

5th September 2013

The Arc
High Street
Clowne
Derbyshire
S43 4JY

Dear Sir or Madam

You are hereby summoned to attend a meeting of the Budget Scrutiny Committee of Bolsover District Council to be held in Chamber Suites 1 & 2, The Arc, Clowne on Monday 16th September 2013 at 1000 hours.

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

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

Yours faithfully,




Chief Executive Officer

To: Chairman and Members of the Budget Scrutiny Committee

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 **01246 242528**
Minicom: 01246 242450

Democratic Services
Fax: 01246 242423



Tel 01246 242424 **Fax** 01246 242423 **Minicom** 01246 242450

Email enquiries@bolsover.gov.uk **Web** www.bolsover.gov.uk

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



The Government Standard

BUDGET SCRUTINY COMMITTEE

AGENDA

Monday 16th September 2013 at 1000 hours in Chamber Suites 1 & 2

Item No.		<u>Page No.s</u>
	PART A – OPEN ITEMS	
1.	To receive apologies for absence, if any.	
2.	To note any urgent items of business which the Chairman has consented to being considered under the provisions of Section 100(B) 4 (b) of the Local Government Act 1972.	
3.	Members should declare the existence and nature of any Disclosable Pecuniary Interest and Non Statutory Interest as defined by the Members' Code of Conduct in respect of: a) any business on the agenda b) any matters arising out of those items and, if appropriate, withdraw from the meeting at the relevant time.	
4.	Minutes of a meeting held on 16 th July 2013.	3 to 8
5.	Financial Outturn 2012/13.	9 to 34
6.	Medium Term Financial Plan.	35 to 51
7.	Update from Scrutiny Chairs	Verbal Update

BUDGET SCRUTINY COMMITTEE

Minutes of a Budget Scrutiny Committee of Bolsover District Council held in Chamber Suites 1 & 2, The Arc, Clowne, on Tuesday 16th July 2013 at 1000 hours.

PRESENT:-

Members:-

Councillors J.E. Bennett, K. Bowman, Mrs P. M. Bowmer, R. Brooks, J. A. Clifton, T.J. Connerton, C. P. Cooper, M.G. Crane, M. J. Dooley, S. W. Fritchley, H. J. Gilmour, J. E. Hall, R. A. Heffer, D. McGregor, V.P. Mills (left during Minute Number 0220), C. Munks, J. E. Smith, K. F. Walker and G.O. Webster.

Officers:-

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

0209. APOLOGIES

Apologies for absence were received from Councillors G. Parkin, S. Peake, J. J. P. Phelan, T Rodda, R. Turner, S. Wallis, D.S. Watson and J. Wilson.

0210. ELECTION OF CHAIR

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

0211. APPOINTMENT OF VICE CHAIR

Moved by Councillor J.E. Smith, seconded by Councillor J.A. Clifton
RESOLVED that Councillor M.J. Dooley be appointed as Vice Chair of Budget Scrutiny Committee for the ensuing year.

0212. URGENT ITEMS OF BUSINESS

There were no urgent items of business to consider.

BUDGET SCRUTINY COMMITTEE

0213. DECLARATIONS OF INTEREST

There were no declarations of interest made.

0214. TERMS OF REFERENCE

Members considered the Terms of Reference.

A short discussion took place.

It was suggested that an additional item be added to the Terms of Reference so that Scrutiny Chairs could present update information to the Committee;

7. Update Information from Scrutiny Chairs.

Moved by Councillor J.E. Bennett, seconded by Councillor M.J. Dooley

RESOLVED that an additional item be added to the Terms of Reference so that Scrutiny Chairs could present update information to the Committee;

(Governance Manager/ Standards Committee)

0215. MINUTES - 16TH JANUARY 2013

Moved by Councillor E. Hall, seconded by Councillor C. Munks

RESOLVED that the minutes of a meeting of Budget Scrutiny Committee held on 16th January 2013 be approved as a correct record.

0216. EXTRAORDINARY MINUTES – 5TH FEBRUARY 2013

Moved by Councillor M. J. Dooley, seconded by Councillor J.E. Smith

RESOLVED that the minutes of an extraordinary meeting of Budget Scrutiny Committee held on 5th February 2013 be approved as a correct record.

0217. EXTRAORDINARY MINUTES – 8TH FEBRUARY 2013

Moved by Councillor C.P. Cooper, seconded by Councillor J.E. Smith

RESOLVED that the minutes of an extraordinary meeting of the Budget Scrutiny Committee be approved as a correct record.

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0218. EXTRAORDINARY MINUTES – 19TH APRIL 2013

Minute 1133 – Scrutiny Arrangements 2013 Onwards

Councillor Bowman advised Members that recommendation 2 of Minute 1133, that Scrutiny Members receive paper copies of all Scrutiny agendas and reports, had now been superseded by colour coded files, which had been placed in all the Members rooms and contained copies of all Scrutiny agendas and reports.

A short discussion took place.

Moved by Councillor R.A. Heffer, seconded by Councillor E. Hall
RESOLVED that the minutes of an extraordinary meeting of Budget Scrutiny Committee held on 19th April 2013 be approved as a correct record.

0219. DRAFT STATEMENT OF ACCOUNTS COVERING REPORT PRESENTED TO AUDIT COMMITTEE AND FOREWARD

Committee considered the covering report and foreward to the draft Statement of Accounts which had been presented with the draft Governance Statement to Audit Committee on 26th June.

The year had started with a significant savings target to meet and this had been achieved which has put the Council in a more robust financial position. Efforts have been made to minimise the impact on services for local residents.

An outturn report providing detail on how the Council had performed in all of its services would be presented to Executive in August and would be brought back to Budget Scrutiny Committee in September.

Members asked questions in relation to Council Tax, the General Fund, Right to Buy, Welfare Reform, the Shirebrook Enterprise Centre, Housing Fund Revenue Account (HRA), the New Homes Bonus and the recent Peer Review Challenge.

A lengthy discussion took place.

In response to a question regarding the housing stock condition survey, the Director of Corporate Resources advised Members that external consultants were being appointed through the European Procurement Process and Contracts Standing Orders.

Members were advised that the draft Statement of Accounts and the draft Governance Statement would now be considered by External Audit.

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Moved by Councillor J.E. Smith, seconded by Councillor M. J. Dooley
RESOLVED that the report be noted.

0220. MEDIUM TERM FINANCIAL PLAN

Committee considered a report in relation to the Council's Medium Term Financial Plan (MTFP). The report had been presented to Executive on 10th June and Audit Committee on 26th June.

The Director of Corporate Resources drew the meeting's attention to a table in the report, which set out the savings agreed in respect of 2013/14, the details of savings achieved to date and the projected savings at the year end. A brief narrative was also provided outlining progress made in each of the areas concerned.

Members were advised that the efficiency grant from the Government would be £1m in 2013/14 and a business plan would be in place by September 2013. A range of 'other' work was being undertaken to achieve the overall savings target of £993k.

The Council needed to look at how much could be achieved through the Growth Strategy and how much Welfare Reform and Universal Credit would cost the Authority. A budget timetable was included in the report for Members information.

Members asked questions in relation to property rationalisation savings, the sale of Sherwood Lodge to Morrison's, spend on the refurbishment of the Arc, the Regional Improvement and Efficiency Grant and the Capacity Grid.

In response to a question regarding vacancy management, the Director of Corporate Resources advised Members that Strategic Alliance Management Team continued to review all vacant posts to assess whether they need to be filled or could be part of the wider strategy of securing savings.

Councillor Mills left the meeting at this point.

In response to a question raised regarding the Icelandic Bank monies and where they fitted in with the savings, the Director of Corporate Resources advised Members that these had been included in the accounts at the request of CIPFA, based on an assumption that the full amount would be returned to the Authority.

A further discussion of the Icelandic Bank issue took place.

Members raised further questions in relation to a staff pay increase of 1% and empty property rates.

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Moved by Councillor J.E. Smith, seconded by Councilor C. Munks
RESOLVED that the report be noted.

0221. STRATEGIC RISK REPORT

Committee considered a report regarding the Strategic Risk Register which had been presented to Executive on 14th May.

The Director of Corporate Resources explained the scoring on the Risk Register and answered Members' questions.

Moved by Councillor R.A. Heffer, seconded by Councilor G.O. Webster
RESOLVED that the report be received.

0222. UPDATE INFORMATION FROM SCRUTINY CHAIRS

Sustainable Communities Scrutiny Committee

The Chair of Sustainable Communities Scrutiny Committee gave a verbal update to the meeting on the Committees review work, being 'High Street and Town Centre Regeneration', focusing on Bolsover town centre.

If time permitted, a light touch review would also be carried out on the other 3 main towns in the District, being Clowne, Shirebrook and South Normanton.

Further to a question raised, the Chair reported that there had been three reasons why Bolsover town had been chosen for the review;

- The Council had won £100k of High Street funding for Bolsover
- A new Morrisons store was due to be built in Bolsover in the near future
- The possibility of securing European funding to invest in Bolsover.

A short discussion took place.

Improvement Scrutiny Committee

The Chair of Improvement Scrutiny Committee gave a verbal update to the meeting on the Committees review work being the 'Impact of Welfare Reform'.

Committee was aware that another group was looking at the impact of Welfare Reform on residents, so the review would focus on the impact on the Council's Contact Centres and staff. The Joint Assistant Director of Resources and the

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Customer Contact Manager would be attending the Committee's next meeting in July to ensure no duplication of work would be carried out.

Safe and Inclusive Scrutiny Committee

The Chair of Safe and Inclusive Scrutiny Committee gave a verbal update to the meeting on the Committee's review work being 'Barriers to Private Rented Housing'.

The Housing Strategy and Enabling Manager would be attending the Committee's meeting in July to give a presentation to help steer the review.

If time permitted, a short review would also be carried out regarding Enforcement Notices.

The meeting concluded at 12noon.

BUDGET SCRUTINY COMMITTEE 16TH SEPTEMBER 2013

COPY OF FINANCIAL OUTTURN 2012/2013 REPORT
PRESENTED TO EXECUTIVE ON 5TH AUGUST 2013

Committee:	Executive	Agenda Item No.:	10
Date:	5 th August 2013	Status	Open
Category	2. Decision within the functions of Executive		
Subject:	Financial Outturn 2012/13		
Report by:	Assistant Director of Financial Services		
Other Officers Involved	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

Good financial management and reporting is essential to securing Value for Money.

THE REPORT

1. Purpose of Report

- 1.1 To inform Cabinet of the outturn position in respect of the 2012/13 financial year and to undertake a detailed assessment of the impact of that outturn upon the Council's financial position and in particular the Medium Term Financial Plan 2013 – 2016.

