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Date: 10 March 2015

Dear Councillor,

**Finance and Management Committee**

A Meeting of the **Finance and Management Committee** will be held in the **Council Chamber**, on **Thursday, 19 March 2015 at 18:00**. You are requested to attend.

Yours faithfully,

Chief Executive

To:- **Conservative Group**

Councillor Mrs. Watson (Chairman), Councillor Jones (Vice-Chairman) and Councillors Hewlett, Murray, Smith, Watson and Wheeler.

**Labour Group**

Councillors Bell, Rhind, Richards, Southerd, Taylor and Wilkins.



## **AGENDA**

### **Open to Public and Press**

- 1** Apologies and to note any Substitutes appointed for the Meeting.
- 2** To receive the Open Minutes of the Meeting held on 15.01.2015.  
  
Open Minutes **3 - 7**
- 3** To note any declarations of interest arising from any items on the Agenda
- 4** To receive any questions by members of the public pursuant to Council Procedure Rule No.10.
- 5** To receive any questions by Members of the Council pursuant to Council procedure Rule No. 11.
- 6** Reports of Overview and Scrutiny Committee
- 7** CORPORATE PLAN 2014 / 15 PERFORMANCE MANAGEMENT REPORT OCTOBER to DECEMBER 2014 **8 - 20**
- 8** BUDGET and FINANCIAL MONITORING 2014 / 15 **21 - 47**

### **Exclusion of the Public and Press:**

- 9** The Chairman may therefore move:-  
That in accordance with Section 100 (A) of the Local Government Act 1972 the press and public be excluded from the remainder of the Meeting as it is likely, in view of the nature of the business to be transacted or the nature of the proceedings, that there would be disclosed exempt information as defined in the paragraph of Part I of the Schedule 12A of the Act indicated in the header to each report on the Agenda.
- 10** To receive any Exempt questions by Members of the Council pursuant to Council procedure Rule No. 11.

FINANCE AND MANAGEMENT COMMITTEE

15th January 2015

**PRESENT:-**

**Conservative Group**

Councillor Mrs Watson (Chairman), Councillor Jones (Vice-Chairman) and Councillors Hewlett, Murray, Smith, Watson and Wheeler

**Labour Group**

Councillors Bell, Rhind, Richards, Southerd, Taylor, Wilkins,

**In Attendance**

Councillors Atkin, Harrison and Mrs. Plenderleith (Conservative Group).

FM/89 **APOLOGIES**

No Apologies for absence were received

FM/90 **DECLARATIONS OF INTEREST**

The Committee was informed that no Declarations of Interest had been received.

FM/91 **QUESTIONS FROM MEMBERS OF THE PUBLIC UNDER COUNCIL PROCEDURE RULE NO 10**

The Committee was informed that no questions from members of the public had been received.

FM/92 **QUESTIONS BY MEMBERS OF THE COUNCIL UNDER COUNCIL PROCEDURE RULE NO 11**

The Committee was informed that no questions from members of the public had been received.

**MATTERS DELEGATED TO COMMITTEE**

FM/93 **CUSTOMER SERVICES AND PAYMENT FACILITIES**

A report was submitted which informed members that the Finance and Management Committee considered a report in October 2014, introducing cash machines into the Civic Offices to enable people to pay bills and money owing to the Council. The report also considered the need to provide a better experience for people contacting the Council and visiting the offices with queries and looking for information. Following consideration, the Committee agreed that the matter of payment facilities should be reviewed by the Overview and Scrutiny Committee and that it should also examine Customer Services given the increasing demand for people contacting the Council.

Following site visits to Derby City Council and the reception area at South Derbyshire District Council, Members provided a feedback report to the Overview and Scrutiny Committee on 10th December 2014. The cost of implementing two payment machines is approximately £16,000, with on-going maintenance of approximately £1,000 per year. The capital cost includes set-up, support for implementation and training. Some minor works may be required in the reception area depending on the style of machine and their location. It is anticipated that total capital costs would not exceed £20,000 and this could be funded from the IT Reserve, which is set aside for investment in technology. A total redesign of the Customer Services area is estimated to cost approximately £60,000 due to the scale of the building works required.

If approved, an implementation date of 1st April 2015 is recommended to allow sufficient communications to be made, transition and training, etc. Location and sign posting would need to be planned carefully given the limited space in the customer services area. Communication and support for people to start using the machines would also need to be provided.

**RESOLVED:**

***The Committee approved the implementation of two payment machines at the Civic Offices to process all cash income payments.***

FM/94 **SERVICE BASE BUDGETS 2015/16**

A report was submitted which informed Members of the proposed base budget for 2015/16, with a comparison to the current year 2014/15. It provided an overview of the Committee's main spending areas. It was proposed that the estimated income and expenditure be included in the consolidated budget for the Council for 2015/2016, subject to the Council's Overall Medium Term Financial Position (MTFP) which was updated and reviewed in October 2014. The report also set out proposals for the level of fees and charges under the responsibility of this Committee for the next financial year. A summary of the Committee's existing Capital Investment Programme was also included.

