

Date: 6<sup>th</sup> November 2018

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 the Bolsover District Council to be held in the Council Chamber, The Arc, Clowne on Wednesday 14<sup>th</sup> November 2018 at 1400 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



Assistant Director of Governance and Monitoring Officer  
To: Chair and Members of the Budget Scrutiny Committee

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## BUDGET SCRUTINY COMMITTEE

### AGENDA

**Wednesday 14<sup>th</sup> November 2018 at 1400 hours in  
the Council Chamber, The Arc, Clowne,**

Item No.		Page No.s
	<b>PART A – OPEN ITEMS</b>	
1.	To receive apologies for absence, if any.	
2.	To note any urgent items of business which the Chairman has consented to being considered under the provisions of Section 100(B) 4 (b) of the Local Government Act 1972.	
3.	Members should declare the existence and nature of any Disclosable Pecuniary Interest and Non Statutory Interest as defined by the Members' Code of Conduct in respect of:  a) any business on the agenda b) any urgent additional items to be considered c) any matters arising out of those items  and, if appropriate, withdraw from the meeting at the relevant time.	
4.	Minutes of a meeting held on 30 <sup>th</sup> May 2018.	3 to 6
5.	Update from Arlingclose – Treasury Advisors	Presentation
6.	Investment Strategy	7 to 18
7.	Medium Term Financial Plan - Budget Monitoring Report Quarter 2 – April to September 2018	19 to 40
8.	Revised Budgets	Presentation
9.	Update from Scrutiny Chairs	Verbal Update

## **BUDGET SCRUTINY**

Minutes of a meeting of the Budget Scrutiny Committee of the Bolsover District Council held in the Council Chamber, The Arc, Clowne on Wednesday 30<sup>th</sup> May 2018 at 1400 hours.

### **PRESENT:-**

Members:-

Councillor S. Peake in the Chair

Councillors T. Alexander, A. Anderson, J.E. Bennett, R. Bowler, P.M. Bowmer, T. Cannon, J.A. Clifton, C.P. Cooper, P.A. Cooper, C.R. Moesby, K. Reid, J.E. Smith, P. Smith, R. Turner, K.F. Walker, D.S. Watson and J. Wilson

Officers:-

D. Clarke (Joint Head of Finance and Resources), J. Wilson (Scrutiny and Elections Officer) and A. Brownsword (Senior Governance Officer)

### **0039. APOLOGIES**

Apologies for absence were received from Councillors P. Barnes, G. Buxton, T. Connerton, M. Dixey, R.A. Heffer, A. Joesbury, S. Statter and E. Stevenson.

### **0040. URGENT ITEMS OF BUSINESS**

There were no urgent items of business.

### **0041. DECLARATIONS OF INTEREST**

There were no declarations of interest.

### **0042. MINUTES – 24<sup>TH</sup> JANUARY 2018**

Moved by Councillor C.R. Moesby and seconded by Councillor R. Turner  
**RESOLVED** that the minutes of a meeting of the Budget Scrutiny Committee held on 24<sup>th</sup> January 2018 be approved as a true and correct record.

### **0043. UPDATE FROM SCRUTINY CHAIRS**

1. Customer Service and Transformation Scrutiny Committee

The Chair of the Customer Service and Transformation Scrutiny Committee informed the meeting that the Committee would be continuing the work started last year and

## **BUDGET SCRUTINY**

looking at elements of the Strategic Alliance and the Service Level Agreement for the Environmental Health section.

### **2. Healthy, Safe, Clean and Green Communities Scrutiny Committee**

The Chair noted that the first meeting of the new Municipal Year had not yet taken place, but the possibilities for review included Mental Health Awareness, Open Water Safety and Perception of Young People.

### **3. Growth Scrutiny Committee**

The Chair of the Growth Scrutiny Committee noted that it was hoped to concentrate on Income Generation and where income streams come from.

## **0044. BRIEFING ON THE SELECT COMMITTEE INQUIRY INTO THE EFFECTIVENESS OF LOCAL AUTHORITY OVERVIEW AND SCRUTINY COMMITTEES**

The Scrutiny and Elections Officer gave a presentation which gave Committee a briefing on the Select Committee Inquiry into the Effectiveness of Local Authority Overview and Scrutiny Committees. The presentation gave details of:

- The Committee's Findings
- Government's Response
- Local Response

It was noted a total of 21 conclusions and recommendations had been approved by the Select Committee and the findings included:

- A suggestion for new guidance to be issued in relation to reporting arrangements; attendance by Executive Cllrs; access to information; parity with Cabinet; and involvement of the public
- Use of external expert advice
- Promoting the role of the public in Scrutiny
- Scrutinising all services to residents including those provided by public bodies and commercial organisations
- LEP Scrutiny
- Scrutiny of Combined Authorities e.g. Sheffield City Region
- Ensuring that existing resources and the role of the Scrutiny Officer are adequate

In their response the Government noted:

- Combined Authorities should consider the use of capacity building funding to support Scrutiny.
- Locally agreed solutions and structures were more appropriate than one standard approach mandated centrally.

## BUDGET SCRUTINY

- New guidance would provide further clarity and this would be issued later in 2018.
- That the existing requirement for a Statutory Scrutiny Officer was sufficient and that local Councils were best placed to decide how best to resource the function.

Members noted that it was difficult to involve the public in scrutiny and that the Council needed to go out to the public, rather than the other way round. The Scrutiny and Elections Officer noted that involving the public needed to be more informal and the use of smaller rooms and the creation of witness guides should be considered.

Members also raised concerns regarding the attitude of officers to Scrutiny and the fact that it had been difficult to get certain officers to attend Scrutiny meetings in the past. The Scrutiny and Elections Officer noted that the Constitution required officers to attend if invited and to give Scrutiny equal weight to other Committees.

The Scrutiny and Elections Officer raised the issue of whether the reporting arrangements of Budget Scrutiny allowed enough information to be reported to Members. It was noted that this could be raised at the Constitution Working Group which had Scrutiny representation.

Moved by Councillor J.E. Smith and seconded by Councillor J. Wilson

**RESOLVED** that (1) Members appraise themselves of the recommendations of the Select Committee and the subsequent Government Response,

(2) following the publication of new guidelines by the Government, Members commence a review of our existing Terms of Reference and Procedure Rules to ensure they remain fit for purpose in light of the recommendations of the Inquiry. Any amendments should then be submitted to Standards Committee for consideration prior to the review of the Constitution for 2019/20.

(Scrutiny and Elections Officer)

### **0045. FINANCIAL OUTTURN 2017/18**

The Joint Head of Finance and Resources presented the report which updated Committee on the Financial Outturn for 2017/18. It was noted that a contribution to the Transformation Reserve of £1.785m had been made for the year. There was already a surplus for 2018/19 to be transferred to the Transformation Reserve.

Members asked questions on individual budget codes which were answered by the Joint Head of Finance and Resources.

The Chair felt that it would be beneficial for Members to receive copies of the budget book which gave full details of all the budget codes, it was suggested that a copy could be placed in the Members Room.

Members felt that variances of £5,000 should be monitored.

## **BUDGET SCRUTINY**

Moved by Councillor J.E. Smith and seconded by Councillor P. Smith

**RESOLVED** that the outturn position in respect of the 2017/18 financial year be noted and variances of £5000 be monitored.

(Joint Head of Finance and Resources)

The meeting concluded at 1623 hours.

**Bolsover District Council**

**Budget Scrutiny Committee**

**14<sup>th</sup> November 2018**

<b>Investment Strategy</b>
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**Report of the Chief Executive Officer**

This report is public

**Purpose of the Report**

- To update Budget Scrutiny Committee on the progress of the outline proposals for an Investment Strategy

**1 Report Details**

- 1.1 Please see attached report at Appendix 1 submitted to the Executive on 5<sup>th</sup> November 2018

**2 Conclusions and Reasons for Recommendation**

- 2.1 The report gives details on the outline proposals for a Property Investment Strategy subject to a further report setting out a draft strategy for approval to the Executive.

**3 Consultation and Equality Impact**

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

**4 Alternative Options and Reasons for Rejection**

- 4.1 An alternative option would be to not progress the development of an investment strategy and not consider other high level investment opportunities. Whilst this approach would limit any risks associated with the use of Council resources or additional borrowing for investment, it could restrict the ability to generate additional income or deliver key corporate priorities.

**5 Implications**

**5.1 Finance and Risk Implications**

Please see report to Executive at Appendix 1

## 5.2 Legal Implications including Data Protection

There are no legal issues arising directly from this report.

