

Sherwood Lodge
Bolsover
Derbyshire
S44 6NF

Date: 13th September 2012

Dear Sir or Madam,

You are hereby summoned to attend a meeting of the Budget Scrutiny Committee of Bolsover District Council to be held in the Council Chamber, Sherwood Lodge, Bolsover, on Friday 21st September 2012 at 1000 hours.

Register of Members' Interest - Members are reminded that a Member must within 28 days of becoming aware of any changes to their Disclosable Pecuniary Interests provide written notification to the Authority's Monitoring Officer.

You will find the contents of the agenda itemised on page 2.

Yours faithfully




Chief Executive Officer

To: Chairman & Members of the Budget Scrutiny Committee

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Chief Executive Officer: Wes Lumley, B.Sc., F.C.C.A.



The Government Standard

BUDGET SCRUTINY COMMITTEE

AGENDA

Friday 21st September 2012 at 1000 hours in the Council Chamber

Item No.		<u>Page No.s</u>
	PART A – 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.	To approve the Minutes of a meeting held on 20 th July 2012.	3 to 9
5.	Budget Monitoring Report.	10 to 45
	PART B – OPEN ITEMS	
6.	Scrutiny Call in from Executive held on 28th August 2012 Please Note that agenda item 5 above has been called in by Councillors S.W. Fritchley and K. Reid for the following reason; <i>Why have budgets been cut without consultation with other Members.</i> Minute No. 362 - 1st Quarterly Monitoring Report Minute No. 363 - Budget Process for 2012/12	

BUDGET SCRUTINY COMMITTEE

Minutes of a meeting of the Budget Scrutiny Committee of the Bolsover District Council held in the Council Chamber, Sherwood Lodge, Bolsover, on Friday 20th July 2012 at 1000 hours.

PRESENT:-

Members:-

Councillors J.E. Bennett, R.J. Bowler, R. Brooks, J.A. Clifton, C.P. Cooper, M.J. Dooley, S.W. Fritchley, D.A. Kerr, C. Munks, K. Reid, J.E. Smith, R. Turner, K.F. Walker, S. Wallis, D.S. Watson, G.O. Webster and J. Wilson.

Officers:-

B. Mason (Director of Corporate Resources), A. Turner (Legal and Standards Officer) and A. Bluff (Democratic Services Officer).

241. ELECTION OF CHAIRMAN FOR THE ENSUING YEAR

Moved by Councillor J.E. Smith, seconded by Councillor C. Munks
RESOLVED that Councillor K. Reid be elected Chairman of Budget Scrutiny Committee for the ensuing year.

Councillor K. Reid in the Chair

242. ELECTION OF VICE CHAIRMAN FOR THE ENSUING YEAR

Moved by Councillor J.E. Smith, seconded by C. Munks
RESOLVED that Councillor H.J. Gilmour be elected vice Chair of Budget Scrutiny Committee for the ensuing year.

243. APOLOGIES

Apologies for absence were received on behalf of Councillors A. Anderson, T. Cook, H.J. Gilmour, B.W. Hendry and G. J. Parkin.

244. URGENT ITEMS OF BUSINESS

There were no urgent items of business to consider.

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245. DECLARATIONS OF INTEREST

Councillor Dooley requested clarification on whether she needed to declare an interest as a Member of Pinxton Parish Council.

The Legal and Standards Officer advised Members that due to the forthcoming changes to the Standards regime, personal and prejudicial interests no longer existed. Members would be considering recommendations regarding declarations at Council on 25th July 2012. He advised Councillor Dooley that she did not need to declare an interest as a Parish Councillor.

246. TERMS OF REFERENCE

Moved by Councillor J.E. Smith, seconded by Councillor M.J. Dooley
RESOLVED that the Terms of Reference be accepted.

247. BUDGET MONITORING REPORT

The role of monitoring the Council's Budget on a quarterly basis is within the Terms of Reference of the Budget Scrutiny Committee.

The Director of Corporate Resources presented two budget reports to the meeting.

The first report had been presented to Executive on 2nd April 2012 and provided a Budget Update in respect of progress in achieving the agreed range of General Fund savings of £974k.

Members were informed that the Council's Draft Statement of Accounts in respect of 2011/12 had been concluded and officers within the Accountancy Team would now begin the process of preparing the First Quarter Monitoring Report in respect of 2012/13, which would be reported to Members in August.

It was noted that the Accounts had been closed on time and initial indications were that the accounts were of good quality and fit for purpose. The Director of Resources anticipated that the Accounts would be the subject of a more satisfactory report by External Audit than had been the case in respect of the previous set of Financial Accounts.

The Director of Corporate Resources gave an update on progress since the April report to Executive had been produced.

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Vacancy Savings; Target £250k.

It was unlikely that the £250k would be achieved in the current financial year. The savings were currently estimated at £75k to £100k.

Environmental Health Review; Target £100k.

Currently in the process of implementing the joint service between BDC and NEDDC. It was unlikely that the £100k would be achieved but a significant part of it would be. This was an ongoing piece of work and was being actively monitored. Further negotiations and discussions were being undertaken in order to secure this saving.

