTH	G060	Legal Services (G060)	167,312	163,810	167,312	163,810	161,109	163,810	(2,701)				
GROWTH	G073	Planning Policy (G073)	275,033	243,752	275,033	243,752	224,115	243,752	(19,637)				Planning Policy Manager vacancy
GROWTH	G074	Planning Development Control (G074)	115,872	87,740	115,872	87,740	34,624	87,740	(53,116)				Increased Planning Fee income. Vacant shared post at NE - Business Transformation and Systems Officer. Unspent Software Maint./Rental
GROWTH	G076	Planning Enforcement (G076)	69,392	69,392	69,392	69,392	52,190	69,392	(17,202)				Vacancy from Jan
GROWTH	G079	Planning Services Mgmt & Admin (G079)	20,213	20,213	20,213	20,213	11,223	20,213	(8,990)				5 qtrs of recharges for Urban Design Officer
GROWTH	G085	Economic Development (G085)	52,550	33,381	52,550	33,381	27,486	33,381	(5,895)				
GROWTH	G086	Alliance (G086)	9,250	9,250	9,250	9,250	8,338	9,250	(912)				
GROWTH	G088	Derbyshire Economic Partnership (G088)	15,000	15,000	15,000	15,000	15,000	15,000	0				
GROWTH	G116	Parish Council Elections	(1,040)	(1,040)	(1,040)	(1,040)	0	(1,040)	1,040				

Monitoring Report 1/4/14 - 31/3/15		Current	Adjusted Current	Actuals	Variance	Comments
		Budget	Budget	Actuals	Variance	
		£	£	£	£	
Direct.						
GROWTH	G132 Planning Conservation (G132)	40,256	40,256	37,891	(2,365)	
GROWTH	G143 Housing Strategy (G143)	32,275	32,275	29,607	(2,668)	
GROWTH	G144 Enabling (Housing) (G144)	19,875	19,875	19,738	(137)	
GROWTH	G145 Handy Van Service (G145)	(6,184)	(6,184)	(5,952)	232	
GROWTH	G154 ERDF - Work for Yourself (G154)	26,099	39,077	38,491	(586)	
GROWTH	G171 S106 Education (G171)	(169,143)	(206,437)	(206,437)	0	
GROWTH	G172 S106 Affordable Housing (G172)	76,940	75,824	75,824	0	
GROWTH	G176 Affordable Warmth (G176)	(4,425)	(4,425)	(13,253)	(8,828)	Increased income
GROWTH	G178 ERDF - Bols Public Realm (G178)	0	(6,049)	(6,049)	(0)	
GROWTH	G192 Scrutiny (G192)	20,255	20,255	18,955	(1,300)	
GROWTH	G193 Economic Development Management + Admin (G193)	102,878	87,494	72,331	(15,163)	Vacancy + increased income
GROWTH	G194 Assist Dir - Economic Growth (G194)	33,872	33,872	34,217	345	
GROWTH	G195 Assist Dir - Governance + Monitoring (G195)	33,891	33,891	33,700	(191)	
GROWTH	G196 Assist Dir - Planning + Env Health (G196)	32,387	32,387	31,608	(779)	
GROWTH	G198 CEPT Commissioning (G198)	7,800	7,800	7,800	0	
GROWTH	G204 CEPT - BIG Lottery Talent Match (G204)	0	(5,348)	(5,348)	0	
GROWTH	G209 Conservation - New Bolsover HLF Scheme	(6,568)	(6,568)	0	6,568	Grant funded - not due until 15/16
GROWTH	G211 Help to Work (G211)	20,680	20,730	20,730	0	
GROWTH	G212 Budget Buddies (G212)	12,000	11,997	11,997	0	
GROWTH	G213 Volunteering (G213)	7,975	6,746	6,746	0	
GROWTH	G214 Healthy Weight (G214)	29,055	29,053	29,053	0	
GROWTH	G215 Community Health Checks (G215)	5,310	(4,543)	(4,543)	0	
GROWTH	G216 Raising Aspirations	(86,500)	(84,000)	(84,000)	0	
GROWTH	G217 Residual WNF Schemes (G217)	168,241	160,885	160,885	0	
GROWTH	G218 Namibia Bound	7,275	7,275	7,275	0	
GROWTH	G223 Joint Empty Property Officer	3,000	0	0	0	

Monitoring Report 1/4/14 - 31/3/15		Current		Adjusted Current		Actuals		Variance		Comments	
		Budget	£	Budget	£	£	£	£	£		
Direct.											
GROWTH	Prime Minister's Challenge Fund	(50,000)		(50,000)		(50,000)		0			
GROWTH	Total for: Growth Directorate	3,018,937		2,832,894		2,645,823		(187,071)			
OPERA	Audit Services (G001)	123,450		123,450		113,550		(9,900)		Reduced Audit Consortium costs due to vacancy	
OPERA	Community Safety - Crime Reduction (G007)	45,550		42,670		41,838		(832)			
OPERA	Community Action Network (G013)	227,012		227,012		217,958		(9,054)		Vacancy + hired + contract	
OPERA	Public Conveniences (G018)	21,910		21,910		22,740		830			
OPERA	Street Cleansing (G024)	348,550		344,650		322,756		(21,894)		Underspent staffing costs	
OPERA	Waste Collection (G028)	985,962		1,006,125		994,609		(11,516)		Various variances	
OPERA	Grounds Maintenance (G032)	540,984		539,993		549,867		9,874			
OPERA	Vehicle Fleet (G033)	697,355		697,355		699,928		2,573			
OPERA	Depot - South Normanton	30,000		0		0		0			
OPERA	Concessionary Fares & TV Licenses (G038)	(8,707)		(8,707)		(8,743)		(36)			
OPERA	Corporate Management (G040)	114,696		114,692		104,174		(10,518)		Bank fees, subscriptions & External Audit fees underspent	
OPERA	Non Distributed Costs (G041)	1,081,000		1,081,000		1,082,076		1,076			
OPERA	Financial Services (G044)	300,214		294,555		283,367		(11,188)			
OPERA	Homelessness (G046)	146,131		146,131		119,227		(26,904)		Staffing costs underspent. Homelessness Prevention + b&b accommodation costs underspent	
OPERA	Town Centre Housing (G048)	(25,000)		(25,000)		(10,700)		14,300		Income underachieved	
OPERA	Engineering Services (ESRM) (G080)	70,548		24,308		23,443		(865)			
OPERA	Drainage Services (G081)	3,300		3,300		3,121		(179)			
OPERA	Building Control Consortium (G083)	96,550		96,550		86,388		(10,162)		Recharge from CBC	
OPERA	Premises Development (G089)	(64,904)		(64,002)		(82,877)		(18,875)		Business rates & Gas have credits received. Advertising & Electricity underspent. Income over achieved.	
OPERA	Pleasley Vale Mills (G090)	(99,240)		(129,528)		(153,892)		(24,364)		Income over achieved	
OPERA	Pleasley Vale Electricity Trading (G092)	(39,950)		(39,950)		(82,319)		(42,369)		Income over achieved	

APPENDIX B

Monitoring Report 1/4/14 - 31/3/15		Current	Adjusted Current	Actuals	Variance	Comments
		Budget	Budget	Actuals	Variance	
		£	£	£	£	
Direct.						
OPERA	G093 Sherwood Lodge (G093)	47,877	47,877	16,982	(30,895)	Business Rates & Electricity underspent. Income over achieved
OPERA	G095 Estates + Property (G095)	484,685	435,928	442,896	6,968	
OPERA	G096 Building Cleaning (General) (G096)	74,411	74,411	71,774	(2,637)	
OPERA	G097 Groundwork & Drainage Operations (G097)	47,075	47,075	45,337	(1,738)	
OPERA	G099 Catering (G099)	6,000	6,000	6,201	201	
OPERA	G100 Benefits (G100)	294,275	386,872	377,490	(9,382)	
OPERA	G103 Council Tax / NNDR (G103)	227,643	227,322	208,102	(19,220)	
OPERA	G104 Sundry Debtors (G104)	99,798	99,798	89,297	(10,501)	Salary underspend due to vacancy
OPERA	G106 Housing Anti Social Behaviour (G106)	56,025	56,025	58,330	2,305	
OPERA	G111 Shared Procurement Unit (G111)	36,000	36,000	34,100	(1,900)	Recharge from Chesterfield Royal Hospital
OPERA	G113 Parenting Practitioner (G113)	26,010	26,010	25,914	(96)	
OPERA	G123 Riverside Depot (G123)	168,228	168,228	172,537	4,309	
OPERA	G124 Street Servs Mgmt & Admin (G124)	63,930	63,930	63,406	(524)	
OPERA	G127 Planning + Estates Admin (G127)	48,845	48,845	45,876	(2,969)	
OPERA	G133 The Tangent Business Hub (G133)	49,192	49,192	46,940	(2,252)	
OPERA	G135 Domestic Violence Worker (G135)	37,655	37,655	37,585	(70)	
OPERA	G138 Sherwood Lodge Development (G138)	500	467	467	0	
OPERA	G142 Community Safety - CCTV (G142)	93,390	(8,550)	(8,550)	(0)	
OPERA	G148 Trade Waste (G148)	(63,596)	(67,744)	(40,623)	27,120	Income underachieved and h+c overspent

Monitoring Report 1/4/14 - 31/3/15		Current	Adjusted Current	Actuals	Variance	Comments
		Budget	Budget	£	£	
Direct.						
OPERA	G149 Recycling (G149)	(25,870)	(25,870)	(22,145)	3,725	Recycling credits income underachieved. Recharges from NE overspent. H+c underspent
OPERA	G151 Street Lighting (G151)	6,000	6,000	4,998	(1,002)	
OPERA	G153 Housing Advice (G153)	9,641	9,641	8,116	(1,525)	
OPERA	G156 The Arc (G156)	272,905	227,931	202,602	(25,329)	h+c, Repairs + Maint. and other various underspent. Income overachieved
OPERA	G159 Council Tax Benefit Reform (G159)	(3,648)	(9,627)	(5,979)	3,649	
OPERA	G161 Rent Rebates (G161)	(65,277)	(65,277)	(144,535)	(79,258)	Rent rebates underspent, rent rebates subsidy received underachieved (based on final claim) HB overpayments income overachieved.
OPERA	G162 Rent Allowances (G162)	(150,694)	(150,694)	(197,329)	(46,635)	Rent allowances underspent. Rent allowances income underachieved (as per final claim)
OPERA	G164 Support Recharges (G164)	(3,475,950)	(3,475,950)	(3,475,950)	0	
OPERA	G167 Facilities Management (G167)	18,710	18,710	18,225	(485)	
OPERA	G169 Closed Churchyards (G169)	10,000	10,000	9,790	(210)	
OPERA	G177 Discretionary Housing Payments (G177)	0	0	(0)	(0)	
OPERA	G190 Executive Director - Operations (G190)	49,951	49,951	49,114	(837)	
OPERA	G197 Assist Dir - Finance, Revenues + Benefits (G197)	31,340	31,340	25,045	(6,295)	Share of NE Chief Accountant saving
OPERA	G199 Assist Dir - Street Scene (G199)	29,776	29,776	30,892	1,116	
OPERA	G208 Assist Dir - Estates and Property (G208)	19,888	19,888	19,320	(568)	
OPERA	G219 Community Cohesion	400	(26,000)	(26,000)	0	
OPERA	Total for Operations Directorate	3,120,526	2,881,675	2,516,738	(364,936)	
TRANS	G002 I.C.T. (G002)	648,752	642,760	575,485	(67,275)	Equipment/tools/materials, telephone equipment, hardware maint, software maint/rental, business software underspent.
TRANS	G003 Reprographics (printing) (G003)	42,752	42,752	45,141	2,389	Income under achieved

