

## **Agenda Item 6**

### **TERMS OF REFERENCE FOR BUDGET SCRUTINY COMMITTEE**

1. To receive the Cabinet/Executive's Budget proposals and scrutinise them in accordance with the Budget and Policy Framework Procedure Rules in the Council's Constitution.
2. To make recommendations to the Cabinet/Executive in respect of those Budget proposals in accordance with the Budget and Policy Framework Procedure Rules in the Council's Constitution.
3. To monitor the Council's Budget (General Fund, Capital Programme and Housing Revenue Account) on a quarterly basis.
4. To raise questions with the relevant Portfolio Holders and officers in relation to financial issues arising out of the quarterly monitoring of Budgets.
5. To make recommendations to the Cabinet/Executive in respect of financial issues arising out of the Budget Monitoring.
6. To refer to the relevant Scrutiny Committee any performance or other non financial issues arising out of the quarterly monitoring of the Council's Budget.

## **BUDGET SCRUTINY COMMITTEE**

Minutes of a meeting of the Budget Scrutiny Committee of Bolsover District Council held in the Council Chamber, Sherwood Lodge, Bolsover, on Wednesday 16th January 2013 at 1000 hours.

### **PRESENT:-**

Members:-

Councillor K. Reid – Chair

Councillors A. Anderson, R. J. Bowler, Mrs P. M. Bowmer, J. A. Clifton, T. J. Connerton, C. P. Cooper, M. G. Crane, M. Dooley, S. W. Fritchley, H. J. Gilmour, J. E. Hall, R. A. Heffer, C. Munks, G. J. Parkin, S. Peake, J. E. Smith, R. Turner, K. F. Walker, S. Wallis, D. S. Watson and J. Wilson.

Officers:-

B. Mason (Director of Corporate Resources) and A. Bluff (Democratic Services Officer).

### **782. APOLOGIES**

Apologies for absence were received on behalf of Councillors J. E. Bennett, R. Brooks, T. Cook, B. W. Hendry, J. J. P. Phelan, T. Rodda and G. O. Webster.

### **783. URGENT ITEMS**

There were no urgent items of business to consider.

### **784. DECLARATIONS OF INTEREST**

There were no declarations of interest made.

### **785. MINUTES – 26<sup>TH</sup> NOVEMBER 2012**

Moved by Councillor J. E. Smith, seconded by Councillor C. Munks  
**RESOLVED** that the minutes of a Budget Scrutiny Committee held on 26<sup>th</sup> November 2012 be accepted as a correct record.

## **BUDGET SCRUTINY COMMITTEE**

### **786. SECOND QUARTERLY BUDGET MONITORING REPORT (REPORT PRESENTED TO EXECUTIVE ON 19<sup>TH</sup> NOVEMBER 2012)**

The Director of Corporate Resources presented a report to update Committee on the financial position of the Council following the second quarter's budget monitoring exercise for the General Fund, Housing Revenue Account, Capital Programme and also in respect of Treasury Management activity.

It was noted that the report had been presented to Executive on 19<sup>th</sup> November 2012.

The Director of Corporate Resources advised the meeting that since the report had been presented to Executive, Council had received the outcome of the Government's Financial Settlement for 2013/14, details of which were covered in the Medium Term Financial Plan report to be discussed later on the agenda.

The Monitoring Report showed the continued progress Council had made in addressing the £975k of budget savings in the current financial year 2012/13. A key issue to note was that the report had been presented to Executive in a timely fashion and the Accountancy Team are effectively managing the budget.

A question was raised in relation to repair and maintenance budgets expenditure being incorrectly identified and why the budgets were not readjusted accordingly when the mistake was found. The Director of Corporate Resources explained that adequate provision had now been made for the expenditure in respect of the current and future financial years.

A question was raised as to why there had been delays in some key asset sales and also what these sales were. The Director of Corporate Resources replied that this was in relation to sale of land at Shirebrook and Bolsover. Capital receipts for these sales of land needed to be received by 31<sup>st</sup> March 2013 otherwise borrowing would be required to fund capital expenditure. It was likely now that the receipts would fall in the new financial year and appropriate financial measures would need to be put in place at the end of the current financial year.

A question was raised in relation to HRA net under spend. The Director of Corporate Resources replied that any under spend would be carried forward. Work was still being carried out on the HRA and the position would be reported back to Members in early February as part of the Medium Term Financial Plan.

An update was requested on the current budget in respect of CCTV cameras. The Director of Corporate Resources advised the meeting that approval had been given at Council to upgrade the CCTV scheme.

## **BUDGET SCRUTINY COMMITTEE**

Members raised further questions in relation to the Social Inclusion budget, Parenting Practitioner budget and Depreciation to which the Director of Corporate Resources responded.

### **787. REVISED BUDGET 2012/13 (REPORT PRESENTED TO COUNCIL ON 12<sup>TH</sup> DECEMBER 2012)**

The Director of Corporate Resources advised Members that the revised budgets were brought forward early in the current financial year not just because of the need to make savings but also the need to provide quality services to local residents which would be assisted by timely budget management. Approximately £200k of savings had been secured by reducing departments' budgets, although where necessary to manage the Council's performance and service standards, some departments' budgets were increased.

A question was raised in respect of the cost of Sherwood Lodge disposal. The Director of Corporate Resources replied that there would be a net capital receipt and significant revenue saving for the Council arising from the disposal of Sherwood Lodge. It would also help the Council's National Non Domestic Rates (NNDR) base and the regeneration of the District.

### **788. MEDIUM TERM FINANCIAL PLAN (MTFP) UPDATE**

The Director of Corporate Resources presented an update report to the meeting in respect of the Medium Term Financial Plan (MTFP). He advised Members that the MTFP would shape the Councils' financial position for the next three financial years.

In terms of the Government's financial settlement, the budget shortfall for 2013/14 will be approximately £300k, for 2014/15 approximately £1.030m and £1.137 for 2015/16.

Members were asked to note that existing budgets had all been rolled forward based on existing expenditure patterns. This carry forward included the adjustments to all non employee budgets which were now established at minimal levels. This would mean there would not be much spare money in the budget to fund unexpected costs.

It was noted that the Government intended to continue expenditure restrictions on local authorities until 2018.

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In view of the scale of the grant loss, the Council had received an Efficiency Grant of a £1m. This replaced the Transition Grant received last year. Implications are that there would be more efficiency grant in 2014/15 but a business case would need to be submitted to Government to justify receipt of the grant. The Government wanted to reward Councils who had moved to shared services, outsourcing and other efficiency measures. Bolsover had already met the vast majority of the criteria.

Budget issues for 2013/14; The Government had extended its offer of grant to those authorities who do not increase Council Tax - an extra 1% of grant would be offered next year and 1% the year after (2015). The Director of Corporate Resources advised that Members did need to consider the option of a Council Tax increase.

If Council Tax was raised by 2%, this would raise £60k for the Council over the next 2 years.

Council Tax is a secure form of income to the Council and helps the financial sustainability of the Council but if raised that would impact on local residents. The Council needs to consider these issues when deciding upon its approach to the level of Council Tax for next year.

The Director of Corporate Resources stated that the report set out two options but deliberately no recommendation as it is purely a Member decision to decide whether or not to increase Council Tax.

It was noted that the Government was pressing hard for no Council Tax increases.

Members needed to debate how to achieve the £300k savings for next year and £1m the year after. Action needed to be taken early and a planned programme in place to minimize the impact on services.

A question was raised as to how soon Members could receive up to date figures to take these decisions. The Director of Corporate Resources replied that the MTPF would give Members the up to date figures and they would receive this in a timely fashion.

He added that Local Government finance had fundamentally changed and all Councils were more dependent on raising income locally. The New Homes Bonus was an example of this. NNDR was another example with the Council able to keep 25% of additional NNDR revenue.