Head of Service Review;

This Review had been completed. It was estimated that the savings would be £150k against the £120k assumed.

Garage and Fleet Review;

This Review was largely around the introduction of MOT testing. This service was now up and running but had taken longer than thought to achieve. It was estimated that the savings would be £25k rather than the £50k budgeted.

Other Strategic Alliance Reviews; Target £150k.

Of the £100k target in respect Corporate Services £95k had been achieved. The further £50k savings were in relation to Street Scene and in the light of some recent developments the Council may be in a position to achieve these savings.

Remove Allowance for Pay Award;

£101k savings will be achieved against the £100k assumed.

Reduction in Non Employee Budgets;

Some cost pressures had been identified but £244k worth of savings had been identified.

Delays in transfer of Kissingate Leisure Centre (KLC);

The financial impact of the delay in the transfer of KLC was currently being worked through.

The Council should achieve £700k savings out of the £974k target and the difference of £274k was currently being worked on. At only 3/4 months into the financial year this was significant progress but further progress was still needed. Members were assured that the budget and savings were being actively managed.

In terms of the Medium Term Financial Plan, a requirement of £600k of savings had been identified in the next financial year.

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Year three of the CSR had initially been considered to be the easiest of the three years but the consensus nationally now appears to be that it may well be the hardest. The grant settlement for 2012/13 will not be known until late November 2012. Discussions were taking place with Members on the strategy for addressing how to achieve the rest of the savings for this year and the plans for achieving savings for the next financial year. The Council needed to plan ahead now for November as it was clear there would be significant cuts. The reduction in grant currently assumed was in the region of half a million pounds; but the concern was now that it would increase significantly beyond this figure. The situation was not unique to Bolsover. All local authorities were in the position of having to make savings which reflected the wider national and European economic position.

Councillor Wallis queried the long term impact joint procurement would have on the savings. The Director of Corporate Resources replied that in terms of procurement a lot of the savings had been made in the last 3 to 4 years. The Joint Procurement Unit, which encompasses approximately 5 different councils, had a work plan and they also produced a summary of the savings achieved, which could be presented to a future Budget Scrutiny Committee. The Director of Corporate Resources added that due to inflationary pressures and the fact that previous measures had secured a competitive price level that savings achieved from procurement in the past would probably not be available in the future.

Councillor Munks referred to vacancy savings and commented that she hoped compulsory redundancies and reduced working hours for staff would not be looked at. The Director of Corporate Resources replied that this would be for Members' to agree a position. He added that the Council would underachieve on vacancy savings due to a tight labour market and fewer people leaving the Authority. Staffing numbers had already been pared back; if a job became vacant it would probably be an essential vacancy, which would have to be filled. This made it more difficult to achieve the vacancy savings.

Councillor Smith referred to the Environmental Health Review and asked how much of the £100k would be achieved. The Director of Corporate Resources replied that about £20-30k was certain. He added that it was anticipated the joint service would be up and running by December 2012; but there were other savings opportunities that could be taken in the short term. It would be a long and detailed piece of work to put two teams together from two authorities, as it involved IT systems and Human Resources, etc. Officers were, however, working to progress the implementation process as quickly as possible.

Councillor Smith also referred to the Strategic Alliance Review and the £150k/£50k split. The Director of Corporate Services replied that £100k was the corporate services review of which £95k savings had been achieved. The £50k was regarding the street scene review and there had been movement on this in the previous week bringing the £50k nearer to being achieved. Work that was currently in hand would move the Council further to being £200k below the

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savings target rather than £274k set out within the report. A lot of the savings already achieved would also apply for next year's next year's budget. On the basis that all savings were achieved in 2011/12 then the level of savings needed for next year would fall to £628k in addition to those already achieved. The Director of Corporate Services stated that the Council had made significant progress against the agreed savings target and could now move on to address next year's target. He added that the support of Members to the process had been essential to the progress to date.

Councillor Fritchley commented that authorities needed to find a political solution to the savings problem. It was impossible to keep making these savings year on year.

Councillor Kerr stated that he wished to thank the Director of Corporate Services for the report and the work he had done.

He referred to vacancy savings and said it looked like there were no plans to make any next year. For the purpose of scrutinising the budget, he asked if it was possible for Members to see which posts had been decided to be filled this year and which had not. The Director of Corporate Services replied that initially Strategic Alliance Management Team takes a view of which post to fill and which not to fill; they have delegated powers to manage vacancies. If, however, it was decided not to fill a post on a permanent basis, this would have to come before Members for consideration and approval. The Director also noted that the impact of budget cuts needed to be considered not just in respect of achieving financial targets but also in terms of their impact on our communities – we try to minimise the impact of budget cuts on our communities. He also commented that as we progress further savings the scope for efficiency savings gets less.