2. Background Information

- 2.1 The Council has closed its financial accounts for 2012/13 in line with the required deadline of 30 June 2013. The Draft Statement of Accounts is now subject to independent audit by the Council's external auditors, KPMG. Until the accounts have been agreed by our external auditors - which will take place before 30 September 2013 - there remains the possibility that they will be subject to amendment.
- 2.2 Members should note that the Council's Draft Statement of Accounts in respect of 2012/13 was signed as complete by the Council's Chief Financial Officer (Director of Corporate Resources) at the end of June

2013. The final audited accounts will be reported to and approved by the Audit Committee at its meeting of 26th September 2013.

- 2.3 With the introduction of the International Financial Reporting Standards (IFRS) the main focus of the Statement of Accounts is on reporting to the public in a format which is directly comparable with every country that has adopted IFRS i.e. not just UK or even other local authorities. In contrast the focus of this report is on providing management information to Members and other stakeholders to assist in the financial management of the Council.
- 2.4 The following sections of this report will consider the 2012/13 outturn position in respect of the General Fund Revenue Account, the Housing Revenue Account (HRA), the Council's Capital Investment Programme and Treasury Management activities. Within the report consideration is given to the level of balances at the year end, to any impact on the Council's Medium Term Financial Plan of the outturn position, together with an assessment of the impact which the closing position has upon the Council's budgets in respect of the current financial year.

ISSUES/OPTIONS FOR CONSIDERATION

3. General Fund Revenue Account

- 3.1 The position in respect of the General Fund outturn is outlined in **Appendix A** attached to this report. In summary there has been an under spend in the year on the net cost of services of £910,727 (column E). After taking into account the variances on capital financing transactions the under spend is reduced to £796,292 (column E). This overall position has arisen from under spending on budgets, additional income and efficiency savings. **Appendix A** shows that the incidence of the under spend is spread across all Directorates of the Council.
- 3.2 To present a clearer outturn position to Members it has been necessary to make an adjustment to the revised budget for expenditure that was planned to have been financed from resources held in grant accounts, from holding accounts and from certain reserves. The adjustments reflect where this expenditure has not been incurred and therefore the use of the associated financing is not required. While these variances do not impact on the bottom line for the Council if these adjustments were not made then the underlying variance position would be distorted. Officers in Accountancy are seeking to improve the controls in place over the use of such resources and would recommend the following approach to Executive:
- That for 2013/14 and future years budget managers are required to seek approval from SAMT to use any resources held in grants unapplied accounts or holding accounts. The budget manager would be required to complete a standard form and submit their proposal for approval to SAMT. In this way there is a transparent approval process that ensures that the Directors and Chief

Executive are aware of the proposal and can evaluate it against the Original Approval, the Corporate Aims of the Council, the resources available and the needs of the relevant Section. The approvals concerned will be reported to Executive within a summary appendix as part of the Quarterly Budget Monitoring process.

- 3.3 With respect to the detailed variances behind the summary figures these are presented at **Appendix B**. Comments have been added to show the reasons for the main variances on each cost centre.
- 3.4 In a small number of service areas work that was planned to be undertaken in the 2012/13 financial year has been delayed and there has been a request from the cost centre managers to carry forward the approved budgets for this work into 2013/14. The total cost of these carry forward budget requests comes to £62,390. It is proposed that the carry forward requests are transferred from the "General" earmarked reserve and placed into a carry forward budget reserve so that the approved and committed work can be continued in 2013/14. The reserve will be managed by the Accountancy Section and be drawn down into the 2013/14 budget as the expenditure on these schemes is undertaken by the relevant cost centre manager.
- 3.5 Transition Grant – 2011/12
The Council qualified to receive £2.311m of transition grant in 2011/12 in order to enable it to adjust to the impact of the Comprehensive Spending Review reductions in Government Grant. At the 31 March 2012 a balance of £0.527m remained available to support appropriate Council expenditure. During 2012/13 a total amount of £0.522m has been expended of which £0.059m was transferred to support capital expenditure and the balance £0.463m to support approved expenditure within the General Fund. Therefore the balance remaining from the 2011/12 grant allocation is £0.005m.
- 3.6 Transition Grant – 2012/13
The Council also received a Transition Grant of £1.929m in 2012/13 to support transition arrangements within the Council. In setting the 2012/13 budget a sum of £0.521m was approved as General Fund support. However, the overall under spend position in 2012/13 has meant that no call has been made on the Transition Grant allocation in the year and as such the full allocation of £1.929m has been transferred to a separate reserve. There are some approved allocations from this balance that have not yet been drawn down – officers in Accountancy are currently assessing these individual approvals and holding discussions with the relevant budget manager to determine a clear picture of the likely commitment. These details will be reported back to a future meeting.
- 3.7 The improvement in the Council's financial position was achieved by a combination of factors but principally by all budget managers exercising tight management control over their budgets. Expenditure has only been incurred where the services had a genuine need to incur the costs to

provide the services required. Other factors that may have contributed to the favourable outturn position is in relation to the significant changes brought about by the restructuring of the Assistant Directors in the organisation through the Strategic Alliance with the new officers obtaining an understanding of the previous spending patterns of each Directorate and also challenging these patterns when required. There is also the issue that the reduced managerial capacity within the Council has reduced the ability to deliver services at the same level as in previous years.

- 3.8 The total net expenditure position for the Council in the year shows a net gain of £77,953. This is offset by a net reduction from the revised budget in the level of funding streams of £24,470 (New Homes Bonus £25,178 less additional Council Tax Freeze Grant £708). The remainder provides a small gain to the General Fund of £53,483 which has been transferred to General Fund balances.
- 3.9 While the improvement in our balances and reserves is welcome the main feature of the 2012/13 financial year is that the Council successfully achieved in full savings that covered the savings target of £1.496m. These savings have served to reduce the underlying level of expenditure and will continue to benefit the Council in future financial years.
- 3.10 The position on the level of the Council's General Fund balances is set out in the table given below:

GENERAL FUND	Revised Budget £,000	Outturn 2012/13 £,000	Variance £,000
Opening Balance as at 1/04/12	1,389	1,389	0
Transfer in year	0	53	0
Closing Balance as at 31/03/13	1,389	1,442	0

- 3.11 The level of General Fund Reserves has improved by £0.053m which clearly represents an improved financial position for the Council. This position is welcome but Members should note that the balances are now considered to be at a more appropriate level for a District Council rather than at a generous level. It needs to be recognised that the current level of balances needs to be set against the background of ongoing reductions in the level of Government funding. Against this background it is crucial that the Council continues to maintain robust budgetary control while securing its ongoing savings targets.
- 3.12 Given the current level of balances should either an over spend or an under achievement of income occur then the Council would have a period of time in which to recover the situation. By contrast in a situation in which the Council were operating with the minimum level of balances and an overspend or an under achievement of income occurred which took balances to below minimum level then immediate 'crisis' remedial action would need to be considered. Such a response would not be conducive to sound financial management but more importantly would have a significant detrimental impact upon the Council's ability to deliver

the planned and agreed level of services to local residents. The continued gradual improvement in the level of balances needs to be welcomed as providing the Council with the financial resilience necessary to safeguard services to local residents against a background of ongoing reductions in Government grant funding. However, Executive will recognise that given a level of General Fund balances of £1.442m, against a requirement to secure some £0.832m of financial savings for 2014/15 (next year) that there is effectively no other option for the Council other than to continue to tackle the underlying budget deficit that it is facing in future financial years.

3.13 With regard to the general under spend throughout the Directorates in 2012/13 officers in the Accountancy Section have carefully examined every cost centre of the General Fund and looked at the outturn position of 2012/13 to determine if the under spend is a “one off” or is a saving of an ongoing nature. In conjunction with the service managers a number of ongoing budget reductions are proposed to the budgets in respect of 2013/14 and future years. These budget savings are detailed in a separate column of **Appendix B**. This exercise has determined that a net budget reduction of £178,210 should be achievable in 2013/14. A recommendation is made to Members to approve these budget changes in 2013/14 and the MTFP for future years. This adjustment will clearly help to address the shortfall in respect of 2013/14 and future years.

3.14 It should be noted that the proposed budget reductions do not relate to salary adjustments. This is because there are a number of changes being implemented throughout the Council in respect of joint secondment working or where reviews of working arrangements are underway or planned within the Directorates. It is planned that detailed budget monitoring of the salary budgets will be undertaken and reported on as part of the quarterly budget monitoring process.

4 Housing Revenue Account (HRA)

4.1 The Housing Revenue Account is summarised in **Appendix C** to this report. This shows overall expenditure was £0.249m below the revised budget (column C) and income some £0.101m better than anticipated, giving a net cost of services favourable variance of £0.350m. Further savings on interest costs and depreciation charges bring the net favourable variance on the account to £0.445m. The favourable variance position takes account of the approved transfer to balances of £0.752m indicating that the overall position would have been a surplus on the account of £1.197m. It is proposed to distribute the £1.197m as follows:

- An increase in the transfer to the Major Repairs Reserve of £0.445m from £1.118m to £1.563m. With this proposed transfer the Major Repairs reserve will have a balance of £1.885m at 31 March 2013. The transfer is proposed to provide the additional resources to address the anticipated repairs and refurbishment requirements that are identified following the full stock condition survey. This balance will effectively enable the Council to address

the works required without having to undertake any capital borrowing.

- The remainder will consist of a transfer to HRA balances of £0.752m as planned within the revised budget for 2012/13.

4.3 While the improving position is welcomed Members should note that the level of balances are now considered to be at an adequate level based on the level of financial risks facing the HRA following the HRA reform. The Council is continuing to work on delivering the HRA business plan to assist in the overall management of the Housing Revenue Account. Ensuring that the Council manages the resources within these plans will assist in protecting the underlying financial position in respect of future years.

4.4 **Impact on Housing Revenue Account Balance**

The impact on the Housing Revenue Account balance is as follows:-

HRA Balances	Budget	Outturn	Variance
	£,000	£,000	£,000
Opening Balance as at 1/04/11	(1,023)	(1,023)	0
Surplus in year	(752)	(752)	0
Closing Balance as at 31/03/12	(1,775)	(1,775)	0

4.5 While that the level of balances held in respect of the HRA have increased as a result of the 2012/13 outturn the Chief Financial Officer remains of the view that they continue in line with the level of balances that is necessary for the financial stability of the HRA in the light of the HRA Financial Risk Register.

5 **Capital Investment Programme**

5.1 The capital expenditure incurred by the Council in 2012/13 is attached on a scheme by scheme basis in **Appendix D**. It can be seen from the appendix that the Council's capital spend in the financial year was £10.932m.

5.2 Overall expenditure was some £4.022m below the revised budget. There are many reasons for the under spend during the year:

- Tighter controls exercised on capital expenditure
- Impact of one major scheme (Project Horizon) on other smaller schemes.
- Timing delays on projects
- Capacity of staff
- Desire to ensure expenditure only committed where absolutely necessary

- Expenditure purposely delayed pending outcome of asset condition surveys
- Schemes held back pending receipt of income from sale of assets (capital receipts).
- Schemes delivered at a cost below the revised budget.