## 5.3 Human Resources Implications

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

## 6 Recommendations

6.1 That Budget Scrutiny Committee note the report.

## 7 Decision Information

<b>Is the decision a Key Decision?</b> A Key Decision is an executive decision which has a significant impact on two or more District wards or which results in income or expenditure to the Council above the following thresholds: <i>BDC:</i> <i>Revenue - £75,000</i> <input type="checkbox"/> <i>Capital - £150,000</i> <input type="checkbox"/> <i>NEDDC:</i> <i>Revenue - £100,000</i> <input type="checkbox"/> <i>Capital - £250,000</i> <input type="checkbox"/> <input checked="" type="checkbox"/> <i>Please indicate which threshold applies</i>	No
<b>Is the decision subject to Call-In?</b> (Only Key Decisions are subject to Call-In)	No
<b>Has the relevant Portfolio Holder been informed?</b>	Yes
<b>District Wards Affected</b>	All
<b>Links to Corporate Plan priorities or Policy Framework</b>	All

## 8 Document Information

Appendix No	Title
1	Report to Executive on 5 <sup>th</sup> November 2018
<b>Background Papers</b> (These are unpublished works which have been relied on to a material extent when preparing the report. They must be listed in the section below. If the report is going to Cabinet (NEDDC) or Executive (BDC) you must provide copies of the background papers)	
Report Author	Contact Number
Joint Chief Executive Officer	



**Bolsover District Council**

**Executive**

**5<sup>th</sup> November 2018**

<b>Investment Strategy</b>
----------------------------

**Report of Councillor A. Syrett, Leader and Portfolio Holder for Overall Policy and Strategic Planning**

This report is public.

**Purpose of report**

- To update Executive on the financial pressures facing the Council and summarise the measures being taken to maximise income, reduce costs and redesign services in line with the Transformation Programme.
- Provide outline proposals for a Property Investment Strategy subject to a further report setting out a draft strategy for approval.

**1. Report Details**

- 1.1 At its meeting on 8 October, Executive considered a report detailing how the Council could choose to further invest in its existing property portfolio in order to generate additional income and/or support economic regeneration and growth.
- 1.2 Given the financial challenges faced, Executive have indicated a will to progress the development of an investment strategy based around expanding its existing non housing property portfolio. This is in order to develop revenue streams that provide a required level of return to offset the forecast budget deficits for forthcoming years. This approach can also support economic development and regeneration in the District through targeted investment.
- 1.3 To set the development of an investment strategy in context, Table 1 below shows the general fund budget surplus / deficit for the years 2018/19 to 2021/22. This illustrates the increasing deficit from 2020/21.
- 1.4 At this point in time the figures do not take into account any additional income from business rates growth or a further business rate retention scheme. Additionally they do not take into account any additional income or cost reduction arising from the Council's Transformation Programme.

**Table 1.**

	<b>2018/19 Budget £000</b>	<b>2019/20 Budget £000</b>	<b>2020/21 Budget £000</b>	<b>2021/22 Budget £000</b>
<b>Budget Shortfall</b>	<b>(1,027)</b>	<b>34</b>	<b>550</b>	<b>1,184</b>
Council Tax Increase 2018/19	(107)	(107)	(107)	(107)
<i>Options Identified:</i>				
NNDR Growth	(1,547)	0	0	0
Transformation, Income Generation/Cost Reduction/Business Redesign	13	(41)	0	0
Vacancy Management	(86)	0	0	0
Total Transformation Options	(1,727)	(148)	(107)	(107)
<b>General Fund (surplus)/Budget Shortfall</b>	<b>(2,754)</b>	<b>(114)</b>	<b>443</b>	<b>1,077</b>

- 1.5 Given the importance of ensuring that investment decisions to generate income are sound, it is important that the mechanisms for management of the Council's future budget deficit are properly understood. This is in order to ensure the extent and level of risk arising from any additional investment properly reflects the budget deficit that income generation is aiming to help address.
- 1.6 As previously stated, the figures presented at Table 1 do not take into account any additional income, or cost reduction, in future years arising from additional business rates growth or delivery of the Council's Transformation Programme. If these issues were factored into the financial projections based on current trends then it's anticipated the deficit position for 2020/12 and 2021/22 would be reduced. This is relevant as it provides an indication that the need to rely on additional investment income, through use of reserves or additional borrowing, is lessened.

Examples of how further business rate growth and retention and the Council's Transformation Programme are expected to reduce the forecasted budget deficit are set out as follows:

- In the financial year 2018/19 the Council was successful in a County wide 100% Business Rates Retention Pilot bid. This secured an additional £1.547m of income to the General Fund, increasing the amount anticipated to be set aside for future projects within the Council's reserves to £2.754m by the end of this financial year.
- Following on from the 2018/19 Pilot the Council is now part of a further bid for 75% Business Rates Retention. The outcome of this further bid for the

financial year 2019/20 is awaited and, if successful, will impact positively on the financial position.

- In 2017/18 the Council implemented a revised Senior Management Structure reducing costs by £140,000 across the Strategic Alliance. This secured an ongoing £70,000 saving per annum in management costs for the Council.
- In 2018 the Council ended its Procurement contract with the NHS which cost the Strategic Alliance £70,000 per annum. It then developed an 'in house' team in order to generate income by reviewing contract costs and terms and selling its services to other Councils. A further £40,000 income is anticipated to be generated from this arrangement in due course.
- The Council previously invested £260,000 from its Transformation Reserve to improve the Pleasley Vale reception and the CCTV security system. This investment enabled 'off site' remote monitoring reducing the twenty four hour staff presence. In 2019/20, this investment will generate savings in the region of £70,000 per annum.
- In 2018, as part of a review of the Contact Centre Management arrangements, the Transformation Reserve was utilised to fund a re-structure. This resulted in the reduction of the total number of managers with an annual saving of £33,000.

- 1.7 The above examples illustrate that the Transformation Programme is delivering income maximisation, reducing costs and supporting service redesign. Going forward the programme will bring together and further develop the ideas generated by Members and Officers to deliver further financial benefits that will help to reduce future budget deficits. Alongside increased Business Rates growth and retention the Council's overall financial position and future forecasts should continue to improve.
- 1.8 It is clear the development of the Council's Transformation Programme, and growth in business rates and increased retention, will enable a more positive financial projection in due course however risk, uncertainty and volatility remain. Consequently any decisions for further property based investments need to be based around a clear and understood criteria and process. This is in order to make sure that Councillors, as community leaders are able to assess the total risk exposure in each case.
- 1.9 Given the need to ensure any such investment is properly appraised and consistent with the Council's appetite for 'risk' and 'reward', an investment strategy should be developed and agreed by Executive. In the development of such a strategy a number of key factors require consideration in order to shape an approach that ensures due diligence is undertaken. The strategy must also reflect requirements within the 'Statutory Guidance on Local Government Investments issued under Section 15(1) (a) of the Local Government Act 2003', which came into force April 2018. Further details of this statutory guidance are available at:

- 1.10 Table 2 below sets out a summary of the statutory guidance requirements to be covered in an investment strategy:

**Table 2**

<b>Requirement</b>	<b>Considerations</b>
Clearly show how investments contribute to Council's objectives	<ul style="list-style-type: none"> <li>• Need to align with Corporate Plan priorities</li> <li>• Clarify purpose and extent to which it supports deficit reduction and /or economic regeneration in the District</li> </ul>
Strategy must include indicators to show how Cllrs have assessed the total risk exposure on decision	<ul style="list-style-type: none"> <li>• How is it funded</li> <li>• Rate of return expected and why (benchmarked)</li> <li>• Show additional debt costs</li> <li>• Risks over the repayment period</li> <li>• Extent of support for deficit gap</li> <li>• Mitigation if returns fail and / or borrowing increases</li> <li>• Assessment of capital depreciation</li> </ul>
Clearly show how the investment is proportionate?	<ul style="list-style-type: none"> <li>• Loan corresponds in size or degree (terms/rate/returns)</li> <li>• Risk exposure is reasonable and accepted</li> <li>• Within agreed and defined 'affordability' limit</li> </ul>
Risk assessment should be robust	<ul style="list-style-type: none"> <li>• Market assessment (competition, demand, trends)</li> <li>• Proper quality external advice and expertise</li> <li>• Credit ratings</li> </ul>
Contingency	<ul style="list-style-type: none"> <li>• Loss of investment return / Increase in loan repayments</li> <li>• Capital depreciation</li> <li>• Extra costs and budget impact</li> <li>• Loss of revenue stream - service delivery impact</li> </ul>

