



22nd May 2014

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 the Council Chamber, The Arc, Clowne on Monday 2nd June 2014 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: Members of the Budget Scrutiny Committee

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



The Government Standard

BUDGET SCRUTINY COMMITTEE

AGENDA

Monday 2nd June 2014 at 1000 hours in Chamber Suites 1 & 2,
The Arc, Clowne,

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 14 th January 2014.	3 to 7
5.	Medium Term Financial Plan 2014/15 to 2016/17 Update.	Presentation
6.	Housing Update.	Verbal Update
7.	Update from Scrutiny Chairs (<i>to include scoping documents and an update on Performance Targets for all three Scrutiny Committees</i>).	Verbal Update

BUDGET SCRUTINY COMMITTEE

Minutes of a Budget Scrutiny Committee of Bolsover District Council held in the Council Chamber, The Arc, Clowne, on Tuesday 14th January 2014 at 1400 hours.

PRESENT:-

Members:-

Councillors A. Anderson (to Minute Number 0735), K. Bowman, Mrs P. M. Bowmer, R. Brooks, J. A. Clifton, T.J. Connerton, M.G. Crane, M. J. Dooley, S. W. Fritchley, H. J. Gilmour, J. E. Hall, R.A. Heffer, D. McGregor, G.J. Parkin, S. Peake, T. Rodda, J.E. Smith, R. Turner, K. F. Walker, D.S. Watson, G.O. Webster and J. Wilson.

Councillor K. Bowman in the Chair

Officers:-

B. Mason (Director of Corporate Resources), P. Campbell (Head of Housing) and A. Bluff (Governance Officer).

0730. APOLOGIES

Apologies for absence were received from Councillors J.E. Bennett, T. Cook, C.P. Cooper, B.W. Hendry, V.P. Mills, C. Munks and S. Wallis.

0731. URGENT ITEMS OF BUSINESS

There were no urgent items of business to consider.

0732. DECLARATIONS OF INTEREST

There were no declarations of interest made.

0733. MINUTES – 25th NOVEMBER 2013

Moved by Councillor J.E. Smith, seconded by Councillor R. Turner

RESOLVED that the minutes of a meeting of a Budget Scrutiny Committee held on 25th November 2013 be approved as a correct record.

BUDGET SCRUTINY COMMITTEE

0734. MEDIUM TERM FINANCIAL PLAN 2014/15 TO 2016/17 (OUTLINE OF REPORT TO BE PRESENTED TO EXECUTIVE ON 3RD FEBRUARY 2014)

Members considered a report of the Director of Corporate Resources in relation to the Council's Medium Term Financial Plan. It was noted that the report would be presented to the Executive on 3rd February 2014.

Once the Executive had considered the position as set out in the report, any recommendations made by them would be referred to Council on 12th February in order to secure agreement to the Council's budget in respect of the 2014/15 financial year.

The report considered the General Fund Revenue Account, the Housing Revenue Account and the Capital Programme. There were a number of common features within the reports for these accounts, in particular financial projections were provided with regard to the following;

2013/14 Estimated Outturn Position - This was the current year budget revised to reflect changes which had taken place or which it was anticipated would take place during the remainder of this financial year. It would therefore provide a more accurate indication of the likely outturn position than the original budget.

2014/15 Original Budget - This was the proposed budget for the next financial year commencing 1st April 2014, which Council would need to consider for approval at its meeting on 12th February 2014.

2015/16 and 2016/17 Financial Plan - In accordance with good practice the Council agrees its annual budgets within the context of a Medium Term Financial Plan (MTFP) which includes financial projections in respect of the next three financial years. This approach provides the Council with a longer planning horizon over which to develop service plans and to ensure that its underlying level of expenditure remains in line with its underlying level of resources. Effective multi-year planning is particularly important in the current climate given that the Comprehensive Spending Review and other Central Government announcements are based upon plans which incorporate significant year on year expenditure reductions for local government.

Under the provisions of the Local Government Act 2003, the Council's Section 151 Officer is required to comment on the robustness of the estimates made and also on the adequacy of the proposed financial reserves. The Council's S151 Officer, (the Director of Corporate Resources), is satisfied that the methodology adopted to calculate the estimates is robust and provides Members with reliable information on which to base their decisions. In arriving at the assessment that the methodology adopted is robust the Chief Financial Officer is satisfied that the policies upon which the estimates are based are reasonable and that these policies have been applied consistently across the Council's activities.

BUDGET SCRUTINY COMMITTEE

General Fund

Estimated Outturn 2013/14;

With respect to the General Fund, the Council was currently anticipating that an in year surplus would be achieved which would mean no call on general fund balances in respect of 2013/14. The Director of Corporate Resources noted that the Council continued to provide good levels of service for local residents.

Original Budget 2014/15;

The total savings required for 2014/15 were £0.636m. A range of savings proposals totalling £0.430m had been determined which would mean that the unidentified savings target for 2014/15 was one of £0.206m.