The impact of the under spend is that many of the schemes are included in the proposed carry forward budget requests which are detailed on **Appendix D**. The total of these requests is £3.006m. This is for individual schemes that are still in progress, where there are outstanding commitments or where the scheme has been delayed.

Capital Financing

- 5.3 The Capital Programme financing is also detailed on **Appendix D**. In summary officers utilised the under spend to minimise the amount of prudential borrowing required by the Council. The end result is that prudential borrowing of £4.907m was undertaken which effectively meets the unfinanced costs from Project Horizon. In line with the position previously approved by Council this borrowing will be repaid as soon as the planned asset sales are completed in the current year and the capital receipt becomes available.

6 Reserves and Balances

- 6.1 The summary position with respect to the level of Reserves and Balances at 31 March 2013 is set out in **Appendix E** to this report. The level of both General Fund and HRA balances have increased during the course of the 2012/13 financial year which has strengthened the Council's financial position. This position places the Council in a better position to continue to provide high quality services to local residents against a background of ongoing grant reductions as set out in the Comprehensive Spending Review of Autumn 2010. While the increase in the level of balances has improved the Council's financial resilience it needs to be recognised that ongoing efficiency and other savings will be necessary in order to protect the delivery of priority services to local residents.

7 Treasury Management

- 7.1 At **Appendix F** is a brief report on the Treasury Management activity of the Council for 2012/13. In summary the Council operated throughout 2012/13 within the Authorised Limit and Operational Boundary limits approved in the Treasury Management strategy approved by the Council in March 2012 and as updated in the report to Council on 15 February 2013.
- 7.2 The key facts from the brief report are:

- The overall borrowing requirement of the Council is £115.840m at 31 March 2013.
- The PWLB debt is £107.100m
- The finance lease debt is £0.173m
- Effective internal borrowing is £8.567m
- No new PWLB borrowing was undertaken in 2012/13
- The HRA headroom at 31 March 2013 is £12.845m
- PWLB interest in 2012/13 was £3.696m
- Interest received on investments was £0.034m

8 Legal Aspects

- 8.1 The Statement of Accounts is required to be prepared by the 30 June each year. The Council has now completed the accounts and they have been signed off by the Chief Financial Officer as at the 30 June 2013 which secures compliance with the Council's legal obligations. There are no legal issues arising directly from this report.

9 Risk Management

- 9.1 The issue of Financial Risk is covered throughout the report. The risk of not achieving a balanced budget, together with the risk that the Council's level of financial balances will be eroded are currently key corporate risks identified on the Council's Strategic Risk Register. The outturn report shows that the Council's approach to mitigating these risks during 2012/13 has been successful, with our budgets balanced and the level of financial reserves improved.
- 9.2 While the Council has effectively addressed its Strategic Financial Risks during 2012/13 it needs to be recognised that the Council will need to continue to meet a range of challenging savings targets if it is to operate effectively within the financial environment established by the Comprehensive Spending Review.

10 Policy and Performance

- 10.1 This report is intended to monitor progress in achieving the objectives set out within the Medium Term Financial Plan, which in turn is linked to the full range of the Council's Corporate Strategies. The achievement of the targets set out in the Medium Term Financial Plan has therefore a key role in ensuring that the Council achieves its corporate priorities.

11 Financial Implications

- 11.1 The financial implications are set out within the body of the report.
- 11.2 Members should note that the budgets against which we have monitored the 2012/13 provisional 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 current Medium Term Financial Plan.

12 IMPLICATIONS

- 12.1 Financial: As outlined in the report
Legal: None
Human Resources: None

13 RECOMMENDATIONS

- 13.1 That Members note the report and in particular the financial outturn position in respect of 2012/13

General Fund

- 13.2 It is recommended that for 2013/14 and future years that budget managers are required to seek approval from SAMT to use any resources held in earmarked reserves, grants unapplied accounts or holding accounts. The budget manager will be required to complete a standard form and submit their proposal for approval to the Strategic Alliance Management Team (SAMT). As part of each quarterly budget monitoring the amounts approved by SAMT will be reported to Executive in a summary appendix.
- 13.3 That the budget carry forward requests totalling £62,390 as detailed on Appendix B are approved as a transfer from the "General" earmarked reserve to a "budget carry forward" earmarked reserve and be drawn down into the 2013/14 budget by the Accountancy Section as required by the relevant budget manager.
- 13.4 That Executive agree and refer to Council for approval the proposed reductions set out in detail on Appendix B to the base budget in 2013/14 and future years of the current MTFP of £178,210 which reflects ongoing savings that may be made as identified from the outturn position of 2012/13.

Housing Revenue Account

- 13.5 That Executive approves the proposed HRA transfers to earmarked reserves and balances:
- An increase in the transfer to the Major Repairs Reserve of £0.445m from £1.118m to £1.563m. With this proposed transfer the Major Repairs reserve will have a balance of £1.885m at 31 March 2013.
 - An amount of £0.752m is transferred to the HRA balances.

Capital Programme

- 13.6 That Members approve the proposed carry forward of capital budgets detailed in Appendix D totalling £3.006m.

Treasury Management

- 13.7 That Members note the prudential borrowing undertaken in 2012/13 of £4.907m to meet the temporary financing arrangements for Project Horizon and that the borrowing will be repaid as soon as the budgeted capital receipts are received in 2013/14.

Further Reporting

- 13.8 That this report is forwarded to the Audit and Budget Scrutiny Committees for their consideration.

REASON FOR DECISION TO BE GIVEN IN ACCORDANCE WITH THE CONSTITUTION

To inform Cabinet of the outturn position in respect of the 2012/13 financial year

ATTACHMENTS: **Y – Appendices A to F**
FILE REFERENCE:
SOURCE DOCUMENT: Held in Finance

**BOLSOVER DISTRICT COUNCIL
GENERAL FUND 2012/13**

APPENDIX A

Description	A	B	C	D	E	F	G
	Revised Budget £	Grant and Reserve Adjustments £	Adjusted Revised Budget £	Actual £	Variance £	Budget Carry Forward Request £	Budget Savings Proposed £
General Fund							
Chief Executive	2,217,843	-72,174	2,145,669	2,027,362	-118,307	2,630	-10,000
Corporate Resources	3,694,006	0	3,694,006	3,475,472	-218,534	0	-42,000
Development	2,069,509	-302,335	1,767,174	1,548,577	-218,597	0	-47,510
Health and Wellbeing	1,790,610	-22,715	1,767,895	1,615,315	-152,580	23,360	-22,700
Neighbourhood	3,756,069	-4,482	3,751,587	3,548,878	-202,709	36,400	-56,000
Recharges to HRA and Capital	-3,331,320	0	-3,331,320	-3,331,320	0	0	0
Total Net Expenditure	10,196,717	-401,706	9,795,011	8,884,284	-910,727	62,390	-178,210
Minimum Revenue Provision (MRP)	403,617		403,617	399,574	-4,043		
Interest	184,672		184,672	251,093	66,421		
Financial Asset Impairment - Iceland	0		0	52,057	52,057		
	10,785,006	-401,706	10,383,300	9,587,008	-796,292		
<u>Contributions to Reserves</u>							
General Reserve	112,211		112,211	112,211	0		
ICT Reserve	75,000		75,000	75,000	0		
Insurance Reserve	110,000		110,000	110,000	0		
Local Development Scheme	50,000		50,000	50,000	0		
Vehicle & Plant Reserve	36,000		36,000	36,000	0		
Transition Grant Reserve	1,408,693		1,408,693	1,929,596	520,903		
<u>Contributions from Reserves</u>							
General Reserve	-30,000		-30,000	-30,000	0		
Insurance Reserve	-75,000		-75,000	-75,000	0		
Local Development Scheme	-56,336		-56,336	-56,336	0		
Planning Delivery Grant Reserve	-35,701		-35,701	-35,701	0		
Transformational Reserve	-26,265		-26,265	-26,265	0		
Transition Grant Reserve	-463,000		-463,000	-463,000	0		
Vehicle and Plant Reserve	-4,000		-4,000	-4,000	0		
Transfer to unapplied grant accounts	-280,964	401,706	120,742	232,596	111,854		
Transfer re S106 (net movement)	-93,909		-93,909	-8,327	85,582		
	11,511,735	0	11,511,735	11,433,782	-77,953		
Parish Precepts	2,549,389		2,549,389	2,549,389	0		
Total Net Expenditure	14,061,124	0	14,061,124	13,983,171	-77,953		
Formula Grant	-5,531,336		-5,531,336	-5,531,336	0		
New Homes Bonus	-310,658		-310,658	-285,480	25,178		
Council Tax Freeze Grant	-180,052		-180,052	-180,760	-708		
Transition Grant	-1,929,596		-1,929,596	-1,929,596	0		
Council Tax	-6,174,854		-6,174,854	-6,174,854	0		
Misc Grants	-13,420		-13,420	-13,420	0		
Collection Fund Deficit	78,792		78,792	78,792	0		
Transfer to/(from) General Fund Balance	0		0	53,483	53,483		
Total Financing	-14,061,124	0	-14,061,124	-13,983,171	77,953		
Transfer to/(from) General Fund Balances	0	0	0	0	0		
General Fund Balances							
Balance brought forward 1 April	-1,389,250			-1,389,250			
Movement in Year	0			-53,483			
Balance carried forward	-1,389,250			-1,442,733			

**BOLSOVER DISTRICT COUNCIL
GENERAL FUND SUMMARY 2012/13**

APPENDIX B

Code	Description	Revised Budget £	Actual £	Variance £	Main Variance	Budget Carry Forward	Identified Savings	Reason
Chief Executive Directorate								
G003	Reprographics (printing)	93,974	89,460	-4,514				
G005	Joint Chief Executive Officer	78,397	76,654	-1,743	Chairmans Duties (£2k)	2,630		
G006	CEPT	266,231	140,355	-125,876	Additional Grant Income (£95k), Salaries (£8k), Operating costs (£16k), Grant Related (£6k) Salaries (£19k), grant related (£5k), operating costs (£15k)			Youth Parliament -£1k, Hired Services -£5k, Publicity -£3k
G015	Strategy and Performance	270,438	230,856	-39,582				-1,000 overtime
G052	Human Resources & Payroll	339,709	311,003	-28,706	Training Expenses (£25k)			
G054	Electoral Registration	40,741	38,645	-2,096				
G055	Democratic Representation & Management	524,684	517,775	-6,909				
G056	Land Charges	5,284	6,769	1,485				
G057	District Council Elections	0	0	0				
G058	Democratic Services	275,677	294,664	18,987	Redundancy Pay +£34k, Salaries (£12k)			
G059	Solicitor to the Council	33,071	33,247	176				
G060	Legal Services	248,855	248,520	-335				
G086	Alliance	9,250	7,810	-1,440				
G116	Parish Council Elections	0	-213	-213				
G119	County Council Elections	0	15	15				
G129	Bolsover Apprenticeship Programme	31,532	31,432	-100				
G141	Bolsover Apprenticeship Prog - Phase 2	0	0	0				
G134	Referendum	0	370	370				
G154	ERDF Work for yourself	0	0	0				
G158	Police Commissioners Elections	0	0	0				
G168	Multi Functional Printers	0	0	0	Costs within reprographics			
		2,217,843	2,027,362	-190,481		2,630	-10,000	