- 1.11 In developing the strategy, consideration must also be given to a number of essential elements which will inform acceptable investment choices, specifically:

- Ethical investment (for instance, prohibiting investment in alcohol and tobacco production or sale, animal exploitation, gambling, sex establishments, arms trade or environmentally damaging practices)
- Geographic spread of investments
- Limits of individual and cumulative risk
- Timescales for the achievement of objectives
- The level of losses that can be tolerated
- The degree to which the Council can realistically become reliant on the income stream to provide services

1.12 In addition to reflecting the statutory requirements and the essential elements to inform acceptable investment choices the strategy will need to reflect how property investment choices have been made. Therefore a strategy should be based around key factors such as:

- **Location** – location of the property is critical to ensure it is an attractive position, so that in the long term it optimises its ability to re-let/re-sell if capital is required, or is strategically located for re-development. The location of the property will affect the ability of the Council to undertake inspections and to deal with management issues without the need to employ specialist agents. It will also affect income to the Council from Business rates, Council Tax and New Homes Bonus, depending on the type of investment.
- **Covenant Strength** - the quality of the tenant and, more importantly, their ability to pay the rent on time and in full is essential. This is particularly important where the Council has borrowed against the investment, and minimum acceptable financial strength for any given tenant will be determined through a financial appraisal of company accounts and the use of appropriate methods of risk assessment and credit scoring. It is however worth noting that the Council, as a public body, may not wish to invest in properties where the occupiers are generally seen to be undertaking business which is contrary to its corporate values.
- **Lease length** - the unexpired length of the term of the lease is of key importance in ensuring that the landlord's revenue stream is secure and uninterrupted. The Council will take into consideration the risks associated with a tenant vacating and the potential to attract good quality replacements tenants at acceptable rental levels.

1.13 In order to assist with the decision making process and the assessment and appraisal of property investment opportunities the strategy should include a matrix to 'score' investment opportunities through an agreed and established criteria. This criteria can be weighted in order to score an opportunity on its 'acceptability' providing a first stage in determining if it should be further progressed. An example of the type of criteria to be included in an investment strategy and the associated weighting mechanism is set out at appendix 1.

1.14 In addition to the application of the matrix and weighting mechanism there are a range of other factors which should be considered when appraising an investment opportunity and therefore need to be reflected in the strategy. These are:

- **Yield/Rate of return** – is the net rate of return from the property (e.g. through the annual rental income). If the cost of prudential borrowing can be fixed over the length of the lease or longer, at substantially less than the property yield, it will generate an annual revenue surplus. It is essential to ensure sufficient margin between cost of borrowing and income should interest rates rise in the future. It is important to note that net yield is the return on capital having taken account of the full cost of acquisition, ie Stamp Duty, legal fees, external valuations and structural surveys.
  - **Risk** – any borrowing needs to balance against the risk of the return. In general, the higher the sought level of return from an investment, the higher level of risk that it carries. The intention of an investment strategy is to minimise the risk to the Council on any investment.
  - **Growth** – property investments have the potential for both revenue and capital growth. The Council will take into account that potential when assessing the strength of the investment opportunity. However Property values can fall as well as rise and mechanisms to minimise revenue reductions should be identified. Monitoring and review of the portfolio and any anticipated trends, will be required given how the market can change over time.
  - **Sector and trends** - information as to the sector of use of the property (e.g. office, retail, retail, warehousing, industrial, and leisure) and trends in demand will assist in deciding on the risks associated with specific properties and the mix of sectors within the portfolio.
- 1.15 Based on the information set out in the report recommendation (i) indicates that a further report will be provided to Executive in due course, setting out a more detailed draft investment strategy. This draft will reflect the key issues outlined and the requirements arising from the Statutory Guidance on Local Government Investments. It will set out options for how the strategy could be delivered and mechanisms for the consideration and approval of property investment opportunities within the Council's statutory governance structure.
- 1.16 As Executive have recognised the potential property investment can offer to generate income, it is important to fully understand the performance of its existing non housing related property stock. This will enable full and detailed consideration of how well the Council is placed to take on additional risks associated with further property investments. Consequently a report will be provided for consideration at a future Executive meeting setting out details of occupancy levels, voids, return rates and percentages, maintenance and capital depreciation costs, debt write offs, and trends and demands.. This is reflected in recommendation (ii) of the report.
- 1.17 In addition to consideration of the development of an investment strategy to acquire further property Executive is asked to consider other areas of investment that could support delivery of its Corporate priorities. In particular Executive may wish to consider areas where investment could assist with delivery of wider corporate aspirations and objectives. Examples for further consideration and appraisal are:

- Determining viable options for the future of the Pleasley Vale facility and site and the development of an agreed plan that could maximise income, reduce costs and support economic development, regeneration and tourism
- Delivery of the Regeneration Frameworks for the four principles Towns and how the use of Council resources could support wider investment
- Identifying areas where direct investment would address long standing social and economic problems within local communities
- Determining opportunities for the use of a Joint Venture vehicle to support the further development of residential and commercial properties within the District

1.18 Recommendation (iii) reflects the request for Executive to consider these other areas of investment in order to prioritise further more detailed appraisals and discussions.

## **2. Conclusions and recommendations**

- 2.1 As set out in the report, the development of an investment strategy requires consideration of a number of key issues to ensure it reflects the requirements of the statutory guidance and enables Councillors to make informed 'risk based' decisions. The strategy will also need to include key factors to be considered when determining investment opportunities and a mechanism to appraise these. Consequently it is recommended that a further report be submitted to Executive setting out more detailed proposals for an investment strategy.
- 2.2 Understanding the performance of the Council's existing non housing property is essential in determining how further property investment opportunities should be approached. This information will enable Executive to give full consideration to areas of risk and reward within the management of existing stock, in order to determine and how well placed the Council is to expand its 'commercial' property portfolio activity. This is reflected in recommendation (ii).
- 2.3 The report highlights the uncertainty of the Council's future financial position but illustrates the managed process in place through the Transformation agenda. Given the need to consider how best to maximise the transformation reserve in delivery of the Council's Corporate priorities, Executive are asked to consider other areas of strategic investment. This consideration will assist in prioritising areas where further more detailed appraisal and discussion is necessary. This is reflected in recommendation (iii).

## **3. Consultation and Equality Impact**

- 3.1 None directly from the report, however future investment decisions will require consultation proportionate with the extent and nature of the proposal. Additionally any investment decisions will require consideration by the Council of its legal duties to eliminate unlawful discrimination, advance equal opportunities and promote good relations between people. The Council will also need to ensure when making financial investment decisions, that it considers the needs of all members of the community.

#### **4. Alternative Options and Reasons for Rejection**

- 4.1 An alternative option would be to not progress the development of an investment strategy and not consider other high level investment opportunities. Whilst this approach would limit any risks associated with the use of Council resources or additional borrowing for investment, it could restrict the ability to generate additional income or deliver key corporate priorities.

#### **5. Implications**

##### **5.1 Financial and Risk implications**

- 5.1.1 None directly from the report, however given the Council's financial position, future pressures and uncertainties, it is essential any investment decisions are fully and properly considered. The proposed investment strategy will help to ensure that when making decisions the Council can demonstrate compliance with the statutory expectations and evidence awareness of the risks and rewards.

##### **5.2 Legal Implications including Data Protection**

- 5.2.1 As set out the development of the Council's investment strategy will need to give due regard to the provisions contained within the Statutory Guidance on Local Government Investments issued under Section 15(1) (a) of the Local Government Act 2003. External specialist legal and financial advice will be taken to ensure the strategy complies with the requirements to prepare and publish an Annual Investment Strategy consistent with the Treasury Management Code principles. This advice will also ensure the strategy sufficiently reflects the importance of security, liquidity and yield ensuring gross debt is proportionate to net service expenditure, in order to prevent over-extension of investment activities.
- 5.2.2 Furthermore any future property investment decisions will need to be taken in line with the Council's established governance structure and provide a sufficiently robust evidence based business case.

##### **5.3 Human Resource Implications**

- 5.3.1 None directly from the report.

#### **6. Recommendations that Members**

- 6.1 Consider the information set out in the report and request that a further report be provided setting out a draft Investment strategy for approval;
- 6.2 Receive a detailed analysis of how the Council's non housing property stock is performing including details of occupancy levels, voids, return rates, maintenance and capital depreciation costs, debt write offs and trends and demands;
- 6.3 Give regard to other areas of investment that could support delivery of the corporate aspirations in order to prioritise further, more detailed appraisals and discussions.



