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| Committee: | Executive | Agenda Item No.: | 6 |
| Date: | 3 rd February 2014 | Status | Open |
| Category | 3. Part of the Budget and Policy Framework | | |
| Subject: | Medium Term Financial Plan 2014/15 to 2016/17 | | |
| Report by: | Assistant Director Accountancy and IT / Chief Accountant / Director of Corporate Resources | | |
| Other Officers Involved | | | |
| 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

The operation of policy led budgeting will help to inform future spending plans and ensure that resources are efficiently utilised in the promotion of Council priorities.

VALUE FOR MONEY

The budget process enables existing expenditure patterns to be challenged and where necessary redirected to ensure that resources are used effectively and directed towards the delivery of the Corporate Aims.

Introduction

1. This report presents the following budgets and financial plans for Executive to consider:
 - General Fund Revenue account which is attached as **Appendix 1** to this report.
 - Housing Revenue Account (HRA) account which is attached as **Appendix 2** to this report.
 - Capital Programme which is attached as **Appendix 3** to this report.

Once Executive has considered the position as set out within this report and the associated appendices then any recommendations made by Executive will be referred to the Council meeting of 12th February 2014 in order to secure agreement to the Council's budget in respect of the 2014/15 financial year.

2. While all of the above accounts are detailed separately within the report it is important that Executive gives appropriate consideration to the Council's overall financial position which encompasses all the three separate accounts as outlined within this report and to the range of services that it is planned to deliver to local residents.
3. Within the reports which follow in respect of each of the Council's main accounts there are a number of common features. In particular financial projections are provided with regard to the following:
 - 2013/14 Estimated Outturn Position
This is the current year budget revised to reflect changes which have taken place or which it is anticipated will take place during the remainder of this financial year. It will therefore provide a more accurate indication of the likely outturn position than the original budget.
 - 2014/15 Original Budget
This is the proposed budget for the next financial year commencing 1st April 2014 which Council will 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.

Robustness of the Estimates

- 4 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. Likewise, the S151 Officer is satisfied that the proposed level of reserves, which although at a relatively low level, are adequate to cover the issues and potential risks which face the Council. The adequacy of the current level of reserves is considered in Appendix 1 in relation to the General Fund, in Appendix 2 in relation to the HRA, and in Appendix 3 in relation to the Capital Programme.
- 5 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. The approach that has been adopted has taken account of the following:

- The Council's actual expenditure and income both in the previous financial year (2012/13) and to date in the current financial year as at the end of September 2013. The views of cost centre managers concerning the level of expenditure which will be incurred during the remainder of the 2013/14 financial year have also been taken into account. Where necessary these figures have been validated by considering the incidence of income and expenditure up to the end of December 2013. This process has enabled a robust Estimated Outturn to be prepared in respect of the current financial year (2013/14), which has formed the basis for the 2014/15 Budget and the financial forecasts in respect of 2015/16 and 2016/17.
- With regard to estimates included within this report these have been developed with and agreed by the responsible cost centre managers who will have the primary responsibility for managing them during the course of the financial year. This process has helped to ensure that agreed service developments, potential cost increases and changes in the level of demand for services, etc. have been taken into account. While the Chief Financial Officer is satisfied that the budgets which have been agreed are robust it does need to be recognised that non-employee related expenditure heads have been minimised and will need to be carefully managed if the Council is to operate within its approved budgets. This approach reflects the fact that a policy decision has been taken to minimise all non employee budgets. This increases the risk of an overspend developing during the year as there is now little room to manage unforeseen items of expenditure. This increased level of financial risk is taken into account in the Financial Risk Register which has been developed in respect of each of the three main accounts of the Council.
- The Accountancy Section have co-ordinated the preparation of the budget, and have ensured that all estimates are reasonable and have been developed in a consistent fashion. While the budgets that have been agreed are challenging and will need to be reviewed in the light of changing circumstances and priorities over the three year period of the Medium Term Financial Plan the Chief Financial Officer is satisfied that they constitute a firm foundation on which to base the Council's financial management.

6 **Financial Implications**

These may be summarised as follows:

General Fund

Estimated Outturn 2013/14

With respect to the General Fund the Council is currently anticipating that an in year surplus will be achieved which will mean no call on general fund balances in respect of 2013/14. The forecast surplus will be dependent upon the use of the £1.064m of Efficiency Grant provided by Central Government in order to fund the

costs of rationalisation, restructuring and Invest to Save measures. In order to deliver a surplus the Council has secured the majority of the planned £0.884m of financial savings during 2013/14 and identified other savings/increased income during the revised budget process which generates the forecast surplus position. This is a significant achievement for the Council and puts the Council in a sound financial position with which to address the 2014/15 budget.

Original Budget 2014/15

The total savings required for 2014/15 are £0.447m. A range of savings proposals totalling £0.430m have been proposed which will mean that the unidentified savings target for 2014/15 is £0.017m. While the Council has continued to drive its savings agenda it will still be necessary to achieve the financial savings targets of £0.430m during the 2014/15 financial year together with the £0.017m which remains to be identified. While this total target of £0.447m is relatively low against previous targets (£1.259m 2011/12, £0.975m 2012/13 £0.884m 2013/14) it needs to be recognised that the easier options for achieving savings have already been taken. With respect to the 2014/15 position a number of measures have already been implemented which have reduced the impact of the formula grant reduction of £0.862m to a budget shortfall of £0.447m.

Budgets 2015/16 and 2016/17

On the basis that the full £0.447m is achieved in respect of 2014/15 there will be a further £0.973m to be achieved in respect of 2015/16 and an estimated figure of £0.800m for 2016/17. Given the Government's spending plans it is expected that further reductions will be required in future financial years and it is therefore important that the Council maintains its momentum in achieving ongoing financial savings. While clearly these ongoing expenditure reductions will continue to have an impact on services it should be noted that the Council's current approach if continued will enable changes to budgets and service plans to be appropriately considered, planned and managed. This gradual ongoing planned approach is considered to be the most appropriate method for minimising the impact upon local residents.

Housing Revenue Account (HRA)

Estimated Outturn 2013/14

The Estimated Outturn figures shown within the appendix are the same as those reported to the Executive in December 2013. It is therefore not proposed to repeat all the detail behind the estimated outturn figures again in this report. However, to summarise the overall position for the HRA in 2013/14 is that there is a forecast surplus of £0.086m in the current year which if realised will increase the HRA balances to £1.861m.

Original Budget 2014/15

The key issues for 2014/15 are that the average rent increase required to comply with Government rent convergence requirements is 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).

Executive will be aware that the Government's reform of the operation of all local authority Housing Revenue Accounts has now been in place since April 2012. This reform places considerably greater emphasis upon local management of the HRA based upon a framework established by the HRA Business Plan. While HRA reform has given local authorities significant financial freedoms - including the ability to undertake additional borrowing - it needs to be recognised that these financial freedoms need to be exercised within the context of the requirement to maintain the Council's properties at a decent standard. The outcome of the full stock condition survey is not yet known so the proposed budgets may need to be revisited again as the full implications of the survey are understood. One development within the 2014/15 HRA budget is 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 will increase by £1.5m to £3.5m for 2014/15.

Budgets 2015/16 and 2016/17

The Governments new proposals for rent increases are not yet finalised but have been included within our budget forecasts from 2015/16. The full debt repayment level is also incorporated over the 30 year business plan. 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 enables the provision of a high quality housing service to our tenants to remain the key focus.

Capital Programme

Finally, with respect to the capital programme the majority of expenditure will continue to be in respect of the HRA Programme which is funded by capital resources ring fenced to the Council's HRA. The financial provision to fund the ongoing programme of housing refurbishment work is planned to continue at a level between £3m and £4m per annum. That level of spend will be reviewed in the light of the HRA stock condition survey which it is anticipated will be available in early 2014. Once that information has been considered then it is anticipated that a further report will be brought back to Council seeking approval for a revised Capital Programme in respect of the HRA. During 2013/14 capital expenditure of £2m will be incurred in respect of HRA new build properties at New Houghton with a further sum of £0.680m expenditure being paid in 2014/15. With regard to the General Fund a stock condition survey is again nearing completion and the Council is working to secure Lottery Funding for the Mill complex at Pleasley Vale. Once the work in respect of stock condition and Pleasley Vale has been completed and the Council has secured its outstanding Capital Receipts then again it is anticipated that a further report will be brought back to Council concerning expenditure priorities on the Capital Programme. While the Council has already secured one of the two major outstanding capital receipts the majority of the funding secured from these receipts is required to repay prudential borrowing taken out in previous financial years to cover costs such as those incurred in the purchase and refurbishment of the Arc at Clowne. While these two sales will generate capital receipts of £10.5m these need to be

offset by the £7.865m of capital costs incurred in anticipation of these receipts being received.

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

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

8. **Equalities Issues**

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

9 **Risk Management and Policy and Performance Issues**

A Financial Risk Register has been developed in respect of each of the main accounts and is provided at **Appendix 1 Table 2, Appendix 2 Table 3, and Appendix 3 Table 2.**

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

ISSUES FOR CONSIDERATION

Executive is requested to consider the report together with the draft recommendations before considering whether to endorse these recommendations to full Council at the budget setting meeting of 12th February 2014.

IMPLICATIONS

- Financial: These are covered throughout the body of the main report.
- Legal: The Council is legally obliged to approve a budget prior to the commencement of the new financial year in April 2014. This report together with the associated budget timetable has been prepared in order to comply with our legal obligations.
- Human Resources: These are covered in the main report where appropriate.

RECOMMENDATIONS

11. That all recommendations below are referred to the meeting of full Council on the 12th February 2014.

The following recommendations to Council are made:

- a) That the view of the Chief Financial Officer that the estimates included in the Medium Term Financial Plan 2013/14 to 2016/17 are robust and that the level of financial reserves whilst at minimum levels are adequate, be accepted.
- b) That officers be required to report back to Executive and to the Audit Committee on at least a quarterly basis regarding the overall position in respect of the Council's budgets, these reports to include updates on progress in achieving the range of identified efficiencies necessary to achieve a balanced budget by the end of the 2014/15 financial year.

In addition to the above the following recommendations are made in respect of each of the main accounts of the Council.

12 GENERAL FUND

- a) No Council Tax increase is levied for the financial year 2014/15 and the Council accept the proposed Government grant compensation arrangements and this recommendation is submitted for approval by the Council at its meeting on 5th March 2014.
- b) The Executive recommends to Council (at its meeting on 12 February 2014) the Medium Term Financial Plan in respect of the General Fund as set out in **Appendix 1** of this report and agrees the Estimated Outturn Budget 2013/14 with a spending requirement of £12,389,845 together with the original budget for 2014/15 with a spending requirement of £11,868,004 as detailed in **Appendix 1 Table 1**.
- c) Officers continue to progress the implementation of measures designed to secure the forecast surplus in respect of 2013/14 and a balanced budget in respect of 2014/15 with progress to be reported back to both Executive and Audit Committee on a quarterly basis.
- d) *That Executive agrees to recommend the proposed Fees and Charges as set out in **Appendix 1 Table 3** to Council for adoption with effect from 1st April 2014. **NOTE : The Final Version of This Appendix is to follow.***
- e) That Council agree an allocation of Efficiency Grant of up to £20,000 in 2014/15 in order to fund a joint Empty Homes Property Officer with North East Derbyshire District Council.
- f) That Executive agrees to recommend that any surplus generated in the financial year 2013/14 is used to increase General Fund balances.
- g) That officers continue with the programme of work to secure the agreed savings required of £0.447m in order to balance the 25014/15 budget at the earliest opportunity.

13 HOUSING REVENUE ACCOUNT

- a) That Council agrees to introduce rent increases in line with the Government's convergence policy with effect from 1 April 2014. The recommended increase will bring about an average increase in rents of 6.24%. However, the actual percentages will vary depending on the type of property.
- b) That the increases in respect of other charges as outlined in **Appendix 2 Table 2** be implemented with effect from 1 April 2014.
- c) That the Housing Revenue Account as set out in **Appendix 2 Table 1** be approved as the Estimated Outturn Budget in respect of 2013/14 and as the Original Budget in respect of 2014/15.
- d) That Executive recommends to Council that the HRA target level of balances remains at a level of £2m.

14 CAPITAL PROGRAMME

- (a) That the Capital Programme for 2013/14 to 2016/17 as set out in **Appendix 3 Table 1** be approved.
- (b) That Executive notes the requirement to repay some £7.865m of prudential borrowing at the end of the 2013/14 financial year which was incurred in order to fund expenditure incurred during 2012/13 and 2013/14, and that this expenditure is funded by capital receipts which it is currently anticipated will be received before the end of the current financial year. The utilisation of these receipts to repay borrowing has been previously agreed by Council and will be approved both within this report and as part of the Treasury Management Strategy.
- (c) That further reports concerning the Capital Programme be brought back to Council once expenditure programmes based upon priorities as identified by the stock condition survey of both General Fund and HRA have been developed.

ATTACHMENTS: Y
FILE REFERENCE: None
SOURCE DOCUMENT: Background papers held in Financial Service

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|---------------------------|--|------------------|----------------------|
| Committee: | Executive | Agenda Item No.: | 8. Appendix 1 |
| Date: | 3 rd February 2014 | Status | Open |
| Category | 3. Part of the Budget and Policy Framework | | |
| Subject: | Medium Term Financial Plan – General Fund | | |
| Report by: | Director of Corporate Resources | | |
| Other Officers Involved | Assistant Director Accountancy and IT / Chief Accountant / Director Of Corporate Resources | | |
| Director | Director Of Corporate Resources | | |
| Relevant Portfolio Holder | Councillor E. Watts, Leader of the Council | | |

RELEVANT CORPORATE AIMS

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TARGETS

The operation of policy led budgeting will help to inform future spending plans and ensure that resources are efficiently utilised in the promotion of Council priorities.

VALUE FOR MONEY

The budget process enables existing expenditure patterns to be challenged and where necessary redirected to ensure that resources are used effectively and directed towards the delivery of the Corporate Aims.

General Fund Revenue Account

Introduction

1. This report considers the element of the Medium Term Financial Plan relating to the Council's General Fund Revenue Account budgets. As such it covers all of the Council's revenue expenditure other than those elements which relate to the provision of Council Housing which are accounted for within the Housing Revenue Account (HRA). While this report is predominantly concerned with financial issues it needs to be recognised that the Council's financial plans are part of a wider service planning framework which incorporates both service plans together with the range of related Council strategies and policies.

2. The General Fund Budget report will form part of the Council's Medium Term Financial Plan.
3. The main areas covered by this report are as follows:

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| General Fund Risk Register | Table 2 |
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4. The provisional budgets for both 2013/14 (Estimated Outturn) and 2014/15 (Original Budget) are shown in Table 1 to this report. The Table also details the projected position – on the basis of current patterns of income and expenditure – for both 2015/16 and 2016/17. The provisional budget as set out in this report has been considered by the Budget Scrutiny at its meeting on 14th January 2014 and will be considered by the Audit Committee at its meeting on 4th February 2014. As part of this report Executive will consider whether to recommend this budget for approval by Council on 12th February 2014.

2013/14 Estimated Outturn

5. In February 2013 Members agreed a budget in respect of the current financial year 2013/14. Given that the Council was faced with achieving a challenging level of savings in respect of the current financial year it has been necessary to actively manage budgets throughout the year and to remove savings from the budget once they have been agreed. Given that the budget has been under a process of ongoing revision the Revised Budget (the latest version considered by Executive at its meeting on the 9 December 2013) has moved significantly from the Original Budget which was approved in February 2013. For the purposes of this report, the comparison in Table 1 shows the movement between the Original Budget the Revised Budget and the Estimated Outturn position. Given the extent of the work which has been undertaken during the year there is relatively little change between the Revised Budget and Estimated Outturn position. As part of the budget process it is recommended that Members formally approve the Estimated Outturn position as set out within Table 1. The main reason for the variation between the Original Budget and the current position is that the savings of £0.884m which were necessary to balance the budget have now been moved from the savings to be achieved line where they were shown as a credit, into reductions

in service expenditure which reflects the allocation of identified savings to service cost centres.