Monitoring Report 1/4/14 - 31/3/15		Current	Adjusted Current	Actuals	Variance	Comments
		Budget	Budget	Actuals	Variance	
		£	£	£	£	
Direct.						
TRANS	G014 Customer Contact Service (G014)	771,892	771,130	749,862	(21,268)	Staffing costs underspent
TRANS	G015 Strategy & Performance (G015)	184,240	199,871	200,936	1,065	
TRANS	G027 Emergency Planning (G027)	15,200	15,200	15,140	(60)	
TRANS	G052 Human Resources & Payroll (G052)	306,671	306,671	288,525	(18,146)	training expenses underspent. Income overachieved plus other various underspends
TRANS	G061 Bolsover Wellness Programme (G061)	(7,517)	14,494	13,800	(694)	
TRANS	G062 Extreme Wheels (G062)	(6,937)	(6,937)	(6,251)	686	
TRANS	G063 Go Football (G063)	10,487	10,487	12,546	2,059	staffing costs overspent
TRANS	G064 Bolsover Community Sports Coach Scheme (G064)	97,210	97,210	93,187	(4,023)	Income overachieved
TRANS	G065 Parks, Playgrounds & Open Spaces (G065)	49,595	49,595	45,423	(4,172)	Income overachieved. Plus other various underspends
TRANS	G067 Culture & Heritage (G067)	45,644	32,614	35,540	2,926	
TRANS	G069 Kissinggate Leisure Centre (G069)	50,000	50,000	50,000	0	
TRANS	G070 Outdoor Sports & Recreation Facilities (G070)	31,347	40,120	30,321	(9,799)	Staffing costs, repairs & maint and water charges underspent + income overachieved
TRANS	G071 Creswell Leisure Centre (G071)	139,379	139,379	163,319	23,940	Income underachieved. Staffing costs overspent. Plus other various over/underspends
TRANS	G072 Leisure Services Mgmt & Admin (G072)	173,772	168,188	165,279	(2,908)	
TRANS	G112 Frederick Gents School Community Use (G112)	12,560	23,089	10,529	(12,560)	Additional use of Holding a/c funding
TRANS	G125 S106 Percent for Art (G125)	94,566	(79,675)	(79,675)	0	
TRANS	G126 S106 Formal and Informal Recreation (G126)	20,209	(48,824)	(48,824)	0	
TRANS	G129 Bolsover Apprenticeship Programme (G129)	37,556	36,855	36,109	(746)	
TRANS	G146 Pleasley Vale Outdoor Activity Centre (G146)	32,700	21,278	18,454	(2,824)	Income over achieved
TRANS	G155 Customer Services (G155)	73,571	53,351	53,578	227	
TRANS	G160 Clowne Leisure Centre (G160)	31,892	31,892	29,887	(2,005)	Staffing costs overspent. Income over achieved
TRANS	G168 Multifunctional Printers (G168)	59,119	59,118	46,743	(12,375)	Equipment/tools/materials + hardware rental underspent
TRANS	G170 S106 Outdoor Sports (G170)	262,704	(17,968)	(17,968)	0	

Monitoring Report 1/4/14 - 31/3/15		Current	Adjusted Current	Actuals	Variance	Comments
		Budget	Budget	Actuals	Variance	
		£	£	£	£	
Direct.						
TRANS	G173 SE Community Sports Activation Fund (G173)	147	147	0	(147)	
TRANS	G175 Leisure Outdoor Activity Events (G175)	0	0	28	28	
TRANS	G179 Streets Sports (G179)	0	0	1,834	1,834	Staffing costs underspent. Income under achieved.
TRANS	G180 Special Events (G180)	177	314	137	(177)	
TRANS	G181 BLACA (G181)	1,000	(266)	(266)	0	
TRANS	G182 Village Games (G182)	8,585	2,840	2,840	(0)	
TRANS	G183 Rounders (G183)	0	259	259	(0)	
TRANS	G185 Club Link Makers (G185)	0	(12,311)	(12,311)	1	
TRANS	G186 PL45 Satellite Programme (G186)	0	(542)	(542)	(0)	
TRANS	G189 Executive Director - Transformation (G189)	49,291	49,291	49,207	(84)	
TRANS	G200 Assist Dir - Customer Services + Improvement (G200)	31,956	31,956	31,718	(238)	
TRANS	G201 Assist Dir - HR + Payroll (G201)	34,106	34,106	33,783	(323)	
TRANS	G202 Assist Dir - Leisure (G202)	32,134	32,134	31,952	(182)	
TRANS	G203 Sportivate (G203)	0	(1,595)	(1,595)	0	
TRANS	G205 Badminton (G205)	18	18	0	(18)	
TRANS	G206 Street Games (G206)	(2,312)	(3,242)	(8,555)	(5,313)	
TRANS	G207 Cycling (G207)	0	(1,458)	(1,458)	0	
TRANS	G222 Clowne Leisure Facilities Enhancement (G222)	10,000	2,538	2,538	0	
TRANS	Total for Transformation Directorate	3,342,466	2,786,839	2,656,657	(130,182)	
	Total for: General Fund	0	0	(0)	(0)	

Transfers to/from Earmarked Reserves

APPENDIX D

This note sets out the amounts set aside from the General Fund and HRA balances in earmarked reserves to provide financing for future expenditure plans, and the amounts posted back from earmarked reserves to meet General Fund and HRA expenditure in 2014/15.

	Balance at 1 April 2013 £'000	Transfers Out 2013/14 £'000	Transfers in 2013/14 £'000	Balance at 31 March 2014 £'000	Transfers Out 2014/15 £'000	Transfers In 2014/15 £'000	Balance at 31 March 2015 £'000
General Fund/HRA							
Area Based Grant/Working Neighbourhoods Fund	(890)	305	0	(585)	250	0	(335)
General	(429)	44	(66)	(451)	125	(61)	(387)
NDR Growth Protection	0	0	0	0	0	(705)	(705)
Historic Building	(9)	9	0	0	0	0	0
Insurance - GF	(285)	22	(90)	(353)	44	(90)	(399)
Insurance - HRA	(56)	74	(50)	(32)	15	(50)	(67)
Invest to Earn	0	0	(50)	(50)	0	0	(50)
IT and Office Equipment	(44)	102	(125)	(67)	78	(75)	(64)
Legal Costs	(33)	1	(68)	(100)	29	0	(71)
Local Development Scheme	(264)	30	(49)	(283)	64	(40)	(259)
New Build Reserve - HRA	(1,000)	412	(1,250)	(1,838)	1,922	(950)	(866)
Planning Delivery	(132)	16	0	(116)	0	0	(116)
Transformation Reserve	(341)	1,152	(3,969)	(3,158)	632	(2,372)	(4,898)
Transition Grant Reserve	(1,934)	1,934	0	0	0	0	0
Vehicle Repair and Renewal - GF	(45)	26	(13)	(32)	12	(12)	(32)
Vehicle Repair and Renewal - HRA	0	11	(200)	(189)	53	(180)	(316)
CD Joint Crematorium Reserve	(103)	0	(66)	(169)	169	0	0
Total Earmarked Reserves	(5,565)	4,138	(5,996)	(7,423)	3,393	(4,535)	(8,565)

Transfers to/from Earmarked Reserves

APPENDIX D

This note sets out the amounts set aside from the General Fund and HRA balances in earmarked reserves to provide financing for future expenditure plans, and the amounts posted back from earmarked reserves to meet General Fund and HRA expenditure in 2014/15.

	Balance at 1 April 2013 £'000	Transfers Out 2013/14 £'000	Transfers in 2013/14 £'000	Balance at 31 March 2014 £'000	Transfers Out 2014/15 £'000	Transfers In 2014/15 £'000	Balance at 31 March 2015 £'000
General Fund/HRA							
Area Based Grant/Working Neighbourhoods Fund	(890)	305	0	(585)	250	0	(335)
General	(429)	44	(66)	(451)	125	(61)	(387)
NDR Growth Protection	0	0	0	0	0	(705)	(705)
Historic Building	(9)	9	0	0	0	0	0
Insurance - GF	(285)	22	(90)	(353)	44	(90)	(399)
Insurance - HRA	(56)	74	(50)	(32)	15	(50)	(67)
Invest to Earn	0	0	(50)	(50)	0	0	(50)
IT and Office Equipment	(44)	102	(125)	(67)	78	(75)	(64)
Legal Costs	(33)	1	(68)	(100)	29	0	(71)
Local Development Scheme	(264)	30	(49)	(283)	64	(40)	(259)
New Build Reserve - HRA	(1,000)	412	(1,250)	(1,838)	1,922	(950)	(866)
Planning Delivery	(132)	16	0	(116)	0	0	(116)
Transformation Reserve	(341)	1,152	(3,969)	(3,158)	632	(2,372)	(4,898)
Transition Grant Reserve	(1,934)	1,934	0	0	0	0	0
Vehicle Repair and Renewal - GF	(45)	26	(13)	(32)	12	(12)	(32)
Vehicle Repair and Renewal - HRA	0	11	(200)	(189)	53	(180)	(316)
CD Joint Crematorium Reserve	(103)	0	(66)	(169)	169	0	0
Total Earmarked Reserves	(5,565)	4,138	(5,996)	(7,423)	3,393	(4,535)	(8,565)

Treasury Management 2014/15**Capital Financing Requirement**

The key area of Treasury Management is the measurement and control of the overall debt position of the Council. This is calculated through the Capital Financing Requirement (CFR). The CFR calculates the Council's underlying need to borrow in order to finance its capital expenditure. The revised estimate of the CFR for 2014/15 and the actual outturn CFR are shown in the table below: -

	Revised Budget 2014/15 £000	Actual Outturn 2014/15 £000
Capital Financing Requirement 1 April	109,563	109,563
Prudential Borrowing General Fund	1,268	488
Prudential Borrowing HRA	0	0
Leasing Repayments	(69)	(69)
Minimum Revenue Provision (MRP)	(384)	(384)
Movement on other debt – retentions	0	(14)
HRA Debt Repayment per business plan	(3,500)	(3,500)
Repayment of Allowable Debt (HRA)	0	(753)
Debt Repayment – General Fund	0	(6,369)
Capital Financing Requirement 31 March 2015	106,878	98,962

The overall outturn position shows a net reduction of outstanding debt of £10.601m in 2014/15. Prudential borrowing has been undertaken by the Council in 2014/15 for General Fund Vehicles, ICT projects and the Asset Management Plan.

The repayment of outstanding debt from the Sale of Council House receipts is the Allowable Debt sum of £0.753m. Under the current regulations when a Council dwelling is sold the Council is allowed to retain some of the capital receipts because it is carrying debt on each property following the HRA reforms settlement. This is called the Allowable Debt calculation. It is advisable that the retained receipt element for Allowable Debt is actually utilised to repay the debt outstanding on the sold houses otherwise the Council is carrying debt where it has no asset.

The Capital Financing requirement is split between the HRA and General Fund the balance of each is shown below:

Capital Financing Requirement at 31 March 2015	£000
General Fund	5,885
Housing Revenue Account	93,077
Total CFR	98,962

From the HRA CFR the Council is able to calculate the “headroom” available which is the gap between the HRA debt limit set by the Government when the HRA reforms were introduced. This is shown in the table below:

HRA “Headroom” calculation	£000
Housing Revenue Account – Debt Limit	112,350
Housing Revenue Account CFR 31 March 2015	93,077
Headroom at 31 March 2015 =	19,273

The above table shows that the Council’s HRA has a headroom figure of £19.273m at 31 March 2015. While the Council can borrow up to the debt limit it needs to ensure that the costs of the borrowing are affordable and meet the requirements of the Prudential Code.

How the CFR is covered.