The HRA also changed in April 2012. The Government Rent Convergence Policy will see an average rent increase approaching 6% next year. This was to maintain houses in keeping with the Decent Homes Standard. It would not be a

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welcome increase by tenants and would take the average homes rent to £80 per week - but again this would require approval by Members.

The Director of Corporate Resources added that while the Housing Capital Programme was reasonably well funded; the General fund Capital Programme was dependent on capital receipts – the Council had sold most of its assets that were saleable and it would be harder to find further assets to fund the Capital Programme.

The MTFP would be presented to Budget Scrutiny Members in early February.

A question was raised regarding the Welfare Reform Act and how the Council was going to meet the short fall from the housing benefits support grant which the Council used to receive. The Director of Corporate Resources replied that a report covering a proposed local scheme would be presented to Council on 23<sup>rd</sup> January 2013. A reduction in discount on Council Tax for empty / holiday homes was one of the recommendations in the report.

A comment was raised that Sustainable Communities Scrutiny Committee had looked at empty homes as part of a review it carried out in 2012 and a reduction in discount on these and holiday homes had been suggested but a large proportion of the rates went to Derbyshire County Council so why would it now be beneficial to reduce the discount. The Director of Corporate Resources replied that financial pressures on this Council, the County Council and the Police have all increased. If no action had been taken Bolsover's loss would have been about £70k, with a greater loss for the other authorities.

A lengthy discussion took place.

Members accepted that they had some harsh decisions to make.

The meeting concluded at 1105 hours.

## **EXTRAORDINARY BUDGET SCRUTINY COMMITTEE**

Minutes of an Extraordinary meeting of the Budget Scrutiny Committee of Bolsover District Council held in the Chamber Suite 3, The Arc, Clowne, on Tuesday 5<sup>th</sup> February 2013 at 1000 hours.

### **PRESENT:-**

Members:-

Councillor K. Reid – Chair

Councillors A. Anderson, Mrs P. M. Bowmer, R. Brooks, J. A. Clifton, T. J. Connerton, C. P. Cooper, M. Dooley, S. W. Fritchley, H. J. Gilmour, J. E. Hall, G. J. Parkin, J. E. Smith, R. Turner, K. F. Walker and S. Wallis.

Officers:-

S.E.A. Sternberg (Solicitor to the Council) and A. Bluff (Democratic Services Officer).

### **836. APOLOGIES**

Apologies for absence were received from Councillors J.E. Bennett, R.J. Bowler, T. Cook, M.G. Crane, R.A. Heffer, B.W. Hendry, C. Munks, S. Peake, T. Rodda, D.S. Watson and G.O. Webster.

### **837. DECLARATIONS OF INTEREST**

There were no declarations of interest made.

### **838. SCRUTINY ARRANGEMENTS 2013 ONWARDS**

The Chair explained to the meeting the reason for arranging the Extraordinary Budget Scrutiny Committee.

Given current budget pressures and to support the Council's efficiency drive, Scrutiny Members were asked to consider a number of options for alternative arrangements for Scrutiny Committees.

## EXTRAORDINARY BUDGET SCRUTINY COMMITTEE

Scrutiny Board Members had previously received and considered a draft options appraisal report for Scrutiny Committees and this document was now being presented to Scrutiny Committee Members.

*Councillor Connerton and Councillor Turner entered the meeting at this point.*

Members discussed at length the alternative options as presented in the report.

Various questions were raised and debated.

Moved by Councillor M.J. Dooley and seconded by Councillor H.J. Gilmour that current Scrutiny Committee arrangements remain unchanged.

Further to the motion, the Chair advised the meeting that he would allow debate to continue.

Further lengthy debate took place.

Moved by Councillor S.W. Fritchley and seconded by Councillor M.J. Dooley that an amendment be made to the above motion that a full Scrutiny Committee meeting is held once per month within the current cycle of meetings.

Further discussion took place.

On being put to the vote it was;

**RESOLVED** that (1) current Scrutiny Committee arrangements remain unchanged,

(2) a full Scrutiny Committee meeting is held once per month within the current cycle of meetings.

(Scrutiny Officer / Solicitor to the Council / Head of Democratic Services / Standards)

The meeting concluded at 1100 hours.



## **EXTRAORDINARY BUDGET SCRUTINY COMMITTEE**

Minutes of an Extraordinary meeting of the Budget Scrutiny Committee of Bolsover District Council held in Chamber Suite 3, The Arc, Clowne, on Friday 8<sup>th</sup> February 2013 at 1000 hours.

### **PRESENT:-**

Members:-

Councillor K. Reid – Chair

Councillors R.J. Bowler, Mrs P. M. Bowmer, J. A. Clifton, C. P. Cooper, M. J. Dooley, S. W. Fritchley, H. J. Gilmour, J. E. Hall, B.W. Hendry, C. Munks, G. J. Parkin, S. Peake, J. E. Smith, R. Turner, D.S. Watson and G.O. Webster.

Officers:-

B. Mason (Director of Corporate Resources) and A. Bluff (Democratic Services Officer).

### **857. APOLOGIES**

Apologies for absence were received from Councillors A. Anderson, J.E. Bennett, R.A. Heffer, K.F. Walker, S. Wallis, J. Wilson.

Also in attendance at the meeting in the public gallery was Councillor D. McGregor.

### **858. DECLARATIONS OF INTEREST**

There were no declarations of interest made.

### **859. MEDIUM TERM FINANCIAL PLAN**

The Director of Corporate Resources presented a detailed report to the meeting, which included a short slide presentation, in relation to the Medium Term Financial Plan 2013/14 to 2015/16. The report included a General Fund Risk Register.

The report had been considered by Audit Committee on 4<sup>th</sup> February 2013 and Executive on 6<sup>th</sup> February 2013 and Budget Scrutiny Committee were now asked to consider the report and make any comments it felt appropriate.

## EXTRAORDINARY BUDGET SCRUTINY COMMITTEE

The three main budgets of the Council were the General Fund Revenue Account, Housing Revenue Account (HRA) and the Capital Programme.

It was noted that although the Treasury Management Strategy (TMS), followed on from the Medium Term Financial Plan (MTFP), the Director of Corporate Resources advised Members that he would not be speaking on the TMS at this meeting.

### General Fund Summary

The slide presentation provided a table to the meeting in relation to the General Fund Summary, which included the budget short falls for 2013/14, 2014/15 and 2015/16 as well as the budget savings that would need to be made in the same period.

It was noted that the Council had achieved significant savings via the Strategic Alliance arrangements with North East Derbyshire District Council over the past two years and had reached its initial overall Strategic Alliance savings target. However, it was indicated that officers would be looking at the options again to see whether a further £0.5m could be secured across the two Councils.

Members were reminded that the Council has had to achieve almost £4m in savings over the last two financial years and the easy options in terms of savings had all now been exhausted.

### **Points to note;**

#### The Settlement

- Expenditure reductions will be required of all local authorities have been made across the period of the Medium Term Financial Plan and beyond.
- Existing budgets have all been rolled forward based of previous expenditure patterns.
- We have minimized all existing budgets.
- A plan for achieving £0.615m of the savings target was now in place.
- This target of £0.615m includes Vacancy Management, Secondments, Fees and Charges, Property Rationalisation, Street Scene.

#### 2013/14 General Fund Reserves

- Efficiency Grant £1m
- Balance of Transition Grant left £1m
- General Fund Financial Reserves – increase from £1.389m to £1.5m.
- General Fund reserves is in line with the level of financial risk (£1.570m)
- Adequate financial reserves are crucial to protect services.

*Councillor Bowler left the meeting at this point.*

## EXTRAORDINARY BUDGET SCRUTINY COMMITTEE

### Key Budget Issues

- Importance of securing savings targets on an ongoing basis.
- Easy options now gone.
- Need to avoid budget crisis to protect services.
- Greater level of uncertainty; changes to Government funding, welfare reform, economic background.