6. The key feature that has driven the Council's financial position during 2013/14 has been the reduction in the level of Central Government grant arising from the Government's Comprehensive Spending Review of Autumn 2010. Bolsover was one of the 10 English local authorities which suffered the maximum reduction in spending power of 8.8%, and this level of grant loss was one of the key factors which lay behind Central Government's decision to provide Transition Grant in respect of 2011/12 (£2.311m) and 2012/13 (£1.930m), with Efficiency Grant of £1.064m in 2013/14. Against this background Bolsover District Council clearly needed to take significant steps in order to bring its underlying level of expenditure back into line with its underlying level of resources. The budget agreed with respect to 2011/12 set the Council a savings target of £1.979m (£1.259m after the use of £0.720m of transitional grant), that in respect of 2012/13 sought savings targets of £1.496m, (£0.975m after the use of £0.520m of Transition Grant), while that of the current year required £0.884m with no direct allocation from the Efficiency Grant to meet the budget shortfall.
7. The majority of the measures that have secured savings in previous and the current financial year will continue to provide ongoing savings for the Council into 2014/15 and beyond. As such they have made an important contribution to the financial sustainability of the Council. If these savings had not been secured then the financial challenge which would have faced the Council during 2014/15 would have been one in excess of £1.5m rather than the £0.447m which is the current savings target.
8. As previously outlined within the report in recognition of the severity of the grant cuts that Bolsover District Council has faced it has been awarded £1.064m of Efficiency Grant in both 2013/14 and 2014/15m. The Efficiency Grant funding is designed to be invested in measures which reduce the underlying level of expenditure and Central Government will only make payment where it is satisfied that the grant is being appropriately used. Members should note that with respect to 2013/14 the Department for Communities and Local Government are satisfied that the plans outlined by the Council meet the criteria for the use of Efficiency Grant and have awarded the Council a further 25% of Efficiency Grant (£0.266m) as a 'reward' for progress to date.
9. While budgets have been adjusted to minimal levels in order to maximise the level of financial savings secured officers have continued to operate a policy of restricting expenditure wherever possible. While this management action may be offset by upward cost pressures, officers are currently of the view that it should be possible to achieve an outturn position with an under spend in 2013/14. The forecast Estimated Outturn position shown on Table 1 is a surplus of £0.248m which is a small decrease on the Revised Budget position reported in December. Should the outturn position be realised at this level it is recommended that any saving achieved is used as a contribution to General Fund balances. The position in respect of General Fund balances is set out more fully in section 33 and 34 of this report. Given that the Council is facing an increased level of financial risk it is

considered that an increase in General Fund balances would represent an appropriate way forward for the authority.

Original Budget 2014/15

10. One of the key purposes of this report is for the Council to agree its detailed income and spending proposals in respect of the next financial year which commences on the 1st April 2014. The provisional budget which is recommended for consideration by Members is detailed in Table 1 of this report.
11. In developing the proposed budget the main elements which have been taken into account are as follows:
 - Grants from Government
 - Expenditure, income levels and efficiencies
 - Options for the level of Council Tax in respect of 2014/15
 - Use of Reserves in the short term to fund any shortfall in income over expenditure provided that the level of reserves remains adequate in the light of the risks facing the organisation.
 - The need to ensure that the Council is taking appropriate steps to ensure that its underlying level of expenditure remains in line with the forecast level of resources that will be available to the Council in the light of the ongoing reductions in the level of government grant available to the Council.

Each of the above themes is now considered in greater detail in the sections below:

Level of Government Grant

12. On 18th December 2013 the Government provided an update of the level of Grant that would be available to local authorities for the two year period covering the 2014/15 and the 2015/16 financial years. The figures given in this report in respect of 2014/15 and 2015/16 are based upon the Government announcement whilst the 2016/17 figure is a projection based upon the general principle that this final year of the current MTFP will see grant reductions of a further 20%. While the Government has provided details regarding the grant settlement Members should note that – in part arising from the philosophy of localism – there is now less certainty regarding the future level of financial resources. In particular Non Domestic Rating Income, Localisation of Council Tax Benefit and New Homes Bonus all bring significant uncertainties into the financial planning process. In respect of the Efficiency Grant the Government retains an element of discretion over whether this grant should be paid. While the details concerning the level of grant are sufficiently firm to provide a robust base for the Council's budget it does need to be appreciated that there remains a considerably greater degree of uncertainty concerning Government grant than was previously the case.

13 The full details of the Government grant settlement is set out in the table below.

| | 2012/13 £000's | 2013/14 £000's | 2014/15 £000's | 2015/16 £000's | 2016/17 £000's |
|---|-------------------|-------------------|-------------------|-------------------|-------------------|
| Revenue Support Grant (now includes Council Tax Support) (2016/17 is estimated) | (5,531) | (3,843) | (2,905) | (1,987) | (1,000) |
| Council Tax Support Limitation Grant | 0 | (28) | 0 | 0 | 0 |
| Council Tax Support to Parishes | 0 | 434 | 381 | 343 | 309 |
| Retained Non Domestic Rates baseline (2016/17 is estimated) | 0 | (2,556) | (2,606) | (2,678) | (2,789) |
| New Homes Bonus – 1 (2011/12) | (117) | (117) | (117) | (117) | (117) |
| New Homes Bonus – 2 (2012/13) | (193) | (193) | (193) | (193) | (193) |
| New Homes Bonus – 3 (2013/14) | 0 | (191) | (170) | (170) | (170) |
| New Homes Bonus – 4 (2014/15) | 0 | 0 | (292) | (292) | (292) |
| New Homes Bonus – 5 (2015/16) (Estimated) | 0 | 0 | 0 | (200) | (200) |
| New Homes Bonus – 6 (2016/17) (Estimated) | 0 | 0 | 0 | 0 | (225) |
| Transition Grant | (1,930) | 0 | 0 | 0 | 0 |
| Council Tax Freeze Grant 2011/12 | (90) | 0 | 0 | 0 | 0 |
| Council Tax Freeze Grant 2012/13 | (90) | 0 | 0 | 0 | 0 |
| Council Tax Freeze Grant 2013/14 | 0 | (36) | (36) | 0 | 0 |
| Council Tax Freeze Grant 2014/15 to 2016/17 | 0 | 0 | 0 | 0 | 0 |
| Community Right to Bid and Challenge Grants (2016/17 is estimated) | (13) | (16) | (16) | (16) | (16) |
| New Burdens Grant | 0 | (60) | (78) | 0 | 0 |
| Housing Benefit Admin Grants (2015/16 and 2016/17 are estimated) | (586) | (551) | (485) | (436) | (392) |
| Total Government Funding within base budget | (8,550) | (7,157) | (6,517) | (5,746) | (5,085) |
| | | | | | |
| Efficiency Grant – not available to finance base budget | 0 | (1,064) | (1,064) | 0 | 0 |
| Total Government Grant | (8,550) | (8,221) | (7,581) | (5,746) | (5,085) |

14 In headline terms the 2014/15 grant settlement of funding which can be incorporated within the Council's base budget has reduced by a net £0.640m (£7.157m in 13/14 to £6.517m in 14/15). The main reductions can be seen within the Revenue Support Grant figures where a reduction of £0.938m is shown (-24.4%). This reduction is offset by a small increase in the baseline figure for the retained NNDR allocation of £0.50m and the year four New Homes Bonus Allocation of £0.292m. Officers have assumed at this stage that the Council will

either implement a 1% Council Tax rise each year or continue with the 1% Government Council Tax Freeze arrangements. These options are considered in further detail later within the report. The details of the grants as outlined in the above table have been incorporated within the outline budgets provided as Table 1 to this report. With regard to 2016/17 while it is clear that further reductions in the level of public expenditure are planned at this stage no departmental spending plans have been released by the Government. Accordingly in the above table we have assumed a further loss in net government funding which translates into a £0.661m reduction in Government Grant.

- 15 In 2013/14 and 2014/15 the Council will receive an allocation of £1.064m in Efficiency Grant. This grant is not eligible to be used to support the base budget directly but must be used to finance the measures undertaken by the Council to reduce its underlying base budget, i.e. the costs of rationalisation, restructuring and Invest to Save measures . This grant is in effect the replacement for Transition Grant and reflects the fact that Bolsover is one of the seven Councils across England most adversely affected by grant reductions which restricts the grant loss to 8.8% of “spending power”. The main change between Transition Grant and Efficiency Grant is that the latter is seen by the Government as having a reward element. On the basis of the Council’s plans for the utilisation of Efficiency Grant in respect of 2013/14 the Government has awarded the Council the reward element of 25% (£0.266m). The reward or performance element of the grant is based upon the fact that the Government is looking to Councils to adopt a strategic approach to efficiency savings by implementing measures such as shared services, outsourcing, a shared Chief Executive and property rationalisation.
- 16 One of the issues for Bolsover District Council is that it had already made significant steps towards achieving this agenda prior to the announcement of the Efficiency Grant. During 2013/14 the Council has developed a number of themes including the agreement to what amounts to a second phase of the Strategic Alliance with the Transformation Agenda. Bolsover District Council has utilised the grant to fund restructuring costs, to rationalise our asset base, to invest in the development of more efficient services and to progress the Strategic Alliance and the shared services agenda. The securing of the reward element of the Efficiency Grant supports the view that the Council is adopting best practice in the pursuit of efficiency measures to protect services to local residents at a time when Government funding to local authorities is being significantly reduced. Given that Efficiency Grant is effectively a one off it is recommended that Council continues to use the grant in its intended manner namely to fund the restructuring costs and efficiency measures that are necessary to bring expenditure into line with the underlying level of resources in the post Autumn 2010 CSR period.
- 17 In terms of the financial support provided by Central Government National Non Domestic rates is becoming more significant than Revenue Support Grant. Council will be aware that the nature of Non Domestic Rates is also changing in that the Government is now offering local authorities an incentive to grow NNDR locally given that they will now be able to keep 20% of the growth in NNDR levels against the current baseline figure. Whilst all local authorities are provided with an incentive in that they will retain a proportion of any growth in Business Rates there

is a safety net which will protect those local authorities which suffer from a reduction in their local Non Domestic Rating Base. There is therefore now a clear direct financial incentive for local authorities to promote economic growth in their area, although local authorities would take the view that they have already been active in promoting such growth in order to protect and promote local employment. For Bolsover there are a number of schemes currently in the pipeline which should enhance the Non Domestic Rate Base over the next two to three years. There is, however, the clear risk that these may be offset by decline in other sectors of the local economy, or by the impact of revaluation. Council should also note that the ability to attract companies into the District may be adversely affected by the close proximity of the Enterprise Zone at Junction 29A. More generally whilst local authorities can facilitate and promote growth it does need to be recognised that there are other factors outside the influence of local authorities which are arguably of greater significance in promoting economic growth (the national economic position, geographical location, land availability). The localisation of business rates is, however, clearly intended to provide local authorities with an incentive to promote local economic development. The Council has included a retained NNDR sum of £0.155m in its base budget for 2013/14 which represented the growth element achieved to date in 2013/14. Officers have estimated for further growth in 2014/15 with the inclusion of a sum of £0.050m. This sum will become an actual figure very shortly and will be updated as the Council completes and submits its NNDR 1 return to the Government at the end of January 2014. Growth targets for 2015/16 (£0.75m) and 2016/17 £0.100m) have been included within the savings proposals section of the MTFP.

- 18 With regard to the New Homes Bonus this is included in the 2014/15 base budget at £0.772m and by the end of 2016/17 is anticipated to reach £1.2m. Every new home built, or empty property brought back into use (offset by demolitions and those properties falling out of use) will provide the local authority with an increased income of £1,000 p.a. for 6 years for a Band A property. This reward, which is top sliced from the overall Government Grant pot – is intended to reward those authorities who allow and facilitate additional housing in their areas. Members will note that there has been a significant increase in the level of income from New Homes Bonus in 2014/15 which reflects a significantly larger than anticipated number of empty properties being brought back into use. Officers are of the view that the most likely cause of the change in the number of empty properties coming back into use arises from the fact that with effect from April 2013 the Council has removed the 50% council tax discount which previously applied to empty properties. From April 2013 all empty properties were required to pay 100% of the Council Tax charge.
- 19 Given the opportunities to raise income from New Homes Bonus it should be noted that Officers are recommending that the Council moves to appoint to a joint position across both Bolsover and North East Derbyshire in order to enable empty properties being brought back into use. In addition to raising additional income for the Council this proposal would improve the availability of housing for local people whilst increasing private sector housing investment thus promoting local employment. The current proposal is that the post would be hosted at North East

Derbyshire and that Bolsover would initially fund its contribution of up to £20,000 from Efficiency grant until the post became self funding.

Expenditure, income levels and efficiencies

- 20 A key element of the Government's approach to local government is that it should seek to secure local sources of funding rather than being heavily dependent upon central funding. In part the Government see this objective being realised by local authorities maximising their local development potential by way of Non Domestic Rates (growing the level of business activity) or by way of New Homes Bonus (increasing housing numbers). In addition authorities have been encouraged to look at raising other local sources of income. As part of this report Council will consider the opportunities that are available to increase fees and charges. The proposals, which will need to be considered and approved by Members, are set out in Table 3 to this report. During the course of 2013/14 the Council has undertaken a strategic review of its fees and charges policy and it is anticipated that this will make a further contribution to our savings target in respect of 2014/15.
- 21 While the Council will continue with efforts to identify and secure additional income with which to support services it is clear that locally the key opportunity for the Council to balance its budget arises in respect of managing expenditure levels and securing efficiencies.
- 22 In response to the requirement to identify the £0.447m of savings required to balance the budget a number of options have been identified which potentially will contribute to achieving the required level of savings. Officers are of the view that these options could be implemented in the first half of the financial year and given the availability of Efficiency Grant to cover implementation costs they would make an immediate contribution to the savings target in 2014/15 whilst reducing the Council's underlying level of revenue expenditure. The savings that are proposed for consideration in order to secure a balanced budget are as follows:
- Vacancy Allowance £50,000.
All vacancies – including maternity leave, requests for additional annual leave, etc - will continue to be subject to review by Senior Alliance Management Team and will be controlled in order to secure financial savings. Where appropriate reports will be brought forward for Members to consider the disestablishment of posts which it is not considered appropriate to fill. While the target of £0.050m is in line with savings achieved in the current and previous financial years it does need to be recognised that the reductions in staffing numbers over recent years make these savings increasingly hard to achieve given the requirement to maintain service levels.
 - Transformation, Secondments and Joint Working £200,000
As part of the decision made in the autumn of 2013 to progress the Strategic Alliance as a vehicle for securing further savings Council accepted a recommendation that officers progress a transformation agenda. As a result of this decision this Council in conjunction with North East Derbyshire – its Strategic Alliance partner – has agreed investments in Firmstep (Customer Relationship Management Software) and in a refreshed Financial

Management System and Planning / Environmental Health system. These investments should start to secure financial savings during 2014/15 and in particular should enable both Councils to continue to operate at existing service levels more efficiently.

Further secondments and joint working arrangements with North East Derbyshire District Council are targeted to secure savings to Bolsover District Council. Given that these measures generally arise as a result of natural wastage they tend to involve minimal costs in terms of redundancy, etc whilst minimising the impact on the workforce of shrinking the size of the organisation.