As mentioned above the CFR is the Council’s underlying need to borrow to finance capital expenditure. To finance the CFR the Council has external borrowing, finance leases and the use of its own reserves and balances. The position as at 31 March 2015 is as follows:

	£000
Capital Financing Requirement 31 March 2015	98,962
Financed from	
External Borrowing via PWLB	104,100
External Borrowing via Leasing arrangements	38
Use of internal balances and reserves	(5,176)
Total Financing of CFR	98,962

PWLB Borrowing

The Council’s total outstanding PWLB debt amounted to £105.100m at 1 April 2014. During 2014/15 £1m principal repayments were made. No new loans have been taken out with the PWLB during 2014/15. The profile of the outstanding debt is analysed as follows: -

PWLB BORROWING	Maturity Profile 31 March 2014 £	Maturity Profile 31 March 2015 £
Term		
12 Months	1,000,000	0
1 - 2 years	1,000,000	2,000,000
2 - 5 years	1,000,000	3,000,000
5 - 10 years	16,100,000	20,300,000
Over 10 year	86,000,000	78,800,000
Total PWLB Debt	105,100,000	104,100,000

PWLB Interest

The interest cost to the Council of the PWLB debt for 2014/15 is £3,682,968.00. The cost is split within the accounts between the HRA and General Fund based on the level of debt outstanding within the CFR.

Temporary Borrowing

Cash flow monitoring and management serves to identify the need for short term borrowing to cover delays in the receipt of income during the course of the year. During 2014/15 no short term borrowing was undertaken by the Council and therefore no interest charges were incurred.

Temporary / Fixed Investments

The table below details the investments held at 2014/15.

Bank Name	Balance Invested 31 March 15 £000
Fixed	
Nationwide	2,000
Goldman Sachs	5,000
Lloyds	5,000
Call Accounts	
Barclays	5,000
Nat West	5,000
Money Market Funds	7,800
Total	29,800

From the table above it can be seen that the balance invested by the Council at 31 March 2015 is £29.8m. Interest earned from temporary investments during 2014/15 amounted to £152,082 and is detailed in the table below:

Bank Name	Amount Received
Nationwide	(6,453)
Goldman Sachs	(12,285)
Lloyds	(43,540)
Barclays	(29,420)
Nat West Bank	(25,292)
Money Market Funds	(31,673)
Santander	(3,419)
Total	(152,082)

Overnight Balances

The balance of any daily funds is retained in the Council's general account with the Lloyds Bank.

Compliance with Treasury Limits

During the financial year the Council continued to operate within the treasury limits set out in the Council's Borrowing and Investment Strategy.

	Actual in year 2014/15 £000	Set Limits in year 2014/15 £000
Authorised Limit (total Council external borrowing limit)	105,430	116,878
Operational Boundary	105,430	111,878

Treasury Management 2014/15**Capital Financing Requirement**

The key area of Treasury Management is the measurement and control of the overall debt position of the Council. This is calculated through the Capital Financing Requirement (CFR). The CFR calculates the Council's underlying need to borrow in order to finance its capital expenditure. The revised estimate of the CFR for 2014/15 and the actual outturn CFR are shown in the table below: -

	Revised Budget 2014/15 £000	Actual Outturn 2014/15 £000
Capital Financing Requirement 1 April	109,563	109,563
Prudential Borrowing General Fund	1,268	488
Prudential Borrowing HRA	0	0
Leasing Repayments	(69)	(69)
Minimum Revenue Provision (MRP)	(384)	(384)
Movement on other debt – retentions	0	(14)
HRA Debt Repayment per business plan	(3,500)	(3,500)
Repayment of Allowable Debt (HRA)	0	(753)
Debt Repayment – General Fund	0	(6,369)
Capital Financing Requirement 31 March 2015	106,878	98,962

The overall outturn position shows a net reduction of outstanding debt of £10.601m in 2014/15. Prudential borrowing has been undertaken by the Council in 2014/15 for General Fund Vehicles, ICT projects and the Asset Management Plan.

The repayment of outstanding debt from the Sale of Council House receipts is the Allowable Debt sum of £0.753m. Under the current regulations when a Council dwelling is sold the Council is allowed to retain some of the capital receipts because it is carrying debt on each property following the HRA reforms settlement. This is called the Allowable Debt calculation. It is advisable that the retained receipt element for Allowable Debt is actually utilised to repay the debt outstanding on the sold houses otherwise the Council is carrying debt where it has no asset.

The Capital Financing requirement is split between the HRA and General Fund the balance of each is shown below:

Capital Financing Requirement at 31 March 2015	£000
General Fund	5,885
Housing Revenue Account	93,077
Total CFR	98,962

From the HRA CFR the Council is able to calculate the "headroom" available which is the gap between the HRA debt limit set by the Government when the HRA reforms were introduced. This is shown in the table below:

HRA “Headroom” calculation	£000
Housing Revenue Account – Debt Limit	112,350
Housing Revenue Account CFR 31 March 2015	93,077
Headroom at 31 March 2015 =	19,273

The above table shows that the Council’s HRA has a headroom figure of £19.273m at 31 March 2015. While the Council can borrow up to the debt limit it needs to ensure that the costs of the borrowing are affordable and meet the requirements of the Prudential Code.

How the CFR is covered.

As mentioned above the CFR is the Council’s underlying need to borrow to finance capital expenditure. To finance the CFR the Council has external borrowing, finance leases and the use of its own reserves and balances. The position as at 31 March 2015 is as follows:

	£000
Capital Financing Requirement 31 March 2015	98,962
Financed from	
External Borrowing via PWLB	104,100
External Borrowing via Leasing arrangements	38
Use of internal balances and reserves	(5,176)
Total Financing of CFR	98,962

PWLB Borrowing

The Council’s total outstanding PWLB debt amounted to £105.100m at 1 April 2014. During 2014/15 £1m principal repayments were made. No new loans have been taken out with the PWLB during 2014/15. The profile of the outstanding debt is analysed as follows: -

PWLB BORROWING	Maturity Profile 31 March 2014 £	Maturity Profile 31 March 2015 £
Term		
12 Months	1,000,000	0
1 - 2 years	1,000,000	2,000,000
2 - 5 years	1,000,000	3,000,000
5 - 10 years	16,100,000	20,300,000
Over 10 year	86,000,000	78,800,000
Total PWLB Debt	105,100,000	104,100,000

PWLB Interest

The interest cost to the Council of the PWLB debt for 2014/15 is £3,682,968.00. The cost is split within the accounts between the HRA and General Fund based on the level of debt outstanding within the CFR.

Temporary Borrowing

Cash flow monitoring and management serves to identify the need for short term borrowing to cover delays in the receipt of income during the course of the year. During 2014/15 no short term borrowing was undertaken by the Council and therefore no interest charges were incurred.

Temporary / Fixed Investments

The table below details the investments held at 2014/15.

Bank Name	Balance Invested 31 March 15 £000
Fixed	
Nationwide	2,000
Goldman Sachs	5,000
Lloyds	5,000
Call Accounts	
Barclays	5,000
Nat West	5,000
Money Market Funds	7,800
Total	29,800

From the table above it can be seen that the balance invested by the Council at 31 March 2015 is £29.8m. Interest earned from temporary investments during 2014/15 amounted to £152,082 and is detailed in the table below:

Bank Name	Amount Received
Nationwide	(6,453)
Goldman Sachs	(12,285)
Lloyds	(43,540)
Barclays	(29,420)
Nat West Bank	(25,292)
Money Market Funds	(31,673)
Santander	(3,419)
Total	(152,082)

Overnight Balances

The balance of any daily funds is retained in the Council's general account with the Lloyds Bank.

Compliance with Treasury Limits

During the financial year the Council continued to operate within the treasury limits set out in the Council's Borrowing and Investment Strategy.

	Actual in year 2014/15 £000	Set Limits in year 2014/15 £000
Authorised Limit (total Council external borrowing limit)	105,430	116,878
Operational Boundary	105,430	111,878

Bolsover District Council

Audit Committee

23rd September 2015

Budget Monitoring Report, Quarter 1 – April to June 2015

This report is public

Report of the Executive Director – Operations

Purpose of the Report

- To update Members of the Audit Committee concerning the first quarter budget monitoring report.

1 Report Details

Background

The budget monitoring report in respect of the first three months of the current financial year was provided to Executive at its meeting of 7th September 2015. That Executive report is attached to this covering report for consideration by the Audit Committee.

2 Conclusions and Reasons for Recommendation

2.1 These are set out within the relevant section of the attached report.

Reasons for Recommendation.

2.2 These are set out within the relevant section of the attached report.

3 Consultation and Equality Impact

3.1 These are set out within the relevant section of the attached report.

4 Alternative Options and Reasons for Rejection

4.1 These are set out within the relevant section of the attached report.

5 Implications

5.1 Finance and Risk Implications

These are set out within the relevant section of the attached report.

5.2 Legal Implications including Data Protection

These are set out within the relevant section of the attached report.

5.3 **Human Resources Implications**

These are set out within the relevant section of the attached report.

6 **Recommendations**

- 6.1 That the Audit Committee note the Budget Monitoring Report, Quarter 1 – April to June 2015 and make any comments that they believe to be appropriate with regards to the position which was reported to Executive on 7th September 2015.

7 **Decision Information**

Is the decision a Key Decision? (A Key Decision is one which results in income or expenditure to the Council of £50,000 or more or which has a significant impact on two or more District wards)	No
District Wards Affected	All
Links to Corporate Plan priorities or Policy Framework	All Priorities

8 **Document Information**

Appendix No	Title
1	Budget Monitoring Report, Quarter 1 – April to June 2015 (Executive 5 th August 2015)
Background Papers (These are unpublished works which have been relied on to a material extent when preparing the report. They must be listed in the section below. If the report is going to Cabinet (NEDDC) or Executive (BDC) you must provide copies of the background papers)	
Financial Ledger	
Report Author	Contact Number
Executive Director / Chief Accountant	2431/2458

Bolsover District Council

Executive Committee

7th September 2015

Budget Monitoring Report, Quarter 1 – April to June 2015

Report of the Executive Director of Operations

This report is public

Purpose of the Report

- To update the Executive Committee on the financial position of the Council following the first quarter's budget monitoring exercise for the General Fund, the Housing Revenue Account (HRA), Capital Programme and Treasury Management activity.

1 Report Details

Background information

- 1.1 Officers have continued the integrated approach to budget monitoring in the first quarter with Performance, Risk and Finance being considered together at Directorate meetings held during July 2015. The scope of this report is therefore to report the current financial position following the 2015/16 quarter one monitoring exercise.

General Fund Revenue Account

- 1.2 The General Fund Revenue Account summary is shown as **Appendix 1**. The original budget for 2015/16 identified an efficiency measures target of £0.350m. The current budget now shows that this target is reduced to £0.267m. The Council has already secured savings of £0.083m towards this in the first quarter of the year. As the savings are identified and secured they are moved into the relevant cost centres within the main General Fund Directorates. It should be noted that officers are still working on the financial outturn review of 2014/15. Initial workings suggest potential savings of over £0.050m for 2015/16, 2016/17 and 2017/18 are achievable. A list of potential reductions is currently being compiled which will be brought to a future meeting of Executive for consideration and approval. Officers have also reviewed the opportunities to reduce the salary budgets where savings arose in the first quarter. An amount of £0.070m has been removed from budgets for vacancies in quarter 1 which is included in the £0.083m savings shown above.