### 2013/14 Budget Issues

- Accept Government grant or increase Council Tax. The Government has offered grants to those councils who don't raise their council tax.
- Advantage of Council Tax increase if raised by 2%, this would raise an additional £60k for the Council over the next 2 years. Members need to balance this against the impact on local residents.
- Government Policy.

Decision re Council Tax levels is a Member decision after considering the relevant factors.

### Housing Revenue Account

- Now operating the localised HRA.
- Importance of a 30 year business plan.
- Average Rent increase of 5.8% (driven by Central Government rent convergence policy). Council house rents will still be 20-25% less than those in the private sector. Rent increases built into 30 year business plan.
- A 'roll forward' budget.
- Support for a programme of house building / acquisition.
- Maintain homes at 'Decent Homes Standard'.

*Councillor Peake entered the meeting at this point.*

### Capital Programme

- Housing Capital Programme reasonably well funded.
- Again a 'roll forward' programme to maintain decency standard.
- General Fund Programme is dependent on Capital Receipts. (Sale of land at Shirebrook (Tesco) and Bolsover, (Sherwood Lodge).
- Very limited General Fund Programme going forward.

Members were advised that a detailed breakdown of any cost centre was available to them if they so required.

## EXTRAORDINARY BUDGET SCRUTINY COMMITTEE

Members raised a range of questions.

Discussion took place in relation to;

- The New Homes Bonus.
- NNDR income
- The Icelandic Bank investments.
- Rent increases of 5.8% (convergence). The Director of Corporate Resources advised Members that this would vary and would be more than 5.8% on some properties but less on others.
- Capital Receipts and the cost of refurbishment of The Arc, Clowne.

In answer to a question raised by Councillor Parkin, the Director of Corporate Resources advised Members that monies from sale of land at Shirebrook and Bolsover were not included in the figures presented to Members as these had not yet been received.

Discussion took place regarding the Governments Council Tax cap of 2%. The Director of Corporate Resources advised Members that the Council would need to consider a number of issues when deciding upon its approach to the level of Council Tax for next year.

Further questions were raised regarding statutory and non statutory fees and charges.

The Director of Corporate Resources advised Members that savings on interest rates arising from the localization of the HRA had been redirected to pay the outstanding loan and would also finance initiatives such as building new homes. The Council was operating within its HRA debt ceiling.

The meeting concluded at 1100 hours.

## **EXTRAORDINARY BUDGET SCRUTINY COMMITTEE**

Minutes of an Extraordinary meeting of the Budget Scrutiny Committee of Bolsover District Council held in the Council Chamber, The Arc, Clowne, on Friday 19<sup>th</sup> April 2013 at 1000 hours.

### **PRESENT:-**

Members:-

Councillor K. Reid – Chair

Councillors J.E. Bennett, R.J. Bowler, Mrs P. M. Bowmer, R. Brooks, J. A. Clifton, T. J. Connerton, C. P. Cooper, M. Dooley, S. W. Fritchley, H.J. Gilmour, J. E. Hall, R.A. Heffer, B.W. Hendry, G. J. Parkin, J.E. Smith, R. Turner, K.F. Walker, S. Wallis, D.S. Watson and G.O. Webster.

Officers:-

S.E.A. Sternberg (Solicitor to the Council), M. Kane (Governance Manager) and A. Bluff (Democratic Services Officer).

### **1131. APOLOGIES**

Apologies for absence were received from Councillors A. Anderson, T. Cook, C. Munks and S. Peake.

### **1132. DECLARATIONS OF INTEREST**

There were no declarations of interest made.

### **1133. SCRUTINY ARRANGEMENTS 2013 ONWARDS**

Members were advised that the meeting had been arranged to discuss the options for Scrutiny's committee structure for 2013/14 onwards.

Councillor Bowler moved the following motion, which was seconded by Councillor Hall;

That the three Committee structure remains as it is and that all Scrutiny Members receive agendas for all Scrutiny meetings and that three extra agenda items are included on the quarterly Scrutiny Budget meeting to

## EXTRAORDINARY BUDGET SCRUTINY COMMITTEE

allow reports and any other information from the three Scrutiny Committees to be considered.

Clarification was requested on the purpose of the meeting bearing in mind the resolution from the Extraordinary Budget Scrutiny Committee meeting held on 5<sup>th</sup> February 2013.

Committee was advised that the purpose was to clarify Members' wishes in view of uncertainties arising from the initial meeting.

The Solicitor to the Council added that the recommendation from the meeting held on 5<sup>th</sup> February had been presented to Council but not formalised within the Council's Constitution. Council had sent the recommendation back to Budget Scrutiny Committee for clarification.

*Councillor Connerton entered the meeting at this point.*

A lengthy discussion took place during which the Chair emphasised that the aim of reviewing the Scrutiny committee structure was to make it more efficient in view of officer resource constraints whilst at the same time bolstering its effectiveness with the Executive.

Details of savings already made and attributed to the scrutiny process were circulated.

Further to Councillor Bowler's recommendation as detailed above, it was clarified that all Scrutiny Members would require paper copies of all Scrutiny agendas and reports.

On being put to the vote it was;

**RESOLVED** that (1) the three Committee structure remains as it is and that all Scrutiny Members receive agendas for all Scrutiny meetings and that three extra agenda items are included on the quarterly Scrutiny Budget meeting to allow reports and any other information from the three Scrutiny Committees to be considered.

(2) Scrutiny Members receive paper copies of all Scrutiny agendas and reports.

(Solicitor to the Council / Governance Manager / Council)

The meeting concluded at 1030 hours.

**BUDGET SCRUTINY COMMITTEE 16<sup>TH</sup> JULY 2013**

**DRAFT STATEMENT OF ACCOUNTS INCLUDING ANNUAL GOVERNANCE STATEMENT 2012/13 PRESENTED TO AUDIT COMMITTEE ON 26<sup>TH</sup> JUNE 2013**

**NB: FOR BUDGET SCRUTINY COMMITTEE'S INFORMATION THIS IS JUST THE COVERING REPORT OF THE DRAFT STATEMENT OF ACCOUNTS AND THE FOREWARD PRESENTED TO AUDIT COMMITTEE ON 26<sup>TH</sup> JUNE 2013**

## Agenda Item 11

Committee:	Audit Committee	Agenda Item No.:	11.
Date:	26 <sup>th</sup> June 2013	Status	Open
Subject:	Draft Statement of Accounts Including Annual Governance Statement 2012/13		
Report by:	Director of Corporate Resources		
Other Officers Involved	SAMT, Accountancy team.		
Director	Director of Corporate Resources		
Relevant Portfolio Holder	Councillor E. Watts, Leader of the Council.		

### **RELEVANT CORPORATE AIMS**

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

### **TARGETS**

Strategic Organisational Development.

### **VALUE FOR MONEY**

Effective closure of the Accounts in line with the required timescale is a key element in promoting value for money within an authority.

## **1 Purpose of the report**

- 1.1 To note the provisional outturn position in respect of 2012/13 as set out within the proposed introduction to the Accounts provided by the Chief Financial Officer.
- 1.2 To note that in line with the Accounts and Audit Regulations 2011 that the Chief Financial Officer will sign off the draft Statement of Accounts on behalf of the Council. The draft Statement of Accounts will be submitted for External Audit on the 30th June 2013.



- 1.3 To obtain final approval for the Annual Governance Statement 2012/13 which will be published alongside the Council's Statement of Accounts.
- 1.4. To allow the Audit Committee to consider the draft Statement of Accounts before they are submitted for Audit.