## 7. Decision Information

<b>Is the decision a Key Decision?</b> A Key Decision is an executive decision which has a significant impact on two or more District wards or which results in income or expenditure to the Council above the following thresholds: BDC: Revenue - £75,000 <input type="checkbox"/> Capital - £150,000 <input type="checkbox"/> NEDDC: Revenue - £100,000 <input type="checkbox"/> Capital - £250,000 <input type="checkbox"/> <input checked="" type="checkbox"/> Please indicate which threshold applies	No
<b>Is the decision subject to Call-In?</b> (Only Key Decisions are subject to Call-In)	No
<b>Has the relevant Portfolio Holder been informed</b>	Yes
<b>District Wards Affected</b>	All indirectly
<b>Links to Corporate Plan priorities or Policy Framework</b>	All

## 8 Document Information

Appendix No	Title	
1	Example Property Investment Matrix	
<b>Background Papers</b> (These are unpublished works which have been relied on to a material extent when preparing the report. They must be listed in the section below. If the report is going to Cabinet (NEDDC) or Executive (BDC) you must provide copies of the background papers)		
Statutory Guidance on Local Government Investments issued under Section 15(1) (a) of the Local Government Act 2003		
Report Author		Contact Number
Dan Swaine		2462

## Appendix 1 Example Property Investment Matrix

Criteria	Maximum score
Location	15
Tenant covenant	20
Lease terms	15
Lease length	15
Building quality	10
Tenure	10
Tenant repair obligations	10
Lot size	5

As previously highlighted the score for each of the criteria could be weighted at application, in order to reflect how the opportunity ranks. Table 4 below sets out details of how the weighted process could work

<b>Excellent</b>	5	100%
<b>Good</b>	4	80%
<b>Acceptable</b>	3	60%
<b>Marginal</b>	2	40%
<b>Poor</b>	1	20%

Based on the proposed criteria and the weighting an example of its application is set out below.

- If 'opportunity' scores 5 on a criteria it achieves 100% of the weighting – so 5 for location achieves 15 points
- If 'opportunity' scores 4 on a criteria it achieves 80% of the weighting – so 4 for location achieves 12 points
  - If 'opportunity' scores 3 on a criteria it achieves 60% of the weighting – so 3 for location achieves 9 points

**Bolsover District Council**

**Budget Scrutiny Committee**

**14<sup>th</sup> November 2018**

<p><b>Medium Term Financial Plan - Budget Monitoring Report</b> <b>Quarter 2 - April to September 2018</b></p>
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**Report of the Joint Head of Finance and Resources**

This report is public

**Purpose of the Report**

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

**1 Report Details**

- 1.1 Please see attached report at Appendix 1 submitted to the Executive on 5<sup>th</sup> November 2018

**2 Conclusions and Reasons for Recommendation**

- 2.1 The report summarises the financial position of the Council following the second quarter's budget monitoring exercise for the General Fund, the Housing Revenue Account, Capital Programme and Treasury management activity.

**3 Consultation and Equality Impact**

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

**4 Alternative Options and Reasons for Rejection**

- 4.1 The Budget Monitoring report for 2018/19 is primarily a factual report which details progress against previously approved budgets. Accordingly there are no alternative options to consider.

**5 Implications**

**5.1 Finance and Risk Implications**

Financial implications are covered throughout this report.

- 5.1.2 The issue of Financial Risks is covered throughout the report (Appendix 1). In addition, however, it should be noted that the risk of not achieving a balanced budget is outlined as a key risk within the Council's Strategic Risk Register. While officers are of the view that these risks are being appropriately managed it needs to be recognised that there may be pressures on all of the Council's main budgets as these have been or are being reduced to minimum levels. These will need to be managed

carefully during the course of this financial year if we are to protect the existing levels of financial balances.

## 5.2 **Legal Implications including Data Protection**

There are no legal issues arising directly from this report.

## 5.3 **Human Resources Implications**

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

## 6 **Recommendations**

- 6.1 That Budget Scrutiny Committee note the recommendations in the report at Appendix 1.

## 7 **Decision Information**

<b>Is the decision a Key Decision?</b> A Key Decision is an executive decision which has a significant impact on two or more District wards or which results in income or expenditure to the Council above the following thresholds: BDC: Revenue - £75,000 <input type="checkbox"/> Capital - £150,000 <input type="checkbox"/> NEDDC: Revenue - £100,000 <input type="checkbox"/> Capital - £250,000 <input type="checkbox"/> <input checked="" type="checkbox"/> Please indicate which threshold applies	No
<b>Is the decision subject to Call-In?</b> (Only Key Decisions are subject to Call-In)	No
<b>Has the relevant Portfolio Holder been informed?</b>	Yes
<b>District Wards Affected</b>	All
<b>Links to Corporate Plan priorities or Policy Framework</b>	All

## 8 **Document Information**

Appendix No	Title
1	Report to Executive on 5 <sup>th</sup> November 2018
<b>Background Papers</b> (These are unpublished works which have been relied on to a material extent when preparing the report. They must be listed in the section below. If the report is going to Cabinet (NEDDC) or Executive (BDC) you must provide copies of the background papers)	
<b>Report Author</b>	<b>Contact Number</b>
Joint Head of Finance and Resources	

**Bolsover District Council**

**Executive**

**5<sup>th</sup> November 2018**

**Medium Term Financial Plan - Budget Monitoring Report**  
**Quarter 2 – April to September 2018**

**Report of Cllr B Watson, Portfolio Holder for Finance & Resources and**  
**Renewable Energy**

This report is public

**Purpose of the Report**

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

**1 Report Details**

- 1.1 Officers have continued the integrated approach to budget monitoring in the second quarter with Performance, Risk and Finance being considered together at the combined, Directorate meeting held during October 2018. The scope of this report is therefore to report the current financial position following the 2018/19 quarter two monitoring exercise.

**General Fund Revenue Account**

- 1.2 The General Fund Revenue Account summary is shown in **Appendix 1**. The original budget for 2018/19 showed a funding surplus of £1.027m. The current budget now shows that this is £1.207m after the Council tax increase and other movements are included. As savings are identified and secured they are moved into the relevant cost centres within the main General Fund Directorates. Officers reviewed the opportunities to reduce the salary budgets where savings arose in the first quarter and £0.086m was removed from budgets. Savings from vacancies for quarter 2 will be removed from salary budgets as part of the half year review being undertaken now. **Appendix 5** to this report gives a detailed break-down of the General Fund directorate budgets.
- 1.3 Within the Directorates there is the following to report:

- The People Directorate shows a favourable variance of £0.948m. This relates mainly to:
    1. Under spends due to invoices not yet paid and vacancies at the end of the quarter (£0.720m) – favourable.
    2. Income received in advance of any expenditure (£1.109m) – favourable.
    3. Annual invoices were paid in quarter 2 which makes the profiled budget look overspent (£0.433m) – adverse.
    4. Expenditure has been spent but the income hadn't been received as it is claimed in arrears (£0.411m) – adverse.
    5. Over spends against quarter 2 budget due to less income received, new pressures or where expenditure is seasonal and not profiled over 4 quarters (£0.050) – adverse.
  - The Place Directorate shows a favourable variance of £0.521m. This relates mainly to:
    1. Under spends due to invoices not yet being paid and vacancies at the end of the quarter (£0.419m) – favourable.
    2. Income received in advance of any expenditure (£0.351m) – favourable.
    3. Annual invoices were paid in quarter 2 which makes the profiled budget look overspent (£0.167m) – adverse.
    4. Expenditure has been spent but the income hadn't been received as it is claimed in arrears (£0.089) – adverse.
- 1.4 In order to improve the monitoring and control of Section 106 monies received by the Council, the sums due to be utilised in a financial year are now recorded within the General Fund directorate budgets with the expenditure recorded against these sums. The amount budgeted to be spent in 2018/19 is £1.116m. There are no further deadlines during 2018/19 by which these schemes need to be spent, the earliest deadline is 1/5/19. Officers are working to ensure that all of this spending is undertaken in line with the S106 legal requirements.
- 1.5 The overall position at the end of quarter 2 shows that there is a favourable variance of £1.469m. There are no real budget pressures identified in quarter 2 but officers will continue to monitor the position during the next quarter.
- 1.6 The table that follows illustrates that even though the savings target for 2018/19 and 2019/20 have been met, there is still a need for ongoing savings. The shortfall in future years will be addressed through the transformation programme which will include a combination of income maximisation, business redesign and business cost reduction options.
- 1.7 Officers have begun working with budget managers to compile a revised budget for 2018/19. This will amend the current budgets to capture additional budget savings and reduce spending where it is anticipated that there will be a minimal impact upon service delivery. Where possible the budget in future years will be amended to reflect savings identified to assist with projected budget shortfalls. The revised budget position will be presented to Executive in December.