**BOLSOVER DISTRICT COUNCIL
GENERAL FUND SUMMARY 2012/13**

APPENDIX B

Code	Description	Revised Budget £	Actual £	Variance £	Main Variance	Budget Carry Forward	Identified Savings	Reason
Corporate Resources								
G001	Internal Audit Services	121,010	121,250	240				
G002	I.C.T.	708,835	669,926	-38,909	Software costs (£13k), Op costs (£19k)			software -£4k, Hired -£2k, leased
G014	Customer Contact Service	715,533	698,309	-17,224	salaries (£11k) Op costs (£6k)			-10,000 lines -£4k
G038	Concessionary Fares & TV Licenses	500	-8,397	-8,897	Overtime (£8k)			
G040	Corporate Management	146,025	140,491	-5,534	External Audit Fees			-2,000 External Audit Fees
G041	Non Distributed Costs	1,272,330	1,253,208	-19,122	contrib from other auths			
G042	Miscellaneous Expenses	9,000	43,862	34,862	Doubtful debt provisions			
G043	Joint Director of Corporate Resources	47,340	48,981	1,641				
G044	Financial Services	320,244	308,991	-11,253	Software cost (£4k) Op costs (£6k)			
G100	Benefits	27,504	19,054	-8,450	salaries (£20k) Op costs (£17k) grants £28k			-5,000 Misc exps
G103	Council Tax / NNDR	249,974	225,500	-24,474	salaries (£19k) Op costs (£5k)			
G104	Sundry Debtors	81,136	77,123	-4,013	Hired services agents fees			-3,000 Hired Services
G111	Shared Procurement Unit	25,506	21,084	-4,422	Operational costs			
G155	Customer Services	55,219	55,354	135				
G159	Council Tax Benefit Reforms	0	-69,118	-69,118	Grant not spent			
G161	Rent Rebates	-43,180	-56,810	-13,630	Subsidy settlement			-4,000 Subsidy
G162	Rent Allowances	5,620	-21,108	-26,728	Subsidy settlement / see G100 re grants			-18,000 OPHB
G163	Council Tax Benefits	-67,590	-68,455	-865				
G164	Support Recharges	-3,331,320	-3,331,320	0				
G165	The Arc ICT	19,000	16,227	-2,773				
		362,686	144,152	-218,534		0	-42,000	

BOLSOVER DISTRICT COUNCIL APPENDIX B
GENERAL FUND SUMMARY 2012/13

Code	Description	Revised Budget £	Actual £	Variance £	Main Variance	Budget Carry Forward	Identified Savings	Reason
Development								
G018	Public Conveniences	24,620	25,040	420				
G029	Markets	2,659	1,940	-719				
G034	Depot - South Normanton	0	0	0				
G035	Depot - Bolsover	0	0	0				
G050	Joint Director of Development	38,678	38,824	146				
G073	Planning Policy	303,773	235,053	-68,720	Local Plan Exps (£68k)			
G074	Planning Development Control	1,743	1,130	-613				
G076	Planning Enforcement	77,304	77,347	43				
G077	Planning Environmental Initiatives	0	0	0				
G079	Planning Services Mgmt & Admin	63,135	60,038	-3,097	Stationery and Postage			-1,010 Stationery -£760, Postage -£250
G080	Engineering Services (ESRM)	70,155	72,136	1,981				
G081	Drainage Services	3,300	2,710	-590				
G082	Tourism Promotion & Development	29,094	29,350	256				
G083	Building Control Consortium	117,490	128,584	11,094	Cleared deficit in year			
					Grant related (£21k), Grant Adj re 11/12 (£100k),			
G085	Economic Development	-45,160	-205,884	-160,724	Misc Receipts (£36k)			
G088	Derbyshire Economic Partnership	15,000	15,000	0				
G089	Premises Development	-18,540	-27,424	-8,884	Op costs (£6k), Rents (£2k)			-1,500 Electricity -£1k Advertising -£500
G090	Pleasley Vale Mills	-56,715	-106,848	-50,133	R&M (£8k) NNDR (£5k) Rents (£29k)			-22,000 NNDR -£2k Rental Income -£20k
G092	Pleasley Vale Electricity Trading	-6,440	-60,169	-53,729	Elec Costs (£13k), Equip (£4k), Income (37k)			-33,000 Equip £4k, Income £29k
G093	Sherwood Lodge	216,619	215,877	-742				
G095	Regeneration Mgmt & Admin	583,650	589,536	5,886				
G096	Building Cleaning (General)	64,036	57,047	-6,989	Salaries (£6k)			
G098	Security Services	0	0	0				
G099	Catering	6,000	4,946	-1,054				
G120	Strategic Housing Projects	0	0	0				
G121	Feasibility Studies / Development Briefs	33,660	33,660	0				
G127	Development Management & Admin	51,733	49,690	-2,043				
G131	Econ Dev - Project Off (Infrastructure)	184	0	-184				
G132	Planning Conservation	68,060	69,398	1,338				
G133	The Tangent Business Centre	-11,820	828	12,648				
G136	Econ Dev - Enterprise Coaching	0	0	0				
G137	Enterprise Academy	0	0	0				
G138	Sherwood Lodge Development	217,605	159,219	-58,386	Grant Related re disposal of site £58k			
G143	Housing Strategy	32,491	32,616	125				
G144	Enabling (Housing)	9,591	9,680	89				
G151	Street Lighting	3,000	1,554	-1,446				
G156	The Arc - Council Offices	75,528	21,951	-53,577	Overestimated operating costs for part year (£53k)			
G167	Facilities Management	43,690	5,728	-37,962	New cost centre - expenditure on FM not used			

**BOLSOVER DISTRICT COUNCIL
GENERAL FUND SUMMARY 2012/13**

APPENDIX B

Code	Description	Revised Budget £	Actual £	Variance £	Main Variance	Budget Carry Forward	Identified Savings	Reason
G169	Closed Churchyards	0	10,020	10,020	No budget. Exp had been charged to capital			No General Fund budget. Exp had 10,000 previously been charged to capital
G171	S106 Contributions	55,386	0	-55,386	Grant received to meet exp (£55k)			
		2,069,509	1,548,577	-520,932		0	-47,510	
Health and Wellbeing								
G010	Neighbourhood Management	124,745	113,487	-11,258	Grant related exp (£7k)			
G017	Private Sector Housing Renewal	102,800	90,952	-11,848	Operating Costs			
G020	Public Health	38,670	9,226	-29,444	Hardware (£10k)	12,500		
G021	Pollution Reduction	231,440	197,963	-33,477	Contaminated land grant related (£15k)			
G022	Health & Safety	64,260	58,646	-5,614				
G023	Pest Control	53,910	50,327	-3,583				
G025	Food Safety	145,780	142,090	-3,690				
G026	Animal Welfare	68,210	72,932	4,722				
G027	Emergency Planning	14,900	14,000	-900				-700 -£300 misc, -£400 telephones
G030	Street Trading	-50	-50	0				
G036	Environmental Health Management & Admin	95,716	155,408	59,692	Redundancy Payments +£58k			
G053	Licensing	-30,320	-44,721	-14,401				-4,000 -£4000 veh licences inc
G061	Bolsover Wellness Programme	-2,570	-8,862	-6,292	salaries (£23k), Op costs +£3, grants +£14k			
G062	Extreme Wheels	-3,438	-4,343	-905				
G063	Go Football	10,305	9,235	-1,070				
G064	Bolsover Community Sports Coach Scheme	40,561	28,248	-12,313	salaries (7k)			
G065	Parks, Playgrounds & Open Spaces	57,329	53,872	-3,457	R&M (£3k)			-3,000 -£3000 R&M
G066	Sports Development	122,162	102,788	-19,374	Op costs (£22k), Income £3k			-10,000 Individual schemes
G067	Culture and Heritage	44,203	25,005	-19,198	additional Income (£14k) Op costs (5k)			
G069	Kissinggate Leisure Centre	115,116	116,502	1,386				
G070	Outdoor Sports & Recreation Facilities	30,229	28,386	-1,843				
G071	Creswell Leisure Centre	119,728	126,035	6,307				
G072	Leisure Services Mgmt & Admin	169,902	171,180	1,278				
G107	Home Improvement Agency	7,320	8,818	1,498				
G112	Frederick Gents School Community Use	-4,993	-10,862	-5,869		10,860		
G125	S106 - Percent for Art	38,523	8,328	-30,195	S106 grants utilised			
G126	S106 - Formal & Informal Recreation	0	0	0				
G139	Director of Health and Wellbeing	47,220	48,556	1,336				
G145	Handy Van Service	-800	-17,953	-17,153	Op Costs (£17k) Grant related exp (£20k), Op costs (£7k), Income			-5,000 misc exps
G146	Pleasley Vale Outdoor Activity Centre	66,849	55,719	-11,130	£16k			
G160	Clowne Leisure Centre	22,903	22,403	-500				
G170	S106 Outdoor Sports	0	-8,000	-8,000	Additional S106 income			
G172	S106 Affordable Warmth	0	0	0				
		1,790,610	1,615,315	-175,295		23,360	-22,700	