- 1.3 Within the Directorates there is the following to report:

- The Growth Directorate shows a favourable variance of £0.440m. This relates mainly to:

1. Under spends due to invoices not yet being received and therefore not paid, for such as joint officer posts or external contributions at the end of the quarter (£0.593m) – favourable.
 2. Income received in advance of any expenditure (£0.032m) – favourable.
 3. Annual invoices were paid in quarter 1 which makes the profiled budget look overspent (£0.056m) – adverse.
 4. Expenditure was spent but the grant hadn't been received as it is claimed in arrears (£0.128m) – adverse.
- The Operations Directorate shows an adverse variance of £0.019m. This relates mainly to:
 1. Under spends due to invoices not yet being received and therefore not paid, for such as joint officer posts or external contributions at the end of the quarter (£0.367m) – favourable.
 2. Income received in advance of any expenditure (£0.169m) – favourable.
 3. Annual invoices were paid in quarter 1 which makes the profiled budget look overspent (£0.472m) – adverse.
 4. Expenditure was spent but the grant hadn't been received as it is claimed in arrears (£0.035m) – adverse.
 5. Over spends against quarter 1 budget due to less income received, new pressures or where expenditure is seasonal and not profiled over 4 quarters (£0.045) – adverse.
 - The Transformation Directorate has an adverse variance of £0.025m. Again, this relates mainly to:
 1. Under spends due to invoices not yet being received and therefore not paid, for such as joint officer posts or external contributions at the end of the quarter (£0.103m) – favourable.
 2. Income received in advance of any expenditure (£0.027m) – favourable.
 3. Annual invoices were paid in quarter 1 which makes the profiled budget look overspent (£0.086m) – adverse.
 4. Expenditure was spent but the grant hadn't been received as it is claimed in arrears (£0.049m) – adverse.
 5. Over spends against quarter 1 budget due to less income received, new pressures or where expenditure is seasonal and not profiled over 4 quarters (£0.019) – adverse.

1.4 Section 106 – In order to improve the monitoring and control of Section 106 monies received by the Council, the sums due to be utilised in a financial year are now recorded within the General Fund directorate budgets with the expenditure recorded against these sums. The amount budgeted to be spent in 2015/16 is £0.917m. Of this £0.132m must be spent by certain dates in September, October and November this year or the funding may be lost. At the most recent S106 meeting on 7th July, it was reported £0.003m of this 'at risk' amount had been spent in quarter 1 and that plans are in place to spend the remainder £0.129m, before the deadline. Officers are working to ensure that all of this spending is undertaken in line with the S106 legal requirements.

- 1.5 The overall position at the end of quarter 1 shows that there is a favourable variance of £0.630m which is very positive and indicates that the Council is in a good position to deliver the necessary savings in order to balance its budget for 2015/16. There are no real budget pressures identified in quarter 1 but officers will continue to monitor the position during the next quarter.

Housing Revenue Account (HRA)

- 1.6 The Housing Revenue Account summary for the first quarter of 2015/16 is set out in **Appendix 2** to this report. At the end of quarter 1 the HRA is showing a net deficit of £0.110m.

Income

- 1.7 The quarter 1 income figures show an adverse variance of £0.538m. This is mainly due to the timing of the rent free weeks falling into the first quarter. The annual budget is profiled to receive 12 weeks in the first quarter when actually only 11 weeks were billed.

Expenditure

- 1.8 Expenditure within all of the operating areas of the HRA shows under spends in the first quarter. There are therefore no budget pressures to report at this stage of the year. It is currently anticipated that expenditure will be in line with approved budgets at the year end.

HRA – Overall Summary

- 1.9 In light of the above and the expenditure patterns to date – as detailed in Appendix 2 – there are no significant issues to report regarding the overall position for the HRA at the end of the first quarter.

Capital Investment Programme

Capital Expenditure

- 1.10 The capital programme summary for the first quarter of 2015/16 is provided in **Appendix 3** to this report. The programme has been updated with the capital budgets – previously approved by Executive - carried forward from 2014/15.
- 1.11 In headline terms the capital programme profiled budget for quarter 1 is £3.286m and the actual spend and known commitments total £0.278m, which is £3.008m behind the planned spend position. The main areas to highlight are listed below:

1. Bolsover Mini Hub – it is anticipated that this will commence during the latter part of the year.
2. Vehicles and Plant – for both the GF and the HRA, the replacement vehicles are on order in many areas and expenditure is anticipated to take place during the second and third quarter of the financial year.
3. HRA major schemes including doors, heating and re-roofing – contracts were put out to tender in April which meant a delay in expenditure. It is expected that spend will catch up in quarter 2.
4. HRA property purchase/new build – these schemes are planned to begin in quarter 2.

- 1.12 Whilst there are no significant financial issues to report regarding capital expenditure at the end of the first quarter it must be noted that the delivery of the approved capital programme is behind the profiled position as at quarter 1. Officers will continue to closely monitor the delivery of the Programme.

Capital Resources

- 1.13 HRA – The Council has sufficient capital resources in place to finance the HRA actual expenditure and commitments at the end of the first quarter.
General Fund – The financing of the General Fund part of the capital programme is in line with the approved financing arrangements.

Treasury Management

- 1.14 The treasury management function covers the borrowing and investment of Council money. This includes both the management of the Council's day to day cash balances and the management of its long term debt. All transactions are conducted in accordance with the Council's approved strategy and the CIPFA Code of Practice. Good treasury management plays an important role in the sound financial management of the Council's resources.
- 1.15 The Council approved the 2015/16 Treasury Management Strategy at its meeting in February 2015. **Appendix 4** identifies the Treasury Management activity undertaken during the first quarter of 2015/16 and demonstrates that this is in line with the plans agreed as part of the strategy.

2 Conclusions and Reasons for Recommendation

- 2.1 Financial issues and implications are covered in the relevant sections throughout this report. In summary these are:

General Fund

The efficiency measures target is now reduced to £0.267m at the end of the first quarter.

The monitoring position shows a net favourable variance position in the first quarter of £0.630m.

HRA

The HRA is showing a net over spend/ under achievement of income in the first quarter of £0.110m.

Capital Expenditure

There are no significant areas of concern to report regarding the capital programme in the first quarter of 2015/16.

Capital Income

The Council has sufficient capital resources in place to finance the actual expenditure and commitments of the capital programme at the end of the first quarter.

Treasury Management

There are no significant areas of concern to report regarding Treasury Management activities in the first quarter of 2015/16.

3 Consultation and Equality Impact

3.1 There are no equalities issues arising directly out of this report.

4 Alternative Options and Reasons for Rejection

4.1 The Budget Monitoring report for 2015/16 is primarily a factual report which details progress against previously approved budgets. Accordingly there are no alternative options to consider.

5 Implications

5.1 Finance and Risk Implications

The issue of Financial Risks 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. While officers are of the view that these risks are being appropriately managed it needs to be recognised that there may be pressures on all of the Council's main budgets as these have been or are being reduced to minimum levels. These will need to be managed carefully during the course of this financial year if we are to protect the existing levels of financial balances.

5.2 Legal Implications including Data Protection

There are no legal issues arising directly from this report.

5.3 Human Resources Implications

There are no human resource issues arising directly out of this report

6 Recommendations

6.1 That Executive notes the monitoring position of the General Fund at the end of the first quarter as detailed on Appendix 1 (A net favourable variance of £0.630m against the profiled budget) and the key issues highlighted within this report:

- Savings identified and secured in the first quarter amount to £0.083m.
- The updated savings target for the General Fund Revenue Account at the end of the first quarter stands at £0.267m.
- On the basis that current progress is maintained it is anticipated that the Council should secure its efficiency measures target in full in respect of the current financial year.

6.2 That Executive notes the position on the Housing Revenue Account (HRA), the Capital Programme and Treasury Management at the end of the first quarter (Appendices 2, 3 and 4).

7 Decision Information

Is the decision a Key Decision? (A Key Decision is one which results in income or expenditure to the Council of £50,000 or more or which has a significant impact on two or more District wards)	Yes/No
District Wards Affected	
Links to Corporate Plan priorities or Policy Framework	

8 Document Information

Appendix No	Title
Background Papers (These are unpublished works which have been relied on to a material extent when preparing the report. They must be listed in the section below. If the report is going to Cabinet (NEDDC) or Executive (BDC) you must provide copies of the background papers)	
Attached as appendices 1- 4	
Report Author	Contact Number
Chief Accountant	2458
Executive Director - Operations	2431

Report Reference –

Bolsover District Council

Audit Committee

23rd September 2015

STRATEGIC RISK REGISTER

This report is public

Report of the Executive Director – Operations

Purpose of the Report

- To update Members of the Audit Committee concerning the Council's Strategic Risk Register as at June 2015..

1 Report Details

Background

The Strategic Risk Register as at June 2015 was provided to Executive at its meeting of 7th September 2015. That Executive report is attached to this covering report for consideration by the Audit Committee.

2 Conclusions and Reasons for Recommendation

2.1 These are set out within the relevant section of the attached report.

Reasons for Recommendation.

2.2 These are set out within the relevant section of the attached report.

3 Consultation and Equality Impact

3.1 These are set out within the relevant section of the attached report.

4 Alternative Options and Reasons for Rejection

4.1 These are set out within the relevant section of the attached report.

5 Implications

5.1 Finance and Risk Implications

These are set out within the relevant section of the attached report.

5.2 Legal Implications including Data Protection

These are set out within the relevant section of the attached report.

5.3 Human Resources Implications

These are set out within the relevant section of the attached report.

6 Recommendations

- 6.1 That the Audit Committee note the report concerning the Strategic Risk Register as at June 2015 and make any comments that they believe to be appropriate with regards to the position which was reported to Executive on 7th September 2015.

7 Decision Information

Is the decision a Key Decision? (A Key Decision is one which results in income or expenditure to the Council of £50,000 or more or which has a significant impact on two or more District wards)	No
District Wards Affected	All
Links to Corporate Plan priorities or Policy Framework	All Priorities

8 Document Information

Appendix No	Title
1	Strategic Risk Register (Executive 7 th September 2015)
Background Papers (These are unpublished works which have been relied on to a material extent when preparing the report. They must be listed in the section below. If the report is going to Cabinet (NEDDC) or Executive (BDC) you must provide copies of the background papers)	
Report Author	Contact Number
Executive Director Operations	2431

Bolsover District Council

Executive

7th September 2015

Strategic Risk Register

This report is public

Report of the Executive Director - Operations

Purpose of the Report

- To update Members concerning the current position regarding Risk Management and to seek approval for the revised Strategic Risk Register as at 30th June 2015, as part of the suite of Finance, Performance and Risk reports.

1 Report Details

Background

- 1.1. The Council's Strategic Risk Register has been developed in the light of consideration of the strategic and operational risks which have been identified by Elected Members and Officers as part of the Council's service management and quarterly performance arrangements.
- 1.2. In its approach to Risk Management the Council is seeking to secure a number of objectives and to operate in line with recognised best practice. In order to appreciate the importance of Risk Management it is useful to reiterate these objectives:
 - To improve the way in which the Council manages its key risks so as to reduce the likelihood of them happening, and to mitigate their impact or magnitude in those cases where they do materialise. This is a key element in protecting service delivery arrangements, the financial position and the reputation of the Council.
 - To strengthen the overall managerial approach of the Council. From a Governance perspective the effective operation of Risk Management is regarded as being a key element of the managerial framework operating within an authority.

- Effective Risk Management is a key component in ensuring that organisations are able to achieve their objectives, and that key projects proceed in line with plan.
- The identification of the risks attached to existing service delivery, or to a project or new initiative is important both to allow a fully informed decision to be made, and to ensure that all appropriate measures to mitigate (or reduce) the risk are in place from the outset.
- Finally, an appreciation of the risk environment within which the Council operates assists in determining an appropriate level of financial reserves for sound financial management, and ensures that the organisation has a better awareness of its overall risk exposure.