Budgets 2015/16 and 2016/17;

On the basis that the full £0.636m was achieved in respect of 2014/15, there would be a further £0.953m to be achieved in respect of 2015/16 and an estimated figure of £0.767m for 2016/17. Given the Government's spending plans it was expected that further reductions would be required in future financial years and it was therefore important that the Council maintained its momentum in achieving ongoing financial savings.

Housing Revenue Account (HRA)

Estimated Outturn 2013/14;

The overall position for the HRA in 2013/14, was that there was a forecast surplus of £0.086m in the current year, which if realised would increase the HRA balances to £1.861m.

Original Budget 2014/15;

The key issues for 2014/15 were that the average rent increase required to comply with Government rent convergence requirements was one of 6.24% which results in the average rent for a Council house increasing to £83.61 per week (on a 48 week basis).

Stock Condition Survey

The outcome of the full stock condition survey was not yet known so the proposed budgets may need to be revisited again as the full data from the survey became available. One development within the 2014/15 HRA budget was the requirement to increase the debt repayment sum in line with the long term business plan to repay the settlement debt over a 30 year period. The principal repayment figure would increase by £1.5m to £3.5m for 2014/15. The Government's new proposals for rent increases are not yet finalised but have been included within our budget forecasts from 2015/16 onwards. The position shows that the HRA remains in a stable position over the period of the MTFP. It also demonstrates that the plans and financial projections set out within the HRA Business Plan which underpins the MTFP in respect of the HRA secure financial sustainability and enable the provision of a high quality housing service to our tenants to remain the key focus.

Capital Programme

With regard to the Capital Programme the majority of expenditure will continue to be in respect of the HRA Programme, which was funded by capital resources ring fenced to the Council's HRA. The financial provision to fund the ongoing programme

BUDGET SCRUTINY COMMITTEE

of housing refurbishment work was planned to continue at a level between £3m and £4m per annum. That level of spend would be reviewed in the light of the HRA stock condition survey which it was anticipated will be available in early 2014. The Council was also working to secure Heritage Lottery Funding for the Mill complex at Pleasley Vale. Once the work in respect of stock condition and Pleasley Vale had been completed and the Council had secured its outstanding Capital Receipts, then a further report will be brought back to Council concerning expenditure priorities on the Capital Programme.

Other Considerations (eg Environmental, Crime and Disorder, Design and Community Safety)

These were covered in the Service Plans which were based upon the resources allocated by the budgets recommended for approval within the Medium Term Financial Plan.

Equalities Issues

These were covered in the Service Plans which were based upon the resources allocated by the budgets recommended for approval within the Medium Term Financial Plan.

Risk Management and Policy and Performance Issues

A Financial Risk Register had been developed in respect of each of the main accounts and was provided in Appendices attached to the report.

Policy and Performance issues were covered in the Service Plans which were based upon the resources allocated by the Budgets recommended for approval within the Medium Term Financial Plan.

Members asked various questions in relation to repayment of prudential borrowing, income to the repairs and maintenance budget in relation to the Council's housing stock, cost of the Ranger Service to the HRA, rental income from the Tangent Business Hub and Pleasley Vale Mills, ex Kissingate Leisure Centre, the savings target, the Risk Register, the Reward Grant and debt repayment to which the Director of Corporate Resources replied.

Lengthy discussion took place.

Members requested further detailed financial information on the following items;

- Bolsover's funding cost to Environmental Health
- The Parenting Practitioner Post
- The Growth Agenda

In relation to a short discussion on Right to Buy, the Head of Housing advised Members that the Government were proposing to change the level of discount on Right to Buy properties by increasing it to 70% and also the qualifying period from 5 years to 3 years.

A short discussion took place regarding difficult to let properties being bedsits in sheltered housing accommodation and the properties at New Bolsover.

BUDGET SCRUTINY COMMITTEE

Members thanked the Director of Corporate Resources and the Head of Housing for the report and presentation.

Councillor Anderson left the meeting at this point.

0735. UPDATE FROM SCRUTINY CHAIRS

Safe and Inclusive Scrutiny Committee;

The Chair of Safe and Inclusive Scrutiny Committee reported that the Committee had now finished their review on Barriers to Accessing Private Rented Housing and this would be presented to Scrutiny Management Board at its meeting on 17th February and the Executive on 17th March 2014.

Improvement Scrutiny Committee;

The Chair of Improvement Scrutiny Committee reported that the Committee would now be monitoring the implementation of the recommendations from their review work on the Council's Discretionary Housing Payments Policy which had been presented and approved by Executive on 28th October 2013.

Sustainable Communities Scrutiny Committee;

The Chair of Sustainable Communities Scrutiny Committee reported that the Committee's review work on High Street and Town Centre Regeneration for Bolsover Town Centre was completed and a report was currently being drafted. The report would be presented to the Executive in March 2014. The Chair added that it had not been a straight forward review to carry out.