BOLSOVER DISTRICT COUNCIL APPENDIX B
GENERAL FUND SUMMARY 2012/13

Code	Description	Revised Budget £	Actual £	Variance £	Main Variance	Budget Carry Forward	Identified Savings	Reason
Neighbourhoods								
G007	Community Safety - Crime Reduction	52,848	51,656	-1,192	Misc exps		-500	Misc Exps
G008	Safer Stronger Communities	0	0	0				
G013	Community Action Network	228,606	214,417	-14,189	salaries (£4k), Op costs (6k), Income (£4k)		-2,500	Equip -1000k, Hired -£500, Inc -£1k
G024	Street Cleansing	384,573	358,224	-26,349	salaries (£19k) Op cost (£22k). Income adj £14k		-5,000	Var op codes
G028	Waste Collection	589,462	588,134	-1,328				
G032	Grounds Maintenance	535,844	509,702	-26,142	Equip (£27k)			
G033	Vehicle Fleet	740,168	714,614	-25,554	Fuel (£10k) Income (£16k)			
G045	Welfare Services	0	0	0				
G046	Homelessness	89,302	79,526	-9,776	Prevention (£5k) op costs (£4k)			
G048	Town Centre Housing	-19,000	-24,167	-5,167	Rents (£4k)		-3,000	Rents
G049	Repairs & Maintenance - GF	0	0	0				
G094	Joint Director of Neighbourhood Services	47,530	47,122	-408				
G097	Groundwork and Drainage Operations	46,571	42,456	-4,115	Misc Income			
G106	Housing Anti Social Behaviour	66,753	66,999	246				
G113	Parenting Practitioner	41,859	43,684	1,825				
G123	Riverside Depot	160,637	158,561	-2,076				
G124	Street Servs Mgmt & Admin	98,206	82,168	-16,038	contrib other auths (£15k)		-15,000	contrib other auths (£15k)
G128	Neighbourhoods Management & Admin	98,593	89,309	-9,284	salaries (£7k)			
G135	Domestic Violence Worker	13,391	13,400	9				
G142	Community Safety - CCTV	33,370	-3,063	-36,433	Additional contributions/op costs	36,400		Approved Carry Forward
G147	Waste Disposal	2,900	2,886	-14				
G148	Trade Waste	-18,746	4,652	23,398	£10k Income, Adj £13k			
G149	Recycling	-3,250	-43,368	-40,118	Op cost £18k, Income (£58k)		-30,000	Hired Services, Recycling Credits
G150	Waste Minimisation	2,000	510	-1,490				
G153	Housing Advice	7,886	8,518	632				
G166	Green Waste	556,566	542,938	-13,628	Salaries (£11k)			
		3,756,069	3,548,878	-207,191		36,400	-56,000	

BOLSOVER DISTRICT COUNCIL APPENDIX B
GENERAL FUND SUMMARY 2012/13

Code	Description	Revised Budget £	Actual £	Variance £	Main Variance	Budget Carry Forward	Identified Savings	Reason
Appropriations								
G953	Impairment of Financial Assets	0	52,057	52,057				
Cd. G911	Provision for Repayment of External Loan Interest	403,617	399,574	-4,043				
		184,672	251,093	66,421				
Cd. G909	General Reserve	112,211	112,211	0				
	ICT Reserve	75,000	75,000	0				
	Insurance Reserve	110,000	110,000	0				
	Local Development Scheme	50,000	50,000	0				
G909	Vehicle & Plant Reserve	36,000	36,000	0				
G909	Transition Grant Reserve	1,408,693	1,929,596	520,903				
From Reserves								
	General Reserve	-30,000	-30,000	0				
	Insurance Reserve	-75,000	-75,000	0				
G909	Local Development Scheme	-56,336	-56,336	0				
G909	Planning Delivery Grant Reserve	-35,701	-35,701	0				
G909	Transformational Reserve	-26,265	-26,265	0				
	Transition Grant Reserve	-463,000	-463,000	0				
	Vehicle and Plant Reserve	-4,000	-4,000	0				
Revenue Grants								
G937	SMGFB - Grant Movement	0	1,861,067	1,861,067				
G937	SMGFB - Grant Movement	0	-1,853,067	-1,853,067				
G909	Transfers to Reserves Grants etc	-65,481	224,596	290,077				
G909	Transfer from Reserves - Grants etc	-215,483	0	215,483				
G909	S106 Transfers to Reserves	0	7,044	7,044				
G909	S106 Transfers from Reserves	-93,909	-15,371	78,538				
G914	Revenue Support Grant	-16,775	-16,775	0				
G914	New Homes Bonus	-310,658	-285,480	25,178				
G914	Council Tax Freeze Grant	-180,052	-180,760	-708				
G914	Transition Grant	-1,929,596	-1,929,596	0				
G914	Right to Bid and Challenge Grants	-13,420	-13,420	0				
G915	Cont. from NNDR Pool	-5,514,561	-5,514,561	0				
G906	Collection Fund Deficit	78,792	78,792	0				
G913	Precept Demand from Collection Fund	-6,174,854	-6,174,854	0				
G928	Local Precepts	2,549,389	2,549,389	0				
G930	Transfer to/(from) General Fund Balance	0	53,483	53,483				
		-10,196,717	-8,884,284	1,312,433		0	0	
TOTAL		0	0	0		62,390	-178,210	

Housing Revenue Account

APPENDIX C

Description	A Revised Budget £	B Actual £	C Variance £
Expenditure			
Repairs and Maintenance	4,388,490	4,414,073	25,583
Supervision and Management	4,099,720	3,990,074	(109,646)
Special Services	653,350	538,764	(114,586)
Supporting People	775,980	726,490	(49,490)
Tenants Participation	89,320	84,268	(5,052)
Provision for Doubtful Debts	150,000	155,566	5,566
Housing Subsidy settlement for 2011/12	(5,390)	(5,389)	1
Debt Management Expenses	12,000	10,488	(1,512)
Total Expenditure	10,163,470	9,914,334	(249,136)
Income			
Rents	(18,371,000)	(18,345,756)	25,244
Garage Rents	(330,000)	(367,307)	(37,307)
Supporting People	(605,500)	(630,431)	(24,931)
Special Services	(264,040)	(322,026)	(57,986)
Leasehold Flats and Shops Income	(12,650)	(15,641)	(2,991)
Income - Repairs and Maintenance	(29,080)	(28,772)	308
Income - Supervision & Management/Rents/Rates/Taxes	(910)	(2,497)	(1,587)
Other Income	(250)	(1,714)	(1,464)
Total Income	(19,613,430)	(19,714,145)	(100,715)
Net Cost of Services	(9,449,960)	(9,799,811)	(349,851)
Appropriations			
Voluntary Debt Repayment	1,000,000	1,000,000	0
Interest Costs	3,410,190	3,331,700	(78,490)
Interest Income	(13,530)	(12,197)	1,333
Depreciation	2,132,600	2,114,672	(17,928)
Transfer to Major Repairs Reserve	1,118,600	1,563,536	444,936
Contribution to Insurance Reserve	50,000	50,000	0
Contribution from Insurance Reserve	0	0	0
Contribution to Capital Project Reserve	1,000,000	1,000,000	0
Net Operating (Surplus) / Deficit	(752,100)	(752,100)	0
HRA Balances			
Balance brought forward 1 April	(1,023,549)	(1,023,549)	
Movement in year	(752,100)	(752,100)	
Working Balance at End of Year	(1,775,649)	(1,775,649)	

APPENDIX D

Fund	CAPITAL PROGRAMME SUMMARY	Approved	Actual	Variance	Carried
		Programme	Outturn		Forward
		2012/13	2012/13	2012/13	requests
		£	£	£	2013/14.
					£
General Fund					
Assets					
ASS	AMP - Riverside Depot	21,932	2,560	(19,372)	0
ASS	Taxi / Fleet Vehicle Testing	38,680	38,680	(0)	0
ASS	Clune Street Recreation Ground	15,004	2,378	(12,626)	0
ASS	AMP - Engineers	19,500	19,359	(141)	0
ASS	AMP - Sherwood Lodge	25,730	3,915	(21,815)	0
ASS	AMP - PV Lodges	99,918	71,722	(28,196)	72,700
ASS	AMP - Community Houses	2,049	0	(2,049)	0
ASS	Former South Norm CC - Land Purchase	20,000	20,300	300	0
ASS	AMP - Leisure Buildings	22,475	6,124	(16,351)	0
ASS	CCTV - Riverside Depot	23,350	23,311	(39)	0
		288,638	188,348	(100,290)	72,700
Project Horizon					
HOR	ICT infrastructure - Project Horizon	445,500	363,483	(82,017)	82,000
HOR	Property Acquisitions	309,940	0	(309,940)	0
HOR	Clowne Campus - Acquisition Costs	3,848,000	3,848,000	0	0
HOR	Clowne Campus - Refurbishment	1,461,000	765,619	(695,381)	657,000
HOR	Sherwood Lodge Disposal	533,000	79,655	(453,345)	453,000
		6,597,440	5,056,756	(1,540,684)	1,192,000
The Tangent					
SHI	Shirebrook Enterprise Centre	2,164,711	1,867,145	(297,566)	59,000
		2,164,711	1,867,145	(297,566)	59,000
ICT Schemes					
ICT	ICT infrastructure	83,000	39,201	(43,799)	43,800
ICT	Fleet Management System	21,320	0	(21,320)	21,300
		104,320	39,201	(65,119)	65,100
Leisure Schemes					
LEI	Playbuilder	8,000	0	(8,000)	8,000
LEI	Clowne Youth Focused Play Area	14,405	0	(14,405)	0
LEI	P Vale Outdoor Education Centre Ph 2	53,485	0	(53,485)	53,500
LEI	Pleasley Vale - retention amount	0	0	0	11,250
LEI	Gym Equipment - Creswell Leisure Centre	48,600	48,586	(14)	0
LEI	Bols Improv Play Pitches Initiative	8,693	0	(8,693)	0
		133,183	48,586	(84,597)	72,750
Private Sector Schemes					
PS	Disabled Facility Grants	495,505	182,034	(313,471)	140,000
PS	Private Sector Decent Homes	36,334	19,598	(16,736)	16,700
PS	Portland Street Group Repair	236,905	107,005	(129,900)	27,600
PS	Group Repair (WT)	108,796	77,689	(31,107)	25,600
PS	Carr Vale Group Repair	0	1,919	1,919	2,400
PS	Group Repair New Houghton	15,003	109,705	94,702	6,000
PS	Byron Street Shirebrook	114,458	0	(114,458)	0
PS	Empty Property Grants	37,796	0	(37,796)	9,600
PS	New Houghton Renewal Area	202,309	0	(202,309)	202,300
PS	Pte Sector Project Officer	38,984	27,174	(11,810)	0
PS	Station Road Shirebrook	147,858	0	(147,858)	147,800
PS	Clowne Incubation Centre - 2 Station Rd	0	7,890	7,890	12,600
PS	Fuel Poverty Fund	0	2,150	2,150	0
PS	Shirebrook Master Plan - Premlin	29,500	14,240	(15,260)	0
PS	Regeneration Mgmt & Admin	19,320	0	(19,320)	0
		1,482,768	549,403	(933,365)	590,600
Vehicles and Plant					
VEH	Van (OC) FD55 NMJ	22,367	22,097	(270)	0
VEH	Van (GM) FP55 VRV	21,637	21,367	(270)	0
VEH	Van (CAN AG05 LYW)	12,000	0	(12,000)	12,000
VEH	Van (Health FY53 DEU)	12,000	0	(12,000)	12,000
VEH	Van (Health FL05 JFE)	12,000	0	(12,000)	12,000
VEH	4 x Warden Cars FE06 KHU,KHW,KHV,KHT	7,280	7,205	(75)	0
VEH	3 Swings	200,000	197,265	(2,735)	0
VEH	Refuse Vehicle VX55 CVA	140,000	0	(140,000)	140,000
VEH	Refuse Vehicle VX55 CVB	140,000	143,990	3,990	0
VEH	Tractor FJ55 UAL	35,000	0	(35,000)	35,000
VEH	8 x Hedgecutters (GM)	4,000	0	(4,000)	0
VEH	10 x Strimmers (GM)	5,000	0	(5,000)	0
VEH	1 x Luton Van (Leisure)	12,500	11,647	(853)	850
		623,784	403,571	(220,213)	211,850
Total General Fund		11,394,844	8,153,011	(3,241,833)	2,264,000