	<b>2018/19 Budget £000</b>	<b>2019/20 Budget £000</b>	<b>2020/21 Budget £000</b>	<b>2021/22 Budget £000</b>
<b>Budget Shortfall</b>	<b>(1,027)</b>	<b>34</b>	<b>550</b>	<b>1,184</b>
Council Tax Increase 2018/19	(107)	(107)	(107)	(107)
<i>Options Identified:</i>				
NNDR Growth	(1,547)	0	0	0
Transformation, Income Generation/Cost Reduction/Business Redesign	13	(41)	0	0
Vacancy Management	(86)	0	0	0
Total Transformation Options	(1,727)	(148)	(107)	(107)
<b>General Fund (surplus)/Budget Shortfall</b>	<b>(2,754)</b>	<b>(114)</b>	<b>443</b>	<b>1,077</b>
Transfer to NNDR Growth Reserve	1,547	0	0	0
<b>General Fund (surplus)/Budget Shortfall</b>	<b>(1,207)</b>	<b>(114)</b>	<b>443</b>	<b>1,077</b>

## Housing Revenue Account (HRA)

- 1.8 The Housing Revenue Account summary for the second quarter of 2018/19 is set out in **Appendix 2** to this report. At the end of quarter 2 the HRA is showing a net deficit of £0.084m.

### Income

- 1.9 The quarter 2 income figures show an adverse variance of £0.176m. This is mainly due to the voids being higher than initially estimated due to the delay in finishing the capital scheme.

### Expenditure

- 1.10 Expenditure shows a favourable variance of £0.092m. The main areas to highlight are listed below:

1. Employee costs at £1.826m are £0.065m lower than forecast which is mainly due to vacancies in repair and maintenance and supporting people (wardens).
2. Provision for Doubtful Debts at £0.075m is not posted until year-end.

### HRA – Overall Summary

- 1.11 In light of the above and the expenditure patterns to date, there are no significant issues to report regarding the overall position for the HRA at the end of the second quarter.

## Capital Programme

### Capital Expenditure

- 1.12 The capital programme summary for the second quarter of 2018/19 is provided in **Appendix 3** to this report.
- 1.13 In headline terms, the capital programme profiled budget for quarter 2 is £12.920m and the actual spend and known commitments total £9.999m, which is £2.921m behind the planned spend position. The main areas to highlight are listed below:
1. Bolsover Safe and Warm is £0.602m under spent as the current scheme is only in the early stages.
  2. New Bolsover HLF scheme is behind due to the unique nature of the scheme £1.375m.
  3. Housing ICT Scheme is fully committed for the full year resulting in an over spend of £0.224m in this quarter.
  4. Dragonfly loan and acquisition of share capital are £0.239m under spent compared to the profile for the quarter.
  5. The Major Repairs Reserve funded schemes are £0.763m under spent which is not unusual this early in the year.
- 1.14 Whilst there are no significant financial issues to report regarding capital expenditure at the end of the second quarter, it must be noted that the delivery of the approved capital programme is behind the profiled position as at quarter 2. Officers will continue to closely monitor the delivery of the Programme.

### Capital Resources

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

## Treasury Management

- 1.16 The treasury management function covers the borrowing and investment of Council money. This includes both the management of the Council's day to day cash balances and the management of its long term debt. All transactions are conducted in accordance with the Council's approved strategy and the CIPFA Code of Practice. Good treasury management plays an important role in the sound financial management of the Council's resources.
- 1.17 The Council approved the 2018/19 Treasury Management Strategy at its meeting in February 2018. **Appendix 4** identifies the Treasury Management activity undertaken during the second quarter of 2018/19 and demonstrates that this is in line with the plans agreed as part of the strategy. The income received from investments is currently higher than budgeted and we anticipate that this will continue during the remainder of the financial year. A full assessment of this will be done during the half year review with a view to amending the budgets accordingly.



## **2 Conclusions and Reasons for Recommendation**

- 2.1 The report summarises the financial position of the Council following the second quarter's budget monitoring exercise for the General Fund, the Housing Revenue Account, Capital Programme and Treasury management activity.

## **3 Consultation and Equality Impact**

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

## **4 Alternative Options and Reasons for Rejection**

- 4.1 The Budget Monitoring report for 2018/19 is primarily a factual report which details progress against previously approved budgets. Accordingly there are no alternative options to consider.

## **5 Implications**

### **5.1 Finance and Risk Implications**

- 5.1.1 Financial implications are covered throughout this report.
- 5.1.2 The issue of Financial Risks is covered throughout the report. In addition, however, it should be noted that the risk of not achieving a balanced budget is outlined as a key risk within the Council's Strategic Risk Register. While officers are of the view that these risks are being appropriately managed it needs to be recognised that there may be pressures on all of the Council's main budgets as these have been or are being reduced to minimum levels. These will need to be managed carefully during the course of this financial year if we are to protect the existing levels of financial balances.

### **5.2 Legal Implications including Data Protection**

There are no legal issues arising directly from this report.

### **5.3 Human Resources Implications**

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

## **6 Recommendations**

- 6.1 That Executive notes the monitoring position of the General Fund at the end of the second quarter as detailed on Appendix 1 and 5 (A net favourable variance of £1.469m against the profiled budget) and the key issues highlighted within this report:
- 6.2 That Executive notes the position on the Housing Revenue Account (HRA), the Capital Programme and Treasury Management at the end of the second quarter (Appendices 2, 3 and 4).

## 7 Decision Information

<b>Is the decision a Key Decision?</b> A Key Decision is an executive decision which has a significant impact on two or more District wards or which results in income or expenditure to the Council above the following thresholds: BDC: Revenue - £75,000 <input type="checkbox"/> Capital - £150,000 <input type="checkbox"/> NEDDC: Revenue - £100,000 <input type="checkbox"/> Capital - £250,000 <input type="checkbox"/> <input checked="" type="checkbox"/> Please indicate which threshold applies	Yes
<b>Is the decision subject to Call-In?</b> (Only Key Decisions are subject to Call-In)	Yes
<b>Has the relevant Portfolio Holder been informed?</b>	Yes
<b>District Wards Affected</b>	All
<b>Links to Corporate Plan priorities or Policy Framework</b>	Providing Excellent customer focussed services. Continually improving our organisation

## 8 Document Information

Appendix No	Title
1	General Fund Summary
2	HRA Summary
3	Capital Programme
4	Treasury Management Update
5	General Fund Detail
<b>Background Papers</b> (These are unpublished works which have been relied on to a material extent when preparing the report. They must be listed in the section below. If the report is going to Cabinet (NEDDC) or Executive (BDC) you must provide copies of the background papers)	
Report Author	Contact Number
Chief Accountant	2458
Head of Service – Finance and Resources	7658