## **2 Background Information**

- 2.1 An amendment to the Accounts and Audit Regulations which came into force in April 2010 significantly changed the process of preparing local authority accounts. In previous financial years local authorities were required to prepare a draft Statement of Accounts within a three month period of the close of the financial year in question (by the end of June). The draft Statement of Accounts was then formally approved by a committee of the Council, before being submitted for External Audit. A final audited version of the accounts incorporating all changes agreed with the external auditors then had to be approved by a committee of the Council before the end of the September (within 6 months of the year end).
- 2.2 The procedures that are now in place are more in line with those which apply to company accounts and Members will now only be requested to approve the annual accounts after the findings of the independent external audit are known. At the end of June the draft accounts will be signed off by the Chief Financial Officer, with the audited accounts being brought back to the meeting of this Committee on the 24 September 2013 for approval on behalf of the Council.
- 2.3 The section below sets out some key details regarding the outturn position in respect of the financial year 2012/13, which is reflected in the draft Statement of Accounts.

## **3 Summary of Results**

- 3.1 A summary of the financial outturn in respect of 2012/13 is provided within the Explanatory Foreword to the Statement of Accounts by the Chief Financial Officer. A copy of the proposed Foreword is attached as Appendix 1 to this report. It should be noted that a further report detailing the variances between the budgeted and the outturn position will be taken to the July meeting of Executive. That report will include detailed explanations of any significant variations between the outturn position and the budget, and will outline any impact of the closure of the 2012/13 Accounts on the approved Medium Term Financial Plan.
- 3.2 It should be noted that within the published accounts themselves - which are the main focus of this report - that the variances between budget and outturn are masked by the fact that the published accounts include

pensions (IAS19), capital charges (depreciation, impairment, gain or losses on disposal of assets) and other accounting adjustments which need to be reflected in the Council's accounts in line with the Code of Practice on Local Government Accounting and International Financial Reporting Standards (IFRS) requirements. While these adjustments are required to reflect good accounting practice and to provide comparable figures with other financial statements (including other local authorities) they do make the published accounts less useful as an internal management review and control tool within the authority. Members should also note that the figures provided within this report remain subject to External Audit.

- 3.3 A draft pre audit version of the Statement of Accounts will be provided for information at Appendix 3. This Statement will be circulated following on from the main report in order to enable some supporting details to be incorporated within the Audit Committee draft. The fact that the draft version is available for the meeting of Audit Committee does demonstrate that the Council has complied with its Accounts closedown procedure and has built into the timetable appropriate time for checking the Statement of Accounts.

#### **4 Annual Governance Statement**

- 4.1 The proposed Annual Governance Statement for 2012/13 is attached as **Appendix 2.**

#### **5 Legal Issues**

- 5.1 The Statement of Accounts is required to be prepared by the 30<sup>th</sup> June each year. The Council has now completed the accounts and they will be signed off by the Chief Financial Officer on the 30<sup>th</sup> June 2013 which will secure compliance with the Council's legal obligations.

#### **6 Financial Implications**

- 6.1 The financial implications are set out within the body of the report. Further reports will be brought back to Members setting out the detailed variances in respect of the 2012/13 outturn, and that report will consider whether the evidence from the outturn position will provide the opportunity for budgets in respect of 2013/14 and future years as set out within the Medium Term Financial Plan to be amended.
- 6.2 Members should note that the budgets against which we have monitored the 2012/13 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 2012/13 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 Medium Term Financial Plan.

## **7 Equalities Issues, Human Resource Implications, Environmental Considerations, Crime and Disorder / Community Safety Implications**

7.1 There are no direct implications.

## **8 Risk Management**

8.1 There are no issues concerning Risk Management arising directly out of this report

## **9. Reasons for Recommendations**

9.1. To ensure that the Council's draft Statement of Accounts are appropriately approved by the Council, including in particular the endorsement by the Audit Committee of the Annual Governance Statement.

## **10 Recommendations**

10.1 That the Director of Corporate Resources in his capacity as Chief Financial Officer be authorised to sign off the draft 2012/13 accounts on behalf of the Council.

10.2 That the Audited Statement of Accounts 2012/13 be brought to this Committee at its meeting on 24 September 2013 for approval on behalf of the Council.

10.3. That the Committee note and approve the final version of the Annual Governance Statement in respect of 2012/13 which is attached as **Appendix 2** to this report.

10.4 That the Committee note the Explanatory Foreword from the Chief Financial Officer which it is intended to incorporate within the Council's Statement of Accounts.

## **Background Documents**

## **Location**

Final Account Working Papers

Accountancy Section

# APPENDIX 1

## Introduction by the Director of Corporate Resources

As the Council's Chief Financial Officer, it is my pleasure to provide this foreword to Bolsover District Council's Statement of Accounts for 2012/13. The Statement of Accounts covers the period 1 April 2012 to 31 March 2013 and this foreword provides a summary of the position of each of the main accounts of the Council and highlights specific issues regarding the Council's financial position as at 31 March 2013.

### General Fund

The Council's main revenue account is known as the General Fund. This shows the cost of all services with the exception of Council Housing. The General Fund budget is supported by the council tax which in 2012/13 was held at 2011/12 levels. The council tax freeze meant that Bolsover District Council's Band D Council Tax charge was £158.15 for the year.

It was always clear that the 2012/13 financial year would present a challenge to the Council to demonstrate strong financial control whilst maintaining high quality services for the residents of Bolsover. The 2012/13 budget was the second year in which the Council has been required to operate within the financial settlement established by the Government's Comprehensive Spending Review of Autumn 2010. Bolsover District Council suffered a reduction in Government Grant of £0.727m in 2012/13 which together with other financial costs resulted in a budget shortfall at the outset of the year of £1.496m.

Due to the scale of the grant cuts the Council qualified for Transition Grant (£1.93m) from the Government to assist the Council with the costs of achieving efficiency and savings targets. The budget agreed in the February of 2012 set the Council some challenging financial targets. While an appropriate range of savings measures had been agreed it was crucial that these were implemented and generated financial savings during the course of the year.

During the year the following major changes were introduced in order to protect services whilst delivering the necessary financial savings:

- The third phase of the Strategic Alliance work was commenced which saw the two councils (Bolsover District Council and North East Derbyshire District Council) combine the Assistant Director management level with effect from April 2012.
- A Service Review programme for Corporate Resources and Street Scene was ongoing during the financial year.
- A joint Environmental Health Service was in place from March 2012.
- The Council completed the transfer of the Kissinggate Leisure Centre to Shirebrook Parish Council.
- The asset rationalisation plan saw the relocation of the Council's main administration base from Sherwood Lodge, Bolsover to The Arc, Clowne.

Across the Council departments reviewed the manner in which they delivered services and re-engineered processes and procedures in order to generate efficiency savings.

A range of secondments between Bolsover District Council and North East Derbyshire District Council were approved and a number of officers undertook a “shared” role across the two Councils as vacant posts arose.

A vacancy freeze was maintained throughout the year.

A combination of the above actions together with effective budget monitoring and a Member led efficiency process ensured the necessary savings were identified and achieved with minimal impact upon service delivery. The revised budget process demonstrated that the financial position would ensure there was no call upon General Fund balances and as the budget monitoring progressed it became clear that the ongoing efficiency measures and careful budget management would deliver an under spend in the year. The Council was therefore able to meet all its efficiency and savings targets, draw less from the Transition Grant than planned and put £0.053m into the General Fund balances at the year end. This means that the balance on the General Fund Reserve has been increased to £1.442m, which is now at a more appropriate level for the Council.

While the financial position of the General Fund continues to improve it needs to be recognised that the current level of balances is adequate rather than generous and that against the background of ongoing reductions in the level of Government funding it is crucial that the Council continues to maintain robust budgetary control and secure its ongoing savings targets.

### **The Housing Revenue Account (HRA)**

The Housing Revenue Account is a legally separate account, which ring fences all council house rents. Rental income is then used to meet the costs of managing and maintaining the Council’s housing stock. The Council continues to operate in accordance with the Government rent restructuring criteria which required an average increase in rents to our tenants of 9% for 2012/13.