APPENDIX D

Fund	CAPITAL PROGRAMME SUMMARY	Approved	Actual	Variance	Carried
		Programme	Outturn		Forward
		2012/13	2012/13	2012/13	requests
		£	£	£	2013/14.
					£
Housing Revenue Account					
HRA	Group Dwellings Safety Work	159,892	130,432	(29,460)	29,400
HRA	Housing Asset Management	42,950	31,171	(11,779)	0
HRA	External Wall Insulation	670,000	573,218	(96,782)	69,900
HRA	Window Replacement	12,113	7,365	(4,748)	4,700
HRA	Electrical Rewiring Decent Homes	171,885	95,081	(76,804)	76,800
HRA	Cavity Wall + Loft Insulation	60,000	35,644	(24,356)	21,100
HRA	External Door Replacements	221,167	221,351	184	0
HRA	Heating Upgrades	290,892	264,264	(26,628)	19,300
HRA	Environmental Works	65,818	15,798	(50,020)	50,000
HRA	Decent Homes - External	130,000	113,303	(16,697)	22,500
HRA	Kitchen Replacements - Decent Homes	320,000	283,239	(36,761)	36,700
HRA	Improvement towards tenants' aspirations	0	5,668	5,668	0
HRA	Tarran Preliminary Costs	18,935	0	(18,935)	18,900
HRA	Mobile Working	11,624	0	(11,624)	11,600
HRA	HRA New Build - Lang Junction	1,000,808	648,275	(352,533)	352,500
HRA	Regeneration Mgmt & Admin	200,000	200,000	0	0
HRA	Choice based lettings IT Scheme	50,000	47,344	(2,656)	2,600
HRA	1 Rose Ave Clowne - Fire	33,800	33,167	(633)	0
HRA	HRA New Build - Disturb Pymts Lang J	100,000	73,926	(26,074)	26,000
Total HRA		3,559,884	2,779,245	(780,639)	742,000
TOTAL CAPITAL EXPENDITURE		14,954,728	10,932,256	(4,022,472)	3,006,000
Capital Financing					
General Fund					
	Specified Capital Grant	(507,691)	(380,079)	127,612	(140,000)
	Direct Revenue Financing	(21,175)	(23,311)	(2,136)	0
	Private Sector Contributions	(222,347)	(204,632)	17,715	(94,900)
	GOEM	(108,796)	(77,689)	31,107	(25,600)
	Prudential Borrowing	(7,865,582)	(4,907,500)	2,958,082	(211,000)
	Leasing	(99,884)	(99,255)	629	0
	Reserves	(285,500)	(286,681)	(1,181)	(65,780)
	External Grant	(2,249,169)	(1,869,295)	379,874	(8,000)
	Capital Receipts	(34,700)	(304,569)	(269,869)	(1,718,720)
		(11,394,844)	(8,153,011)	3,241,833	(2,264,000)
HRA					
	Major Repairs Allowance	(3,395,985)	(2,599,426)	796,559	(742,000)
	Insurance Reserve	(33,800)	(33,167)	633	0
	Private Sector Contributions	(130,099)	(146,652)	(16,553)	0
		(3,559,884)	(2,779,245)	780,639	(742,000)
TOTAL CAPITAL FINANCING		(14,954,728)	(10,932,256)	4,022,472	(3,006,000)
Checks		0	0	0	0

APPENDIX E

<u>Reserves and Balances</u>	Balance at 31 March 2012 £'000	Transfers Out 2012/13 £'000	Transfers In 2012/13 £'000	Balance at 31 March 2013 £'000
General Fund Balance	(1,389)	0	(54)	(1,443)
HRA Balance	(1,024)	0	(752)	(1,776)
Capital Receipts Reserve	0	0	(19)	(19)
Major Repairs Reserve	(805)	3,599	(4,679)	(1,885)
Revenue Grants Unapplied	(1,687)	444	(391)	(1,634)
Capital Grants Unapplied	(1,164)	302	0	(862)
<u>Earmarked Reserves</u>				
Area Based Grant/Working Neighbourhoods Fund	(2,055)	1,165	0	(890)
General	(346)	30	(113)	(429)
Historic Building	(9)	0	0	(9)
Insurance - GF	(250)	75	(110)	(285)
Insurance - HRA	(50)	44	(50)	(56)
IT and Office Equipment	(107)	138	(75)	(44)
Legal Costs	(33)	0	0	(33)
Local Development Scheme	(271)	57	(50)	(264)
New Build Reserve - HRA	0	0	(1,000)	(1,000)
Planning Delivery - Revenue	(168)	36	0	(132)
Transformational Reserve	(367)	26	0	(341)
Transition Grant Reserve	(527)	522	(1,929)	(1,934)
Vehicle Repair and Renewal	(103)	94	(36)	(45)
CD Joint Crematorium Reserve	(143)	40	0	(103)
Total Earmarked Reserves	(4,429)	2,227	(3,363)	(5,565)
TOTAL RESERVES	(10,498)	6,572	(9,258)	(13,184)

BUDGET SCRUTINY COMMITTEE 16TH SEPTEMBER 2013

COPY OF MEDIUM TERM FINANCIAL PLAN PRESENTED TO
EXECUTIVE ON 2ND SEPTEMBER 2013.

Committee:	Executive	Agenda	8
Date:	2 nd September 2013	Item No.:	
		Status	Open
Subject:	Medium Term Financial Plan		
Report by:	Director of Corporate 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.

1 Purpose of Report

- 1.1 To update the Council's Medium Term Financial Plan to reflect development since the Plan was agreed in the February of 2013. While the information provided within this report effectively serves to commence the budget process in respect of 2014/15 it should be noted that further work will be necessary before Members are in a position to agree the detailed budget in respect of next year. Although further work on developing and agreeing budgets remains to be undertaken the overall level of resources that will be available to fund the 2014/15 budget is relatively clear and is sufficiently robust to utilise as the basis for decision making.

2 Background.

- 2.1 The Council has successfully completed its financial accounts in respect of 2012/13 although the outcome of the external audit will not be known until the end of September. The Council has again secured a balanced budget in respect of 2012/13 while delivering a small improvement in the level of general balances. Although the Council has successfully protected and improved its financial position over the last few years it will

need to continue to operate against the background of significant reductions in the level of central government funding. The recent announcements by central government concerning the level of funding that will be available in future years under the 2013 Comprehensive Spending Review has confirmed that pressure will continue to reduce local government funding on an ongoing basis. One of the purposes of this report is to update the Council's MTFP to reflect the latest details regarding future levels of government funding. The details include some indicative figures concerning the level of grant for individual local authorities in respect of 2015/16.

- 2.2 Since February 2013 the Council has taken further steps to reduce its underlying level of expenditure and to increase the income available to support expenditure. These steps have included a reduction in budgets in the light of the 2012/13 outturn, together with the implementation of a number of efficiency measures previously agreed by Executive. Officers have continued to manage the position in respect of vacancies and it is recommended that where savings are identified whilst posts are in the process of being recruited to etc that the resultant savings should be removed from budgets. In the first instance such savings will be removed from operational budgets by the Accountancy team subject to the agreement of SAMT with any resultant savings being reported to Executive through the budget monitoring process.
- 2.3. While the Council's financial position has been successfully managed over the initial period of government expenditure cuts arising from the Comprehensive Spending Review of Autumn 2010 Members have consistently recognised that the position needs to be actively managed. In particular to protect the Council's financial position it would be a significant advantage if the Council were able to implement the majority of its savings measures prior to the commencement of the financial year in which the savings concerned are required. This both allows the in year savings to be achieved in full while the savings in the previous financial year are available to assist in funding the costs of restructuring such as redundancy. In agreeing the current MTFP Executive took the view that the Council should by September 2013 have plans agreed that would ensure that by the end of the 2013 calendar year all the measures necessary to secure a balanced budget in respect of 2014/15 were fully implemented. This approach is in line with that set out in the Council's Business Plan to support its case for retaining Efficiency Grant. This report summarises the progress in achieving that objective.

3. Comprehensive Spending Review 2013.

- 3.1. While on the basis of the currently approved MTFP the Council faces a difficult financial position that position has become more challenging following a range of developments since the agreement of the current MTFP in the February 2013. While work is ongoing to secure the required level of savings officers are of the view that on the basis of progress made to date that the budget will be balanced by the year end. There is, however, an increase in the level of savings that needs to be secured from that detailed in the current MTFP over the following two

financial years. While a considerable amount of further work needs to be completed before a budget can be agreed in respect of future financial years the table given below does give a realistic indication at a summary level of the scale of the issues that Bolsover District Council is facing:

	2013/14	2014/15	2015/16
	£000's	£000's	£000's
Current Approved Position (Cumulative Shortfall see 2.4 above)	884	1,608	1,726
Projected Financial Position (Cumulative shortfall see Appendix 1)	0	810	1,560

The table provided in Appendix 1 to this report sets out the detail underlying the summary position as outlined above.

3.2. One of the key factors underlying this revision of the Council's position is that a consultation process around the Local Government Finance Settlement 2014-15 and 2015-16 has been commenced with the end date for responses set at 2nd October. Within this consultation the following indicative details have been provided:

- The Government has provided exemplifications concerning the level of Revenue Support Grant and Non Domestic Rate funding in respect of both 2014/15 and 2015/16. While these are not final figures it is not anticipated that they will change significantly from those which the Government are consulting on.
- With regard to 2014/15 the Consultation documentation indicates that the Council will see a reduction in Government funding through grant and non domestic Business rates of some £60,000. This reflects the Government's decision in the budget of 2012 to reduce local government expenditure by a further 1% in respect of next year. In respect of 2015/16 there is a more significant reduction amounting to £0.622m. In overall terms District Councils have seen a central funding reduction of some 15% with the position at Bolsover reflecting the national situation. Within the February 2013 version of the MTFP the grant loss had been assumed as one of 5%. Although the overall reduction in funding for local authorities is one of just in excess of 10% the position in respect of the actual level of Government funding has been compounded by the fact that the Government has recognised a range of new burdens facing local government which have been funded from within the existing grant pool. These new burdens are essentially all County Council and Unitary authority functions therefore this reallocation of funding does not result in any benefit for District Council's.