The meeting concluded at 1520 hours.

**BUDGET SCRUTINY
COMMITTEE
2 JUNE 2014
MEDIUM TERM FINANCIAL
PLAN**

MTFP UPDATE - JUNE 2014 -
BDC

GENERAL FUND

- MTFP approved by Council Feb 2014.

Savings Required:

2014/15	2015/16	2016/17
£0.447m	£0.680m	£0.955m

- Cumulative savings target £2.1m.
- General Election May 2015 – further measures to address national deficit

GENERAL FUND

Identified Savings Targets:

	2014/15	2015/16	2016/17
NNDR	£0.050m	£0.125m	£0.225m
Transformation	£0.200m	£0.300m	£0.400m
Property	£0.075m	£0.125m	£0.175m
Income, Outturn, Vacancies	£0.105m	£0.110m	£0.155m
Cumulative	£0.430m	£0.660m	£0.955m

GENERAL FUND

- Half of savings identified on paper, will require significant level of work.
- Growth / Transformation / Income Generation / Vacancy Management all designed to minimise impact on local residents and front line services.
- To date financial position and performance have held up well.

GENERAL FUND

- 2013/14 Outturn will see savings target of £0.884m achieved, Estimated Outturn £0.250m further savings, further savings of £0.400m.
- Key Factors Efficiency Grant (£1.064m), Spend Levels in Departments, Imp on Debt Chgs, Small Business Rate Relief.
- Should be able to take £0.1m out of budgets.

GENERAL FUND

Improvements in Governance Arrangements:

- Financial Accounts
- Internal Audit
- Procurement / Gas Servicing
- Reflected in Annual Governance Statement
- Role of the Audit Committee

GENERAL FUND

Other Issues:

- Simplification of Reserves and Balances
- Co – Op Bank
- General Fund balances only £1.5m
- Significant balances but also issues such as Pleasley.

GENERAL FUND

Financial Risks:

- Increasingly dependent upon local sources of Income – New Homes Bonus, NNDR, Fees and Charges.
- These can decline or Government changes the rules.
- Central Gov Reform (Structural or loss of a service) –Planning, Benefits, Rent Convergence.

GENERAL FUND

Financial Risks:

- Service or performance failure.
- Loss of key staff
- Changing needs of local communities – growing elderly population, national / regional economy.

GENERAL FUND

Financial Risks:

- Will need to prioritise the 'priorities' economic growth, Leisure, traditional services, back office.
- Expected to deliver more with less.
- Deliver some major projects Growth, Transformation, Strategic Alliance, Accommodation, Pleasley, Asset Survey.

HRA

- Currently anticipating an underspend of £85k for 2013/14.
- Stock Condition Survey Completed, 55 new houses built since HRA reform, further proposals to be brought forward.
- Stock in good condition.
- A sustainable landlord / tenure.

CAPITAL PROGRAMME

- Deliberate decision to minimise expenditure.
- Stock Condition Survey on both HRA / General Fund.
- On General Fund awaiting capital receipt in respect of Sherwood Lodge.
- Underspend on Capital Prog (Bolsover Mini Hub, New Houghton new homes, Bolsover Infrastructure Project).

MTFP UPDATE - JUNE 2014 -
BDC

MTFP UPDATE - JUNE 2014 -
BDC

MTFP UPDATE - JUNE 2014 -
BDC

Stock Condition Survey



**PETER CAMPBELL
HEAD OF HOUSING**

SCS – Process



1. Preparatory Work
2. 1st consultants
3. More preparatory work
4. Tender and appoint
5. Pilot
6. Survey
7. Quality
8. Plan
9. Update

1st Consultants - CIH



- Andrew Thomas
- Survey Design
- Identify framework
- Prepare specification
- Select surveyors
- Quality assurance

Main Survey



- Pilot study – (50 properties)
- Revise questions
- Main survey – Sept 2013 to Feb 2104
- 4896 properties surveys from 5,200 (94.1%)
- 379 reinspected – quality assurance.

Results



Results



- There are no surprises !

“ Whilst carrying out the survey it was clear that investments had been made in stock in recent years”

Results



- Increase in non-decentsbut
- Difference in bedroom numbers but
- Identified heating failures but
- No stock is unviable but

Planned Maintenance Costs



- **£125,877,196**

Planned Maintenance Costs



- **£125,877,196**

- Or £807 per property per year

Main Components



- Kitchens - £20m
- Heat Source - £20m
- Windows - £14m
- Roofing - £11m
- Bathrooms - £9m

Planning



- Now know condition and lifespan of 70+ items for each property (almost 400k pieces of information)
- Need to plan
- Need to be sensible (roofs, soffits)
- Need to smooth out (e.g. roofs £0 to £5m)

Moving Forward



- Examine failures / difference
- Use data to plan for future
- Ensure data is kept live
- Look at longer term contracts.
- Develop multi-year capital program

Any Questions?