The HRA Self Financing reform was agreed and implemented on 28 March 2012 with 2012/13 being the first year of operation for the reformed system. The changes took the Council out of the national subsidy system which required a commitment to pay over annual negative subsidy (£5.3m in 2011/12) based on an estimated rent surplus. This was replaced by the costs of financing of the loan that was undertaken to buy the Council out of the subsidy system. For BDC the additional loan that was borrowed to meet the Self Financing settlement in March 2012 was £94.386m. The Council borrowed £88m to cover the settlement from the Public Works Loan Board with the balance from utilising positive cash flows from reserves and balances. The PWLB loans secured better interest rates than

anticipated and the interest savings were utilised to commence the debt repayment earlier than originally planned (£1m) and set up an earmarked reserve to finance new housing projects £1m.

The outturn for the Housing Revenue Account was a net surplus of £0.752m which was in line with the revised budget. This leaves the HRA balances at £1.776m. During 2013/14 the Council's Medium Term Financial Plan is aiming to further increase the level of HRA balances by £0.024m. This should see the level of HRA balances at a figure of £1.800m which will give the Council a more robust financial position - which is appropriate under the self financing regime - from which to manage its housing stock for the benefit of our tenants.

### **Capital expenditure and resources**

The Council has invested £10.932m on capital schemes in the year. The main capital schemes delivered in 2012/13 by the Council were:

- Project Horizon (The relocation of the Council's administration accommodation to Clowne) £5.057m
- Shirebrook Enterprise Centre (The Tangent) £1.867m
- Investment in the Council's housing stock of £2.779m;
- Private Sector Disabled Facilities Grants and Home Improvement Grants of £0.202m
- Vehicle Replacement £0.403m
- Other capital schemes £0.624m

The capital programme was financed in the year utilising major repairs reserve, grants, operating leases, prudential borrowing, revenue contributions and usable capital receipts from asset sales. Prudential Borrowing was used as a temporary measure pending securing capital receipts which it is anticipated will be received in the 2013/14 financial year.

### **Treasury Management**

At 31 March 2013, the Council had a total capital financing requirement of £115.799m. This is a net increase in the year of £3.084m. The net increase reflects prudential borrowing of £5.008m and debt repayments of £1.924m. The main element of the prudential borrowing relates to the acquisition and refurbishment of the new Council offices at Clowne (£4.907m) and replacement vehicles via finance lease of (£0.101m). The level of debt repayment reflects the Council's commitment to repay the HRA self financing loan over the 30 period of the business plan (£1m), the debt outstanding on council house sales (£0.393m) alongside the approved scheduled debt repayments in the year.

To meet the capital financing requirement the Council has external debt from loans from the PWLB (£107.100m) and from finance leases (£0.173m). The

remainder is effectively financed from utilising Council reserves and balances (£8.526m).

The amount of interest paid by the Council in 2012/13 amounted to £3.722m and interest earned on balances during the year amounted to £0.152m.

## **Assets**

During 2012/13 the main changes with regards to the Council's assets arose from the transfer of the Kissingate Leisure Centre and land to Shirebrook Parish Council, the sale of 26 council dwellings, the demolition of 26 Tarran properties and the completion of 19 new build Council dwellings at Langwith Junction.

Asset valuation changes have no impact on the Council Tax Payer or Housing Tenants but show as an increase or reduction in the net worth on the Council's Balance Sheet

## **Reserves and Balances**

The Council holds usable reserves and balances totalling £13.184m. These include general reserves of £3.219m (General Fund and Housing Revenue Account general reserves discussed earlier). Additionally, the Council has £2.496m that relates to unapplied revenue and capital grants, earmarked general fund revenue reserves of £4.509m, earmarked HRA reserves of £1.056m, useable capital receipts of £0.019m and £1.885m major repairs reserve at 31 March 2013.

## **Collection Fund**

In 2012/13, £20.044 million of Business Rates income was raised, of which £19.950m was paid over to the Government. The Council received £5.514m of redistributed non-domestic rates.

The Collection Fund Account has a deficit balance of £0.046m at 31 March 2013. The deficit will be collected from the precept authorities during 2013/14. The Council's share of the deficit is £0.008m.

## **Pension Fund Reserve**

The Council's position with regard to the pension fund administered on its behalf by Derbyshire County Council has seen an increase in the liabilities of £14.771m and an increase in the fair value of assets of £7.201m. The net movement is an increase in liability of the fund of £7.57m. The increase in the net liability is mainly caused by actuarial losses on assets and liabilities. Together with the Crematorium pension deficit the fund shows a net increase in the pension liability of the Council by £7.573m to £40.053m at 31 March 2013.

## **Planned Future Developments**

The Council plans its finances over the medium term (three years) and regularly reviews its spending plans in light of changing priorities, external factors and projected financial forecasts to ensure that they remain robust and sustainable over the longer term.

### General Fund

The Government's spending review of 2010 meant that the Council has seen a reduction in its revenue grants of £0.299m in 2013/14 with further reductions of £0.832m anticipated for 2014/15. Given the work that has already been undertaken the Council is confident of delivering the required savings needed to balance the budget in 2013/14 and is considering how the 2014/15 savings will be delivered. Some of the savings areas being delivered in 2013/14 by the Council are:

- Asset Management - Consolidation of the savings secured from Project Horizon together with a further review of the Council's remaining assets
- Leisure Services - Programme to deliver savings on operational costs
- Develop and implement an Income Generation Strategy
- Completion of the Street Scene and Garage Review
- Extend the scope of the work undertaken through the Strategic Alliance
- A peer review of the Strategic Alliance including the Council's growth strategy and corporate aims.

The Council is also mindful of the following areas that will impact upon its financial position in 2013/14 or the near future:

- The impact of first year of both the new Business Rates retention scheme and the Localised Council Tax Benefits are being monitored closely both to manage in year expenditure and to inform our financial planning concerning future years.
- The impact on services arising from the Governments Welfare Reforms during 2013.
- The Governments 2013 comprehensive spending review is anticipated to require further grant reductions to local government
- The result of the Actuarial revaluation of the Derbyshire Local Government Pension Scheme is due to be announced in October/November of this year and will impact on the Councils contributions to the pension fund from April 2014. Early indications are that further increases in contributions may be required.

### Housing Revenue Account

As part of the HRA 30 year business plan the Council has agreed to undertake a full stock condition survey during 2013/14 in order to gather more robust data on



the condition of the housing stock. Future investment plans will be informed by the information secured by this survey.

The Council has also committed to build 35 new dwellings New Houghton which will be a mix of 20 bungalows and 15 houses.

## **Summary**

While 2012/13 has been difficult year in financial terms there is a clear awareness throughout the Council of the challenges that the authority is facing. A strong and effective culture of financial management across the authority is being developed which it is anticipated will enable us to deliver both a balanced financial outturn together with a reduction in the underlying level of expenditure whilst maintaining standards of service. We will continue to work to ensure that this progress is maintained in 2013/14 and future years against the background of a more challenging financial environment for local government. As a Council we are determined to work with and to meet the needs and expectations of local residents, our tenants and our key partners.

Finally, we realise the value of closing our accounts promptly to provide up to date financial information on which to base our future plans. It needs, however, to be recognised that preparing these accounts becomes increasingly complex every year as the requirements of good accounting practice continue to grow more stringent. The staff involved in this process, deserve credit for ensuring that these financial statements have been produced in a timely and professional manner.

**Bryan Mason**  
**Chief Financial Officer**

**Agenda Item 12**

**BUDGET SCRUTINY COMMITTEE 16<sup>TH</sup> JULY 2013**

**MEDIUM TERM FINANCIAL PLAN REPORT PRESENTED TO  
EXECUTIVE ON 10<sup>TH</sup> JUNE 2013**

## Agenda Item 12

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

### **RELEVANT CORPORATE AIMS**

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

### **TARGETS**

All.