Report Reference –

# GENERAL FUND

# APPENDIX 1

Description	Per Exec	Per FMS			
	19/2/18				
	Original	Current	6 months	6 months	6 months
	Budget	Budget	Budget	Actual	Variance
	2018/19	2018/19	2018/19	2018/19	2018/19
	£	£	£	£	£
Growth Directorate	3,025,107	0	0	0	0
Operations Directorate	6,441,352	0	0	0	0
Transformation Directorate	2,701,817	0	0	0	0
People Directorate	0	9,843,855	4,921,928	4,085,123	(836,805)
Place Directorate	0	3,175,542	1,587,771	1,366,605	(221,166)
Support Recharges to HRA and Capital	(3,578,847)	(3,578,847)	(1,789,424)	(1,789,424)	0
Net transfer payments from People		(375,264)	(187,632)	(187,632)	0
<u>S106 Expenditure due in year</u>					
Growth Directorate	1,116	0	0	0	0
Transformation Directorate	125,035	0	0	0	0
People Directorate	0	515,322	257,661	146,861	(110,800)
Place Directorate	0	600,248	300,124	0	(300,124)
<b>Total Net Expenditure</b>	<b>8,715,580</b>	<b>10,180,856</b>	<b>5,090,428</b>	<b>3,621,533</b>	<b>(1,468,895)</b>
Interest Paid including Minimum Revenue Provision (MRP)	987,025	987,025	493,513	493,513	0
Investment Interest	(135,729)	(135,729)	(67,865)	(67,865)	0
	<b>9,566,876</b>	<b>11,032,152</b>	<b>5,516,076</b>	<b>4,047,181</b>	<b>(1,468,895)</b>
Contributions to Reserves	226,989	226,989	113,495	113,495	0
Contribution from Earmarked Reserves	(101,858)	(600,081)	(300,041)	(300,041)	0
Contribution from NNDR Growth Protection Reserve	0	1,688,652	844,326	844,326	0
Contribution (from)/to Unapplied Grants/Holding Accounts	(83,807)	(174,243)	(87,122)	(87,122)	0
Contribution from S106 Holding A/cs	(126,151)	(1,115,570)	(557,785)	(557,785)	0
	<b>9,482,049</b>	<b>11,057,899</b>	<b>5,528,950</b>	<b>4,060,054</b>	<b>(1,468,895)</b>
Parish Precepts	2,594,840	2,767,252	1,383,626	1,383,626	0
Council Tax Support Grant	209,000	250,067	125,034	125,034	0
<b>TOTAL NET EXPENDITURE</b>	<b>12,285,889</b>	<b>14,075,218</b>	<b>7,037,609</b>	<b>5,568,714</b>	<b>(1,468,895)</b>
Business Rates Retention	(6,157,946)	(7,704,946)	(3,852,473)	(3,852,473)	0
New Homes Bonus Grant	(991,206)	(993,166)	(496,583)	(496,583)	0
COUNCIL TAX - BDC precept	(3,568,899)	(3,675,609)	(1,837,805)	(1,837,805)	0
Council tax - Parish element from above	(2,594,840)	(2,767,252)	(1,383,626)	(1,383,626)	0
NNDR collection fund surplus		(141,652)	(70,826)	(70,826)	0
<b>TOTAL FUNDING</b>	<b>(13,312,891)</b>	<b>(15,282,625)</b>	<b>(7,641,313)</b>	<b>(7,641,313)</b>	<b>0</b>
<b>Funding gap/ (surplus)</b>	<b>(1,027,002)</b>	<b>(1,207,407)</b>	<b>(603,704)</b>	<b>(2,072,599)</b>	<b>(1,468,895)</b>

## APPENDIX 2

### Housing Revenue Account

Description	Full Years Budget £	6 months Budget £	6 months Actuals £	6 months Variance £
<b>Expenditure</b>				
Repairs and Maintenance	4,968,993	2,484,497	2,285,702	(198,795)
Supervision and Management	5,236,911	2,618,456	2,782,902	164,447
Special Services	547,137	273,569	292,893	19,325
Supporting People - Wardens	577,657	288,829	267,335	(21,494)
Supporting People - Central Control	247,763	123,882	144,061	20,180
Tenants Participation	90,169	45,085	45,654	570
New Bolsover Project	19,745	9,873	8,662	(1,211)
Provision for Doubtful Debts	150,000	75,000	0	(75,000)
<b>Total Expenditure</b>	<b>11,838,375</b>	<b>5,919,188</b>	<b>5,827,209</b>	<b>(91,979)</b>
<b>Income</b>				
Rents	(20,274,640)	(10,137,320)	(9,997,260)	140,060
Garage Rents	(107,859)	(53,930)	(54,413)	(484)
Garage Site Rents	(32,789)	(16,395)	(31,340)	(14,946)
Repairs and Maintenance	(10,345)	(5,173)	(6,492)	(1,320)
Supervision and Management	(380)	(190)	(604)	(414)
Special Services	(191,643)	(95,822)	(68,126)	27,696
Supporting People - Wardens	(459,993)	(229,997)	(231,096)	(1,100)
Supporting People - Central Control	(242,022)	(121,011)	(114,080)	6,931
Tenants Participation	(5,490)	(2,745)	(5,489)	(2,744)
New Bolsover Project	(19,745)	(9,873)	0	9,873
Leasehold Flats and Shops Income	(23,980)	(11,990)	(22,640)	(10,650)
Other Income	(45,810)	(22,905)	(98)	22,807
<b>Total Income</b>	<b>(21,414,696)</b>	<b>(10,707,348)</b>	<b>(10,531,638)</b>	<b>175,710</b>
<b>Net Cost of Services</b>	<b>(9,576,321)</b>	<b>(4,788,161)</b>	<b>(4,704,429)</b>	<b>83,732</b>
<b>Appropriations</b>				
Debt Management Expenses	8,578	4,289	4,289	0
Interest Costs	3,443,652	1,721,826	1,721,826	0
Depreciation	3,264,385	1,632,193	1,632,193	0
Transfer to Major Repairs Reserve	1,653,184	826,592	826,592	0
Contribution to/(from) HRA Reserves	1,180,000	590,000	590,000	0
<b>Net Operating (Surplus) / Deficit</b>	<b>(26,522)</b>	<b>(13,261)</b>	<b>70,471</b>	<b>83,732</b>

### APPENDIX 3

#### CAPITAL PROGRAMME MONITORING REPORT - 2018/19

Description	Full Years Budget £	6 months Budget £	6 months Actuals £	6 months Variance £
ICT Infrastructure	133,097	66,549	75,468	8,920
Disabled Facility Grants	600,000	300,000	391,844	91,844
P Vale Outdoor Education Centre Ph 2	34,332	17,166	4,552	(12,614)
B@home	8,666,600	4,333,300	4,503,423	170,123
Shirebrook Contact Centre	282,453	141,227	3,053	(138,174)
Reburbishment of Oxcroft House	27,500	13,750	0	(13,750)
Pleasley Vale Mills - Various Works	385,796	192,898	84,738	(108,160)
Car Parking at Clowne	135,200	67,600	25,024	(42,576)
Security and CCTV at Pleasley Vale	73,373	36,687	28,270	(8,417)
The Tangent - Phase 2	101,182	50,591	36,591	(14,000)
Go-Active Equipment	15,000	7,500	7,913	413
Can Ranger Expansion	35,000	17,500	20,468	2,968
Dragonfly	1,803,670	901,835	662,336	(239,499)
Open Housing ICT Upgrade	448,747	224,374	447,897	223,524
New Bolsover Refurbishment	5,851,653	2,925,827	1,550,343	(1,375,484)
HRA MRR Schemes	3,554,764	1,777,382	1,014,101	(763,281)
Safe & Warm	2,429,037	1,214,519	612,752	(601,767)
Asset Management Plan	251,629	125,815	122,763	(3,052)
Vehicle Replacement Programme	1,011,305	505,653	407,263	(98,390)
<b>TOTAL CAPITAL EXPENDITURE</b>	<b>25,840,338</b>	<b>12,920,169</b>	<b>9,998,799</b>	<b>(2,921,370)</b>

#### Capital Financing

Specified Capital Grant	600,000	300,000	391,844	91,845
Private Sector Contributions	588,670	294,335	0	(294,335)
Prudential Borrowing	10,313,540	5,156,770	5,580,935	424,165
Reserves	1,098,741	549,371	250,087	(299,284)
Capital Receipts	1,544,907	772,454	150,840	(621,614)
HRA Direct Revenue Funding	500,000	250,000	0	(250,000)
Major Repairs Allowance	10,407,847	5,203,924	3,478,808	(1,725,115)
External Grant	786,633	393,317	146,285	(247,033)

**APPENDIX 3****CAPITAL PROGRAMME MONITORING REPORT - 2018/19**

<b>Description</b>	<b>Full Years Budget</b>	<b>6 months Budget</b>	<b>6 months Actuals</b>	<b>6 months Variance</b>
	£	£	£	£
<b>TOTAL CAPITAL FINANCING</b>	<b>25,840,338</b>	<b>12,920,169</b>	<b>9,998,799</b>	<b>(2,921,370)</b>

**PWLB Borrowing**

The Council has not taken any new loans from the PWLB during the first six months.

As at 1 April 2018 the Authority's total outstanding PWLB debt amounted to £102,100,000. The profile of the outstanding debt is analysed as follows: -

<b>PWLB Borrowing Term</b>	<b>Maturity Profile 30-Sep-18 £</b>
12 Months	0
1-2 years	3,000,000
2-5 years	9,700,000
5-10 years	23,400,000
10-15 years	21,000,000
over 15 years	45,000,000
<b>Total PWLB Debt</b>	<b>102,100,000</b>

At 30 September 2018 nothing has been repaid to the PWLB.

**PWLB Interest**

The total interest cost to the Council of the PWLB debt for 2018/19 is estimated at £3,649,450. This cost is split between the HRA and General Fund based on the level of debt outstanding. Interest paid to the PWLB in the six months was £328,755.