Councillor Wallis queried the internal communication between managers and staff regarding the cuts. The Director of Corporate Services replied that staff were kept informed about the general overall financial position of the Council. Specific proposals would be made in a formal report which would be considered and agreed, or not, by Members; if it were agreed formally, it would then be presented to staff concerned for consultation for a period of a month. Staff would have the opportunity to make their representations to management and this would be reported to the next committee meeting. Members would then decide on which basis to progress either the original or revised proposals or whether the proposals be halted.

The second report was the Financial Outturn report in respect of 2011/12, which was reported to Executive on 2nd July 2012. An understanding of the Outturn position in respect of 2011/12 is crucial to an appreciation of the Council's current financial position. Again, further details regarding the financial outturn in respect of 2011/12 will be reported back to Members and this future report will include an assessment of the impact of the 2011/12 financial outturn upon the 2012/13 budget.

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£325k had been transferred into General Fund balances, which took the level of General Fund balances up to position of £1.389m, which was £0.189m above the target set of £1.2m as a minimum level of balances. This was a significant improvement on what was forecast during the year.

The Director of Corporate Resources referred to the Housing Revenue Account, the second major account of the Council. The call on the HRA balances was significantly less than was forecast; rather than a shortfall of £200k it was nearer £60k, with a result of a closing balance on the HRA remaining at a level of above £1m – which was the minimum level the Council had set itself. The Council had moved into a period of greater financial risk on both the General Fund and the HRA accounts – the Localisation of Council Tax would be introduced in April 2013 and would be subject to a report to Council in August 2012 which would set out a proposed local scheme. This would clearly increase the level of risk on each local authority and there would be a requirement to reach the spending reductions set out in the CSR. The Council needed to consider having a higher level of balances on the General Fund. Managing the budget was a means of providing a decent quality of services to local residents. If the budget process was wrong, services would suffer. A reasonable level of balances was an important protection if things went wrong.

The Council now has a localised HRA and is paying interest on loans taken out on its housing stock. The Council now has to manage the housing stock itself and decisions on right to buy etc impact on the local HRA. Though the level of risk has increased, a reasonable outturn position has been secured which is better than forecast. This gives the Council a position to build on but there remains a challenging savings target to meet over the next few years and ongoing savings would still need to be made in future financial years.

Councillor Munks queried when Scrutiny Members would receive the detailed report on the cost centres break down, which was being presented to Executive at the end of July. The Director of Corporate Services replied that as this would be a public report it would be available for all Members to access. Councillor Munks further queried the over spend on Community Safety and Regeneration and asked if this was due to any particular items. The Director of Corporate Services replied that the report to Executive would give more detail and identify where the changes in spending were on these two accounts. Councillor Munks also queried what provision would be made on the HRA for the changes due to housing benefit under the Welfare Reform Act as this could have significant effect on receipts from rental income. The Director of Corporate Services replied that the benefits reform would start from April 2013 and in terms of the HRA, this would be looked at as part of next years budgeting process.

Councillor Fritchley referred to changes to the HRA with regard to self financing and queried what provision was in place to account for interest rate rises. The Director of Corporate Services replied that the Council went into the self financing settlement from 1st April 2012 - the money being borrowed from the Public Works

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Loan Board over a reasonably long period of time. As a result the Council had minimised its exposure to short term interest rate fluctuations, this would give a relatively stable interest rate for the next 10 years. The first quarter monitoring report would detail the financial advantage which would result from the interest rates received on the settlement being better than assumed at the time of the MTFP.

Councillor Fritchley also referred to maintaining housing stock in good condition and asked if the Director of Corporate Services thought the Council would be in a position to maintain or replace housing stock in 10 years time as and when it fell due. The Director of Corporate Services replied that one of the key issues of the HRA reform was that in common with all other local authorities, the Council had set up a 30 year business plan. This would help ensure that sufficient funding was available to meet future maintenance costs. Second HRA reform gave a certain amount of financial headroom; in Bolsover's case this was around £10m which would enable a limited opportunity to invest or build new properties. Maintaining existing properties in good condition and new build would, however, require that the Council continued to operate within the rent framework established by the Government's Rent Convergence formula.

Councillor Clifton referred to the Council working on raising a higher income. The Director of Corporate Services replied that the Council did look at this as part of the savings plans. A report was taken to Council each December on setting the Council's Fees and Charges for the coming financial year and this was Members' opportunity to look at fees and charges. Councillor Clifton commented that he was referring to new ideas to bring income into the Authority. The Director of Corporate Services replied that the Council did look at other local authorities for ideas on how to raise income.

Councillor Kerr referred to comments made earlier in the meeting regarding the Housing Revenue Account and changes in the Welfare Reform Act. He felt that the issue of direct payment of rent benefit to tenants had not been addressed. In terms of the new Universal Credit, tenants would now be responsible for paying their rent benefit direct to the Council, they would also receive their benefit four weeks in arrears - this would hit the Council's rent arrears figures and the Council's budgeting and was not of the Council's own making.

The Director of Corporate Services replied that he fully accepted Councillor Kerr's concerns. The benefit reforms would potentially have a financial impact on the Council

Moved by Councillor S. Wallis, seconded by Councillor M.J. Dooley
RESOLVED that the report be noted.

The meeting concluded at 1105 hours.