2. The Strategic Risk Register

2.1. The revised Strategic Risk Register as at 30th June 2015 is set out in **Appendix 1** for consideration by the Audit Committee. The intention is that this review of the Register will secure the following objectives:

- Identify any newly emerging risks which need to be added to the Register and removing any risks that have been resolved. An ongoing review of the Strategic Risk Register ensures that a focus is maintained on current risks.
- Revising the Risk Register ensures that existing risks are reviewed, that appropriate mitigation remains in place, and where necessary risk assessment is revisited.
- The process also allows appropriate consideration to be given to the success of existing mitigation, and to the issue of whether any further mitigation is required.
- The Strategic Risk Register as set out in **Appendix 1** is structured so that those risks with the highest risk score are detailed first.

2.2. In overall terms a key element which emerges from the Strategic Risk Register is one of an ongoing requirement to maintain our current performance in respect of service delivery, performance and governance to local residents. The current position, however, needs to be maintained at a time when it is increasingly necessary to manage the Council's finances in a more pro active way in order to ensure that our expenditure remains in line with the level of our resources at a time of declining financial support from central government. Alongside the declining level of central government financial support it is anticipated that over the coming year there will be a significant amount of legislation which impacts directly on local government. Both these changes are anticipated to entail some significant changes in the manner in which our

services to local residents are delivered with the level of change required clearly having the potential to disrupt service provision with the associated risks that such disruption entails.

- 2.3. At the quarterly Performance meetings two new issues were raised. In the first instance it was noted that the increase in legislative change anticipated after the election had materialised with significant changes around the HRA financial settlement, devolution and welfare reform. Further new initiatives are anticipated which will have an impact upon local government. These changes will be addressed within the Council's established performance management arrangements. Secondly, operational risk issues were raised around the accommodation moves that have recently taken place. These will be addressed as part of the management of the service / operational risk registers in order to ensure that appropriate mitigation is in place. With respect to the Strategic Risk Register the accommodation issue is covered by Risk 3 which outlines that adverse impacts will inevitable arise out of the necessity to make changes in working practice to reflect the tightening financial circumstances in which the Council is operating.
- 2.4. In order to develop the understanding of risk throughout the organisations a series of training sessions for senior managers was held in the summer of 2014. These training sessions included a significant element dealing with risk management. The Business Risk group will continue to give consideration to appropriate training and raising awareness in order to support effective risk management across the organisation.

3 Conclusions and Reasons for Recommendation

- 3.1 The Strategic Risk Register is intended to highlight those areas where the Council needs to manage its risks effectively. One of the key purposes of this report is to set out the risks that have been identified (see Appendix 1) and to encourage both Members and Officers to actively consider whether the Strategic Risk Register and supporting Service Risk Registers actively cover all of the issues facing the Council.

Reasons for Recommendation.

- 3.2 To enable Executive to consider the risks identified within the Strategic Risk Register in order to assist in maintaining effective governance arrangements, service and financial performance.

4 Consultation and Equality Impact

Consultation

4.1 There are no issues arising from this report which necessitate a formal consultation process.

Equalities

4.2 There are no equalities issues arising directly out of this report.

5 Alternative Options and Reasons for Rejection

5.1 Under the relevant good practice and to facilitate the development of robust managerial arrangements the Council is required to prepare a Strategic Risk Register as part of its risk management framework. This report is in part intended for Members and Officers to consider whether the Council has adopted an appropriate approach to its management of risk. Given that this report is part of the approach to help ensure the effective management of risk there is not an alternative to the preparation of this report.

6 Implications

6.1 Finance and Risk Implications

Financial

There are no additional financial implications arising out of this report at this stage. While where appropriate additional mitigation measures have been identified and implemented during the course of preparing the Strategic and Operational Risk Registers, the cost of implementing this mitigation will be met from within previously agreed budgets.

Risk

Risk Management Issues are covered throughout the body of the main report.

6.2 Legal Implications including Data Protection

There are no legal or data protection issues arising directly out of this report.

6.3 Human Resources Implications

There are no human resource issues arising directly out of this report.

7 Recommendations

7.1 That Executive approves the Strategic Risk Register as at 30th June 2015 as set out in Appendix.

8 Decision Information

Is the decision a Key Decision? (A Key Decision is one which	No
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results in income or expenditure to the Council of £50,000 or more or which has a significant impact on two or more District wards)	
District Wards Affected	All.
Links to Corporate Plan priorities or Policy Framework	Robust Governance (including Risk Management) arrangements underpin the effective operation of the Council and its ability to secure all of the Corporate Plan priorities.

9 Document Information

Appendix No	Title
1	Strategic Risk Register as at 30 th June 2015.
Background Papers (These are unpublished works which have been relied on to a material extent when preparing the report. They must be listed in the section below. If the report is going to Cabinet (NEDDC) or Executive (BDC) you must provide copies of the background papers)	
Report Author	Contact Number
Executive Director – Operations	2431

STRATEGIC RISK REGISTER SUMMARY AS AT: 30th June 2015

	Risk	Consequences	Risk Score (Likelihood Impact) x	Risk Score (Likelihood Impact) Taking into Account Current Controls x	Risk Owner / Lead Officer
1	Failure to deliver a balanced budget in line with the MTFP, at a time when the Council's reserves are at relatively low levels.	<ul style="list-style-type: none"> Impact upon ability to deliver current level of services. Unable to resource acceptable levels of service. Significant adverse reputational Impact. 	4,4 16	3,4 12	SAMT / Chief Financial Officer
2	Adverse external economic position / government legislation, welfare reform etc. has an accelerating impact on Council (poor grant settlement), or upon the local economy (employment losses / welfare reform), to which Council is unable to adopt an appropriate change of Strategic direction. An increase in policy announcements / legislative changes	<ul style="list-style-type: none"> Unable to deliver a package of services that meet changing local needs and aspirations. Unable to effectively support local communities. Increased demands on Council services at a time when Council resource base is reducing. 	4,4, 16	3,4 12	SAMT / Political Leadership

	Risk	Consequences	Risk Score (Likelihood Impact) x	Risk Score (Likelihood Impact)Taking into Account Current Controls x	Risk Owner / Lead Officer
	is anticipated following the May 2015 election.				
3	Financial position makes it increasingly difficult to recruit to key posts or to replace key staff who leave. Staff morale is adversely affected by as a result of pace of change, tightening financial circumstances or external circumstances.	<ul style="list-style-type: none"> • Deterioration in services to the public. • Increasing inefficiencies in service provision. • Weakening of Internal Control arrangements. • Increased pressure on other members of staff. 	4,4 16	3,4 12	SAMT / Asst Director HR

	Risk	Consequences	Risk Score (Likelihood Impact) x	Risk Score (Likelihood Impact)Taking into Account Current Controls x	Risk Owner / Lead Officer
4	Delivery of the Council's Agenda is dependent upon effective delivery of both a number of major initiatives inc Local and national elections, Regeneration Initiatives, HRA reform, Asset Management securing major financial savings and implementing a range of new government reforms whilst maintaining service quality, which may overstretch our reduced organisational capacity.	<ul style="list-style-type: none"> • New initiatives are not delivered in a cost-effective manner. • Failure to maintain / improve services in line with local aspirations. • Failure to generate the savings required to balance the budget. • Financial efficiencies weaken Governance / Internal Control arrangements. • Service deterioration / failure arising from capacity issues. 	4,4 16	3,4 12	SAMT / Chief Executive
5	Emergency Planning and Business Continuity arrangements fail to meet required standards when	<ul style="list-style-type: none"> • Inability of Council to provide services as a consequence of a severe catastrophic external event (e.g. flooding, major terrorist incident, flu pandemic, fire). • Failure of IT infrastructure, leading 	3,5 15	2,5 10	SAMT / Director of Health and Well Being

	Risk	Consequences	Risk Score (Likelihood Impact)	x	Risk Score (Likelihood Impact)Taking into Account Current Controls	x	Risk Owner / Lead Officer
	tested by flu pandemic, natural disaster (flood), etc.	to inability to effectively operate services and to safeguard income streams. <ul style="list-style-type: none"> • Business Continuity Plans prove ineffective in practice. 					
6	Lack of strategic direction from Members / Corporate Management, external partners change Strategic direction.	<ul style="list-style-type: none"> • Failure to deliver high quality services which address national and local priorities. • Deterioration in Governance Arrangements. • Refocus of current services necessary with associated disruption. 	3,4	12	3,3	9	Chief Executive / Political Leadership Team
7	A major operational or failure of data protection risk materialises resulting in a significant impact upon the Council's ability to secure its corporate objectives. Given the efficiency measures that have been introduced to date this is considered to be an increasing issue for the Council.	<ul style="list-style-type: none"> • Deterioration in services to the public, potentially a major initial impact upon a local resident or a group of local residents. • Significant staff and financial resources required to resolve position, impacting on other services. • A major service has its operating capacity significantly impact and is required to introduce major reform in its approach to service delivery. 	3,4	12	2,4	8	SAMT / Assistant Directors
8	Governance	<ul style="list-style-type: none"> • Adverse Impact upon Service 	3,4	12	2,4	8	Chief Financial

	Risk	Consequences	Risk Score (Likelihood Impact)	Risk Score (Likelihood Impact) Taking into Account Current Controls	Risk Owner / Lead Officer
	Arrangements including Performance, Finance and Risk Management need to be maintained in order to continue to operate effectively in a rapidly changing environment.	Quality. <ul style="list-style-type: none"> • Failure to deliver high quality services which address national and local priorities. • Significant adverse reputational impact. 			Officer / Monitoring Officer

Bolsover District Council

Audit Committee

23rd September 2015

Delivering Good Governance in Local Government

Report of the Assistant Director - Governance and Monitoring Officer

This report is public

Purpose of the Report

- To present the revised framework for *Good Governance in Local Government*.

1 Report Details

- 1.1 Governance comprises the arrangements put in place to ensure that the intended outcomes for stakeholders are defined and achieved. To deliver good governance in the public sector, both governing bodies and individuals working for public sector entities must try to achieve their entity's objectives while acting in the public interest at all times. Acting in the public interest implies primary consideration of the benefits for society which should result in positive outcomes for service users and stakeholders.
- 1.2 Attached at **Appendix A** is the revised draft framework for *Good Governance in Local Government* developed by the Chartered Institute of Public Finance and Accountancy (CIPFA) and the Society of Local Authority Chief Executives (SOLACE). This document is used by the Council through its annual governance statement and front-facing local code of corporate governance to demonstrate how it meets the key principles, behaviours and outcomes of good governance.
- 1.3 On page 10 of the document are 11 questions in respect of the draft framework which authorities are encouraged to consider. The proposed answers are below:
 - (1) ***Would this framework Good Governance in Local Government assist you in developing and modernising your own local code of governance/governance arrangements?***
 - (A) It would provide the criteria for our local code of corporate governance and assist us in testing whether our governance arrangements remain fit for purpose.
 - (2) ***Would this draft Framework assist you in establishing governance arrangements for collaborative working (alternative delivery vehicles, partnerships)?***

- (A) Yes. The term “shared services” may also be useful to describe two or more local authorities involved in service provision.
- (3) ***Are there any parts of the Framework that you would find difficult to follow/comply with?***
- (A) The Council does not have a process in place for “reviewing individual member performance on a regular basis” (Principle E) and feels that this is a responsibility for the political groups rather than the Council.
- (4) ***Have we got the terminology right, with particular reference to collaborative working? If not, how could it be improved?***
- (A) Yes, the terminology seems clear although there is a tendency to use American spelling e.g. organization, optimization.
- (5) ***Principle E looks at the relationship between members and officers. Have we got the tone and balance right? If not, how could it be improved?***
- (A) Yes, but see answer to (3).
- (6) ***Is any further guidance required with regard to the development of a local code?***
- (A) It would be beneficial to include examples of evidence for each of the behaviours and outcomes that demonstrates good governance.
- (7) ***What further guidance is required with regard to the preparation of the annual governance statement?***
- (A) See answer to question 6. In addition, the existing guidance *Delivering Good Governance in Local Government: Addendum* does provide a table listing the key elements of the typical systems and processes that comprises an authority’s governance arrangements. This table is an essential tool in the preparation of the annual governance statement and in our view should be carried forward into the updated guidance.
- (8) ***Are there any other aspects of governance that are not in the draft Framework which you believe should be addressed?***
- (A) Yes, openness with regard to member and officer remuneration although this is already a legal requirement.
- (9) ***How might the Framework be improved?***
- (A) See answers to (4), (6), (7) and (8).
- (10) ***Are there any other issues or areas that are not in the draft Framework which you believe should be addressed in the guidance note?***
- (A) No.