- **Property Rationalisation Savings £75,000**
Officers are in the process of considering the opportunities for savings that will arise from property rationalisation. In particular the budget has needed to be adjusted to recognise that Chesterfield College will be vacating the Arc in the summer of 2014. Replacement tenants will therefore provide additional income to the Council. Officers are also exploring the option to use a range of properties more efficiently, or where appropriate to dispose of properties in order to secure further savings from property rationalisation.
- **Income Generation £25,000**
A target of an additional £0.025m of income has been determined that shall be generated by the Council in 2014/15. This sum is on top of the existing level of income and will represent an increased take up of services rather than through fees and charges increases to service users.
- **Financial Outturn Review £30,000**
Officers are of the view that a review of the 2013/14 outturn position should enable us to identify further potential budget reductions with minimal impact upon services.

23 The table below summarises the savings options that are proposed in order to address the 2014/15 position together with their impact on 2015/16 and 2016/17:

Summary of Proposed Savings

| | 2014/15 £000's | 2015/16 £000's | 2016/17 £000's |
|---|-------------------|-------------------|-------------------|
| Budget Gap | 447 | 1,420 | 2,220 |
| Savings Proposals | | | |
| NNDR Growth Target 2014/15 | (50) | (50) | (50) |
| NNDR Growth Target 2015/16 | 0 | (75) | (75) |
| NNDR Growth Target 2016/17 | 0 | 0 | (100) |
| Vacancy Management | (50) | (50) | (50) |
| Transformation, Secondments & Joint Working | (200) | (300) | (400) |
| Property Rationalisation Savings | (75) | (125) | (175) |
| Fees and Charges Review / Income Generation | (25) | (50) | (75) |
| 2013/14 financial outturn review | (30) | (30) | (30) |
| Total Savings Proposals | (430) | (680) | (955) |
| Unidentified Savings Target 2014/15 | (17) | (17) | (17) |
| Unidentified Savings Target 2015/16 | 0 | (723) | (723) |
| Unidentified Savings Target 2016/17 | 0 | 0 | (525) |
| Call on General Fund Balances | 0 | 0 | 0 |

Given the importance of securing the above savings to the financial stability of the Council, progress will be reported on a regular basis to Executive. It should also be noted that it is proposed that the Council should approve that actual budgets are amended to take account of identified savings as soon as those savings are formally approved. This will help to ensure that cost centre managers are fully aware of the budgets that they are working to, and that those savings which are identified are fully achieved during the initial year.

- 23 In addition to the savings measures which are proposed above the budget has been based on the assumption that a 1% Council Tax increase will be implemented or the Government Freeze Grant at 1% will be accepted.

Medium Term Financial Plan 2015/16 to 2016/17

- 24 While the main focus of this report is on the Revised Outturn position in respect of the current financial year (2013/14) and upon securing approval for the original Budget in respect of 2014/15, it is important that decisions are taken in the context of the financial position of the Council over the period of its Medium Term Financial Plan which covers the 3 year period up to the end of March 2017. The key feature of the Council's financial position over this period of time is the requirement to make ongoing revenue savings. The level of financial savings previously achieved and projected as being required – both on an annual basis and cumulative - are as follows:

Summary of Required Level of Financial Savings

| | 2012/13 £000 | 2013/14 £000 | 2014/15 £000 | 2015/16 £000 | 2016/17 £000 |
|-----------------------------|-----------------|-----------------|-----------------|-----------------|-----------------|
| Annual Savings Required | 975 | 884 | 447 | 973 | 800 |
| Cumulative Savings Required | 975 | 1,859 | 2,306 | 3,279 | 4,079 |

- 25 While the level of savings required is based upon a number of assumptions - which are outlined below – it is clear that under any scenario the Council faces a significant reduction in its spending power. This is consistent with the plans set out within the Government’s Comprehensive Spending Reviews of Autumn 2010 and 2013. Given the scale of the financial savings which are required over the period of the current Medium Term Financial Plan it is crucial that the Council acts to manage its financial position effectively, and in particular that it manages the financial position in such a way as to protect the level of services which are provided to local residents.
- 26 While the gross level of savings required is £0.447m in respect of next financial year (2014/15), officers are of the view that on the basis these can be achieved then the Council will be in a relatively good financial position given the extent of the reductions in Government grant which have been experienced. The Council’s financial position reflects the fact that it has put in plans over the last three financial years which have led to longer term savings rather than only addressing the in year financial position. Given the ongoing nature of the expenditure reductions which the Council is facing; in particular the shortfall of a further £0.973m in respect of 2015/16 it would seem to be appropriate to continue this policy which has both secured the necessary savings while minimising the impact on local residents.
- 27 One of the key issues facing the Council is that a key element for achieving efficiency savings over the past 3 financial years has been that of the Strategic Alliance. Over the period to March 2014 the two Councils have achieved savings of over £1.5m. The budget now has in place further savings targets from Joint Working and Secondments and the Transformation Agenda for 2014/15 onwards.
- 28 In developing the financial projections in respect of 2014/15 to 2016/17 which are included within Appendix 1 to this report, officers have made a number of assumptions. The major assumptions which have been made are as follows:
- Pay increases of 1% in respect of 2014/15, 2015/16 and 2016/17.
 - Increased employer superannuation contributions of 1% from April 2014 offset by a reduction in the lump sum deficit recovery.
 - No allowance has been made in respect of general inflation although specific budget heads such as energy costs and business rates have been increased to reflect anticipated price increases.
 - A Council Tax increase of 1% or Council Tax Freeze Grant at 1% in respect of each year 2014/15, 2015/16 and 2016/17.

- Government Grant reductions of £0.661m in 2016/17. (Central Government have only provided grant details in respect of 2014/15 and 2015/16).
- Fees and Charges – service specific increases

Options for Council Tax Levels

- 29 Members will recall that since 2011/12 the Council has decided on a nil Council tax increase enabling the authority to take advantage of successive Government schemes which provided grant to partially compensate for the income lost as a result of a decision to freeze council tax. These compensatory grant payments to those Councils who did not increase Council Tax are, however, generally limited in the period in which they are receivable and unlike Council Tax increases do not result in an increase in the underlying revenue base of the Council.
- 30 Central Government has made strong requests to local authorities not to increase Council Tax in respect of the 2014/15 financial year. This request however, is not as yet backed up with a clear detailed offer of any grant compensation arrangements. At present we are awaiting details of the 2014/15 freeze grant i.e. the level to be received, how long the grant will be received (one, two or more years) and the Council Tax increase level at which a referendum will be triggered.

At this point officers assume that the Freeze Grant offer will be comparable with that in 2013/14 which was grant equivalent to a 1% rise in Council Tax which will be paid in both 2014/15 and 2015/16. There is likely to be a two year benefit only, and those local authorities that accept the Government's offer need to do so on the understanding that the decision will have an ongoing financial impact. With regard to 2014/15 the additional grant would amount to £0.030m. If the Council chose to increase Council Tax by a figure of up to 1.9% (less than the previous 2% threshold - which is the maximum possible before the Council would be required to incur the costs of holding a referendum) then it would receive additional funding of up to £0.060m which would continue to be available to it in future financial years. Overall if the Council chooses to accept the additional Government Grant then it will not benefit from the positive impact to its Tax base in future years that would have been secured by a Council Tax increase in 2014/15. This will require that in future years expenditure will need to be £0.060m below what it otherwise would have been, or higher council tax rises will be necessary in subsequent years.

- 31 In reaching a decision regarding the appropriate level of Council Tax in respect of 2014/15 Members need therefore to give consideration to the Council's financial position in respect of both 2014/15 which is covered in section 10 to 18 of this report and in respect of the remainder of the period covered by this MTFP. In summary officers are currently forecasting that over the period April 2014 to March 2017 expenditure reductions (or increased income) of £2.200m (£0.447m 14/15, £0.973m 15/16, £0.800m 16/17) will be necessary.
- 32 While there are significant financial reasons for opting to increase the level of Council Tax in 2014/15 in order to strengthen the Council's underlying financial position and to reduce the reliance on expenditure reductions as a means of balancing the budget, this needs to be balanced against the detrimental impact

which the current economic situation and the high level of inflation are having on local residents. It may be considered that the Council needs to take all appropriate steps in order to minimise the burden on local residents, and that to secure an – albeit smaller - increase in funding from national resources rather than local residents is the appropriate action at this point in time.

Financial Reserves

- 33 The Council's main Financial Reserves which relate to its General Fund are the General Fund Balance and within Earmarked Reserves; the Transformation Reserve the Transition Grant (balance from 2012/13) and Efficiency Grant (2013/14). At the end of the 2012/13 financial year the Council increased its General Fund balances to a level of £1.442m. Given the growing level of uncertainty surrounding local authority income and the fact that the Council itself has reduced all budgets to a minimal level thus reducing its financial resilience it is important that the Council continues to review what it would consider to be an acceptable level of General Fund balances. Given that the Council has continued to effectively achieve the in year savings targets and has a range of other balances available £1.5m would appear to be a reasonable minimum level of balances going forward. This position is supported by the General Fund Risk Register as set out in Appendix 1 Table 2 which details the financial risks currently faced by the Council which indicates notional financial risks with a total value of £1.57m. While increasing the level of financial balances above the minimal level of £1.5m would enhance the financial resilience of the Council the Chief Financial Officer would consider such an increase in the level of General Reserves to be desirable but not essential. The forecast surplus in 2013/14 (£0.248m) is proposed to be used to increase the General Fund balances position. Should this sum be realised at the outturn then the General Fund balances would increase to £1.690m which is above the minimum level of balances declared above and the General Fund risk register assessment.
- 34 The opportunity to increase the General Fund balances position in 2013/14 should be seen as sound financial management as it needs to be recognised that the financial environment within which local authorities will be operating during 2014/15 is characterised by a significantly higher level of risk over that which prevailed during previous financial years. Executive is well aware of the importance of managing expenditure reductions in a planned fashion in order to protect the quality of services to local residents, and an increase in the target level of balances which will secure improved financial resilience is an important element of protecting service delivery to local people.

Consultation

- 35 The Council is required to consult with stakeholders on the proposed budget. This consultation which is part of the Council's service planning framework has effectively been taking place throughout the financial year. In addition the budget process has also sought to ensure that the knowledge of Members in their role as Community Champions has been used to inform the service development process. Finally, it should be noted the Council is required to consult with business ratepayer's industrialists and other interested parties in the commercial sector with regard to its expenditure proposals. That meeting will be held on the 4th February

2014 and the outcome will be subject to a verbal report to Council at its meeting on the 12 February 2014.

Risk Register

- 36 A financial Risk Assessment is set out in Table 2, which outlines the risks, the mitigation which is in place, the potential impact and the probability of the event occurring in order to arrive at a notional calculation concerning the potential financial impact of the risks which the Council is currently facing. This indicates that the identified risks which the Council is currently facing amount to £1.57m. This is above the current level of General Fund Balances of £1.442m. The forecast surplus in 2013/14 should bring the level of balances held above the Risk Assessment calculated figure.
- 37 The assessment concerning the level of risk is essentially used for two purposes. In the first place an understanding of the risks which the Council faces is crucial in agreeing an appropriate level of financial reserves which are required. This is covered in section 33 (above). Secondly, the identification of the risks is the first stage in the process of more effectively managing, or of mitigating those risks. By identifying the risks it is possible to avoid them, to insure against them, to transfer the risk, or most likely, actions can be taken to reduce or to mitigate the risk. The Council's Financial Risk Register is closely linked to both the Strategic and Operational Risk Registers. The Council has in place a comprehensive approach to Risk Management which is reported on a regular basis to Executive, and this process will continue to be utilised in order to manage the key financial risks.

Financial Implications

- 38 These are covered throughout the report and associated appendices.

Legal Implications

- 39 The Council is legally obliged to approve a budget prior to the commencement of the new financial year in April 2014. This report together with the associated budget timetable has been prepared in order to comply with our legal obligations.

Other Considerations (e.g. Human Resources, Environmental, Crime and Disorder, Design and Community Safety)

- 40 These are covered in the Service Plans which are based upon the resources allocated by the Budgets recommended for approval within the Medium Term Financial Plan.

Equalities Issues

- 41 These are covered in the Service Plans which are based upon the resources allocated by the Budgets recommended for approval within the Medium Term Financial Plan.

Risk Management and Policy and Performance Issues

- 42 A Financial Risk Register in respect of the General Fund is provided at Table 2 to this report.

- 43 Policy and Performance Issues are covered in the Service Plans which are based upon the resources allocated by the Budgets recommended for approval within this Medium Term Financial Plan.

RECOMMENDATIONS

- a) No Council Tax increase is levied for the financial year 2014/15 and the Council accept the proposed Government grant compensation arrangements and this recommendation is submitted for approval by the Council at its meeting on 5th March 2014.
- b) The Executive recommends to Council (at its meeting on 12 February 2014) the Medium Term Financial Plan in respect of the General Fund as set out in **Appendix 1** of this report and agrees the Estimated Outturn Budget 2013/14 with a spending requirement of £12,389,845 together with the original budget for 2014/15 with a spending requirement of £11,868,004 as detailed in **Appendix 1 Table 1**.
- c) Officers continue to progress the implementation of measures designed to secure the forecast surplus in respect of 2013/14 and a balanced budget in respect of 2014/15 with progress to be reported back to both Executive and Audit Committee on a quarterly basis.
- d) *That Executive agrees to recommend the proposed Fees and Charges as set out in **Appendix 1 Table 3** to Council for adoption with effect from 1st April 2014. **NOTE : The Final Version of This Appendix is to follow.***
- e) That Council agree an allocation of Efficiency Grant of up to £20,000 in 2014/15 in order to fund a joint Empty Homes Property Officer with North East Derbyshire District Council.
- f) That Executive agrees to recommend that any surplus generated in the financial year 2013/14 is used to increase General Fund balances.
- g) That officers continue with the programme of work to secure the agreed savings required of £0.447m in order to balance the 25014/15 budget at the earliest opportunity.