3.3. Another Government Consultation paper has been issued in respect of New Homes Bonus with consultation concluding on the 19th September. The main principle which has been outlined in the consultation paper is that part of the funding arising from New Homes Bonus should be

transferred to the Local Economic Partnership (LEP) with effect from 2015/16. Given that Bolsover is a Member of two LEP's the funding would be split between the Sheffield and the Nottinghamshire – Derby LEP (N2D2). In addition to consulting on this proposed redistribution of New Homes Bonus to LEP's the Government is also consulting on the method of calculating the basis on which NHB funding will be transferred. Under one alternative the first 20% of the funding would come entirely from County Council's with all County Council's losing their current allocation. In this case District Council's would lose approaching 20% of their total NHB which would amount to some £0.150m in respect of Bolsover. In the second exemplification the transfer of NHB to the LEP would come from both County and District's in a two tier area. On the basis of this mechanism Bolsover would lose some 35% of its NHB amounting to some £0.270m. Given that these proposals are currently only out to consultation the figures provided within this report assume a reduction in funding of £0.150m which is at the lower scale of the potential loss.

- 3.4. Finally, there is a third consultation paper "Proposals for the Use of Capital Receipts from Asset Sales to Invest in Reforming Services" which consults on the principle that in certain cases it be allowed that capital receipts be used to pay for the revenue costs of reforming, integrating or restructuring services, provided that the receipts are used to implement measures which will secure long term revenue savings. Having considered this particular consultation paper officers views are that it is unlikely if implemented to have any significant practical impact upon Bolsover District Council.
- 3.5. With regard to the Council's response to these consultation processes it is proposed that we support national lobbying – including responses – from bodies such as the Local Government Association and the Association of District Councils. Accordingly it is proposed that delegated powers are granted to the Chief Executive in consultation with the Leader of the Council to determine an appropriate response to the Governments consultation papers in the light of interests of Bolsover District Council and the lobbying that is undertaken by the wider local government sector.

4. National Non Domestic Rates.

- 4.1. One of the reforms introduced at the outset of the current financial year concerned the localisation of National Non Domestic Rates. At the time of setting the budget in respect of 2013/14 the Council adopted a prudent policy in its assumptions regarding the level of income that would arise in respect of 2013/14. Further work has suggested that the current budget assumption could be increased by a figure of some £100,000 in respect of this year, with a similar increase being factored in for future financial years. In addition it would seem reasonable to assume a further uplift of £50,000 in respect of both 2014/15 and 2015/16. While there are clearly significant opportunities for increasing income as a result of growing business rate income the majority of the growth continues to go to central government with 20% going to both

the District Council and to the County Council (including Fire Authority). It also needs to be understood that while business rate income does tend to be buoyant over time as a result of economic growth and inflation these positive factors are offset by decline in certain sectors of the economy, by applications for empty property or small business rate relief and by factors such as increases in the number of premises which are eligible for charitable relief, etc.

- 4.2. While Non Domestic Rates will be an increasingly important part of the Council's revenue streams it needs to be noted that – as outlined above – it is quite a volatile source of income. In addition to the issues outlined above there is a large volume of outstanding appeals nationally by the commercial sector against the current valuation back to the date of the commencement of the current valuation list (2010). While part of the costs of any successful valuation appeal will go back to the Government and the County Council, some will fall upon the District Council. Officers have made an appropriate provision within the Non Domestic Rates collection account for the anticipated impact of such appeals. Given the volatility of the NDR income stream officers have been working over the last few months in order to secure a better understanding of the potential risks and opportunities. As part of this work we have identified several organisations who are offering to provide software to both help to analyse the valuation list in order to improve forecasting, and to identify opportunities from within the valuation database to increase NDR revenue. The improvement in the level of revenues would flow from helping the authority to encourage growth (eg by providing easily accessible details of empty properties), by ensuring that the rating list is accurate and contains every hereditament while it reflects and reflecting the correct values of existing commercial properties in the District. Executive should, however, note that this will entail increasing the charge to some local businesses which is likely to generate some concerns amongst those adversely affected. It will, however, help to ensure a level playing field for all local businesses.
- 4.3. Having considered the options which are available to the Council officers have come to the view that the most appropriate way forward would be to utilise a solution offered by the Institute of Revenues Rating and Valuation (IRRV) in partnership with a software company Inform. This partnership is offering a Revenue Forecasting and Retention Software solution at an initial cost of £5,000 per annum. Where the analysis is able to identify an uplift in the rateable values then the Council would pay 10% of the first year's savings to the IRRV / Inform Partnership. Given that this Council only receives some 20% of the increase in rateable value this is a significant cost, however, without the software officers are of the view that it is unlikely that this potential increase in revenue would be secured. While the increased revenue is anticipated to exceed the associated costs in certain cases, however, particularly those relating to Small Business Rate Relief the Council would be required to grant rate relief which would offset any additional income arising from the uplift in Rateable Value. Despite these potential offsetting reductions in income officers are of the view that overall the

proposals will increase the level of income to both this Council and to the preceptors such as Derbyshire County Council.

- 4.4 Acquisition of this software would provide the Council with improved information on which to base its future assumptions concerning the level of business rate income. Accordingly once the software is in place we will revise our forecast level of Non Domestic Rating income accordingly. Given that the utilisation of this software will improve the Council's income stream from Non Domestic rates it is recommended that this be funded from Efficiency Grant.

5. Update on Savings Target 2013/14

- 5.1. In agreeing the Council's budget in respect of the current financial year (2013/14) the Council was seeking to address a savings target of some £0.884m. Of this £0.884m some £0.615m of savings opportunities were agreed by Council for implementation. A further £0.269m consisted of savings opportunities which still needed to be identified. Progress in achieving the agreed savings targets is set out in the sections below.
- 5.2. 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. In the sections below the table a brief narrative outlining the progress that has been made in each of the areas concerned is provided:

	2013/14 £000's	Achieved to Date £000's	Forecast Year End £000's	2014/15 £000's	2015/16 £000's
Anticipated Budget Shortfall	884	884	884	1,608	1,726
Vacancy Management	(100)	(55)	(100)	(75)	(75)
Leisure Services	(60)	(15)	(30)	(60)	(60)
Street Scene (Green Bins and Garage)	(75)	(60)	(69)	(75)	(75)
BDC / NEDDC Secondments	(100)	(85)	(110)	(150)	(200)
One Off Director Secondment Income	(100)	-	(100)	(0)	(0)
Property Rationalisation Savings	(100)	(19)	(40)	(100)	(80)
Fees and Charges Review	(80)		(20)	(80)	(80)
Reductions in Budgets (2012/13 Year End Exercise)	-	(168)	(168)	(168)	(168)
Increase in NDR Income	-	(100)	(100)	(100)	(100)
Government Funding reduced in line with Consultation proposals	-	-	-	10	672
Savings to be Achieved	(269)	(382)	(147)	(810)	(1,560)

- **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 and managers are increasingly of the view that every post needs to be filled, these savings are being achieved by way of

options such as vacancy 'drag', by maternity leave and by individual members of staff seeking periods of unpaid leave. At this stage of the financial year Officers are of the view that some £55,000 of savings have been identified and can be removed from budgets. Officers are currently in the process of implementing a process which will remove these savings from management budgets as they are achieved thus safeguarding such savings in order to meet corporate targets.

- **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 in a full financial year, although the savings achieved in the current financial year will fall below this figure.
- **Street Scene:** The savings from Green Bins and Garage reorganisation had been approved by Council and have been implemented. At this point in time it is anticipated that the proposals will deliver on going savings of some £69k initially with the full target of £75k secured over time.
- **BDC / NEDDC Secondments:** A report that was agreed by 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 in place will secure savings of some £85,000 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.
- **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 Bolsover District Council has successfully completed its element of the work the other authority involved needs to successfully complete its role before payment is secured. 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. Officers are currently working to secure these savings from a combination of further income together with the identification of efficiencies.
- **Strategic Income Review:** The work in respect of the Strategic Income review has now largely been completed and the position is set out elsewhere within this report.

5.3. The table above summarises that progress that has been made in securing the original targeted £0.615m of savings. While further savings

of some £0.117m remain to be identified in respect of the current financial year this essentially reflects the delays and the costs of implementing the necessary changes and it would be appropriate to change some of the associated restructuring costs against efficiency grant. In addition the Council has identified opportunities from reducing budgets as a result of the 2012/13 outturn and from recognising an increased level of income from Non Domestic Rates. While further work is necessary the majority of the measures necessary to balance the 2013/14 budget are in place and it would be reasonable to assume that a balanced budget will be secured by the year end. Executive should, however, note that it will be necessary to charge the costs of the associated restructuring against the Efficiency Grant in 2013/14. Given that these costs are essentially related to redundancy payments and thus will secure 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 assist the Council make the transition to operating within the context of a significant reduction in the level of central government financial support.

- 5.4. As outlined above work on the spending patterns in respect of 2012/13 undertaken as part of the process of closing that year's accounts has identified some £0.178m where it has proved possible to reduce budgets. Detailed work by officers subsequent to the Executive report has indicated that the actual level of savings that can be removed from budgets has been reduced slightly to one of £0.168m These budget changes have been implemented across the period of the MTFP. As part of the process of preparing the 2014/15 detailed budgets officers will seek to identify further potential budget reductions for consideration by Members. While the ongoing reductions in non employee budgets has proved to be an important means of securing financial savings over the past few years it needs to be recognised that there is now very little slack in the Approved Budget, and that if a situation arises where either expenditure increases or income falls in year then it will be very difficult to find offsetting budget savings without the use of financial reserves.
- 5.5. The anticipated financial impact of the changes outlined above is incorporated within the financial summary table provided at Appendix 1.

6. Addressing the Identified Shortfall in Respect of the Medium Term Financial Plan.

- 6.1. While this report represents the first stage of updating the Council's MTFP in order to allow Members to agree a budget in respect of 2014/15 the work undertaken to date confirms the understanding of the position as set out in the MTFP of February 2013. While further work will clearly refine the financial forecasts there is a well established and robust picture that emerges. In the first place the budget in respect of 2013/14 should be balanced by the end of the financial year with the full savings target of £0.884m secured. Executive will, however, recognise that the forecast position in respect of both 2014/15 and 2015/16 will require some restructuring of the Council during the current financial year. It is

anticipated that these costs of restructuring will be met from Efficiency Grant.