### **VALUE FOR MONEY**

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

### **PURPOSE OF REPORT**

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

### **BACKGROUND INFORMATION**

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

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

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

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

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

### **EFFICIENCY GRANT**

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

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

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

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

- Vacancy Management:** With regard to vacancy management a target of some £0.1m has been agreed for 2013/14. Given that the Council is also seeking to save a significant sum by way of secondments while service managers are increasingly of the view that every post which becomes vacant needs to be filled, it is likely to prove necessary to achieve this target by way of options such as vacancy 'drag', maternity leave and by individual members of staff seeking periods of unpaid leave. While the position will require careful management officers are of the view that the target should be achieved by the year end. The position will continue to be monitored as part of the quarterly monitoring process. At this stage of the year we have assumed that £50,000 of savings are in place.
- Leisure Services:** The Leisure Services team are currently in the process of developing and delivering a strategy to reduce the level of subsidy provided by the Council that is necessary to support Leisure facilities in order for them to break even. At this stage Leisure have measures in place which should achieve the agreed target of £60,000 savings. It is, however, anticipated that Leisure Services will make a significant contribution to the wider saving arising from the fees and charges review.
- Street Scene:** The savings from Green Bins and Garage reorganisation had been approved by Council and are in the process of being implemented. At this point in time it is anticipated that the proposals will deliver on going savings of some £69k initially but the full target of £75k over time.
- BDC / NEDDC Secondments:** A report that was agreed the Council at its meeting of March 2013 provided formal agreement to proposals to secure a

range of secondments between this Council and our Strategic Alliance Partner North East Derbyshire. The measures already approved by Council will secure savings of some £84,000 and it is anticipated that further measures will be identified during the course of the year which will as a minimum achieve the full £100,000 of targeted savings. While some redundancy and severance payments will be required as a result of this rationalisation which will be charged against Efficiency Grant the Council will achieve its full level of savings in respect of 2013/14.

- **One Off Director Secondment Income:** This is performance related income to be earned by the Director of Development in respect of work for a neighbouring authority. While it is currently anticipated that this one off income will be achieved in reality its achievement is outside the direct influence of this authority and the securing of this income is clearly subject to a number of uncertainties. The position will be kept under review. While this particular income is a one off Executive should note that officers will pursue similar opportunities for income generation should they arise.
- **Property Rationalisation Savings:** This is the final element of the £200k savings to be achieved in respect of the move from Sherwood Lodge to Clowne. It is anticipated that these savings will be secured from a combination of further income together with the identification of efficiencies. At the time the Council moved existing budgets were transferred from Sherwood Lodge to Clowne. The fact that the Clowne building will be cheaper to operate will enable officers to reduce these budgets as we gain experience of operating the building and are in a better position to quantify the savings.
- **Fees and Charges Review:** It is anticipated that these savings will be achieved as a result of the Strategic Income review that is currently being concluded. On the basis of current information the majority of the additional income is likely to arise from work that is being undertaken by Leisure Services as part of their deficit reduction plan.
- **Community Houses:** In addition to the measures agreed as part of the budget strategy the Council has also agreed to reconfigure the services that were previously provided from the Community Houses. The decision to provide the outreach service from locations other than the Community Houses will secure some £19k of savings p.a. arising from a reduction in property costs. Given that the service will be reconfigured rather than reduced this move is predominantly targeted at reducing property costs. Given that these are effectively savings arising from property rationalisation they will be included within that heading in the table above.

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

is intended to help the Council make the transition to operating with a significant reduction in its level of government grant.

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

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

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

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

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

As outlined in the introduction to this report the Council's agreed Strategy in its MTFP was to move to look at achieving both the residual savings of £0.269m in respect of 2013/14, together with the savings of some £0.724m required in respect of 2014/15 during the early part of summer 2013. The total saving required is one of £0.993m and by taking early action the Council can use these savings to balance the 2013/14 position and will be in a position to plan the financial savings required in respect of 2013/14 in order to minimise the impact upon the level of services provided to local residents. Although the savings strategy set out within the MTFP

was intended to focus on securing the identified 'easy wins' of £0.615m the Council has agreed a number of work programmes which are being progressed and should generate a contribution towards achieving the £0.993m outstanding. These are outlined below:

- **Strategic Alliance:** Both this Council and our Strategic Alliance partner North East Derbyshire District Council have agreed to work towards identifying further savings of some £0.5m (in addition to the £1.5m already achieved) across both Councils. In addition Officers have been requested to bring forward other options which would secure savings in excess of that figure. Officers have identified a number of options which will be discussed on an informal basis with Members from both authorities before arriving at a view as to which options would provide the most appropriate way forward. Members should note that officers have undertaken a number of informal soundings with officers from neighbouring authorities across both Derbyshire and Nottingham to assess any likely support for the development of shared services. At this stage it has not proved possible to identify any further opportunities for joint working which would generate significant savings. The limited discussions that have taken place are more about service resilience than financial savings. On that basis it would appear to be the case that the Strategic Alliance is likely to prove to be the only shared service mechanism which will deliver the savings that the Council needs to secure.
- **Property Rationalisation:** Towards the end of the 2012 calendar year Council agreed to provide funding to enable a full stock condition survey of the Council's General Fund Assets to take place. That work is now approaching completion and a comprehensive picture will be brought before Members which will be focussed on assessing whether particular assets are likely to be affordable in the light of their longer term maintenance costs and more general running costs. Aligned to the review of assets an opportunity has been identified to bid for Heritage Lottery Funding in respect of essential structural refurbishment at Pleasley Vale. The first stage of the process is that the Council is required to submit a bid to the Heritage Lottery Fund. Given the limited staffing resources available to the Council it is recommended that consideration be given to utilising external resource to prepare the bid concerned. Initial work would suggest that the cost of developing a bid using external resources would be £5,000. Given that this work would potentially reduce the long term maintenance liability and running costs of Pleasley Mill that fall upon the Council it is recommended that it would be appropriate to charge this cost to Efficiency Grant. Members do, however, need to recognise in committing this expenditure that the bid may not be successful, or the Council may take the view that a refurbishment part funded by the HLF is not in the interest of the Council. However, on balance Officers are of the view that the commitment of this £5,000 from Efficiency Grant will offer the Council good Value for Money in that it may secure significant external funding, while informing the debate regarding how to maximise the value of the Pleasley Vale site over the longer term.
- **Strategic Income Review:** This is a joint piece of work being undertaken with North East Derbyshire which will build on some benchmarking work undertaken by the Regional Improvement and Efficiency Partnership some 3



years ago. A draft report is currently available which will be brought to Members for consideration in the near future. Given that the Government has stressed the importance of raising income on a local basis rather than relying on national grant funding this has been an appropriate piece of work to undertake.