ATTACHMENTS: **Y**
FILE REFERENCE: None
SOURCE DOCUMENT: Background papers held in Financial Service

**GENERAL FUND
SUMMARY**

APPENDIX 1 Table 1

| | Revised Budget 2013/14 £ | Estimated Outturn 2013/14 £ | Original Budget 2014/15 £ | Forecast 2015/16 £ | Forecast 2016/17 £ |
|--|---|--|--|-----------------------------------|-----------------------------------|
| Chief Executive | 2,138,555 | 2,139,361 | 2,069,505 | 2,105,731 | 2,065,683 |
| Development | 2,128,831 | 2,197,325 | 1,661,940 | 1,679,276 | 1,629,197 |
| Health and Wellbeing | 2,095,212 | 2,085,412 | 1,672,529 | 1,317,852 | 1,323,551 |
| Neighbourhoods | 3,402,141 | 3,402,141 | 3,465,558 | 3,397,868 | 3,270,433 |
| Corporate Resources | 498,778 | 466,542 | 320,232 | 334,926 | 350,987 |
| Provision for pay award | 0 | 0 | 80,675 | 162,450 | 245,254 |
| Superannuation Changes | 0 | 0 | (51,338) | (31,048) | (11,017) |
| Forecast Surplus - Transfer to Balances | 275,677 | 248,413 | 0 | 0 | 0 |
| Savings Targets (see detail below) | 0 | 0 | (447,198) | (1,419,568) | (2,220,237) |
| Debt Charges | 937,395 | 937,395 | 771,677 | 943,398 | 1,292,470 |
| Investment Interest | (70,902) | (70,902) | (72,861) | (71,878) | (135,148) |
| | 11,405,687 | 11,405,687 | 9,470,719 | 8,419,006 | 7,811,173 |
| Appropriations: | | | | | |
| Contributions to Reserves: | 217,850 | 217,850 | 217,850 | 217,850 | 217,850 |
| Contribution from Earmarked Reserves: | (899,244) | (899,244) | (155,919) | (48,449) | (28,449) |
| Contribution (from)/to Holding Accounts | (112,144) | (112,144) | 64,841 | 66,391 | 66,391 |
| Contribution from S106 Holding A/cs | (801,894) | (801,894) | (255,238) | (3,000) | 0 |
| TOTAL EXPENDITURE | 9,810,255 | 9,810,255 | 9,342,253 | 8,651,798 | 8,066,965 |
| Parish Precepts | 2,144,612 | 2,144,612 | 2,144,612 | 2,144,612 | 2,144,612 |
| Council Tax Support Grant – Parish | 423,487 | 423,487 | 381,139 | 343,026 | 308,724 |
| 8.5% Grant limitation | 11,491 | 11,491 | 0 | 0 | 0 |

| | | | | | |
|-----------------------------------|-------------------|-------------------|-------------------|-------------------|-------------------|
| TOTAL SPENDING REQUIREMENT | 12,389,845 | 12,389,845 | 11,868,004 | 11,139,436 | 10,520,301 |
|-----------------------------------|-------------------|-------------------|-------------------|-------------------|-------------------|

| | Revised Budget 2013/14 | Estimated Outturn 2013/14 | Original Budget 2014/15 | Forecast 2015/16 | Forecast 2016/17 |
|---|-------------------------------|----------------------------------|--------------------------------|-------------------------|-------------------------|
| | £ | £ | £ | £ | £ |
| Revenue Support Grant | (3,842,732) | (3,842,732) | (2,905,097) | (1,987,021) | (1,000,000) |
| Council Tax Grant (13/14) | (36,052) | (36,052) | (36,052) | 0 | 0 |
| Business Rates Retention | (2,556,465) | (2,556,465) | (2,606,266) | (2,678,201) | (2,789,065) |
| NNDR Growth 13/14 | (155,079) | (155,079) | (155,079) | (155,079) | (155,079) |
| | | | | | |
| New Homes Bonus 11/12 | (117,312) | (117,312) | (117,312) | (117,312) | (117,312) |
| New Homes Bonus 12/13 | (193,346) | (193,346) | (193,346) | (193,346) | (193,346) |
| New Homes Bonus 13/14 | (191,308) | (191,308) | (169,639) | (169,639) | (169,639) |
| New Homes Bonus 14/15 | 0 | 0 | (292,058) | (292,058) | (292,058) |
| New Homes Bonus 15/16 | 0 | 0 | 0 | (200,000) | (200,000) |
| New Homes Bonus 16/17 | 0 | 0 | 0 | 0 | (225,000) |
| COUNCIL TAX – BDC | (3,064,877) | (3,064,877) | (3,139,072) | (3,139,072) | (3,139,072) |
| Council Tax Increase/Freeze 14/15 | 0 | 0 | (31,391) | (31,391) | (31,391) |
| Council Tax Increase/Freeze 15/16 | 0 | 0 | 0 | (31,705) | (31,705) |
| Council Tax Increase/Freeze 16/17 | 0 | 0 | 0 | 0 | (32,022) |
| 8.5% Grant limitation | (27,850) | (27,850) | 0 | 0 | 0 |
| Council tax - Parish element from above | (2,144,612) | (2,144,612) | (2,144,612) | (2,144,612) | (2,144,612) |
| New Burdens Grant Funding | (60,212) | (60,212) | (78,080) | 0 | 0 |
| TOTAL FUNDING | (12,389,845) | (12,389,845) | (11,868,004) | (11,139,436) | (10,520,301) |

| | | | | | |
|----------------|------------|------------|----------|------------|------------|
| BALANCE | (0) | (0) | 0 | (0) | (0) |
|----------------|------------|------------|----------|------------|------------|

| General Fund Balances | | | | | |
|---------------------------------|--------------------|--------------------|--------------------|--------------------|--------------------|
| Opening Balance 1 April | (1,442,000) | (1,442,000) | (1,690,413) | (1,690,413) | (1,690,413) |
| In Year movement | (275,677) | (248,413) | 0 | 0 | 0 |
| Closing Balance 31 March | (1,717,677) | (1,690,413) | (1,690,413) | (1,690,413) | (1,690,413) |

| | Revised Budget 2013/14 £ | Estimated Outturn 2013/14 £ | Original Budget 2014/15 £ | Forecast 2015/16 £ | Forecast 2016/17 £ |
|--|---|--|--|-----------------------------------|-----------------------------------|
| <u>Savings Programme:</u> | | | | | |
| Vacancy and Other Savings Amber Valley Borough Council one-off | (20,000) | (20,000) | (50,000) | (50,000) | (50,000) |
| Secondments/Joint working Fees and Charges | | | (100,000) | (150,000) | (200,000) |
| Review/Income Generation | | | (25,000) | (50,000) | (75,000) |
| NNDR Growth Target 14/15 | | | (50,000) | (50,000) | (50,000) |
| NNDR Growth Target 15/16 | | | | (75,000) | (75,000) |
| NNDR Growth Target 16/17 | | | | | (100,000) |
| Transformation Work | | | (100,000) | (150,000) | (200,000) |
| Property Rationalisation | | | (75,000) | (125,000) | (175,000) |
| 2013/14 Outturn review | | | (30,000) | (30,000) | (30,000) |
| Unidentified savings 2014/15 | | | (17,198) | (17,198) | (17,198) |
| Unidentified savings 2015/16 | | | | (722,370) | (722,370) |
| Unidentified savings 2016/17 | | | | | (525,669) |
| Total Savings Programme/Requirements | (120,000) | (120,000) | (447,198) | (1,419,568) | (2,220,237) |

| | Revised Budget 2013/14 £ | Estimated Outturn 2013/14 £ | Original Budget 2014/15 £ | Forecast 2015/16 £ | Forecast 2016/17 £ |
|---|---|--|--|-----------------------------------|-----------------------------------|
| Appropriations | | | | | |
| Cont. to/from Revenue Reserves (G909) | (1,595,432) | (1,595,432) | (128,466) | 232,792 | 255,792 |
| Provision for Repayment of External Loan (G911) | 529,357 | 529,357 | 445,936 | 625,272 | 814,423 |
| Precept Demand from Collection Fund (G913) | (5,237,339) | (5,237,339) | (5,240,138) | (5,271,093) | (5,302,358) |
| General Government Grants (G914) | (7,152,506) | (7,152,506) | (6,552,929) | (5,792,656) | (5,141,499) |
| Interest Received (G916) | (63,138) | (63,138) | (82,643) | (79,878) | (150,748) |
| Interest Paid - Bank (G918) | 78 | 78 | 0 | 0 | 0 |
| Interest Paid - PWLB (G919) | 404,739 | 404,739 | 324,003 | 316,971 | 475,795 |
| Interest Paid - Parish (G920) | 1,155 | 1,155 | 1,155 | 1,155 | 2,252 |
| Interest Received - Other (G924) | (4,223) | (4,223) | 0 | 0 | 0 |
| Internal Interest Received (G925) | 2,106 | 2,106 | 583 | 0 | 0 |
| Interest Received (G927) | (3,580) | (3,580) | 9,782 | 8,000 | 15,600 |
| Local Precepts (G928) | 2,579,590 | 2,579,590 | 2,525,751 | 2,487,638 | 2,453,336 |
| T/f of General Fund Balance (G930) | 275,677 | 248,413 | (635,708) | (1,588,963) | (2,356,324) |
| Total for: Appropriations | (10,263,516) | (10,290,780) | (9,332,674) | (9,060,762) | (8,933,731) |
| Chief Executive | | | | | |
| Reprographics (printing) (G003) | 41,344 | 41,344 | 42,303 | 43,306 | 43,306 |
| Joint Chief Executive Officer (G005) | 81,654 | 81,654 | 80,904 | 80,904 | 80,904 |
| CEPT (G006) | 282,921 | 282,921 | 245,975 | 242,956 | 247,514 |
| Strategy & Performance (G015) | 234,462 | 230,762 | 227,540 | 224,208 | 224,950 |
| Human Resources & Payroll (G052) | 334,443 | 334,443 | 342,708 | 343,377 | 342,708 |
| Electoral Registration (G054) | 52,840 | 52,840 | 69,160 | 69,160 | 69,160 |
| Democratic Representation & Management (G055) | 536,825 | 536,825 | 537,689 | 537,824 | 537,959 |

| | Revised Budget 2013/14 | Estimated Outturn 2013/14 | Original Budget 2014/15 | Forecast 2015/16 | Forecast 2016/17 |
|-----------------------------------|---------------------------------------|--|--|-----------------------------|-----------------------------|
| | £ | £ | £ | £ | £ |
| Land Charges (G056) | 16,996 | 16,996 | 5,288 | 5,765 | 6,254 |
| District Council Elections (G057) | 6,660 | 6,660 | 7,000 | 42,000 | 0 |
| Democratic Services (G058) | 215,249 | 215,249 | 227,779 | 228,599 | 228,803 |
| Solicitor to the Council (G059) | 33,321 | 33,321 | 33,341 | 33,341 | 33,341 |
| Legal Services (G060) | 237,520 | 237,520 | 182,049 | 186,522 | 183,015 |
| Alliance (G086) | 9,250 | 9,250 | 9,250 | 9,250 | 9,250 |
| Multifunctional Printers (G168) | 55,070 | 59,576 | 58,519 | 58,519 | 58,519 |
| Total for: CEO Directorate | 2,138,555 | 2,139,361 | 2,069,505 | 2,105,731 | 2,065,683 |

Development

| | | | | | |
|--|----------|----------|----------|----------|----------|
| Public Conveniences (G018) | 22,078 | 22,078 | 21,948 | 21,948 | 38 |
| Joint Director of Development (G050) | 44,718 | 44,718 | 1,165 | 1,165 | 1,165 |
| Planning Policy (G073) | 227,602 | 227,602 | 242,692 | 201,692 | 181,692 |
| Planning Development Control (G074) | 45,813 | 53,773 | (3,366) | (3,112) | (6,419) |
| Planning Enforcement (G076) | 75,440 | 67,480 | 75,864 | 75,864 | 75,864 |
| Planning Services Mgmt & Admin (G079) | 58,581 | 58,581 | 59,310 | 60,212 | 61,115 |
| Engineering Services (ESRM) (G080) | 66,040 | 66,040 | 66,743 | 67,460 | 68,191 |
| Drainage Services (G081) | 3,300 | 3,300 | 3,300 | 3,300 | 3,300 |
| Tourism Promotion & Development (G082) | 18,093 | 18,093 | 18,140 | 18,140 | 18,140 |
| Building Control Consortium (G083) | 118,550 | 118,550 | 120,700 | 122,890 | 122,890 |
| Economic Development (G085) | 121,424 | 121,424 | 29,750 | 29,750 | 29,750 |
| Derbyshire Economic Partnership (G088) | 15,000 | 15,000 | 15,000 | 15,000 | 15,000 |
| Premises Development (G089) | (44,379) | (44,379) | (62,343) | (62,209) | (62,072) |

| | Revised Budget 2013/14 £ | Estimated Outturn 2013/14 £ | Original Budget 2014/15 £ | Forecast 2015/16 £ | Forecast 2016/17 £ |
|---|---|--|--|-----------------------------------|-----------------------------------|
| Pleasley Vale Mills (G090) | (196,491) | (123,491) | (123,055) | (116,457) | (113,072) |
| Pleasley Vale Electricity Trading (G092) | (39,840) | (39,840) | (39,440) | (39,440) | (39,440) |
| Sherwood Lodge (G093) | 62,643 | 62,643 | 9,786 | 0 | 0 |
| Regeneration Mgmt & Admin (G095) | 604,587 | 604,587 | 564,903 | 566,562 | 567,768 |
| Building Cleaning (General) (G096) | 64,052 | 64,052 | 71,778 | 71,757 | 71,757 |
| Catering (G099) | 6,000 | 6,000 | 6,000 | 6,000 | 6,000 |
| Development Management & Admin (G127) | 48,215 | 48,215 | 48,579 | 48,579 | 48,579 |
| Planning Conservation (G132) | 66,684 | 66,684 | 66,895 | 66,895 | 66,895 |
| The Tangent Business Hub (G133) | 10,703 | 10,703 | 52,695 | 34,220 | 29,511 |
| Sherwood Lodge Development (G138) | 40,000 | 40,000 | 0 | 0 | 0 |
| Housing Strategy (G143) | 34,337 | 34,337 | 32,611 | 33,214 | 33,521 |
| Enabling (Housing) (G144) | 19,186 | 19,186 | 19,574 | 19,977 | 20,180 |
| Street Lighting (G151) | 4,500 | 6,000 | 3,000 | 3,000 | 3,000 |
| The Arc (G156) | 266,724 | 266,724 | 329,211 | 402,369 | 395,344 |
| Facilities Management (G167) | 51,386 | 46,880 | 20,500 | 20,500 | 20,500 |
| Closed Churchyards (G169) | 8,500 | 7,000 | 10,000 | 10,000 | 10,000 |
| S106 Education (G171) | 305,385 | 305,385 | 0 | 0 | 0 |
| Total for: Development Directorate | 2,128,831 | 2,197,325 | 1,661,940 | 1,679,276 | 1,629,197 |
| Health and Wellbeing | | | | | |
| Neighbourhood Management (G010) | 113,056 | 113,056 | 89,144 | 81,215 | 81,215 |
| Private Sector Housing Renewal (G017) | 138,343 | 138,343 | 126,862 | 119,500 | 119,500 |
| Public Health (G020) | (1,600) | (1,600) | (14,000) | (14,000) | (14,000) |

| | Revised Budget 2013/14 £ | Estimated Outturn 2013/14 £ | Original Budget 2014/15 £ | Forecast 2015/16 £ | Forecast 2016/17 £ |
|---|---|--|--|-----------------------------------|-----------------------------------|
| Pollution Reduction (G021) | 92,650 | 92,650 | 65,639 | 61,967 | 62,614 |
| Pest Control (G023) | 43,727 | 43,727 | 45,680 | 45,741 | 46,528 |
| Food Safety (G025) | 147,287 | 147,287 | 138,081 | 132,861 | 133,531 |
| Animal Welfare (G026) | 84,552 | 84,552 | 90,025 | 90,738 | 90,756 |
| Emergency Planning (G027) | 15,200 | 15,200 | 15,200 | 15,200 | 15,200 |
| Environmental Health Mgmt & Admin (G036) | 227,940 | 227,940 | 199,094 | 194,543 | 195,005 |
| Licensing (G053) | (34,450) | (44,250) | (43,115) | (47,589) | (47,589) |
| Bolsover Wellness Programme (G061) | (49,874) | (49,874) | (47,074) | (48,624) | (48,624) |
| Extreme Wheels (G062) | (25,331) | (25,331) | (13,897) | (12,870) | (12,870) |
| Football (G063) | 10,204 | 10,204 | 10,178 | 8,628 | 8,628 |
| Bolsover Sport (G064) | 36,011 | 36,011 | 35,301 | 32,206 | 46,749 |
| Parks, Playgrounds & Open Spaces (G065) | 56,045 | 56,045 | 55,813 | 55,813 | 55,593 |
| Sports Development (G066) | 86,836 | 86,836 | 86,939 | 86,939 | 86,939 |
| Culture & Heritage (G067) | 50,015 | 50,015 | 26,878 | 26,878 | 26,878 |
| Kissingate Leisure Centre (G069) | 70,000 | 70,000 | 50,000 | 0 | 0 |
| Outdoor Sports & Recreation Facilities (G070) | 29,280 | 29,780 | 28,955 | 29,131 | 29,313 |
| Creswell Leisure Centre (G071) | 159,330 | 158,830 | 156,582 | 158,718 | 159,437 |
| Leisure Services Mgmt & Admin (G072) | 173,437 | 173,437 | 184,838 | 181,109 | 183,045 |
| Home Improvement Agency (G107) | 4,880 | 4,880 | 0 | 0 | 0 |
| Frederick Gents School Community Use (G112) | 28,287 | 28,287 | 37,510 | 38,352 | 30,247 |
| S106 Percent for Art (G125) | 135,439 | 135,439 | 0 | 3,000 | 0 |
| S106 Formal and Informal Recreation (G126) | 89,784 | 89,784 | 187,655 | 0 | 0 |
| Director of Health & Wellbeing (G139) | 49,060 | 49,060 | 49,040 | 49,040 | 49,040 |
| Handy Van Service (G145) | 10,681 | 10,681 | 11,798 | 12,915 | 12,915 |

| | 41,663 | 41,663 | 10,337 | 10,337 | 6,935 |
|--|------------------|------------------|------------------|------------------|------------------|
| | Revised | Estimated | Original | | |
| | Budget | Outturn | Budget | Forecast | Forecast |
| | 2013/14 | 2013/14 | 2014/15 | 2015/16 | 2016/17 |
| | £ | £ | £ | £ | £ |
| Pleasley Outdoor Activity Centre | 41,663 | 41,663 | 10,337 | 10,337 | 6,935 |
| Clowne Leisure Centre (G160) | 21,449 | 21,449 | (6,470) | (21,470) | (21,470) |
| S106 Outdoor Sports (G170) | 171,635 | 171,635 | 7,467 | 0 | 0 |
| S106 Affordable Housing (G172) | 74,900 | 74,900 | 60,116 | 0 | 0 |
| Affordable Warmth | 28,712 | 28,712 | 27,953 | 27,574 | 28,036 |
| BLACA | 9,432 | 9,432 | 0 | 0 | 0 |
| Village Games | (986) | (986) | 0 | 0 | 0 |
| Rounders | 245 | 245 | 0 | 0 | 0 |
| SE Return 2 Sport | 373 | 373 | 0 | 0 | 0 |
| Club Link Makers | 3,000 | 3,000 | 0 | 0 | 0 |
| PL45 Satellite Programme | 4,000 | 4,000 | 0 | 0 | 0 |
| Total for: Health Wellbeing Directorate | 2,095,212 | 2,085,412 | 1,672,529 | 1,317,852 | 1,323,551 |