**Temporary Borrowing**

Cash flow monitoring and management identifies the need for short term borrowing to cover delays in the receipt of income during the year. No interest charges were incurred during the first six months on overdrawn bank balances. At 30 September 2018 the only temporary borrowing undertaken by the Council was £714,861 which is the investment balances held on behalf of Parish Councils.

**Compliance with Treasury Limits**

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

	<b>Actual to Date 2018/19</b>	<b>Approved Limits 2018/19</b>
Authorised Limit (Total Council external borrowing limit)	£127,373,605	£131,805,000
Operational Boundary	£122,373,605	£126,805,000

### Temporary Investments

#### Interest Received

The performance of the Council's investments is as follows:

	6 months Actual	6 months Budget	6 months Variance
Interest generated	126,985	90,115	36,871
Average rate of interest	0.63%	0.50%	0.13%
Bank of England base rate	0.58%	0.50%	0.08%

The investments have been made in accordance with the Council's Treasury Management Strategy.

The Bank of England base rate increased from 0.50% to 0.75% on 1 August 2018, the above actual figure is the 6 month average rate.

Interest rates offered by most institutions remain low.

The following tables show the investments and interest earned to 30 September 2018:

#### Investments on call

Counterparty	Balance at 1/4/18 £	Deposits £	Withdrawals £	Interest received £	Balance at 30/09/18 £
BNP Paribas (MMF)	2,000,000	8,500,000	(5,511,119)	11,119	5,000,000
Standard Life (MMF)	5,000,000	0	(2,512,840)	12,840	2,500,000
SSGA (MMF)	0	10,000,000	(9,000,543)	543	1,000,000
Invesco (MMF)	0	15,000,000	(10,004,846)	4,846	5,000,000
	7,000,000	33,500,000	(27,029,348)	29,348	13,500,000



## General Fund - Cost centres

## APPENDIX 5

	1/4/18 - 30/9/18	Full Years	6 months	6 months	6 months	
		Budget	Budget	Actuals	Variance	
		£	£	£	£	
G001	Audit Services	116,690	58,345	24,001	(34,344)	Q2 invoice for consortium not yet paid
G002	I.C.T.	767,708	383,854	500,299	116,445	Maintenance contracts paid for the full year.
G003	Reprographics (printing)	174,164	87,082	64,600	(22,482)	Income received in advance
G005	Chief Executive Officer (50% People)	43,000	21,500	(8,276)	(29,776)	Income received in advance
G006	CEPT	406,884	203,442	194,540	(8,902)	
G014	Customer Contact Service	777,890	388,945	379,023	(9,922)	
G015	Strategy + Performance	123,763	61,882	18,768	(43,114)	Income received in advance
G024	Street Cleansing	329,461	164,731	178,441	13,710	
G028	Waste Collection	879,850	439,925	433,985	(5,940)	
G032	Grounds Maintenance	592,763	296,382	243,321	(53,061)	Income received in advance
G033	Vehicle Fleet	784,201	392,101	458,864	66,764	S/debtor for Q1 + Q2 not yet raised £39k plus hired and contractor more than 2/4 committed on FMS.
G038	Concessionary Fares + TV Licenses	(9,440)	(4,720)	(9,558)	(4,838)	
G040	Corporate Management	146,293	73,147	87,148	14,001	
G041	Non Distributed Costs	689,808	344,904	212,037	(132,867)	Q2 invoices for superannuation and added years not yet paid to DCC.
G044	Financial Services	297,345	148,673	164,268	15,596	
G052	Human Resources	202,811	101,406	57,175	(44,231)	Income received in advance
G054	Electoral Registration	153,522	76,761	85,641	8,880	
G055	Democratic Representation + Management	529,200	264,600	270,695	6,095	
G056	Land Charges	(5,783)	(2,892)	(10,467)	(7,575)	
G057	District Council Elections	31,850	15,925	0	(15,925)	
G058	Democratic Services	172,440	86,220	84,871	(1,349)	
G060	Legal Services	217,696	108,848	(19,634)	(128,482)	Income received in advance

## General Fund - Cost centres

## APPENDIX 5

	1/4/18 - 30/9/18	Full Years	6 months	6 months	6 months	
		Budget	Budget	Actuals	Variance	
		£	£	£	£	
G061	Bolsover Wellness Programme	59,872	29,936	79,282	49,346	Income not yet received from CEPT.
G062	Extreme Wheels	(3,563)	(1,782)	(4,204)	(2,423)	
G063	Go Football	10,864	5,432	0	(5,432)	
G064	Bolsover Community Sports Coach Scheme	140,200	70,100	71,088	988	
G065	Parks, Playgrounds + Open Spaces	51,469	25,735	19,915	(5,819)	
G069	Brass Festival	46,043	23,022	20,365	(2,656)	
G070	Outdoor Sports & Recreation Facilities	20,844	10,422	14,393	3,971	
G072	Leisure Services Mgmt & Admin	190,916	95,458	85,885	(9,573)	
G084	Head of Partnerships and Transformation	5,371	2,686	(27,246)	(29,932)	Income received in advance
G086	Alliance	7,250	3,625	7,216	3,591	
G094	People Director	47,544	23,772	(10,195)	(33,967)	Income received in advance
G097	Groundwork + Drainage Operations	48,506	24,253	22,233	(2,020)	
G100	Benefits	743,130	371,565	303,464	(68,101)	Grant income received in advance
G102	Council Tax Charging Orders	0	0	3,924	3,924	
G103	Council Tax / NNDR	285,950	142,975	284,514	141,539	Income not posted until year end £129k. Software invoices paid for full year £11k.
G104	Sundry Debtors	93,115	46,558	52,168	5,611	
G111	Shared Procurement Unit	50,500	25,250	(8,738)	(33,988)	Income received in advance
G115	One Public Estate Shirebrook	(3,500)	(1,750)	(48,650)	(46,900)	Grant income received in advance
G116	Parish Council Elections	0	0	3,905	3,905	
G117	Payroll	69,851	34,926	488	(34,438)	Income received in advance
G123	Riverside Depot	168,235	84,118	111,438	27,321	NNDR paid for full year £24k.
G124	Street Servs Mgmt + Admin	72,478	36,239	18,141	(18,098)	
G125	S106 Percent for Art	123,446	61,723	59,515	(2,208)	Payment made - can't be profiled 1/4ly. Earliest deadline 1/5/19 - reported to S106 group 17/10/18.

## General Fund - Cost centres

## APPENDIX 5

	1/4/18 - 30/9/18	Full Years	6 months	6 months	6 months	
		Budget	Budget	Actuals	Variance	
		£	£	£	£	
G126	S106 Formal and Informal Recreation	148,151	74,076	36,243	(37,832)	Payment made - can't be 1/4ly profiled. Earliest deadline 4/5/19 - reported to S106 group 17/10/18.
G129	Bolsover Apprenticeship Programme	7,371	3,686	16,074	12,389	
G146	Pleasley Vale Outdoor Activity Centre	42,426	21,213	28,228	7,015	
G148	Trade Waste	(77,605)	(38,803)	(325,027)	(286,225)	S/debtors raised for more than 1/4 £189k. Q1 + Q2 invoices to DCC not paid or committed £92k.
G149	Recycling	55,975	27,988	164,981	136,994	S/debtor for Q2 not yet raised £87k. Hired + contract services increase cost due to not receiving new rates for partnership.
G155	Customer Services	29,385	14,693	14,684	(9)	
G157	Controlling Migration Fund	(35,541)	(17,771)	(456,639)	(438,868)	Income received in advance £293k and little expenditure incurred in Q1 or Q2 £149k.
G161	Rent Rebates	0	0	2,030	2,030	year end entries only
G162	Rent Allowances	0	0	0	0	year end entries only
G164	Support Recharges	(3,578,847)	(1,789,424)	(1,789,424)	0	
G168	Multifunctional Printers	37,700	18,850	38,107	19,257	Hardware rental committed on FMS for full year.
G170	S106 Outdoor Sports	243,725	121,863	51,102	(70,761)	Payment made - can't be 1/4ly profiled. Earliest deadline 17/11/19 - reported to S106 group 17/10/18.
G175	Leisure Outdoor Activity Events	0	0	3,056	3,056	
G177	Discretionary Housing Payments	0	0	0	0	year end entries only
G179	Streets Sports	0	0	5,312	5,312	
G180	Special Events	0	0	(140)	(140)	
G181	BLACA	0	0	784	784	
G182	Village Games	654	327	165	(162)	
G184	Us Girls	710	355	172	(183)	