(11) ***It is envisaged that the revised Framework would apply from the financial year 2015/16. Please could you let us know if you have any concerns regarding the proposed timetable?***

(A) No concerns about timetabling.

2 Conclusions and Reasons for Recommendation

2.1 To provide an opportunity for members to consider the revised *Good Governance Framework* developed by CIPFA/SOLCE.

3 Consultation and Equality Impact

3.1 This report is part of the consultation process. It will also be presented to Audit Committee later in September.

4 Alternative Options and Reasons for Rejection

4.1 N/A

5 Implications

The main implications relate to officer time in preparing the revised annual governance statement and code of corporate governance in light of the new framework.

6 Recommendations

6.1 That the Committee notes the report and provides any further comments in relation to the questions.

7 Decision Information

Is the decision a Key Decision? (A Key Decision is one which results in income or expenditure to the Council of £50,000 or more or which has a significant impact on two or more District wards)	No
District Wards Affected	None.
Links to Corporate Plan priorities or Policy Framework	None.

8 **Document Information**

Appendix No	Title
A	Good Governance Framework consultation document
Background Papers (These are unpublished works which have been relied on to a material extent when preparing the report. They must be listed in the section below. If the report is going to Cabinet (NEDDC) or Executive (BDC) you must provide copies of the background papers)	
None	
Report Author	Contact Number
M Kane	7753

Delivering Good Governance in Local Government: a Framework

Consultation

July 2015

CIPFA, the Chartered Institute of Public Finance and Accountancy, is the professional body for people in public finance. Our 14,000 members work throughout the public services, in national audit agencies, in major accountancy firms, and in other bodies where public money needs to be effectively and efficiently managed.

As the world's only professional accountancy body to specialise in public services, CIPFA's qualifications are the foundation for a career in public finance. We also champion high performance in public services, translating our experience and insight into clear advice and practical services. Globally, CIPFA shows the way in public finance by standing up for sound public financial management and good governance.

SOLACE (Society of Local Authority Chief Executives and Senior Managers) is the representative body for senior strategic managers working in the public sector. We are committed to public sector excellence. We provide our members with opportunities for personal and professional development and seek to influence the debate about the future of public services to ensure that policy and legislation reflect the experience and expertise of our members.

CONSULTATION QUESTIONS

We are seeking views on the draft Framework. In particular we would welcome comments on the following :

1. Would this framework *Good Governance in Local Government* assist you in developing and modernising your own local code of governance/governance arrangements ?
2. Would this draft Framework assist you in establishing governance arrangements for collaborative working (alternative delivery vehicles, partnerships etc) ?
3. Are there any parts of the Framework that you would find difficult to follow/comply with ?
4. Have we got the terminology right, with particular reference to collaborative working ? If not, how could it be improved ?
5. Principle E looks at the relationship between members and officers. Have we got the tone and balance right ? If not, how could it be improved ?
6. Is any further guidance is required with regard to the development of a local code ?
7. What further guidance is required with regard to the preparation of the annual governance statement ?
8. Are there any other aspects of governance that are not in the draft Framework which you believe should be addressed ?
9. How might the Framework be improved ?
10. Are there any other issues or areas that are not in the draft Framework which you believe should be addressed in the guidance note?
11. It is envisaged that the revised Framework would apply from the financial year 2015/2016. Please could you let us know if you have any concerns regarding the proposed timetable ?

GUIDANCE

It is our intention to develop separate guidance notes for English, Scottish and Welsh local authorities and for the Police in England and Wales to accompany the revised Framework. The guidance notes will include:

- How the revised Framework can be mapped to the 2007 Framework
- A glossary of terms
- Examples of good practice/case studies
- Examples of the types of systems, processes and documentary evidence that might be cited by an authority to demonstrate compliance with best practice
- The principles underlying who should be nominated by the authority to take responsibility for the review on its behalf and the scope given
- Signposts to other useful tools and sources of guidance available to local authorities for self assessment purposes.

We would be very pleased to be made aware of specific examples of good practice/case studies that might be included in the guidance notes.

TIMETABLE

Responses and offers to assist with case study material should be sent by **Monday 28th September 2015** to : Kerry Ace. Email kerry.ace@cipfa.org

THE WORKING GROUP

CIPFA and SOLACE have drawn together the following members of the Joint Working Group and are grateful to them and to their employing organisations for their time and assistance in preparing this document.

MEMBERS

Julie Parker	(Chair)
Charlie Adan	<i>Babergh and Mid Suffolk DC</i>
David Aldous	<i>National Audit Office</i>
Ivan Butler	<i>Denbighshire CC</i>
Brenda Campbell	<i>COSLA</i>
Kirsty Cole	<i>Newark and Sherwood DC</i>
Richard Feltham	<i>Kent Fire & Rescue Services</i>
Russell Frith	<i>Audit Scotland</i>
Alan Gay	<i>Leeds City Council</i>
Alan Geddes	<i>formerly Highland Council</i>
Jacqui McKinlay	<i>Centre for Public Scrutiny</i>
Stephen Hughes	<i>LGA</i>
Ruth Hyde	<i>Broxtowe BC</i>
Graeme McDonald	<i>SOLACE</i>
Cat McIntyre	<i>APCC</i>
Terry Osborne	<i>Essex CC</i>
Marion Pryor	<i>Conwy CBC</i>
Jon Rae	<i>Welsh LGA</i>
Joe Simpson	<i>Leadership Centre for Local Government</i>
Mike Suarez	<i>Cheshire East Council</i>
Jason Vaughan	<i>West Dorset DC and Weymouth and Portland</i>
Bill Wilkinson	<i>CIPFA's Police Panel and PACCTS</i>
Ian Williams	<i>Hackney Council</i>
Ness Young	<i>Bridgend CBC</i>

Secretariat

Kerry Ace (Secretary)	<i>CIPFA</i>
Diana Melville	<i>CIPFA</i>
Rachael Tiffin	<i>CIPFA</i>

Observer

Shehla Husain	<i>DCLG</i>
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CONTENTS

- 1 INTRODUCTION
- 2 REVIEW OF THE CIPFA/SOLACE FRAMEWORK
- 3 THE PRINCIPLES OF GOOD GOVERNANCE - APPLICATION
- 4 ANNUAL REVIEW AND REPORTING

INTRODUCTION

Local authorities are set for further reductions in government funding over the course of this Parliament. To cope in this time of unprecedented change, they will need to continue to adapt the way in which they operate. Local authorities have responded to austerity through increased collaboration; developing their role as 'enablers' and making further use of alternative delivery vehicles (ADVs) for public service provision.

Authorities will need to make difficult decisions which may mean that certain services can no longer be provided, but in doing this they will need to communicate effectively with their communities, service users, stakeholders and individuals to ensure that the most vulnerable citizens continue to be protected. At the same time, local government has been undergoing significant change and the environment in which it works is increasing in complexity. In addition to economic and financial challenge, the integrated health and social care programme, devolution, the Localism Act, the Police Reform and Social Responsibility Act and other key legislation have brought new roles, opportunities and greater flexibility for authorities.

The introduction of new responsibilities and the development of new collaborative structures and ways of working provide challenges for ensuring transparency, demonstrating accountability and, in particular, for managing risk. Whether working with other public sector bodies, the third sector or private sector providers, local authorities must establish robust governance arrangements at the outset. These should include a shared view of expected outcomes supported by effective mechanisms for control and risk management thereby ensuring that the public purse is properly protected.

REVIEW OF THE CIPFA/SOLACE FRAMEWORK

It is therefore crucial that leaders and chief executives keep their governance arrangements up to date and relevant and in response, CIPFA and SOLACE, are undertaking a fundamental review of the Framework: Delivering Good Governance in Local Government to ensure that it remains 'fit for purpose'. The main principle underpinning the development of the new Framework continues to be that local government is developing and shaping its own approach to governance, taking account of the environment in which it now operates.

The revised Framework (consultation draft) developed by the CIPFA/SOLACE Joint working Group on Good Governance in Local Government builds on the *International Framework : Good Governance in the Public Sector (CIPFA/IFAC 2014)*. The *International Framework* places sustainable economic, societal and environmental outcomes as a key focus for governance processes and structures. It emphasises the importance of considering the longer term and the links between governance and public financial management – all key considerations for local authorities in today's climate.

The core principles and sub principles from the *International Framework* have been adapted for the local government context and translated into a series of expected behaviours and outcomes which demonstrate good governance in practice. The principles in the consultation draft form a standard for good governance and a shared understanding of what constitutes good governance across local government.

Whatever form of arrangements are in place, authorities are urged to test their governance structures against the principles contained in the Framework by:

- reviewing existing governance arrangements
- developing and maintaining an up-to-date local code of governance including arrangements for ensuring ongoing effectiveness
- reporting publicly on compliance with their own code on an annual basis and on how they have monitored the effectiveness of their governance arrangements in the year and on planned changes.

The term 'local code' essentially refers to the governance structure in place as there is an expectation that a formally set out local structure should exist, although in practice it may consist of a number of local codes or documents.

The Framework principles are intended to be applicable to all local authorities and associated organisations and systems ie combined authorities, joint boards, partnerships and other vehicles established through which authorities now work. However, a one-size-fits-all approach to governance is inappropriate. Not all parts of the Framework will be directly applicable to all types and size of structures and it is therefore up to different authorities and organisations to put the Framework into practice in a way that reflects their structures and is proportionate to their size.

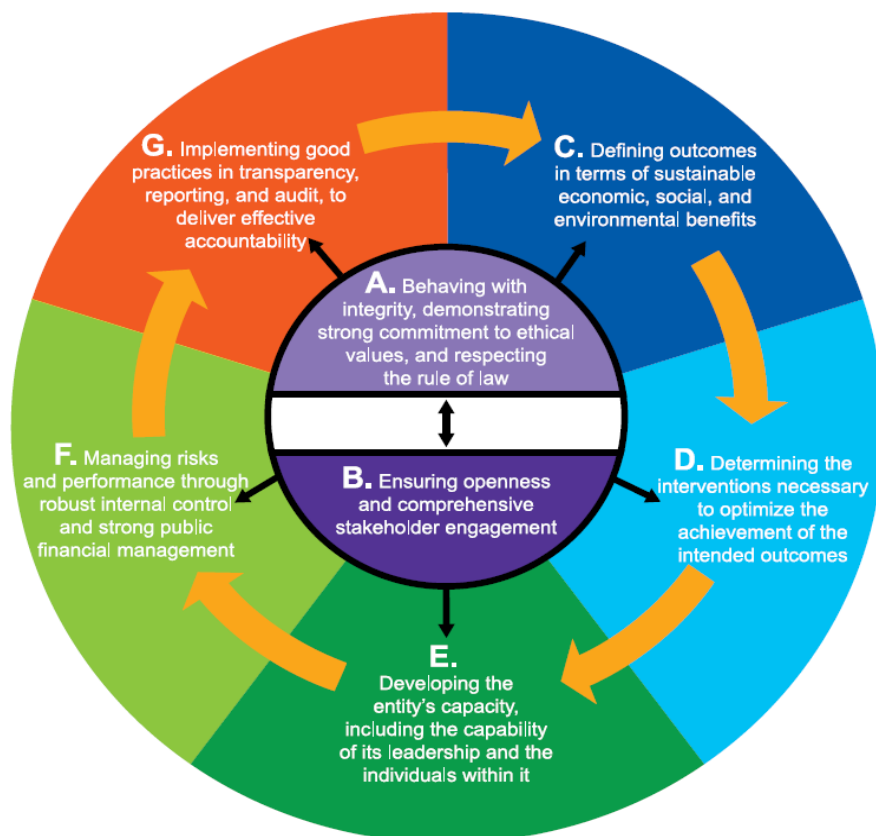
It is also crucial that the Framework is applied in a way that demonstrates the spirit and ethos of good governance which cannot be achieved by rules and procedures alone.