Neighbourhood

| | | | | | |
|---|----------|----------|-----------|----------|----------|
| Community Safety - Crime Reduction (G007) | 48,194 | 48,194 | 52,271 | 52,271 | 51,341 |
| Community Action Network (G013) | 226,608 | 226,608 | 228,171 | 226,074 | 224,284 |
| Street Cleansing (G024) | 352,782 | 352,782 | 347,130 | 330,820 | 323,339 |
| Waste Collection (G028) | 895,279 | 895,279 | 1,010,415 | 968,510 | 864,771 |
| Grounds Maintenance (G032) | 536,690 | 536,690 | 524,143 | 515,692 | 501,146 |
| Vehicle Fleet (G033) | 716,153 | 716,153 | 722,185 | 726,844 | 732,127 |
| Homelessness (G046) | 136,728 | 136,728 | 137,634 | 137,634 | 137,634 |
| Town Centre Housing (G048) | (23,000) | (23,000) | (23,000) | (23,000) | (23,000) |
| Joint Director of Neighbourhood Services (G094) | 51,826 | 51,826 | 995 | 995 | 995 |
| Groundwork & Drainage Operations (G097) | 46,641 | 46,641 | 45,585 | 42,076 | 42,076 |
| Housing Anti Social Behaviour (G106) | 65,600 | 65,600 | 65,487 | 65,487 | 65,487 |
| Parenting Practitioner (G113) | 647 | 647 | 40,084 | 40,084 | 40,084 |

| | Revised Budget 2013/14 £ | Estimated Outturn 2013/14 £ | Original Budget 2014/15 £ | Forecast 2015/16 £ | Forecast 2016/17 £ |
|--|---|--|--|-----------------------------------|-----------------------------------|
| Riverside Depot (G123) | 168,321 | 168,321 | 170,464 | 171,555 | 173,433 |
| Street Services Mgmt & Admin (G124) | 53,327 | 53,327 | 54,874 | 55,174 | 55,477 |
| Neighbourhoods Management & Admin (G128) | 94,629 | 94,629 | 95,423 | 95,423 | 95,423 |
| Domestic Violence Worker (G135) | 38,029 | 38,029 | 33,548 | 33,548 | 33,548 |
| Community Safety - CCTV (G142) | 71,270 | 71,270 | 33,370 | 33,370 | 33,370 |
| Trade Waste (G148) | (71,411) | (71,411) | (65,186) | (67,749) | (74,260) |
| Recycling (G149) | (14,831) | (14,831) | (16,737) | (15,642) | (15,544) |
| Waste Minimisation (G150) | 500 | 500 | 500 | 500 | 500 |
| Housing Advice (G153) | 8,159 | 8,159 | 8,202 | 8,202 | 8,202 |
| Total for: Neighbourhoods Directorate | 3,402,141 | 3,402,141 | 3,465,558 | 3,397,868 | 3,270,433 |

Corporate Resources

| | | | | | |
|--|-----------|-----------|-----------|-----------|-----------|
| Audit Services (G001) | 122,200 | 122,200 | 123,510 | 124,710 | 124,710 |
| I.C.T. (G002) | 684,815 | 684,815 | 679,245 | 683,775 | 690,295 |
| Customer Contact Service (G014) | 756,924 | 756,924 | 713,144 | 713,349 | 715,686 |
| Concessionary Fares & TV Licenses (G038) | (6,924) | (6,924) | (7,000) | (7,000) | (7,000) |
| Corporate Management (G040) | 133,705 | 133,455 | 125,430 | 125,730 | 125,430 |
| Contingency for pay award | 0 | 0 | 80,675 | 162,450 | 245,254 |
| Pension Changes | 0 | 0 | (51,338) | (31,048) | (11,017) |
| Non Distributed Costs (G041) | 1,253,800 | 1,253,800 | 1,253,800 | 1,253,800 | 1,253,800 |
| Joint Director of Corporate Resources (G043) | 48,880 | 48,880 | 48,820 | 48,820 | 48,820 |
| Financial Services (G044) | 375,610 | 375,610 | 325,889 | 331,133 | 331,750 |
| Benefits (G100) | 229,867 | 230,117 | 293,352 | 350,139 | 400,421 |
| Council Tax / NNDR (G103) | 258,910 | 258,910 | 262,432 | 265,417 | 267,974 |
| Sundry Debtors (G104) | 79,732 | 79,732 | 81,008 | 81,071 | 81,133 |

| | | | | | |
|---|----------------|------------------|-----------------|-----------------|-----------------|
| Shared Procurement Unit (G111) | 68,141 | 35,905 | 36,000 | 36,000 | 36,000 |
| | Revised | Estimated | Original | | |
| | Budget | Outturn | Budget | Forecast | Forecast |
| | 2013/14 | 2013/14 | 2014/15 | 2015/16 | 2016/17 |
| | £ | £ | £ | £ | £ |
| Customer Services (G155) | 121,617 | 121,617 | 59,696 | 59,696 | 59,696 |
| Council Tax Benefit Reform (G159) | 800 | 800 | 0 | 0 | 0 |
| Rent Rebates (G161) | (55,504) | (55,504) | (58,834) | (62,364) | (66,107) |
| Rent Allowances (G162) | (131,575) | (131,575) | (138,704) | (146,188) | (154,049) |
| Support Recharges (G164) | (3,442,220) | (3,442,220) | (3,475,950) | (3,510,020) | (3,544,430) |
| Bolsover Mini Hub (G188) | 0 | 0 | (1,606) | (13,142) | (13,142) |
| Total for: Corporate Resources Directorate | 498,778 | 466,542 | 349,569 | 466,328 | 585,224 |
| Total for: General Fund | 0 | 0 | 0 | 0 | 0 |

Appendix 1 : Table 2

BOLSOVER DISTRICT COUNCIL: 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 and have been further strengthened during 2013/14. The Council has a good record of managing spending against budgets. • Regular monitoring reports will be taken to Executive, Council 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 | 30% | 300 |
| <p>2. Reduction in Government Grant 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. | 1,000 | 25% | 250 |
| <p>3. Inability to achieve assumed level of efficiencies.</p> <ul style="list-style-type: none"> • Regular reports will be taken to Executive, Council and Audit Committee. • Most of the necessary savings for 2014/15 have been established within the MTFP report. • The Council has a good record of achieving savings over the last three financial years | 600 | 25% | 150 |

| Risk and Mitigation in Place | Gross Value of Risk £'s | Probability | Potential Impact £'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 resource required to finance those commitments has been secured. | 2,000 | 25% | 500 |
| <p>5. 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. Previously in exceptional circumstances Central Government has provided financial support to authorities in these circumstances. | 2,000 | 7% | 140 |
| <p>6. Increased cost of Council Tax Benefit as a result of increasing costs not being fully covered by additional government grant, or from the proposed reforms of the service.</p> <ul style="list-style-type: none"> Budgets have been established on a prudent basis. | 500 | 26% | 130 |
| <p>7. An increase in employee costs associated with a national pay award or with changes in local terms and conditions.</p> <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. | 250 | 40% | 100 |
| <p>Notional Potential Financial Impact of Identified Risks</p> | | | 1,570 |

APPENDIX 2

| | | | |
|---------------------------|--|------------------|----------------------|
| Committee: | Executive | Agenda Item No.: | 8. Appendix 2 |
| Date: | 3rd February 2014 | Status | Open |
| Category | 3. Part of the Budget and Policy Framework | | |
| Subject: | Medium Term Financial Plan – Housing Revenue Account | | |
| Report by: | Director of Corporate Resources | | |
| Other Officers Involved | Assistant Director Accountancy and IT / Chief Accountant/Principal Accountant 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

The operation of policy led budgeting will help to inform future spending plans and ensure that resources are efficiently utilised in the promotion of Council priorities.

VALUE FOR MONEY

The budget process enables existing expenditure patterns to be challenged and where necessary redirected to ensure that resources are used effectively and directed towards the delivery of the Corporate Aims.

Housing Revenue Account

Introduction

1. This report considers the elements of the Medium Term Financial Plan relating to the Council's Housing Revenue Account (HRA) budgets. As such it covers the Council's revenue expenditure relating to the provision of Council Housing. While this report is predominantly concerned with financial issues it needs to be recognised that the Council's financial plans are part of a wider service planning framework which incorporates both service plans together with the range of related Council strategies and policies. This financial and service planning

framework clearly has a direct impact upon the quality of the housing provided by the Council to our tenants.

2. The Housing Revenue Account Budget report will form part of the Council's Medium Term Financial Plan.
3. The main areas covered by this report are as follows:

| Item | Page |
|---|-------------|
| 2013/14 Estimated Outturn Budget | 2 |
| Planning Budgets 2014/15 to 2016/17 | 5 |
| Level of Council House Rents | 6 |
| Fees and Charges | 7 |
| Level of HRA Balances | 8 |
| HRA Risk Register | 8 |
| Recommendations | 10 |
| Housing Revenue Account Budget | Table 1 |
| Proposed Service Charges | Table 2 |
| Housing Revenue Account – Risk Register | Table 3 |

4. The proposed budgets for both 2013/14 (Estimated Outturn) and 2014/15 (Original Budget) are detailed in Appendix 1 to this report. The Appendix also details the projected position, on the basis of current patterns of income and expenditure, for both 2015/16 and 2016/17. The provisional HRA Budget as set out in this report will be considered by Audit Committee at its meeting on 4th February 2014 and by the Budget Scrutiny Committee on 14th January 2014. As part of this report Executive is requested to consider whether to recommend this budget for approval by Council on 12th February 2014.

2013/14 Estimated Outturn Budget

5. In February of 2013 Members agreed a budget in respect of the current financial year 2013/14. That original budget is set out in detail in Table 1 of this report, where it can be compared against the Estimated Outturn Budget for 2013/14 which it will be recommended that Members approve as part of the current budget setting process. The Estimated Outturn budgets for the HRA have only had very minor changes to the Revised Budget figures reported and approved by the Executive in December 2013.
6. The key points of change in arriving at the Estimated Outturn position are listed below:
 - Rental income is £0.312m above the original budget which is partly due to the level of void properties being lower than anticipated and an increase in Garage

Rental income. The Council has also seen an increase in the money received from Derbyshire County Council in respect of supporting people arrangements.

- Supervision and Management costs. The net increase is £0.242m which reflects an increase in employee costs, the review of the charges between the General Fund, capital and the HRA and additional Council tax costs arising from the changes in empty property exemptions and property numbers affected within the HRA.
 - Precautionary increase in Doubtful Debt provision by £0.050m.
 - The large favourable variance within the HRA is a reduction in interest costs (-£0.149m). This is as a result of the continued low interest rates currently in place for the Council's borrowing, the earlier than planned repayment of HRA settlement debt and the fact that no prudential borrowing is expected to be incurred by the HRA this year.
 - The forecast position on the account will allow the introduction of a vehicle replacement reserve with the contribution set at £0.200m in the current year. This approach is as a result of the Council moving away from leasing its housing vehicles to purchasing them. The introduction of the reserve will mean there will be sufficient funds available to finance the vehicle purchases from the reserve without the need for prudential borrowing.
7. After all the proposed budget changes detailed above the HRA is anticipated to deliver a surplus in the current financial year of £0.086m. This is £0.062m above the original budget for 2013/14 and if realised will increase the level of HRA balances to £1.861m.
8. While the HRA has been through a period of significant reform it should be noted that the impact upon the Council's tenants has been minimal. This was always the intended outcome although it needs to be recognised that there is now a significantly greater level of responsibility which needs to be exercised locally. While local authorities have considerably more freedom to operate the HRA on a local basis it needs to be recognised that this greater freedom needs to be exercised within the context of the financial settlement of March 2012 which was intended to ensure that local authorities had sufficient funding to operate the localised HRA provided that they continued to manage the service in an effective fashion and operated within the context of the rent convergence policies established by Central Government.
9. While the new arrangements should prove to be affordable and sustainable the revised financial governance framework does place significantly more responsibility upon individual local authorities. While rent levels will in effect continue to be established by Central Government under the convergence requirement or the new proposals currently under consultation, individual local authorities will be responsible for the development and operation of a HRA business plan. Within the context of the Business Plan it will be necessary to ensure adequate financial provision to maintain and refurbish the stock to an appropriate standard and to meet the service expectations of our tenants.

10. During the course of the 2013/14 financial year the Council has updated its HRA Business Plan, and the work in respect of undertaking a full stock survey is now largely complete. The data from that survey will be used to better inform the 30 Year Business Plan concerning the underlying need for investment in the Housing Stock. To date the Council has utilised the freedom and flexibilities offered by the new HRA regime to replace existing non traditional stock with new housing where appropriate. Under the reformed HRA arrangements one of the key issues will be the ability of local authorities to ensure that their housing stock remains sustainable and continues to meet a decent homes standard. Poor housing management, not securing value for money, and failure to raise rents in lines with that of other social housing providers – as required by the Governments rent policy – will result in the Council not having sufficient funding to maintain the homes of our tenants at an acceptable standard which over the 30 year period of the business plan would result in the stock becoming increasingly unsustainable.