## General Fund - Cost centres

## APPENDIX 5

	1/4/18 - 30/9/18	Full Years	6 months	6 months	6 months	
		Budget	Budget	Actuals	Variance	
		£	£	£	£	
G188	Cotton Street Contact Centre	20,539	10,270	12,514	2,245	
G190	Executive Director - Operations	0	0	3,975	3,975	
G192	Scrutiny	19,566	9,783	10,129	346	
G195	Assist Dir - Governance + Monitoring	37,104	18,552	(8,789)	(27,341)	Income received in advance
G197	Assist Dir - Finance, Revenues + Benefits	36,158	18,079	17,934	(145)	
G199	Assist Dir - Street Scene	36,323	18,162	18,023	(138)	
G201	Assist Dir - HR + Payroll	33,912	16,956	(32,735)	(49,691)	Vacant post removed at 1/2 year.
G202	Assist Dir - Leisure	0	0	160	160	
G203	Club 1	578	289	21	(268)	
G204	CEPT - BIG Lottery Talent Match	0	0	(8,611)	(8,611)	
G205	Innovation	500	250	(650)	(900)	
G206	Street Games	0	0	380	380	
G207	Cycling	400	200	(263)	(463)	
G216	Raising Aspirations	78,235	39,118	83,444	44,326	Payment made - can't be 1/4ly profiled.
G218	Namibia Bound	25,932	12,966	0	(12,966)	
G220	Locality Funding	(105,941)	(52,971)	(169,846)	(116,876)	Expenditure not yet incurred.
G224	Prime Ministers Challenge Fund	2,540	1,270	0	(1,270)	
G225	Eats and Treats Events	14,623	7,312	6,428	(883)	
G228	Go Active Clowne Leisure Centre	(174,459)	(87,230)	211,471	298,700	NNDR paid for full year £156k. Casual and overtime not 1/4ly profiled £35k. Various expenditure paid more than 1/4 but still within years' budget. Income not yet received £107k.
G238	HR Health + Safety	72,401	36,201	4,592	(31,609)	Income received in advance
G240	Affordable Warmth Buddies	3,131	1,566	454	(1,112)	
G241	Working Together for Older People	24,734	12,367	5,524	(6,843)	

## General Fund - Cost centres

## APPENDIX 5

	1/4/18 - 30/9/18	Full Years	6 months	6 months	6 months	
		Budget	Budget	Actuals	Variance	
		£	£	£	£	
G244	Bolsover Business Growth Fund	129,313	64,657	30,057	(34,600)	Not much expenditure incurred - reserve funded.
	<b>Total for: People Directorate</b>	<b>6,780,330</b>	<b>3,390,165</b>	<b>2,442,560</b>	<b>(947,605)</b>	
G004	Chief Executive Officer (50% Place)	43,005	21,503	(8,365)	(29,868)	Income received in advance
G007	Community Safety - Crime Reduction	55,085	27,543	12,243	(15,299)	
G008	Safer Stronger Communities	0	0	15,217	15,217	
G010	Neighbourhood Management	87,224	43,612	37,059	(6,553)	
G013	Community Action Network	324,475	162,238	108,233	(54,004)	Reserve funding not spent £25k and income received in advance £14k.
G017	Private Sector Housing Renewal	59,728	29,864	29,080	(784)	
G020	Public Health	(78,000)	(39,000)	6,356	45,356	Income from CBC for Joint Crem. not yet received.
G021	Pollution Reduction	172,739	86,370	83,647	(2,722)	
G022	Health + Safety	0	0	(226)	(226)	
G023	Pest Control	36,809	18,405	14,268	(4,137)	
G025	Food Safety	124,477	62,239	60,334	(1,905)	
G026	Animal Welfare	95,726	47,863	42,697	(5,166)	
G027	Emergency Planning	16,590	8,295	0	(8,295)	
G036	Environmental Health Mgmt + Admin	188,621	94,311	89,842	(4,468)	
G043	Place Director	51,952	25,976	25,937	(39)	
G046	Homelessness	173,709	86,855	59,455	(27,399)	Grant income received in advance.
G048	Town Centre Housing	(10,700)	(5,350)	0	5,350	
G053	Licensing	(2,518)	(1,259)	(19,346)	(18,087)	
G073	Planning Policy	361,942	180,971	136,062	(44,909)	Income received in advance
G074	Planning Development Control	(92,261)	(46,131)	(185,005)	(138,875)	Planning fees received more than 1/2 year £147k.
G076	Planning Enforcement	82,833	41,417	39,549	(1,867)	

## General Fund - Cost centres

## APPENDIX 5

	1/4/18 - 30/9/18	Full Years	6 months	6 months	6 months	
		Budget	Budget	Actuals	Variance	
		£	£	£	£	
G079	Senior Urban Design Officer	21,456	10,728	25,528	14,800	
G080	Engineering Services	86,909	43,455	67,402	23,947	NNDR paid for full year
G081	Drainage Services	3,300	1,650	0	(1,650)	
G083	Building Control Consortium	55,000	27,500	9,108	(18,392)	
G085	Economic Development	29,425	14,713	24,538	9,825	
G088	Derbyshire Economic Partnership	15,000	7,500	15,000	7,500	
G089	Premises Development	(73,560)	(36,780)	(45,508)	(8,728)	
G090	Pleasley Vale Mills	(151,491)	(75,746)	10,728	86,473	Building costs committed for 12 months on e-purchasing, eg rates, water.
G091	CISWO Duke St Building	16,140	8,070	9,245	1,175	
G092	Pleasley Vale Electricity Trading	(78,000)	(39,000)	4,166	43,166	Income not yet received for Q2.
G095	Estates + Property	629,927	314,964	272,550	(42,414)	Income received in advance
G096	Building Cleaning (General)	89,951	44,976	44,245	(730)	
G099	Catering	5,200	2,600	2,947	347	
G106	Housing Anti Social Behaviour	76,297	38,149	41,040	2,892	
G113	Parenting Practitioner	33,873	16,937	9,655	(7,281)	
G132	Planning Conservation	71,368	35,684	22,269	(13,415)	
G133	The Tangent Business Hub	(43,141)	(21,571)	1,650	23,221	Hired + contract services committed for more than 1/2 year on e-purchasing.
G135	Domestic Violence Worker	40,897	20,449	21,295	847	
G138	Bolsover TC Regeneration Scheme	34,042	17,021	1,080	(15,941)	
G142	Community Safety - CCTV	9,218	4,609	95	(4,514)	
G143	Housing Strategy	35,008	17,504	24,978	7,474	
G144	Enabling (Housing)	37,146	18,573	19,014	441	
G151	Street Lighting	25,900	12,950	14,938	1,988	

## General Fund - Cost centres

## APPENDIX 5

	1/4/18 - 30/9/18	Full Years	6 months	6 months	6 months	
		Budget	Budget	Actuals	Variance	
		£	£	£	£	
G153	Housing Advice	12,647	6,324	6,323	(1)	
G156	The Arc	145,807	72,904	106,304	33,400	NNDR paid for full year
G167	Facilities Management	10,328	5,164	8,667	3,503	
G169	Closed Churchyards	10,000	5,000	5,092	92	
G172	S106 Affordable Housing	1,116	558	0	(558)	
G176	Affordable Warmth	35,813	17,907	19,653	1,747	
G193	Economic Development Management + Admin	164,558	82,279	76,667	(5,612)	
G194	Assist Dir - Economic Growth	36,728	18,364	18,087	(277)	
G196	Assist Dir - Planning + Env Health	18,915	9,458	(35,663)	(45,120)	Vacant post - only just filled.
G198	Head of Housing (GF)	0	0	14,691	14,691	
G208	Assist Dir - Estates and Property	37,743	18,872	(8,643)	(27,514)	Income received in advance
G226	S106 - Highways	569,000	284,500	0	(284,500)	Payment not made - can't be 1/4ly profiled. Earliest deadline 5 years from completion (not completed yet) - reported to S106 group 17/10/18.
G227	S106 - Public Health	30,132	15,066	0	(15,066)	Payment not made - can't be 1/4ly profiled. Earliest deadline 1/8/22 - reported to S106 group 17/10/18.
G229	Housing Standards	0	0	(278)	(278)	
G237	Joint Venture (LLP)	32,987	16,494	1,500	(14,994)	
G239	Housing + Comm Safety Fixed Pen Acc.	1,500	750	304	(446)	
G242	New Bolsover MV - CVP Worker	7,215	3,608	10,900	7,293	
	<b>Total for: Place Directorate</b>	<b>3,775,790</b>	<b>1,887,895</b>	<b>1,366,605</b>	<b>(521,290)</b>	