THE PRINCIPLES OF GOOD GOVERNANCE – APPLICATION

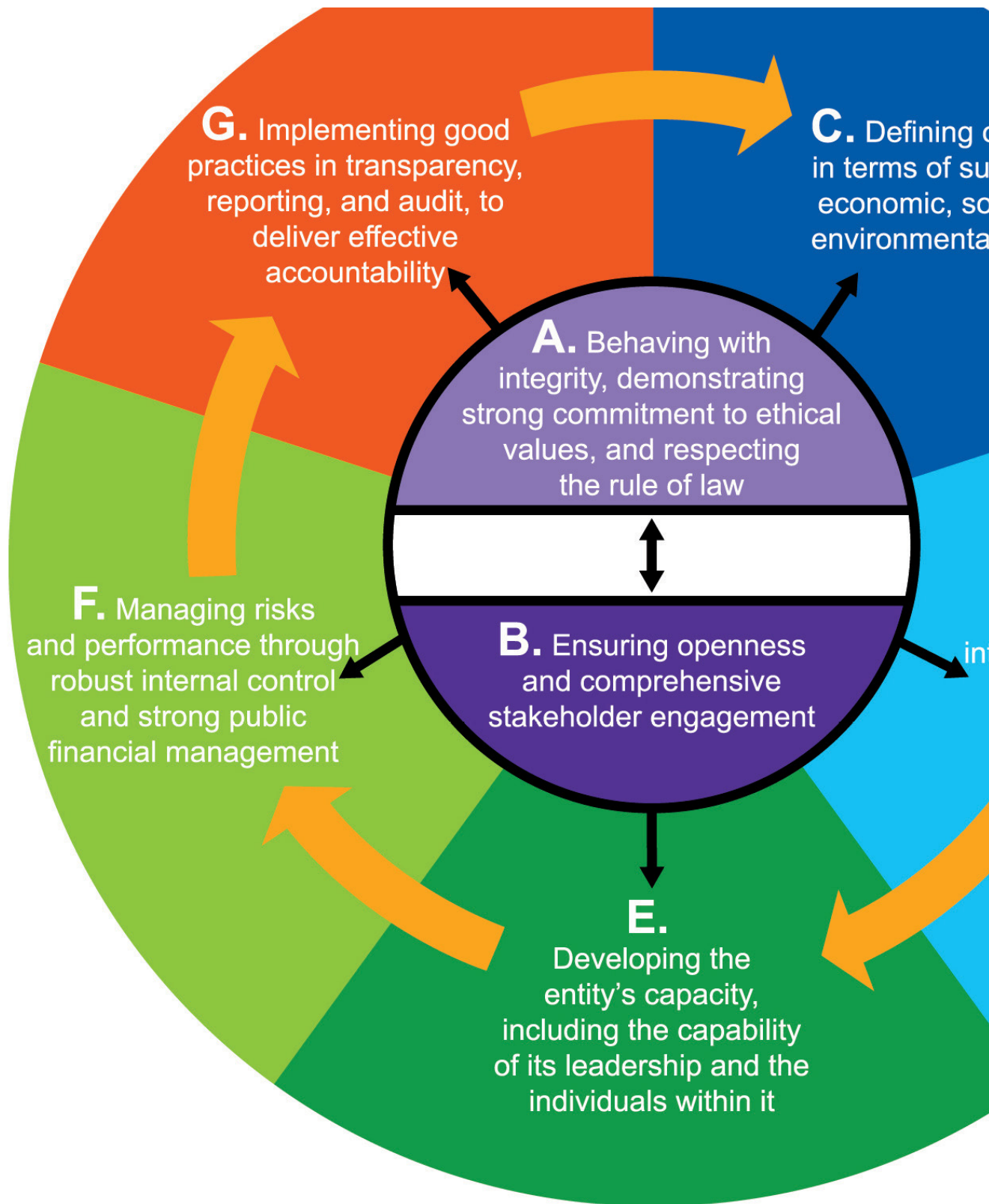
Defining the core principles and sub principles of good governance

The diagram from the *International Framework*, below illustrates how the various principles for good governance in the public sector relate to each other. Principles A and B permeate implementation of principles C to G. The diagram also illustrates that good governance is dynamic, and that an entity as a whole should be committed to improving governance on a continuing basis through a process of evaluation and review.

Achieving the Intended Outcomes While Acting in the Public Interest at all Times



To achieve good governance, each local authority should be able to demonstrate that its governance structures are consistent with the core and supporting principles contained in this Framework. It should therefore develop and maintain a local code of governance/governance arrangements reflecting the behaviours and outcomes set out in the next section.



¹ In local government, the governing body is the full council or authority. In the Police, Police and Crime Commissioners (PCCs) and Chief Constables (CCs) are corporations sole and are jointly responsible for governance.

Principles and sub principles	Behaviours and outcomes that demonstrate good governance in practice
Acting in the public interest requires:	This commitment will require :
<p>A. Behaving with integrity, demonstrating strong commitment to ethical values, and respecting the rule of law</p> <p>Local government organisations are accountable not only for how much they spend, but also for how they use the resources under their stewardship. This includes accountability for outputs, both positive and negative, and for the outcomes they have achieved. In addition, they have an overarching responsibility to serve the public interest in adhering to the requirements of legislation and government policies. It is essential that, as a whole, they can demonstrate the appropriateness of all their actions and have mechanisms in place to encourage and enforce adherence to ethical values and to respect the rule of law.</p>	<p>Behaving with integrity</p> <ul style="list-style-type: none"> • Ensuring members and officers behave with integrity • Ensuring members and officers lead a culture where acting in the public interest is the norm • Ensuring members take the lead in establishing specific values² for the organisation and its staff and that they are communicated and understood • Ensuring members and officers lead by example and demonstrate the organisation’s values through their own thinking and behaviours and use them as a guide to decision making and other actions • Demonstrating and communicating values through appropriate policies/processes such as codes of conduct and policies dealing with whistle blowing and conflicts of interest and reviewing such policies and on a regular basis to ensure that they are operating effectively <p>Demonstrating strong commitment to ethical values</p> <ul style="list-style-type: none"> • seeking to understand , monitor and maintain the organisation’s ethical performance • underpinning personal behaviour with ethical values and ensuring they permeate all aspects of the organisation’s operation for example, procurement and staff appointments

² These should build on The Nolan Principles – *The Seven Principles of Public Life*

	<p>Respecting the rule of law</p> <ul style="list-style-type: none"> • ensuring members and staff demonstrate a strong commitment to the rule of the law as well as adhering to relevant laws and regulations • creating the conditions to ensure that the statutory officers and other key post holders are able to fulfil their responsibilities • striving to use the authority's full powers for the benefit of its citizens, its communities and other stakeholders • Dealing with breaches of legal and regulatory provisions effectively • Ensuring corruption and misuse of power are dealt with effectively
<p>B. Ensuring openness and comprehensive stakeholder engagement</p> <p>Local authorities are run for the public good, they therefore should ensure openness in their activities. Clear, trusted channels of communication and consultation should be used to engage effectively with all groups of stakeholders, such as individual citizens and service users, as well as institutional stakeholders.</p>	<p>Openness</p> <ul style="list-style-type: none"> • Demonstrating, documenting and communicating the organisation's commitment to openness • making decisions that are open³ about actions, plans, resource use, forecasts, outputs and outcomes • providing clear reasoning and evidence for decisions in both public records and explanations to stakeholders and being explicit about the criteria, rationale and considerations used. In due course, that they are clear about the impact and consequences of those decisions <p>Engaging comprehensively with</p>

³ The presumption is for openness. If that is not the case, a justification for the reasoning for keeping a decision confidential should be provided

	<p>institutional stakeholders⁴</p> <ul style="list-style-type: none"> • effectively engaging with stakeholders to ensure that outcomes are achieved successfully and sustainably • developing formal and informal collaborative arrangements with other institutional stakeholders (such as other public sector bodies, third sector or private sector entities) to allow for resources to be used more efficiently and outcomes achieved more effectively • defining the purpose, objectives and intended outcomes for each stakeholder relationship • using formal and informal consultation and engagement to determine the most appropriate and effective interventions <p>Engaging stakeholders effectively, including individual citizens and service users</p> <ul style="list-style-type: none"> • establishing a clear policy on the type of issues that the organisation will meaningfully consult with or involve individual citizens, service users and other stakeholders to ensure that service (or other) provision is contributing towards the achievement of intended outcomes. • collecting and evaluating the views and experiences of citizens, service users
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⁴ The other entities a public sector entity needs to work with to improve services and outcomes or for accountability reasons

	<p>and organisations of different backgrounds</p> <ul style="list-style-type: none"> • implementing effective feedback mechanisms for those consultees in order to demonstrate what has changed as a result • balancing feedback from more active stakeholder groups with other stakeholder groups to ensure that no one group becomes too dominant • taking account of the interests of future generations of tax payers and service users to ensure intergenerational equity
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Principles and sub principles	Behaviours and outcomes that demonstrate good governance in practice
<p>In addition to the overarching requirements for acting in the public interest in principles A and B, achieving good governance in the local government also requires effective arrangements for:</p>	<p>This commitment will require :</p>
<p>C. Defining outcomes in terms of sustainable economic, social, and environmental benefits</p> <p>The long-term nature and impact of many of local government's responsibilities mean that it should define and plan outcomes and that</p>	<p>Defining outcomes</p> <ul style="list-style-type: none"> • having a clear vision - an agreed formal statement of the organisation's purpose and intended outcomes containing appropriate performance indicators • ensuring the vision statement provides the

<p>these should be sustainable. Decisions should further the authority's purpose, contribute to intended benefits and outcomes, and remain within the limits of authority and resources. Input from all groups of stakeholders, including citizens, service users, and institutional stakeholders, is vital to the success of this process and in balancing competing demands when determining priorities for the finite resources available</p>	<p>basis for the organisation's overall strategy, planning and other decisions</p> <ul style="list-style-type: none"> • specifying the intended impact on, or changes for, stakeholders including individual citizens and service users. It could be immediately or over the course of a year or longer • delivering defined outcomes on a sustainable basis within the resources that will be available • developing and publishing sustainability indicators in terms of economic, social and environmental benefits as a means of measuring whether intended outcomes have been achieved • identifying and managing risks to the achievement of outcomes as part of delivering goods and services • managing expectations effectively with regard to determining priorities and making the best use of the resources available <p>Sustainable economic, social and environmental benefits</p> <ul style="list-style-type: none"> • considering and balancing the combined economic, social and environmental impact of policies, plans and decisions when taking decisions about service provision • taking a longer-term view with regard to decision making, taking account of risk and acting transparently where there are potential conflicts between the authority's intended outcomes and short-term factors such as the political cycle or financial constraints • determining the wider public interest associated with balancing conflicting
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	<p>interests between achieving the various economic, social and environmental benefits , through consultation where possible, in order to ensure appropriate trade offs</p> <ul style="list-style-type: none"> ensuring equality of access
<p>D. Determining the interventions necessary to optimize the achievement of the intended outcomes</p> <p>Local authorities achieve their intended outcomes by providing a mixture of legal, regulatory, and practical interventions. Determining the right mix of interventions is a critically important strategic choice and authorities have to make to ensure they achieve their intended outcomes. They need robust decision-making mechanisms to ensure that their defined outcomes can be achieved in a way that provides the best trade-off between the various types of resource inputs while still enabling effective and efficient operations. Decisions made need to be reviewed continually to ensure that achievement of outcomes is optimized.</p>	<p>Determining interventions</p> <ul style="list-style-type: none"> Ensuring decisions makers receive objective and rigorous analysis of a variety of options indicating how intended outcomes would be achieved and including the risks associated with those options Ensuring best value is achieved however the authority's services are provided <p>Planning interventions</p> <ul style="list-style-type: none"> Establishing and implementing robust planning and control cycles that cover strategic and operational plans, priorities and targets Simultaneously engaging with internal and external stakeholders in determining how services and other interventions can best be delivered Considering and monitoring risks facing each partner when working collaboratively including shared risks Ensuring arrangements are flexible/agile so that the mechanisms for delivering outputs can be adapted to changing circumstances Establishing appropriate KPIs as part of the planning process in order to assess how the performance of services and projects is to be measured Ensuring the organisation has the capacity to generate the information required to