- 6.2 In respect of both 2014/15 and 2015/16 there is, however, an overall projected shortfall of some £1.6m over the two years. Given the scale of the issues which face the Council there is an agreed strategy of implementing the necessary measures to balance the 2014/15 budget by the end of the 2015 calendar year. This requires that Members agree a programme of measures for implementation over the next two months. The measures that are recommended at this stage are set out below.
- 6.3. The Council's Chief Executive will be taking a report to a future meeting of the Strategic Alliance Joint Board. That report will set out a range of options for achieving further savings from the Strategic Alliance. Subject to the agreement of the Joint Committee, the Chief Executive's proposals will then be referred to the Council at both Authorities for consideration.
- 6.4. Arising out of the underspends it is proposed that a piece of work be undertaken to review all budgets. This will be undertaken in a similar format to the Quarterly Directorate meetings with an enhanced element of independent challenge. The purpose of these meetings will be to identify and agree potential options for reducing non staffing budgets. Although significant savings have already been secured from non staffing budgets these savings have only been taken where there is evidence that the budgets have not been spent in previous financial years. This approach will provide a changed emphasis with a challenge to the reasonableness of budgets even when those budgets have been fully utilised in previous financial years. In effect it will enable a light touch base budget review.
- 6.5. Officers have commenced work to complete a stock condition survey of the Council's non housing assets and will seek to use this as a means of reducing the revenue burden on the Council. Efforts will be made to reduce the number of properties held by the Council while where it is intended to retain assets officers will seek to maximise the associated rental income. One area where the first quarters monitoring process has identified some potential adverse financial costs is in respect of the Tangent where the current economic situation has left demand below the level assumed within the Business Plan. Further work is currently underway to optimise income and to reduce expenditure in order to minimise any potential impact upon the budget in future financial years.
- 6.7. The Council in conjunction with our Strategic Alliance partner North East Derbyshire District Council has undertaken a significant level of work in the development of an Income Strategy. It is anticipated that specific proposals arising from this project aimed at increasing the level of income to the Council will be brought to the next meeting of this Executive. While it is anticipated that an increase in the budgeted levels of income of £80,000 can be achieved this is unlikely to be fully achieved until future financial years. In addition Officers are of the view that a

further increase of some £50,000 can be achieved in respect of future financial years.

- 6.8. While there are a range of options that can be pursued it does need to be recognised that the Council has already secured over the past few years the easier options as a means of achieving its savings targets and accordingly it will be extremely difficult to deliver the range of savings that are necessary to meet the target over the next two financial years. Given that the Council needs to achieve savings of some £0.844m to balance next years budget the following targets give an indication of the level of savings that will need to be achieved.

Options to be Pursued	£000's
Strategic Alliance / Budget Reviews	500
Asset Rationalisation	50
Income Generation	50
Potential Savings	600

While the options indicated above do not deliver the scale of savings that are required they do make a major contribution to that target and accordingly it would seem appropriate that they are pursued at this stage with further measures to be considered as appropriate. Given that both the Strategic Alliance savings and the Budget Reviews are likely to be aimed at securing savings predominantly from back office services it would seem appropriate that a combined target is set in respect of this area of work.

7 Risk Management

- 7.1 The recommendations outlined within the report are intended to promote cost effective Council services and as such will help to mitigate the Strategic Risks of service deterioration / failure, whilst supporting the Council's drive to maintain its underlying level of expenditure within the declining level of resources available to the Council.
72. A key issue which has been covered both during this report and previous reports is that of the increasing level of risk associated with the financial position and operation of local authorities. This increased level of risk impacts upon both the income and expenditure of local authorities. These are set out below:
- In the first place the Government is implementing a programme of reducing the level of central government funding for local authorities. The scale of these reductions is such that the Council is unlikely to be in a position to identify new or additional income streams to compensate for the loss of Government Grant. As a result the Council has and will be required for a number of years to reduce its underlying level of expenditure every year. The associated restructurings and reorganisation inevitably bring with them an increased risk of service failure or the weakening of internal control arrangements.

- With regard to income the Government's localism agenda places increasing emphasis upon local authorities generating their own income from Non Domestic Rates, New Homes Bonus or other locally raised income. While these income streams are capable of generating additional income to offset the reduction in Government Grant they are all potentially volatile sources of income. To the extent to which local authorities are depended upon these income streams there is clearly a greater risk of income levels falling below agreed budgets.

7.3. Given the link between the level of risk and the level of financial balances it has been considered appropriate to review the Council's financial Risk Register and this is set out in Appendix 2. On the basis of the issues identified within this report the Financial Risk Register indicates a level of risk in the region of £2.0m. This is a significant increase over the level of £1.6m identified in the February of 2013 while the level of risk is in excess of the Council's level of General Fund balances which stand at a figure of £1.4m.

7.4. Although the level of financial risk is above the level of General Fund balances the only realistic approach is to mitigate the risk by reducing the level of deficit that the Council is facing in respect of the 2014/15 and 2015/16 financial year. The projected level of the 2014/15 deficit would take our level of General Fund balances to a less than £0.5m which is significantly below the Council's agreed minimum level of balances at £1m. In reality a level of balances at that level when further savings are required in 2015/16 is an unsustainable position. While this is clearly a difficult financial situation it should be recognised that this is no worse than the position which has faced the Council over the last three to four financial years.

8 Policy and Performance

8.1 The recommendations within this report are aimed at ensuring the effective operation of Council services against a background of an ongoing reduction in the level of central government resources.

9 Issues for Consideration

9.1 These are set out in section 3 to 6 above.

10 Implications

Legal Implications

The Council has a legal duty to secure a balanced budget in each financial year. Given that this report seeks to improve the accuracy of our current forecast in respects of both 2014/15 and 2015/16 and to recommend approaches to address the identified deficit it is part of the

process of ensuring that the Council continues to comply with its requirement to balance the budget.

Financial Implications

Financial issues and implications are covered throughout the report.

Human Resources

None

Recommendations

1. That Executive note the position as set out within the report and refer the report to Audit and Governance Committee for its consideration.
2. That Executive notes that the Director of Corporate Resources in consultation with SAMT will reduce management budgets to reflect vacancy delays and other employee savings with such reductions to be reported to Executive as part of the budget monitoring process.
3. That the Chief Executive in consultation with the Leader of the Council be given delegated authority to respond to the Government consultation papers in respect of the Local Government Finance Settlement 2014/15 and 2015/16 and that in respect of New Homes Bonus.
4. That the Council acquires the IRRV / Inform "Analyse Local" package at a cost of £5,000 plus 10% of the additional income arising from the analysis undertaken of the valuation list within the District, with the fixed element of the costs to be met from Efficiency grant.
5. That Executive agrees to amend the forecast shortfall in respect of both 2014/15 and 2015/16 to reflect the position as set out within this report.
6. That Executive endorses the approaches set out in section 6 above as appropriate measures to secure financial savings to address the identified budget shortfall in respect of 2014/15 and 2015/16.

Reasons for Recommendations

To ensure that the Council is in a position to operate its services effectively within the context of approved budgets.

APPENDIX 1

SUMMARY OF CHANGES IMPACTING ON MTFP.

	2013/14	2014/15	2015/16
	£000's	£000's	£000's
Currently Approved Position – Shortfall	884	1,608	1,726
2013/14 Savings Measures inc ongoing impact	(499)	(540)	(570)
Reduction in Budgets	(168)	(168)	(168)
Increase in Locally Generated NNDR	(100)	(100)	(100)
Savings to be Achieved	(117)	0	0
Current Position – Shortfall	0	800	888
Other Issues			
Reduction in Government Grant		60	622
Further Increase in Locally Generated NNDR (Growth Agenda)		(50)	(100)
Transfer of New Homes Bonus to LEP's		-	150
Forecast Position Shortfall / (Surplus)	0	810	1,560

APPENDIX 2

GENERAL FUND RISK REGISTER

Risk and Mitigation in Place	Gross Value of Risk £000's	Probability	Potential Impact £000's
<p>1. Overspend on challenging revenue budgets.</p> <ul style="list-style-type: none"> ➤ The financial information system and budget monitoring arrangements are robust. The Council has a good record of managing spending against budgets. ➤ Regular monitoring reports will be taken to Cabinet and Audit Committee. ➤ Elected Members have a good awareness of the Council's budget position. ➤ The development of the current budgets has been based upon the active engagement of cost centre managers. 	1,000	25%	250
<p>2. Reduction in Government Grant, NNDR or loss of other income above the budgeted level incorporated within the MTFP</p> <ul style="list-style-type: none"> ➤ Income Budgets have been established on a prudent basis. ➤ The position on income levels will be monitored as part of the Council's routine monitoring procedures. 	500	40%	200
<p>3. Inability to achieve assumed level of savings for 2014/15 to 2015/16.</p> <ul style="list-style-type: none"> ➤ Regular reports will be taken to Executive, Council and Audit Committee. ➤ The Council has a good record of achieving savings during both 2011/12 and 2012/13. 	810	40%	320

Risk and Mitigation in Place	Gross Value of Risk £'s	Probability	Potential Impact £000's
<p>4. Overspend on Capital Programme or underachievement of capital receipts leads to a charge against the Revenue Position</p> <ul style="list-style-type: none"> ➤ The revenue framework outlined above will also govern the position in respect of the Capital Programme. ➤ The Council has agreed a general principle of not entering into capital commitments unless the resources required to fund those commitments have been secured. 	1,000	25%	250
<p>4. Developers will have discretion to go the Planning Inspectorate rather than submit major planning applications to the Council should the Council be unable to meet timescales on major planning applications, or as a result of successful appeals against refusal to grant planning permission</p> <ul style="list-style-type: none"> ➤ Officers will strengthen processes to minimise the risk of major planning applications being determined outside of targeted dates. ➤ Work will be undertaken with the Planning Committee to further strengthen the decision making process. 	200	20%	40
<p>5. Costs of Restructuring the Organisation to achieve budget savings necessary to continue to operate within our underlying level of resources.</p> <ul style="list-style-type: none"> ➤ The Council has a good record of minimising costs by using natural wastage / turnover wherever appropriate. ➤ The Council has access to Efficiency Grant to cover such costs. 	2,000	25%	500
<p>6. A major Business Continuity Issue arises.</p> <ul style="list-style-type: none"> ➤ The Council has in place Business Continuity Plans and Insurance Arrangements which are intended to address these risks. 	2,000	5%	100

<ul style="list-style-type: none"> ➤ Previously in exceptional circumstances Central Government has provided financial support to authorities in these circumstances. 			
Risk and Mitigation in Place	Gross Value of Risk £'s	Probability	Potential Impact £000's
7. Increased cost of Welfare Reform including Council Tax Benefit as a result of increasing costs not being fully covered by additional government grant, or from the proposed reforms to the service. <ul style="list-style-type: none"> ➤ Budgets have been established on a prudent basis. ➤ The Council has taken a proactive role in respect of welfare reform and should be in a good position to identify issues as soon as they emerge. 	500	50%	250
8. An increase in employee costs associated with a national pay award or with changes in local terms and conditions. <ul style="list-style-type: none"> ➤ The Council is of the view that its budget includes appropriate provision for any pay award or other increase in employee costs. 	500	20%	100
Calculated Potential Financial Impact of Identified Risks			2,010