Housing Revenue Account Budget 2014/15

11. The proposed HRA budget in respect of 2014/15 is presented in Table 1 to this report. The forecast net position for the HRA in the 2014/15 year is that a small surplus will be generated of £0.020m. This surplus will be utilised to increase the level of HRA General Reserves which will take them to an estimated level of £1.881m at the end of March 2015.
12. As mentioned in the section above the importance of maintaining the Government rent convergence requirements becomes evident as the level of debt repayments are increased in the budget in order to repay the settlement debt (£94.386m) over the 30 year business plan period. In 2014/15 it is proposed to set aside £3.5m to repay HRA debt (£1m in 2012/13, £2m in 2013/14). On average an annual principal repayment of £3.13m is required each year to repay the settlement loan over the 30 years of the Business Plan. In the early years of the new HRA arrangements it was always forecast that the account would not be able to meet the full repayment requirements. Therefore the budget proposed now achieves the required debt repayment level and allows for an element of “catch up” (£0.326m) for the years 2012/13 and 2013/14.
13. In addition to decisions concerning the level of principal repayment of the HRA loan the Council also now needs to give active consideration to the level of HRA capital expenditure which it is able to fund. Under the previous HRA arrangements the level of capital investment was determined by the Government setting the Major Repairs Allowance, from the government providing additional funding such as grant or borrowing approvals, or by the Council agreeing additional contributions from the HRA revenue account. Under the new regime the Council will be able to determine the level of capital expenditure, but this will be restricted by the affordability to the revenue position of making capital contributions and by the Government’s HRA debt ceiling which

controls the amount of borrowing that may be undertaken. The budget for 2014/15 proposes a contribution from the HRA to the Major Repairs account of £3.330m (Depreciation £2.127m plus Transfer to Major Repairs Account £1.202m). Details of the capital expenditure plans of the HRA are outlined within the capital programme section of this report. Further consideration of this allocation may be required when the full financial implications of the Stock Condition Survey is determined.

14. The HRA budget for 2014/15 proposes to continue the contributions to a Development Reserve to enable the Council to finance major schemes as well as maintaining the stock through the Major Repairs Account. The contribution amount planned in 2014/15 is £1.150m. In 2012/13 and 2013/14 the reserve was utilised to finance the New Houghton housing scheme. Officers are developing the plans for the proposed 2014/15 allocation and will seek Member approval in due course. This method of financing major schemes extinguishes or minimises the need for HRA prudential borrowing.
15. The remainder of the HRA expenditure budgets for 2014/15 are essentially a roll forward one. It is planned that tenants will see a continuation of existing levels of service over the period of the current Medium Term Financial Plan. The expectation that tenants will broadly benefit from a continuation of existing services is a key objective of HRA reform.

Planning Budgets 2015/16 to 2016/17

16. In line with established good practice the MTFP sets out the Council's projected financial position over a 3 year period. The forecasts in respect of the latter two years are largely based upon a roll forward of the budgets in respect of next financial year. With respect to debt repayments these will be maintained at the at the £3.5m level, while where affordable the contribution to the Development Reserve will be increased to finance schemes that would otherwise require prudential borrowing.
17. Once the work currently underway concerned with undertaking a survey of all the Councils housing stock is complete then the Council will be in a better position to plan and to project the cost of maintaining our homes to a decency standard over the next 30 years. While the Business Plan will have a significant influence upon the HRA budgets over the MTFP planning period, current levels of income and expenditure and performance will in turn need to inform and update the projections which are set out in the Business Plan.
18. Within the budgets in respect of these latter two years the key assumptions that are made are as follows :
 - The Council continues with the Government rents setting policy. The Government is currently considering moving away from the existing policy of rent convergence and the proposal is that rent is increased by the

Consumer Price Index (CPI) plus 1% from April 2015/16. This proposal means that rents convergence would take much longer to be achieved by the Council and in future the rent increases would be lower than envisaged within the original 30 year business plan. The estimated rent increases in 2015/16 and 2016/17 under this new arrangement have been calculated at 3.5% (where CPI is estimated at 2.5%). The Government's proposed move away from the current rent convergence policy, although good for our tenants (lower rent increases) adversely impacts upon the financial sustainability of the HRA Business Plan that was developed following the HRA subsidy/debt settlement of March 2012.

- Interest rates remain fairly low and stable with a rise in Bank Rate – which determines short term borrowing and investment costs – in the region of 1%.
- That salary costs rise by 1% in both 2015/16 and 2016/17.
- That Employer Pension costs increase by 1% for the period 1 April 2014 to 31 March 2017.
- No general figure has been assumed for inflation but allowance has been made for specific items where that is considered to be appropriate.

Level of Council House Rents

19. Since 2002/03 Central Government has required local authorities to comply with the Rent Restructuring requirement. These arrangements were established to remove the large discrepancies between the rent charged for similar properties by Councils and by Registered Social Landlords (RSL's) in the same area. While rent restructuring has required that rent levels for council housing have been and continue to increase above the rate of inflation the policy is intended to close this discrepancy while maintain rents for socially rented properties at affordable levels and below those in the private sector.
20. For 2014/15 the calculation set out within the rent convergence formula requires an average rent increase for the tenants of Bolsover District Council of 6.24% or £4.92 per week over the 48 week rent period. As a result the average rent for a council house in Bolsover District Council will amount to £83.61 in 2014/15 (£78.69 in 2013/14). This increase is a significant increase for tenants. The two main factors at work in the Government's calculation are the RPI rate of inflation as at September 2013 (3.2%), together with the principle of rent convergence under which Council rents need to be in line with those of other providers. Under the rent convergence principles there is a further 0.5% plus £2 a week increase. Given that there is a significant gap locally between Council House rents and those of Housing Associations the full convergence calculation is applied. This situation applies across our region as a number of other neighbouring local authorities are proposing a similar increase in rent levels.
21. While the Council has continued to apply the policy of rent convergence it should be noted that recent announcements from central government have indicated a weakening commitment to the principle. The Government has made

it clear in a number of recent announcements that the setting of rents is now a local decision and that Council's are no longer obliged to follow the rules established to implement the principles of convergence. While central government's commitment to the principles may have weakened it needs to be recognised that the HRA debt settlement was based upon the principle. If Councils do not increase rents then on the basis of the Government's Localisation of the HRA model they may struggle to find an appropriate balance between maintaining the quality of our tenants homes and services, repaying debt and rental levels. Members also need to recognise that while – as the Government states – a majority of Councils have already reached target rents this is not the case in Bolsover where as a Council we started at a lower level of rents than other authorities. As a result Bolsover and similar authorities would be in a financially difficult position if they did not continue to raise rents for 2014/15 in line with the convergence policy. Accordingly in light of the need to continue to provide good quality houses and housing services this report recommends that rents be raised in line with the convergence principle.

22. Members should also note that the Government has currently issued a consultation paper which would apply with respect to the 2015/16 financial year onwards. Under the proposals set out in this consultation paper the convergence policy would be based upon using CPI (Consumer Price Index) plus 1%. The CPI basis of inflation rather than the current RPI (Retail Price Index) generally results in a lower calculation of the rate of inflation. Again the issue for local authorities is that the debt they were required to fund at the time of the HRA settlement was based upon the assumption that rents convergence would increase rents in line with RPI plus 0.5% plus £2. The substitution of a lower calculation factor for rents convergence will over time impact upon the HRA rental streams.

Fees and Charges

23. While the main source of income for the HRA arises from the rents charged in respect of the housing stock the HRA is also dependent for its financial sustainability upon a range of other charges. These charges are now set in the light of an agreed principle that wherever possible the Council should seek to move as quickly as possible to a position where charges for the service reflect the cost of providing that service.
24. While the Council has adopted the general principle that charges to tenants should reflect the cost of providing the services, in many cases the historical charge was a notional one. Accordingly Members have recognised that the move to full charging should be phased in over a number of years. The pricing that is proposed in respect of 2014/15 reflects this continued approach.
25. A schedule of the proposed charges – is set out within Table 3 to this report.

26. With respect to the services provided one of the key services provided to HRA tenants is the warden service. The majority of the warden's service is funded through a contract with the Supporting People Team at Derbyshire County Council. Current indications are that this contract will have no uplift for inflation in respect of 2014/15, and more generally the Supporting People Programme continues to operate against the background of some significant uncertainties. This will continue to be monitored and if appropriate further reports will be brought back to Council.

Level of HRA Balances

27. Given the greater level of uncertainty around the localised HRA Council has accepted that a minimum level of balances of some £2m is necessary to provide an appropriate level of financial resilience to the account. The financial projections given in Appendix 1 (summarised below) show that the level of HRA balances is projected to increase to £1.861m with respect to 31st March 2014 with the recommended budget for 2014/15 seeing a small increase of £0.020m to an estimated level of £1.881m. The financial projections given in respect of future financial years show that on the basis of our current plans that the Council will continue to move towards carrying the minimum level of balances of £2m.

Actual / Projected HRA Balances

| 31/03/12 | 31/03/13 | 31/03/14 | 31/03/15 | 31/03/16 | 31/03/17 |
|----------|----------|----------|----------|----------|----------|
| £m's | £m's | £m's | £m's | £m's | £m's |
| 1.024 | 1.776 | 1.861 | 1.881 | 1.929 | 1.987 |

28. In the light of the HRA Risk Register which is provided as Table 3 to this report a level of working balances in the region of £2m would appear to be adequate and provide a sound base for the medium term financial management of the HRA.

HRA Risk Register

29. A financial Risk Assessment is set out in Table 3, which outlines the risks, the mitigation which is in place, the potential impact and the probability of the event occurring in order to arrive at a notional calculation concerning the potential financial impact of the risks which the Council is currently facing. This indicates that the identified risks which the Council is currently facing amount to some £1.8m. This report recommends that during the course of this MTFP that the HRA move towards holding a balance of £2m.
30. The assessment concerning the level of risk is essentially used for two purposes. In the first place an understanding of the risks which the Council faces is crucial in agreeing an appropriate level of financial reserves which are required. This is covered in section 29 (above). Secondly, the identification of the risks is the first stage in the process of more effectively managing, or of

mitigating those risks. By identifying the risks it is possible to avoid them, to insure against them, to transfer the risk, or most likely actions can be taken to reduce or to mitigate the risk. The Council's Financial Risk Register is closely linked to both the Strategic and Operational Risk Registers. The Council has in place a comprehensive approach to Risk Management which is reported on a regular basis to Executive, and this process will continue to be utilised in order to manage the key financial risks.

31. Given that the reformed or localised HRA is now in place and operational there has been a change in the nature of the strategic risks facing the HRA. While the HRA should benefit from greater financial certainty as a result of the ending of annual financial settlements from central government, this will only lead to greater financial stability overall if the Council is able to maintain and deliver a robust 30 year Business Plan. The HRA Business Plan and Treasury Management Strategy are both crucial elements in mitigating the risk of financial instability or un-sustainability for our local HRA housing stock. Both our tenants and the Council have a greater degree of influence under the new system but this increased level of local influence operates within the context of a framework where rent levels will continue to be set nationally, where the housing stock is required, at a minimum, to meet the Decent Homes standard, and where a continued good level of service needs to be delivered to local tenants.
32. While much has been made of the difficulties experienced by local authority housing operations under the previous system as a result of the fact that financial resources are only made available on an annual basis, it needs to be recognised that the previous system also had some important flexibilities built into it. In particular the annual settlement acknowledged issues such as reductions in the level of stock arising from demolition, transfer and right to buy, while it also took account of changes in the costs of operating a housing service. These risks were effectively those of central government and the national housing pool. With the introduction of HRA reform these risks now need to be managed locally, and they emphasise the importance of robust local planning and financial control in the effective management of our Housing stock.

Financial Implications

33. These are covered throughout the report and associated appendices.

Legal Implications

34. The Council is legally obliged to approve the HRA rent level and the HRA budget prior to the commencement of the new financial year in April 2014. This report together with the associated budget timetable has been prepared in order to comply with our legal obligations.

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

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

Equalities Issues

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

Risk Management and Policy and Performance Issues

37. A Financial Risk Register in respect of the Housing Revenue Account is provided at Table 3 to this report.
38. Policy and Performance Issues are covered in the Service Plans which are based upon the resources allocated by the Budgets recommended for approval within this Medium Term Financial Plan.

RECOMMENDATIONS

- a) That Council agrees to continue to operate introduce the Government's convergence policy in respect of rent setting in respect of 2014/15. In line with this policy the recommended increase will bring about an average increase in rents of 6.24%. However, the actual percentages will vary depending on the type of property.
- b) That the increases in respect of other charges as outlined in **Appendix 2 Table 2** be implemented with effect from 1 April 2014.
- c) That the Housing Revenue Account as set out in **Appendix 2 Table 1** be approved as the Estimated Outturn Budget in respect of 2013/14 and as the Original Budget in respect of 2014/15.
- d) That Executive recommends to Council that the HRA target level of balances is set at a level of £2m as at 31 March 2014.

ATTACHMENTS: Y
FILE REFERENCE: None
SOURCE DOCUMENT: Background papers held in Financial Services

APPENDIX 2 TABLE 1

| Details of Expenditure | Original Budget 2013/14 £ | Estimated Outturn 2013/14 £ | Base Budget 2014/15 £ | Forecast 2015/16 £ | Forecast 2016/17 £ |
|--|------------------------------------|--------------------------------------|--------------------------------|--------------------------|--------------------------|
| HOUSING REVENUE ACCOUNT | | | | | |
| Expenditure | | | | | |
| Repairs and Maintenance | 4,422,760 | 4,407,116 | 4,451,671 | 4,411,347 | 4,386,308 |
| Supervision and Management | 4,499,140 | 4,741,050 | 4,290,000 | 4,339,326 | 4,379,665 |
| Special Services | 688,210 | 688,011 | 727,591 | 774,295 | 826,289 |
| Supporting People | 771,240 | 774,455 | 776,455 | 774,985 | 775,245 |
| Tenants Participation | 88,060 | 87,561 | 88,807 | 88,807 | 88,807 |
| Doubtful Debts Provision | 150,000 | 200,000 | 200,000 | 200,000 | 200,000 |
| Interest | 3,452,580 | 3,303,539 | 3,368,222 | 3,362,579 | 3,198,205 |
| Debt Repayment | 2,000,000 | 2,000,000 | 3,500,000 | 3,500,000 | 3,500,000 |
| Debt Management Expenses | 12,000 | 10,500 | 10,500 | 10,500 | 10,500 |
| Provision for 1% Pay Award | 31,830 | 0 | 31,900 | 64,580 | 98,160 |
| Provision for Pension Increase | 0 | 0 | 24,378 | 24,525 | 27,106 |
| Total Expenditure | 16,115,820 | 16,212,232 | 17,469,524 | 17,550,944 | 17,490,285 |
| Income | | | | | |
| Income | (19,859,500) | (19,918,400) | (21,049,980) | (21,765,770) | (22,522,010) |
| Repairs and Maintenance | (14,000) | (34,990) | (34,990) | (34,990) | (34,990) |
| Supervision and Management | (340) | (420) | (410) | (410) | (410) |
| Special Services | (264,000) | (264,000) | (264,000) | (264,000) | (264,000) |
| Supporting People | (605,500) | (837,500) | (837,500) | (837,500) | (837,500) |
| Leased Flats | (10,000) | (10,000) | (10,000) | (10,000) | (10,000) |
| Leased Shops | (2,650) | (2,650) | (2,650) | (2,650) | (2,650) |
| Total Income | (20,755,990) | (21,067,960) | (22,199,530) | (22,915,320) | (23,671,560) |
| Net Cost of Services | (4,640,170) | (4,855,728) | (4,730,006) | (5,364,376) | (6,181,275) |
| Appropriations | | | | | |
| Depreciation | 2,132,600 | 2,075,820 | 2,127,647 | 2,182,517 | 2,240,732 |
| T/f to Major Repairs Reserve | 1,183,620 | 1,198,822 | 1,202,356 | 1,203,760 | 1,202,721 |
| Cont to Insurance Reserve | 50,000 | 50,000 | 50,000 | 50,000 | 50,000 |
| Cont to Development Reserve | 1,250,000 | 1,250,000 | 1,150,000 | 1,700,000 | 2,450,000 |
| Cont to Vehicle Replacement Reserve | 0 | 200,000 | 180,000 | 180,000 | 180,000 |
| Use of Revenue Grant | 0 | (4,590) | 0 | 0 | 0 |
| Net Operating (Surplus) / Deficit | (23,950) | (85,676) | (20,003) | (48,099) | (57,822) |

| | Original Budget 2013/14 £ | Estimated Outturn 2013/14 £ | Base Budget 2014/15 £ | Forecast 2015/16 £ | Forecast 2016/17 £ |
|-------------------------------------|--|--|--|-----------------------------------|-----------------------------------|
| HRA Balances | | | | | |
| Balance at Beginning of Year | (1,775,649) | (1,775,649) | (1,861,325) | (1,881,328) | (1,929,427) |
| Contribution to Balances | (23,950) | (85,676) | (20,003) | (48,099) | (57,822) |
| Balance at End of Year | (1,799,599) | (1,861,325) | (1,881,328) | (1,929,427) | (1,987,249) |