- **Growth Strategy:** A key element of current Government policy in respect of local government is what the Government has termed its localism strategy. This entails providing financial incentives which local authorities will secure where their area benefits from economic growth. With respect to a growth in business activity local authorities are now able to benefit from a proportion of any increase in the level of rateable value. Likewise local authorities will benefit from New Homes Bonus as a result of any increase in the number of occupied homes in their area. While New Homes Bonus is restricted to a 6 year period authorities would continue to benefit from an increase level of Council Tax. For a number of years Bolsover District Council has actively pursued a policy of encouraging development and economic growth which were viewed as the means to improve employment opportunities by way of more or better paid jobs. While Bolsover District Council will continue with its current policies – which have a track record of success – it needs to be recognised that in the short term growth of locally retained NNDR effectively reflects the developments which were already in the process of being brought forward. On the basis of recent success in attracting major investment the Council is anticipating a significant growth in the level of locally retained business rates. Further work is currently underway – including meetings with the Valuation Office - in order to more accurately quantify the potential benefits to the council arising from this initiative. Although the Council is strongly supportive of a growth strategy it needs to be recognised that facilitating economic growth with the District may be a difficult process and one which is at best only partially within the influence of local government. Whilst officers are of the view that the potential growth in retained NNDR will exceed the projected levels currently assumed within the MTFP, it is anticipated that this will be offset by the ongoing reductions in both general and specific government grant. These are likely to impact in a range of areas such as that of government financial support for welfare reform where risk has been transferred from central to local government.
- **New Homes Bonus:** In order to ensure that the Council is securing the maximum possible financial advantage from the New Homes Bonus an opportunity has been identified to work with Capacity Grid (Liberta) in order to undertake a project to validate the data that is submitted to central government which is used as the basis of the New Homes Bonus calculation. Capacity Grid appear to be the only organisation which have successfully utilised this approach. The basis of the agreement is that Capacity Grid are incentivised by being able to claim 25% of the New Homes Bonus for the first year only in respect of those empty properties which they facilitate moving off the empty property register. The Council would then benefit from an 'additional home' both in the first year and possibly for the full 6 year period for which New Homes Bonus is paid. The Council is in the process of finalising appropriate contractual arrangements with Capacity Grid on the basis that we initially hand over a trial list of half of the current empty property register.

Accordingly it is recommended that delegated powers be granted to the Chief Executive to enter into appropriate contractual arrangements with Capacity Grid to undertake work in respect of the Council's Empty Properties register.

- **Welfare Reform:** A number of the elements of the Government's welfare reform agenda have been introduced with effect from the 1<sup>st</sup> April. It is clear that at this stage the impact of these reforms has been to significantly increase the amount of work that needs to be undertaken in the contact centres and in Revenues and Benefits. On the basis of the information currently available officers are of the view that this represents an underlying increase in the level of work associated with managing the new welfare regime, rather than being an additional workload associated with the period of transition. In the light of this increased administrative burden officers are of the view that consideration needs to be given to ensuring that the Revenues and Benefits teams are adequately resourced to continue to deliver a key range of services to local residents in a timely and effective fashion. These key services include responding to residents, resolution of outstanding issues, assessment of benefit claims and Discretionary Housing Payment, together with the timely collection of debt to ensure that local residents do not fall into a position of having unmanageable arrears in respect of Council Tax. The Government has recently provided additional funding in the shape of the New Burdens grant to support local authorities in effectively addressing the challenges proposed by Welfare Reform. Given the challenges which face this and other local authorities in administering the reformed welfare benefit system consideration will need to be given to ensuring that the revenues, benefits and contact centre teams are adequately resourced. Officers are in the process of developing proposals for consideration by Members which will enable the Council to ensure that its arrangements in these areas of work continue to be fit for purpose and able to adapt to the further challenges associated with the introduction of Universal Credit.
- **Payment Strategy:** As part of the Council's approach to achieving efficiency savings during 2011/12 and 2012/13 a payments strategy aimed at securing financial savings from moving to more efficient means of handling cash payments was introduced. The two core elements of the strategy were to promote a move to non cash means of payment such as debit cards and direct debits. Considerable progress has been secured with the use of debit cards having increased by some 25% up to 45,000 p.a. in 2012. Given the significant savings that can be secured in both staff time and bank charges from the move to automated payments officers will continue to progress this approach. In addition to securing financial savings automated payments are generally both more convenient and more secure for local residents. The second element of the strategy was to cease taking cash at contact centres and to provide this service by use of a 'paypoint' type network. Having considered this options officers are of the view that the financial savings would be minimal, while local residents appreciate the convenience of using the contact centres. The recommendation that the Council does not pursue this approach any further has been considered by Improvement Scrutiny Committee. They recommended to Executive that the Council do not pursue the element of the Payment Strategy concerned with ceasing cash collection at Council Offices. In the light of the above it is therefore recommended that

Executive agrees to continue with the policy of encouraging a move to automated methods of payment, but that the Council notes that it is not considered to be appropriate to cease accepting cash payments at the Contact Centre as a means of securing further financial savings.

### **PRIORITISING THE PRIORITIES**

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

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

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

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

that by that stage the Council can demonstrate that it has a Business Plan in place which will secure the necessary level of savings.

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

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

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

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

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

#### **JOINT PROCUREMENT UNIT**

Members will be aware that this Council has for some time operated a Joint Procurement Unit which originally covered Bolsover, Chesterfield and North East Derbyshire. More recently the unit expanded to incorporate Ashfield and Mansfield as Member authorities. The unit has brought significant advantages to the Council

including the savings which have arisen from purchasing as part of a larger group of authorities, the opportunity to share the costs of undertaking a tender process amongst more than one authority and finally the ability to attract and retain suitably qualified staff. These advantages have secured significant financial savings for the authority over the past few years. Unfortunately in recent weeks the Unit has experienced the resignation of its three qualified staff all of whom have been offered alternative employment with remuneration packages which were significantly above those offered by this Council.

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

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

### **ISSUES FOR CONSIDERATION**

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

### **LEGAL ASPECTS**

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

### **RISK MANAGEMENT**

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

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

## **POLICY AND PERFORMANCE**

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

## **FINANCIAL IMPLICATIONS**

Financial issues and implications are covered throughout the report.

## **REASONS FOR RECOMMENDATIONS**

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

## **RECOMMENDATIONS**

That Executive approves:

- (1) The indicative timescale for addressing the Council's budget position together with the work streams as set out in the report.
- (2) That the Chief Executive, in consultation with the Leader / Deputy Leader of the Council, exercise his delegated powers to amend the staffing structure to incorporate those employees who have acquired permanent employment rights on to the Council's Staffing Establishment.
- (3) Notes the position in respect of the Payment Strategy and agrees the recommendation by the Improvement Scrutiny Committee that the Council do

not pursue the element of the Payment Strategy concerned with ceasing cash collection at Council Offices.

- (4) Granting delegated powers to Chief Executive in consultation with the Leader / Deputy Leader to determine whether to enter into a Shared Procurement arrangement delivered by Bassetlaw Council on behalf of this and other Councils.
- (5) Granting delegated powers to the Chief Executive to enter into appropriate contractual arrangements with Capacity Grid (Liberta) to seek to maximise the Council's eligibility to New Homes Bonus.
- (6) Approves the allocation of £5,000 of Efficiency Grant in order to develop a business case / bid for securing funding from the Heritage Lottery Fund towards the structural refurbishment of Pleasley Vale Mills.
- (7) Approves the use of Efficiency Grant to cover the restructuring, service reconfiguration and transitional costs as outlined within the report.

Attachments: N

Background papers: None

File References: N/A

**Agenda item 13**

**BUDGET SCRUTINY COMMITTEE 16<sup>TH</sup> JULY 2013**

**STRATEGIC RISK REGISTER PRESENTED TO EXECUTIVE ON  
14<sup>TH</sup> MAY 2013**



## Agenda Item 13

Committee:	Executive	Agenda Item No.:	13
Date:	14 <sup>th</sup> May 2013	Status	Open
Subject:	Strategic Risk Register		
Report by:	Director Corporate Resources		
Other Officers Involved	Business Risk Group		
Director	Director of Resources		
Relevant Portfolio Holder	Councillor E. Watts, Leader of the Council.		

### RELEVANT CORPORATE AIMS

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

### TARGETS

All.

### VALUE FOR MONEY

Risk Management arrangements are a key part of the Council's Governance arrangements which are necessary to secure value for money.

### Background Information

The Council's Strategic Risk Register has been developed by the Risk Management Group to take into account the issues raised within the Master Risk Register which outlines the service or operational risks faced by the Council. The Risk Management Group has also given separate consideration to the Strategic Risks which face the organisation.