	<p>review service quality regularly</p> <ul style="list-style-type: none"> • Preparing budgets in accordance with organizational objectives, strategies and the medium term financial plan • Informing medium and long term resource planning by realistic estimates of expenditure and revenue, aiming to develop a sustainable funding strategy that fully supports future expenditure and liabilities in accordance with available funding • Considering feedback from citizens and service users when making decisions about service improvements or where services are no longer required in order to prioritise competing demands within limited resources available including people, skills, land and assets and bearing in mind future impacts <p>Optimizing achievement of intended outcomes</p> <ul style="list-style-type: none"> • Ensuring the medium term financial strategy integrates and trades off service priorities, affordability and other resource constraints • Ensuring the budgeting process is all-inclusive, taking into account the full cost of operations over the medium and longer term • Ensuring the medium term financial strategy sets the context for ongoing decisions on significant delivery issues or responses to changes in the external environment that may arise during the budgetary period in order for outcomes to be achieved while optimizing resource usage • Ensuring the achievement of 'social value' through service planning and
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	commissioning
<p>E. Developing the entity's capacity, including the capability of its leadership and the individuals within it</p> <p>Local authorities need appropriate structures and leadership, as well as people with the right skills, appropriate qualifications and mindset, to operate efficiently and effectively and achieve their intended outcomes within the specified periods. The authority must ensure that it has both the capacity to fulfil its own mandate and to make certain that there are policies in place to guarantee that its management has the operational capacity for the entity as a whole. Because both individuals and the environment in which an authority operates will change over time, there will be a continuous need to develop its capacity as well as the skills and experience of individual staff members. Leadership in local government entities is strengthened by the participation of people with many different types of backgrounds, reflecting the structure and diversity of their communities</p>	<p>Developing the entity's capacity</p> <ul style="list-style-type: none"> • Ensuring the capabilities of senior management enable the authority to respond successfully to changing legal and policy demands as well as economic, political and environmental changes and risks • Reviewing operations and performance on a regular basis to ensure their continuing effectiveness and enable organizational learning • Improving resource use through appropriate application of benchmarking and other options in order to determine how the authority's resources are allocated so that outcomes are achieved effectively and efficiently • Developing and maintaining robust procurement policies and procedures which place emphasis on the organisation's ethical values and objectives and deliver cost effective goods and services <p>Developing the entity's leadership</p> <ul style="list-style-type: none"> • Ensuring a constructive relationship exists between members and officers by setting out a clear statement of the respective roles and responsibilities of the executive, of the executive's members individually and the authority's approach to putting this into practice • Clarifying roles and responsibilities of authority members and management at all levels • Developing protocols to ensure that

	<p>elected and appointed leaders negotiate their respective roles early on in the relationship and that a shared understanding of roles and objectives is maintained</p> <ul style="list-style-type: none"> • publishing a statement that specifies the types of decisions delegated to the executive and those reserved for the collective decision making of the authority • ensuring the leader and the chief executive have clearly defined and distinctive leadership roles within a structure whereby the chief executive leads the authority in implementing strategy and managing the delivery of services and other outputs set by members and each provides a check and a balance for each other's authority • appointing a senior officer (the S151 officer) responsible to the authority for ensuring that appropriate advice is given on all financial matters, for keeping proper financial records and accounts and maintaining an effective system of internal financial control • appointing a senior officer (usually the monitoring officer) is responsible to the authority for ensuring that agreed procedures are followed and that all applicable statutes and regulations are complied with • ensuring members and senior officers have the appropriate skills, knowledge resources and support to fulfil their roles and responsibilities • ensuring members are independent of management and free from relationships that would materially interfere with their role • ensuring members receive appropriate induction tailored to their role and ongoing
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	<p>training and development</p> <ul style="list-style-type: none"> • developing members skills and ensuring that they are able to update their knowledge on a continuing basis • reviewing individual member performance on a regular basis and considering any training or development needs as well as taking account of their attendance record • Regularly assessing skills required by members and making a commitment to fill gaps • Encouraging a wide range of people stand for election and that there are career structures in place to encourage participation and development • taking steps to consider the leadership's own effectiveness and ensuring leaders are open to constructive feedback from peer review and inspections • ensuring personal, entity and system-wide development through shared learning <p>Developing the capability of individuals within the entity</p> <ul style="list-style-type: none"> • implementing appropriate human resource policies and ensuring that they are working effectively • creating an environment where staff can perform well and ideas and suggestions are welcomed • ensuring staff have realistic job descriptions so that their core responsibilities can be carried out effectively and senior managers' core responsibilities are not compromised by having too wide a portfolio of duties. • Appointing and promoting all staff based
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	<p>on merit</p> <ul style="list-style-type: none"> • Ensuring all new staff receive induction tailored to their role and subsequent training and development matching individual and organisational requirements • Holding staff to account through regular performance reviews which take account of training or development needs • Considering how benefits, personal development opportunities and potential career progression can promote an engaged and competent work force • Ensuring arrangements are in place to maintain the health and wellbeing of the workforce and support individuals in maintaining their own physical and mental wellbeing
<p>F. Managing risks and performance through robust internal control and strong public financial management</p> <p>Local authorities need to ensure that the entities and governance structures that they oversee have implemented—and can sustain—an effective performance management system that facilitates effective and efficient delivery of planned services. Risk management and internal control are important and integral parts of a performance management system and crucial to the achievement of outcomes. They consist of an ongoing process designed to identify and address significant risks involved in achieving outcomes.</p> <p>A strong system of financial management is essential for the</p>	<p>Managing risk</p> <ul style="list-style-type: none"> • Recognising that risk management is an integral part of all activities and must be regarded as a continuous process • Implementing robust and integrated risk management arrangements and ensuring that they are working effectively <p>Managing performance</p> <ul style="list-style-type: none"> • Monitoring service delivery effectively including planning, specification, execution and independent post implementation review • Ensuring at all levels, those making decisions are presented with relevant, clear objective analysis and advice pointing out the implications and risks inherent in the organisation's financial, social and environmental

<p>implementation of policies and the achievement of intended outcomes, as it will enforce financial discipline, strategic allocation of resources, efficient service delivery and accountability.</p>	<p>position and outlook</p> <ul style="list-style-type: none"> • Ensuring an effective scrutiny or oversight function is in place which encourages constructive challenge and debate on policies and objectives before, during and after decisions are made thereby enhancing the authority's performance and that of any organization for which it is responsible • providing members and senior management with regular reports on service delivery plans and on progress towards outcome achievement • ensuring there is consistency between specification stages (such as budgets) and post implementation reporting (eg financial statements) <p>Robust internal control</p> <ul style="list-style-type: none"> • Aligning the risk management strategy and policies on internal control with achieving the authority's objectives • Evaluating and monitoring the authority's risk management and internal control on a regular basis • Ensuring effective counter-fraud and anti-corruption arrangements are in place • Ensuring additional assurance on the overall adequacy and effectiveness of the framework of governance, risk management and control is provided by the internal auditor • Ensuring an audit committee or equivalent group or function which is independent of the executive provides
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	<p>a further source of assurance regarding the authority's arrangements for managing risk and maintaining an effective control environment</p> <p>Managing Data</p> <ul style="list-style-type: none"> • Ensuring effective arrangements are in place for the safe collection, storage, use and sharing of data, including processes to ensure the security of personal data used • Reviewing and auditing regularly the quality and accuracy of data used in decision making and performance monitoring • Ensuring effective arrangements for sharing data with other bodies are in place <p>Strong public financial management</p> <ul style="list-style-type: none"> • Ensuring the authority's financial management supports both long term achievement of outcomes and short-term financial and operational performance • Ensuring well-developed financial management is integrated at all organizational levels of planning and control, including management of financial risks and controls
<p>G. Implementing good practices in transparency, reporting, and audit to deliver effective accountability</p> <p>Accountability is about ensuring that those making decisions and delivering services are answerable for them. Effective accountability is concerned not only with reporting on actions completed, but also ensuring that stakeholders are able to understand</p>	<p>Implementing good practice in transparency</p> <ul style="list-style-type: none"> • Writing and communicating reports for the public and other stakeholders in an understandable style appropriate to the intended audience and ensuring that they are easy to access and interrogate • Striking a balance between providing the right amount of information to satisfy

<p>and respond as the organisation plans and carries out its activities in a transparent manner. Both external and internal audit contribute to effective accountability.</p>	<p>transparency demands and enhance public scrutiny whilst not being too onerous for the authority to provide and for users to understand</p> <p>Implementing good practices in reporting</p> <ul style="list-style-type: none"> • Reporting at least annually in a timely manner to demonstrate to stakeholders in an understandable way on issues including how the authority is performing, whether it is delivering value for money and the stewardship of its resources • Ensuring members and senior management own the results • Assessing the extent that the authority is applying the principles contained in this Framework and publishing the results on this assessment including an action plan for improvement and evidence to demonstrate good governance in action • Ensuring the performance information that accompanies the financial statements is prepared on a consistent and timely basis and the statements allow for comparison with other, similar entities • Publishing separately an assessment of governance arrangements for jointly managed organisations <p>Assurance and effective accountability</p> <ul style="list-style-type: none"> • Ensuring that an effective external audit service is in place and acting on recommendations made for corrective action • Ensuring an effective internal audit service with direct access to members is in place which provides assurance with regard to the authority's governance arrangements
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	<p>and recommendations are acted upon</p> <ul style="list-style-type: none"> • Welcoming peer challenge, reviews and inspections from regulatory bodies and implementing recommendations.
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ANNUAL REVIEW AND REPORTING

Delivering Good Governance in Local Government: Framework urges local authorities to prepare a governance statement in order to report publicly on the extent to which they comply with their own code of governance on an annual basis, including how they have monitored and evaluated the effectiveness of their governance arrangements in the year, and on any planned changes in the coming period. The process of preparing the governance statement should itself add value to the effectiveness of the corporate governance and internal control framework.

The annual governance statement should provide a brief communication regarding the review of governance that has taken place and the role of the governance structures involved (such as the authority and the audit and other committees). It should be high level, strategic and written in an open and readable style. It should be focused on outcomes and value for money and relate to the authority's vision for the area. As a matter of best practice, the annual governance statement should normally be approved at the same time as, and certainly no later than, the statement of accounts.

The preparation and publication of an annual governance statement in accordance with *Delivering Good Governance in Local Government: Framework* fulfils the statutory requirement for a local authority to conduct a review at least once in each financial year of the effectiveness of its system of internal control and to include a statement reporting on the review with its statement of accounts.