APPENDIX 2 - TABLE 2

Section A – Charges made over 48 weeks

| Types of charge | Current charge per week (£) | Proposed charge per week (£) | Increase (£ / %) | Cost of provision | 2014/15 subsidy (£) - estimated |
|--|----------------------------------|------------------------------|------------------|-------------------|---------------------------------|
| a. HEATING | | | | Estimate | |
| Bedsit (sheltered) | 9.69 | 10.26 | 57p / 5.8% | 12.52 | 2.26 |
| 1 bed flat (sheltered) | 13.75 | 14.55 | 80p / 5.8% | 17.75 | 3.20 |
| Wardens Flat | 25.62 | 27.12 | £1.50 / 5.8% | 33.09 | 5.97 |
| 1 bed bungalow | 15.26 | 16.16 | 90p / 5.8% | 19.72 | 3.56 |
| 2 bed bungalow * | 20.30 | 21.49 | £1.19 / 5.8% | 26.22 | 4.73 |
| 2 bed flat * | 23.00 | 24.34 | £1.34 / 5.8% | 29.70 | 5.36 |
| | | | | | Total subsidy |
| | Impact of no change | | | £21,035 | £83,617 |
| b. WARDEN SERVICES | | | | | |
| Static (self funded) | 12.01 | 12.58 | 57p / 4.7% | 15.10 | 2.52 |
| Mobile Warden (self funded) | 3.52 | 3.69 | 17p / 4.8% | 4.43 | 74p |
| | | | | | Total subsidy |
| | Impact of no change | | | £10,771 | £33,272 |
| c. WARDEN SERVICES | | | | | |
| Static Warden (SP funded) | | 13.10 | Contract | | See notes |
| Mobile Warden (SP) | | 5.92 | Contract | | |
| Alarm Monitoring (SP) | | 2.55 | Contract | | |
| | | | | | Total subsidy |
| | Impact of no change | | | n/a | n/a |
| d. SPECIAL SERVICES | | | | | |
| Special Services | 13.62 | 14.76 | £1.14 / 8.4% | 21.60 | 6.84 |
| | | | | | Total subsidy |
| | Impact of no change | | | | £96,533 |
| e. BUGGY PARKING (inc electricity) | | | | | |
| Buggy parking | 3.25 | 3.50 | 25p / 7.7% | n/a | n/a |
| | | | | | Total subsidy |
| | Impact of no change | | | £240 | £0 |
| f. GARAGES* (no subsidy) | | | | | |
| Garages (direct debit) | 8.00 | 8.50 | 50p / 6.25% | 8.00 est | n/a |
| Garages (other) | 10.50 | 11.25 | 75p / 7.1% | 10.50 est | n/a |
| * note VAT will be charged to non-tenants. | | | | | |
| | | | | | Total subsidy |
| | Impact of no change (est) | | | £12,000 | £0 |

Section b - Charges made over 52 weeks – not subsidised

| Types of charge | Current charge per week (£) | Proposed charge per week (£) | Increase (£ / %) | Cost of provision | 2014/15 subsidy (£) |
|-------------------|-----------------------------|------------------------------|------------------|-------------------|---------------------|
| Lifeline – Bronze | 4.15 | 4.35 | 20p / 4.8% | 4.35 est | |
| Lifeline – Gold | 6.40 | 6.70 | 30p / 4.7% | 6.70 est | |
| Lifeline – RSL | 3.95 | 4.15 | 20p / 5.1% | 4.15 est | |
| | | | | | Total subsidy |
| | Impact of no change | | | £8,020 | £0 |

Section c - Annual Charge – not subsidised

| Types of charge | Current charge per year (£) | Proposed charge per year (£) | Increase (£ / %) | Cost of provision | 2014/15 subsidy (£) |
|--|-----------------------------|------------------------------|------------------|-------------------|---------------------|
| Garage Plot * | 170 | 180 | £10 / 5.9% | £170 est | |
| * note VAT will be charged to non-tenants. | | | | | |
| | | | | | Total subsidy |
| | Impact of no change | | | £3,000 | £0 |

Notes –

* - The fees and charges sheet from previous years contained an error where the heating charge for 2 bed flats was shown against 2 bed bungalows, and vice versa. This has now been corrected.

Supporting People – Payment for some services is made directly from Derbyshire County Council as part of a contract which has been awarded to the District Council. This is provided for information only.

APPENDIX 2, Table 3

HOUSING REVENUE ACCOUNT: RISK REGISTER

| Risk and Mitigation in Place | Gross Value of Risk £'s | Probability | Potential Impact £'s |
|--|-------------------------|-------------|----------------------|
| <p>1. With effect from April 2012 the Government introduced a new financial regime to manage the HRA. This reform effectively transferred a number of risks from the national HRA pool to individual local authorities.</p> <ul style="list-style-type: none"> • While the new system brings with it uncertainty and associated risks the flexibility incorporated within the system means that risks are more likely to materialise in respect of the longer term sustainability of the HRA. • While the Council will monitor the impact of trends in respect of the HRA through its budgets and the Business Plan it needs to be recognised that many of the risks arise from situations beyond the Council's direct control such as the loss of stock through Right to Buy, or through elements of the housing stock not being economically sustainable. | £2,000,000 | 25% | £500,000 |
| <p>2. Rental collections fall as a result of the wider economic position and major changes being introduced to the welfare system.</p> <ul style="list-style-type: none"> • Assumed income levels have been calculated on the basis of previous experience and are based on prudent assumptions with appropriate bad debt provisions in place. • The Council will work with tenants to maximise benefits eligibility and to ensure rent payments are kept up to date. • The Council has recently strengthened its procedures for the recovery of arrears and has established appropriate financial provisions should write offs be required. | £500,000 | 50% | £250,000 |

| Risk and Mitigation in Place | Gross Value of Risk £'s | Probability | Potential Impact £'s |
|--|--------------------------------|--------------------|-----------------------------|
| <p>3. The level of void property is above the budgeted allowance.</p> <ul style="list-style-type: none"> • Void levels have fluctuated quite significantly as major works and plans are undertaken. A void allowance is built into the main rental budgets to minimise this variance. | £500,000 | 20% | £100,000 |
| <p>4. There are unanticipated pressures on demand led budgets such as repairs and maintenance, or costs rise more quickly than anticipated in the budget.</p> <ul style="list-style-type: none"> • All budgets are based on previous experience of expenditure / income and should be sufficiently robust to cope with the expected range of fluctuation. | £500,000 | 50% | £250,000 |
| <p>5. A significant Business Continuity issue arises.</p> <ul style="list-style-type: none"> • The Council have developing Business Continuity Plans which should reduce these risks. • Appropriate insurance arrangements are in place. • In exceptional circumstances Central Government has provided an element of financial support. | £2,000,000 | 10% | £200,000 |
| <p>6. Capital Expenditure</p> <ul style="list-style-type: none"> • Any significant overspend on the capital programme may require an additional contribution from the HRA to finance. • Regular contract management and capital budget monitoring meetings will manage the HRA capital programme. | £1,000,000 | 50% | £500,000 |
| Calculated Potential Financial Impact of Identified Risks | | | £1,800,000 |

APPENDIX 3

| | | | |
|---------------------------|---|------------------|----------------------|
| Committee: | Executive | Agenda Item No.: | 8. Appendix 3 |
| Date: | 4th February 2014 | Status | Open |
| Category | 3. Part of the Budget and Policy Framework | | |
| Subject: | Capital Programme – 2013/14 Estimated Outturn, 2014/15 Original Budget and Financial Plans 2015/16 and 2016/17 | | |
| Report by: | Director of Corporate Resources | | |
| Other Officers Involved | Assistant Director Accountancy and IT / Chief Accountant / Principal 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

The operation of policy led budgeting will help to inform future spending plans and ensure that resources are efficiently utilised in the promotion of Council priorities.

VALUE FOR MONEY

The budget process enables existing expenditure patterns to be challenged and where necessary redirected to ensure that resources are used effectively and directed towards the delivery of the Corporate Aims.

Capital Programme

Introduction

1. This report considers the Medium Term Financial Plan as it relates to the Council's capital programme. As such it covers the Council's planned capital investment in areas that support the Corporate Plan. While this report is predominantly concerned with financial issues it needs to be recognised that the Council's financial plans are part of a wider service planning framework which incorporate service and financial plans together with the range of related Council strategies and policies. This framework clearly has a

direct impact upon both the nature and the quality of the services provided to taxpayers and council tenants.

2. The Capital Programme Budget report forms part of the Council's Medium Term Financial Plan.
3. The main areas covered by this report are as follows:

| Item | Page |
|--|------|
| Capital Programme - Revised Programme 2013/14 | 3 |
| Capital Programme – Original Programme 2014/15 | 4 |
| Risk Assessment | 6 |
| Recommendations | 7 |
| Table 1 – Detailed Capital Programme | 8 |
| Table 2 – Capital Programme Risk Assessment | 12 |

4. The provisional capital budgets for both 2013/14 (Revised Programme) and 2014/15 (Original Programme) are shown in Table 1 to this report. The table also details the forecast investment planned for both 2015/16 and 2016/17. The provisional Budget as set out in this report will be considered by Audit Committee at its meeting on 4th February 2014 and by a Budget Scrutiny Committee on 14 January 2014. Executive will consider this report and whether to recommend this capital programme for approval by Council on 12th February 2014.
5. It should be noted that there will be a separate report to Council concerning the Council's Treasury Management Strategy. That report includes consideration of issues concerning leasing and borrowing which constitute the capital financing to enable the proposed capital budgets outlined within this report to proceed. Given its links with the budget process the Treasury Management Strategy will be considered by the budget setting Council on 5th March 2014. With regard to both the HRA and the General Fund elements of the Capital Programme asset surveys are currently nearing completion which will be used to inform future investment priorities. In the case of the HRA the Capital Programme is effectively fully funded and the main issue will be the necessity to plan our capital projects so that assets are replaced at the point in time when they are at the end of their useful operational life. This process will be informed by the stock condition survey which is currently nearing completion. A particular issue for the HRA is that its capital investment strategy will need to be shaped by the need to undertake replacement of items such as bathrooms and kitchens once they are due for replacement at the end of their effective life. This is likely to entail that investment needs will be concentrated into certain periods rather than being spread evenly over the 30 life of the Business Plan. Accordingly at certain points in time the HRA via the Major Repairs Reserve will generate balances which will need to be retained to fund the level of investment required in future financial years. A clear consequence of poor financial

planning will be deterioration in the quality of the housing currently enjoyed by our tenants.

6. With regard to the General Fund the longer term refurbishment requirement of the Council's assets are again currently the subject of a stock condition survey, and any major investment decisions need to be delayed until the outcome of that work is available. The requirement to delay any significant investment in the Council's General Fund stock during the current financial year in large part relates to the fact that at the outset of the current financial year the Council was awaiting the capital receipts from two major asset sales. These receipts are required to fund outstanding commitments on the General Capital Programme from 2012/13 and 2013/14 in relation to the purchase and refurbishment of Clowne Campus, the disposal of Sherwood Lodge, vehicle replacements and other capital schemes (total £7.865m). The first of these receipts has been achieved with the second receipt anticipated before the end of January 2014. On the basis of the current approved expenditure once both these receipts have been secured and the prudential borrowing from 2012/13 has been repaid then the Council should have some £2.7m of uncommitted resources available to spend on General Fund capital expenditure during 2013/14 and future financial years. Given that the stock condition survey has not yet been completed and the second – and larger receipt – remains outstanding it is not considered to fund appropriate further work at this stage. Furthermore, given the general understanding of our asset base it is likely that the only area of significant expenditure required is on Pleasley Vale Mills which are currently the subject of a lottery bid which is in the process of being developed. It is, highly unlikely that any significant level of expenditure prior to the 2015/16 financial year will be incurred. In this situation consideration is being given to using these capital receipts to repay General Fund debt at the start of the current financial year thus securing significant revenue savings for the Council which will assist in balancing the budget position. If investment is required in future financial years then this can be funded by way prudential borrowing by generating capital receipts or by utilising an element of the Council's revenue reserves.
7. An overview of the scale of the current approved and proposed capital programme is provided in the table below:

| | 2013/14 Original £,000 | 2013/14 Revised £,000 | 2014/15 Original £,000 | 2015/16 Original £,000 | 2016/17 Original £,000 |
|--------------|---------------------------------------|--------------------------------------|---------------------------------------|---------------------------------------|---------------------------------------|
| Total | 9,439 | 8,909 | 6,053 | 5,291 | 4,669 |

Capital Programme – Revised Programme 2013/14

8. The Revised Programme in respect of the current financial year, which is detailed in Appendix 1, shows a net decrease of £0.530m (£9.439m less £8.909m) over the Original Programme. The majority of this decrease in expenditure is in relation to Capital Expenditure within the Housing Revenue Account. This reflects the general

hold on many schemes and projects pending the stock condition survey results. Within the General Fund section there is an increase over the original budget which reflects the brought forward (slippage) of many schemes from 2012/13.

Capital Programme – Original Programme 2014/15

9. One key issue which Members need to consider within the context of the MTFP is the schemes which should be approved for inclusion within the Capital Programme in respect of 2014/15 and future years. At this stage the Capital Programme for 2014/15 is set at £6.052m which takes account of all the known planned schemes for the Authority. Table one shows the details of the basic capital programme for 2014/15.

General Fund Programme 2014/15

10. Within the General Fund table are the capital expenditure plans for 2014/15. The total of £1.905m is made up from the following schemes:
 - The Asset Management sum of £0.500m is a provisional sum which is provided to address the most urgent areas of asset repairs/refurbishment identified from the stock condition survey of General Fund assets. A full report on the stock condition survey results and the financial implications will be brought back to members in due course. No sums will be committed from this budget allocation prior to the stock condition survey report being received by Members. At this stage it is planned that any sums approved from the £0.500m will be financed from prudential borrowing over the life of the relevant asset.
 - The Bolsover public realm and infrastructure project (£0.208m) is the continuation of the scheme that commenced in 2013/14. It is to be financed 100% from external grant.
 - ICT infrastructure - £0.112m. The planned work on the ICT infrastructure for the Council in 2014/15 is estimated to cost £0.112m. The ongoing revenue contribution of £0.075m will fund some of these costs with the remainder to be financed from prudential borrowing (£0.037m).
 - Disabled Facilities Grants – £0.250m. Over the last few years the capital budget sum proposed for DFG's has been in line with the anticipated grant to be received. It is proposed that the continuation of this arrangement should be assumed within the capital programme for the future years of the MTFP. Council should, however, note that the arrangements around the funding of DFG's are changing and this may result in a greater level of need being identified, or a reduction in the level of external funding. The DFG expenditure and associated grant funding arrangements will be monitored carefully with any changes from the expenditure level or funding being reported back to Members.
 - The vehicle replacement programme (£0.835m) is an ongoing programme to replace operational vehicles as they reach the end of their economic life. The

financing of £0.826m is planned to be via prudential borrowing over the life of the assets replaced and the remainder (£0.009m from the Vehicle Reserve).