In addition to the work undertaken at the Business Risk Group the Council also considers the issue of Risk Management at the Quarterly Directorate meeting. This allows senior managers to have a greater level of input into the shaping of the Strategic Risk Register and into the wider issues of Risk Management. It also allows service Registers to be independently reviewed on a more regular basis than was achieved by periodic review at the Business Risk Group. Finally, this report will also be considered at a future meeting of the Council's Audit Committee.

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.

### **The Strategic Risk Register**

The revised Strategic Risk Register as at 31 March 2013 is set out in **Appendix 1** for consideration and approval by Executive. 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 on going 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.

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 will be 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. This is likely 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.

As part of the quarterly performance, finance and risk meetings the issue which was regarded as increasing in importance was that of managing the impact of welfare reform. There were a number of potential impacts arising from welfare reform which gave grounds for concern. These included the impact of welfare upon local residents with this Council possibly having to be proactive in developing and adapting its services to meeting emerging needs, the potential adverse impact upon key income streams such as Council House rents and Council Tax collection and also rising financial costs from increasing eligibility of local residents for benefit payments at a time when government grant support is effectively a fixed amount, or heavy demands upon budgets such as that for Discretionary Housing Payments. Officers are carefully monitoring the impact of welfare reform including its impact upon the Contact Centres, the Revenues and Benefits and Housing teams.

The Risk Management Group at its meeting on 1<sup>st</sup> May 2013 agreed that it is now timely to refresh the Council's Risk Strategy and it is planned that this piece of work will be completed – including the comments of the Audit Committee – by the time of the next quarterly report to Executive concerning the Strategic Risk Register. Once Executive has approved the revised Risk Strategy then it will be used as the basis for a training and awareness programme amongst both staff and Elected Members. As an interim awareness raising measure the Risk Management Group also indicated that it would be appropriate to forward the Strategic Risk Register as recommended within this report to the Budget Scrutiny Committee for its consideration.

### **Financial Implications**

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 Master Risk Registers, the cost of implementing this mitigation will be met from within previously agreed budgets.

### **Legal Aspects**

There are no legal issues arising as a consequence of this report.

### **Risk Management Issues**

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

### **Equalities Issues**

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

### **Human Resource Implications**

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

**Recommendations**

**That Executive approves the Strategic Risk Register as at 31st March 2013 as set out in Appendix 1 to this report and request that an updated Register as at 30<sup>th</sup> June 2013 together with a revised Risk Strategy be brought back to a subsequent meeting of Executive for approval.**

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**Background Papers**

**Location**

Master Risk Register

Accountancy

TABLE 1

## STRATEGIC RISK REGISTER SUMMARY

## STRATEGIC RISK REGISTER SUMMARY AS AT: MARCH 2013

	<b>Risk</b>	<b>Consequences</b>	<b>Risk Score (Likelihood x Impact)</b>	<b>Risk Score (Likelihood x Impact)Tak ing into Account Current Controls</b>	<b>Risk Owner / Lead Officer</b>
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"> <li>• Impact upon ability to deliver current level of services</li> <li>• Unable to resource acceptable levels of service.</li> <li>• Significant adverse reputational Impact.</li> </ul>	4,4 <b>16</b>	3,4 <b>12</b>	SAMT / Chief Financial Officer
2	Failure to realise the opportunities presented by the Strategic Alliance / Joint Working.	<ul style="list-style-type: none"> <li>• Deterioration in service quality / performance.</li> <li>• Failure to achieve required MTFP savings.</li> <li>• Deterioration in quality of governance and internal control arrangements.</li> </ul>	4,4 <b>16</b>	3,4 <b>12</b>	SAMT / Political Leadership
3	Adverse external economic position / government legislation, welfare reform etc. has an accelerating impact on Council (poor grant settlement), or upon the	<ul style="list-style-type: none"> <li>• Unable to deliver a package of services that meet changing local needs and aspirations.</li> <li>• Unable to effectively support local communities.</li> <li>• Increased demands on</li> </ul>	4,4, <b>16</b>	3,4 <b>12</b>	SAMT / Political Leadership

	<b>Risk</b>	<b>Consequences</b>	<b>Risk Score (Likelihood x Impact)</b>	<b>Risk Score (Likelihood x Impact)Taking into Account Current Controls</b>	<b>Risk Owner / Lead Officer</b>
	local economy (employment losses / benefits reforms).	Council services at a time when Council resource base is reducing.			
4	Financial position makes it increasingly difficult to recruit to key posts or to replace key staff who leave	<ul style="list-style-type: none"> <li>• Deterioration in services to the public</li> <li>• Increasing inefficiencies in service provision</li> <li>• Weakening of Internal Control arrangements.</li> </ul>	4,4 16	3,4 12	SAMT / Asst Director HR
5	Delivery of the Council's Agenda is dependent upon effective delivery of both a number of major initiatives inc 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	<ul style="list-style-type: none"> <li>• New initiatives are not delivered in a cost-effective manner.</li> <li>• Failure to maintain / improve services in line with local aspirations</li> <li>• Failure to generate the savings required to balance the budget</li> <li>• Financial efficiencies weaken Governance / Internal Control arrangements.</li> <li>• Service deterioration / failure arising from capacity issues.</li> </ul>	4,4 16	3,4 12	SAMT / Chief Executive

	<b>Risk</b>	<b>Consequences</b>	<b>Risk Score (Likelihood x Impact)</b>	<b>Risk Score (Likelihood x Impact)Taking into Account Current Controls</b>	<b>Risk Owner / Lead Officer</b>
	organisational capacity.				
6	Emergency Planning and Business Continuity arrangements fail to meet required standards when tested by flu pandemic, natural disaster (flood), etc	<ul style="list-style-type: none"> <li>• Inability of Council to provide services as a consequence of a severe catastrophic external event (eg flooding, major terrorist incident, flu pandemic, fire).</li> <li>• Failure of IT infrastructure, leading to inability to effectively operate services and to safeguard income streams.</li> <li>• Business Continuity Plans prove ineffective in practice.</li> </ul>	3,5 15	2,5 10	SAMT / Director of Health and Well Being
7	A major operational 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"> <li>• Deterioration in services to the public, potentially a major initial impact upon a local resident or a group of local residents.</li> <li>• Significant staff and financial resources required to resolve position, impacting on other services.</li> <li>• A major service has its operating capacity significantly impacted and is required to introduce major reform in its approach to</li> </ul>	3,4 12	2,4 8	SAMT / Assistant Directors

	<b>Risk</b>	<b>Consequences</b>	<b>Risk Score (Likelihood x Impact)</b>	<b>Risk Score (Likelihood x Impact)Taking into Account Current Controls</b>	<b>Risk Owner / Lead Officer</b>
		service delivery.			
8	Governance Arrangements including Performance, Finance and Risk Management need to be maintained in order to continue to operate effectively in a rapidly changing environment.	<ul style="list-style-type: none"> <li>• Adverse Impact upon Service Quality.</li> <li>• Failure to deliver high quality services which address national and local priorities.</li> <li>• Significant adverse reputational impact.</li> </ul>	3,4 12	2,4 8	Chief Financial Officer / Monitoring Officer
9	Lack of strategic direction from Members / Corporate Management , external partners change Strategic direction.	<ul style="list-style-type: none"> <li>• Failure to deliver high quality services which address national and local priorities.</li> <li>• Deterioration in Governance Arrangements.</li> <li>• Refocus of current services necessary with associated disruption.</li> </ul>	3,4 12	3,3 9	Chief Executive / Political Leadership Team
10	Workforce Issues (Staff morale / Sickness Levels) adversely affected as a result of pace of change, tightening financial circumstances or external circumstances.	<ul style="list-style-type: none"> <li>• Deterioration in services to the public and loss of productivity</li> <li>• Loss of key staff increased sickness levels</li> <li>• Increased pressure on other members of staff</li> </ul>	3,4 12	2,4 8	SAMT / Assistant Director HR