HRA Capital Expenditure 2014/15

11. The larger element of the Council's Capital Programme is that which relates to work on council dwellings. Under the new HRA self financing arrangements local authorities are required to fund the capital necessary to maintain their houses in line with the decent homes standard either from the revenue generated by the HRA, or by borrowing up to the level of the housing debt cap which has been set by the Government (£112.350m). One of the purposes of developing a 30 year Business Plan is so that local authorities can ensure that they are in a position to maintain their property, and that the necessary level of capital expenditure on the properties can be afforded. The Government's debt settlement is intended to ensure that, providing each Council manages its stock in an appropriate manner, the HRA of each local authority will be sustainable both financially and with respect to providing decent well managed housing.
12. The Council's capital programme for 2014/15 in respect of its Housing Assets amounts to some £4.148m. Of this some £0.680m relates to the completion of the New Houghton housing scheme to purchase replacement bungalows and houses. It is proposed to continue to finance this scheme from the HRA contributions to the Development Reserve which will enable the full cost of the scheme to be financed without the need to undertake any prudential borrowing.
13. The major part of the HRA capital programme (£3.330m) relates to the refurbishment programme funded by the Major Repairs Reserve (MRR). This will enable a continuation of our current programme of upgrading and refurbishing our properties.
14. Given that the Housing Stock Condition survey will be completed towards the end of the current financial year it is anticipated that a further report will be brought back to Council early in the new financial year which will bring forward areas within the HRA where work is required. Given that the Council has continued to manage its HRA budgets effectively including increasing rents in line with the Government's convergence policy the Council will be in a position to fund any work that is necessary.
15. HRA vehicle replacement £0.138m
A number of HRA vehicles are due for replacement in 2014/15 with an estimated cost of £0.138m. These vehicles were previously funded via leasing arrangements but will now be funded from the Vehicle Reserve set up within the HRA accounts.

Capital Programme – Future Years

16. Details of the capital programme estimated for the financial years 2015/16 and 2016/17 are included in **Appendix 3 table 1**. At this stage they are set at a minimal level for each year and contain the following:

| | 2015/16 £000 | 2016/17 £000 |
|----------------------------|-----------------|-----------------|
| General Fund | | |
| Vehicle Replacement | 915 | 525 |
| Asset Management | 250 | 250 |
| Disabled Facilities Grants | 250 | 250 |
| ICT Infrastructure | 89 | 75 |
| TOTAL General Fund | 1,504 | 1,100 |
| | | |
| HRA | | |
| HRA Major Repairs | 3,317 | 3,374 |
| HRA Capital Salaries | 69 | 69 |
| HRA Vehicle Replacement | 400 | 126 |
| TOTAL HRA | 3,786 | 3,569 |
| | | |
| TOTAL CAPITAL | 5,290 | 4,669 |

Capital Programme Risk Assessment – 2014/15

- 15 A full Risk Assessment for 2014/15 is set out in **Table 2**, which outlines the risks, the mitigation which is in place, the potential impact and the probability in order to arrive at a notional calculation concerning the potential financial impact of the risks which the Council is facing with regard to the proposed 2014/15 capital programme. This indicates that the identified risks which the Council is facing in respect of its 2014/15 Capital Programme amount to some £0.6m. Should any of these risks arise then all possible financing options will be explored, however, if all these risks materialise then it may be necessary ultimately to charge these costs against General Fund or HRA balances.
- 16 As is the case in respect of both the General Fund and the HRA the assessment concerning the level of risk is essentially used for two purposes. In the first place an understanding of the risks which the Council faces is crucial in agreeing an appropriate level of financial reserves which are required. Secondly, the identification of the risks is the first stage in the process of more effectively managing, or of mitigating those risks. By identifying the risks it is possible to avoid them, to insure against them, to transfer the risk, or most likely actions can be taken to reduce or to mitigate the risk. The Council has in place a comprehensive approach to Risk Management which is reported on a quarterly basis to Cabinet, and this process will be utilised in order to manage the key financial risks.

Recommendations:

17. It is recommended:-

- (a) That the Capital Programme for 2013/14 to 2016/17 as set out in **Appendix 3 Table 1** be approved.
- (b) That Executive notes the requirement to repay some £7.865m of prudential borrowing at the end of the 2013/14 financial year in order to fund expenditure incurred during 2012/13.
- (c) That a further report is brought back to Members at the earliest opportunity concerning the outcome of the stock condition surveys that have been undertaken in respect of both the Council's housing assets and its General Fund assets.

APPENDIX 3, Table 1

CAPITAL PROGRAMME

| | Original Estimate 2013/14 £ | Estimated Outturn 2013/14 £ | Estimate 2014/15 £ | Forecast 2015/16 £ | Forecast 2016/17 £ |
|---|--------------------------------------|--------------------------------------|--------------------------|--------------------------|--------------------------|
| General Fund | | | | | |
| Assets | | | | | |
| AMP - PV Lodges | 0 | 72,740 | 0 | 0 | 0 |
| AMP - PV Mills | 0 | 11,253 | 0 | 0 | 0 |
| AMP - Prior to Exec Approval | 500,000 | 0 | 500,000 | 250,000 | 250,000 |
| Shirebrook Enterprise Centre (Tangent) | 0 | 59,038 | 0 | 0 | 0 |
| CCTV - Riverside Depot | 0 | 53,733 | 0 | 0 | 0 |
| Bolsover Public Realm and Infrastructure | 0 | 215,910 | 207,910 | 0 | 0 |
| | 500,000 | 412,674 | 707,910 | 250,000 | 250,000 |
| Project Horizon | | | | | |
| ICT infrastructure - Project Horizon | 0 | 64,774 | 0 | 0 | 0 |
| Bolsover Mini Hub | 2,433,000 | 2,433,000 | 0 | 0 | 0 |
| Clowne Campus - Refurbishment | 0 | 311,100 | 0 | 0 | 0 |
| Sherwood Lodge Disposal | 0 | 453,345 | 0 | 0 | 0 |
| | 2,433,000 | 3,262,219 | 0 | 0 | 0 |
| ICT Schemes | | | | | |
| ICT infrastructure | 158,000 | 153,795 | 111,600 | 89,480 | 75,000 |
| Fleet Management System | 0 | 23,560 | 0 | 0 | 0 |
| | 158,000 | 177,355 | 111,600 | 89,480 | 75,000 |
| Leisure Schemes | | | | | |
| Playbuilder | 0 | 13,020 | 0 | 0 | 0 |
| Clune Street Recreation Ground | 0 | 12,626 | 0 | 0 | 0 |
| P Vale Outdoor Education Centre Ph 2 | 0 | 53,485 | 0 | 0 | 0 |
| Bols Improv Play Pitches Initiative | 0 | 34,242 | 0 | 0 | 0 |
| | 0 | 113,373 | 0 | 0 | 0 |

| | Original Estimate 2013/14 £ | Estimated Outturn 2013/14 £ | Estimate 2014/15 £ | Forecast 2015/16 £ | Forecast 2016/17 £ |
|---------------------------------------|--|--|-----------------------------------|-----------------------------------|-----------------------------------|
| Private Sector Schemes | | | | | |
| Disabled Facility Grants | 365,000 | 250,000 | 250,000 | 250,000 | 250,000 |
| Portland Street Group Repair | 0 | 10,165 | 0 | 0 | 0 |
| Group Repair (WT) | 0 | 5,372 | 0 | 0 | 0 |
| Carr Vale Group Repair | 0 | 2,406 | 0 | 0 | 0 |
| New Houghton Group Repair | 0 | 5,887 | 0 | 0 | 0 |
| Church Drive Energy Project | 0 | 9,579 | 0 | 0 | 0 |
| New Houghton Renewal Area | 0 | 1,529 | 0 | 0 | 0 |
| Pte Sector Decent Homes | 0 | 16,736 | 0 | 0 | 0 |
| Station Road Shirebrook | 0 | 13,111 | 0 | 0 | 0 |
| Verney & Crompton Street | 0 | 250,780 | 0 | 0 | 0 |
| Fuel Poverty Fund | 0 | 78,175 | 0 | 0 | 0 |
| | 365,000 | 643,740 | 250,000 | 250,000 | 250,000 |
| Vehicles and Plant | | | | | |
| Vehicle Replacements | 0 | 0 | 826,000 | 906,000 | 516,000 |
| Van (CAN AG05 LYW) | 0 | 12,000 | 0 | 0 | 0 |
| Van (Health FY53 DEU) | 0 | 12,000 | 0 | 0 | 0 |
| Van (Health FL05 JFE) | 0 | 12,000 | 0 | 0 | 0 |
| Refuse Vehicle (VX55 CVA) | 0 | 140,000 | 0 | 0 | 0 |
| Refuse Vehicle (VE07 ENT) | 140,000 | 0 | 0 | 0 | 0 |
| Refuse Vehicle (VE07 ENU) | 140,000 | 0 | 0 | 0 | 0 |
| Van Streetscene (YN56 HFW) | 60,000 | 0 | 0 | 0 | 0 |
| Pick up Streetscene | 22,000 | 22,000 | 0 | 0 | 0 |
| 8 x Hedgecutters (GM) | 4,000 | 4,000 | 4,000 | 4,000 | 4,000 |
| 10 x Strimmers (GM) | 5,000 | 5,000 | 5,000 | 5,000 | 5,000 |
| 1 x Luton Van (Leisure) | 0 | 853 | 0 | 0 | 0 |
| | 371,000 | 207,853 | 835,000 | 915,000 | 525,000 |
| Total General Fund | 3,827,000 | 4,817,214 | 1,904,510 | 1,504,480 | 1,100,000 |
| Housing Revenue Account | | | | | |
| Public Sector Housing (funded by MRA) | 0 | 0 | 3,260,683 | 3,316,957 | 3,374,133 |
| Vehicle Replacements | 0 | 0 | 138,000 | 400,000 | 126,000 |

| | | | | | |
|---|------------------|------------------|------------------|------------------|------------------|
| Group Dwellings Safety Work | 150,000 | 169,460 | 0 | 0 | 0 |
| Housing Asset Management | 1,656,220 | 38,000 | 0 | 0 | 0 |
| External Wall Insulation | 0 | 44,910 | 0 | 0 | 0 |
| | Original | Estimated | | | |
| | Estimate | Outturn | Estimate | Forecast | Forecast |
| | 2013/14 | 2013/14 | 2014/15 | 2015/16 | 2016/17 |
| | £ | £ | £ | £ | £ |
| HRA continued | | | | | |
| Window Replacement | 5,000 | 9,748 | 0 | 0 | 0 |
| Electrical Rewiring Decent Homes | 210,000 | 136,804 | 0 | 0 | 0 |
| Cavity Wall + Loft Insulation | 10,000 | 31,144 | 0 | 0 | 0 |
| External Door Replacements | 500,000 | 500,000 | 0 | 0 | 0 |
| Heating Upgrades | 35,000 | 134,328 | 0 | 0 | 0 |
| Environmental Works | 50,000 | 55,020 | 0 | 0 | 0 |
| Decent Homes - External Kitchen Replacements - Decent Homes | 250,000 | 286,760 | 0 | 0 | 0 |
| Tarran Preliminary Costs | 0 | 18,935 | 0 | 0 | 0 |
| Mobile Working | 50,000 | 61,624 | 0 | 0 | 0 |
| HRA New Build - Lang Junction | 0 | 55,555 | 0 | 0 | 0 |
| Regeneration Mgmt & Admin | 200,000 | 69,320 | 69,320 | 69,320 | 69,320 |
| Choice based lettings IT Scheme | 0 | 2,656 | 0 | 0 | 0 |
| HRA New Build - New Houghton | 2,250,000 | 2,024,683 | 0 | 0 | 0 |
| Sprinkler Systems | 20,000 | 20,000 | 0 | 0 | 0 |
| Sofifit and Facia Replacement | 75,000 | 0 | 0 | 0 | 0 |
| Vehicle Tracking Devices | 0 | 18,525 | 0 | 0 | 0 |
| HRA New Build - New Houghton -Dist Payments | 5,000 | 90,000 | 680,163 | 0 | 0 |
| Ford Fiesta Rent Collector (Housing) | 0 | 10,250 | 0 | 0 | 0 |
| Van (R & M YP56 VFZ) | 18,000 | 18,000 | 0 | 0 | 0 |
| Van (R & M DY56 OFB) | 18,000 | 18,000 | 0 | 0 | 0 |
| Van (R & M YS56 LYG) | 10,000 | 10,000 | 0 | 0 | 0 |
| Van (R & M YP10 KTK) | 0 | 15,000 | 0 | 0 | 0 |
| Total HRA | 5,612,220 | 4,091,384 | 4,148,166 | 3,786,277 | 3,569,453 |

| | | | | | |
|----------------------------------|------------------|------------------|------------------|------------------|------------------|
| TOTAL CAPITAL EXPENDITURE | 9,439,220 | 8,908,598 | 6,052,676 | 5,290,757 | 4,669,453 |
|----------------------------------|------------------|------------------|------------------|------------------|------------------|

| | Original Estimate 2013/14 £ | Estimated Outturn 2013/14 £ | Estimate 2014/15 £ | Forecast 2015/16 £ | Forecast 2016/17 £ |
|--------------------------------|--|--|-----------------------------------|-----------------------------------|-----------------------------------|
| Capital Financing | | | | | |
| General Fund | | | | | |
| Specified Capital Grant | (365,000) | (250,000) | (250,000) | (250,000) | (250,000) |
| Private Sector Contributions | 0 | (128,047) | 0 | 0 | 0 |
| Prudential Borrowing | (944,750) | (624,597) | (1,362,350) | (1,170,230) | (766,000) |
| Section 106 | 0 | (32,262) | 0 | 0 | 0 |
| Reserves | (84,250) | (122,587) | (84,250) | (84,250) | (84,000) |
| External Grant | 0 | (380,260) | (207,910) | 0 | 0 |
| Capital Receipts | (2,433,000) | (3,279,461) | 0 | 0 | 0 |
| | (3,827,000) | (4,817,214) | (1,904,510) | (1,504,480) | (1,100,000) |
| HRA | | | | | |
| Major Repairs Allowance | (3,316,220) | (1,905,451) | (3,330,003) | (3,386,277) | (3,443,453) |
| Reserves | (2,296,000) | (1,861,000) | (818,163) | (400,000) | (126,000) |
| Prudential Borrowing | 0 | 0 | 0 | 0 | 0 |
| Revenue Financing | 0 | (10,250) | 0 | 0 | 0 |
| Capital Receipts | 0 | (314,683) | 0 | 0 | 0 |
| | (5,612,220) | (4,091,384) | (4,148,166) | (3,786,277) | (3,569,453) |
| TOTAL CAPITAL FINANCING | (9,439,220) | (8,908,598) | (6,052,676) | (5,290,757) | (4,669,453) |
| Checks | 0 | 0 | 0 | 0 | 0 |

APPENDIX 3 TABLE 2

CAPITAL PROGRAMME RISK REGISTER – 2013/14

| Risk and Mitigation in Place | Gross Value of Risk £'s | Probability | Potential Impact £'s |
|---|-------------------------|-------------|----------------------|
| <p>1. Cost Overruns on Approved Projects</p> <ul style="list-style-type: none"> • Financial monitoring including formal reports to Members is undertaken on a regular basis which should enable mitigating action to be taken. • The Council have robust management arrangements in place. • The Financial Risk Registers in respect of both General Fund and HRA include the risk of an unfunded overspend arising on the Capital Programme. | £500,000 | 40% | £200,000 |
| <p>2. Reduction in the forecast level of capital receipts.</p> <ul style="list-style-type: none"> • The receipts forecast that has been made in respect of 2013/14 is a realistic one in the light of current property markets. • Schemes funded by General Resources in respect of 2013/14 are being 'held back' pending greater certainty regarding the level of receipts which will be achieved. | £1,000,000 | 20% | £200,000 |
| <p>3. An unanticipated capital requirement arises – including issues arising from the Asset Condition Survey - which requires funding as a matter of urgency.</p> <ul style="list-style-type: none"> • Existing approved projects may need to be reprofiled into future years • Additional capital resources may need to be identified • A charge against revenue balances may need to be considered. | £500,000 | 40% | £200,000 |
| Calculated Potential Financial Impact of Identified Risks | | | £600,000 |