An overview was provided which explained the Committee's responsibility for some large spending areas, the functions delivered and those in partnership with Northgate Public Services. The Council's overall financial position was then reported and a summary of expenditure given in a table within the report. The net expenditure is estimated to increase overall between 2014/15 and 2015/16 by £134,173. The main changes were the increase in costs due to the provision made for the District Council Election in May 2015, together with a reduction in Housing Benefit Administration Grant.

Appended to the report were a summary of the Committee's budgets at cost centre level and an analysis of the changes between 2014/15 and 2015/16 for each cost centre. The detail of the report included sections on zero based budgeting, inflation and the general basis of the 2015/16 base budget. Also reported were concurrent functions with contributions to parish councils and the position of the capital investment programme.

The main financial risk identified for the Committee is the payment and recovery of Housing Benefit. The total amount administered and paid in respect of Rent Allowances and Rent Rebates is approximately £18.5m per year. Of this, 98.5% will be recharged to the DWP. Given the amounts involved, this is sensitive to small variations; if reimbursement is not maximised, every ½ % reduction equates to almost £100,000.

The Director of Finance & Corporate Services issued an additional paper under this agenda item which reported on the progress of the Service and Financial Planning Working Group to assess proposals for new capital investment. Subsequently, bids were submitted by Council officers and assessed against the approved evaluation framework. The Group met on 12th January 2015 to score the bids against the corresponding scoring criteria, twelve separate bids were submitted. A sum of £300,000 in the General Fund Reserve has been earmarked for new investment.

**RESOLVED:-**

- (1) That the proposed revenue income and expenditure for 2015/16, as detailed in Appendix 1, be considered and included in the consolidated proposals for the General Fund.***
- (2) The proposed fees and charges, as detailed in Appendix 3, for 2015/16 was considered and approved.***
- (3) That the contributions to Parish Councils in 2015/16 be increased by 2.3% under Concurrent Functions.***

FM/95

**BUDGET REPORT 2015/16 INCORPORATING THE CONSOLIDATED BUDGET PROPOSALS AND MEDIUM TERM FINANCIAL PLAN TO 2020**

A report was submitted giving details of the Council's overall financial position following a detailed review of current income and expenditure on the General Fund. Effectively, it builds on the financial plan and strategy approved in October 2014 and is the detailed budget report for 2015/16. The report covers the following:

- Confirmation of the Council's financial settlement from central government for 2015/16.
- The Council's current spending and proposed base budget position for 2015/16 including proposed spending by policy committees.
- The proposed Council Tax Base for 2015/16 and Collection Fund position, 2014/15.
- Options for Council Tax levels in 2015/16.
- The overall impact on the General Fund's 5-year financial projection.

The updated medium term financial projection was considered and approved by the Committee on 16th October 2014. This set out the projected level of net revenue expenditure on the General Fund, together with the level of the General Reserve to 2020, the overall projected position at that time, was summarised in a tabled set within the report.

The balance on the General Reserve remains healthy and after allowing for the deficit in the 3 years after 2016/17, the projected level is £2.8m, well above the minimum contingency level of £1m. However, the largest changes are due to additional income from growth and in particular the Council Tax base, which consequently has a beneficial impact on the New Homes Bonus allocation. The surplus on the Collection Fund during 2013/14 and to-date in 2014/15 has been confirmed and built into the on-going Base Budget.

Following the base budget review, net expenditure on services is now projected to decrease by approximately £200,000 in 2015/16 compared to 2014/15. Cumulatively, this adds resources into the MTFP of approximately £1.1m over 5-years, and follows the review of base budgets by Policy Committees. The main change relates to additional income in Planning, Environmental Services and Leisure. The MTFP continues to assume a year on year increase in Council Tax of 2% from 2015/16. However, the Government have once again offered incentives for councils to freeze their Council Tax for 2015/16 and the effects of this have been shown in the updated MTFP projections. As in previous years, the scheme will reimburse councils "lost" revenue to the equivalent of a 1% increase in Council Tax.

**RESOLVED:**

- (1) That the estimates of revenue income and expenditure for 2015/16 for the General Fund be considered and a level of income and expenditure be approved.***
- (2) That grants to voluntary bodies and payments to Parish Councils under concurrent functions be increased by 2.3% in 2015/16.***
- (3) That the Council Tax Base for 2015/16 of 30,608 (equivalent Band D) properties, as detailed in Appendix 5, be approved.***
- (4) That a Surplus of £500,000 be declared on the Collection Fund for 2014/15 and the Council's proportion of £57,000 be transferred to the General Fund in 2015/16.***
- (5) That consideration be given to the principle of a Council Tax freeze for 2015/16 in accordance with the offer of specific grant from the Government.***
- (6) That the updated 5-year financial projection on the General Fund to 2020, as detailed in Appendix 1, including associated assumptions and risks as set out in the report, be approved.***
- (7) That the decisions made in recommendations 1.1 to 1.6 be used as the basis for consultation with local residents, businesses, voluntary and community groups, etc. and be subject to review by the Overview and Scrutiny Committee.***

FM/96 **LOCAL GOVERNMENT ACT 1972 (AS AMENDED BY THE LOCAL GOVERNMENT [ACCESS TO INFORMATION] ACT 1985)**

**RESOLVED:-**

*That, in accordance with Section 100(A)(4) of the Local Government Act 1972 (as amended), the press and public be excluded from the remainder of the Meeting as it is likely, in view of the nature of the business to be transacted or the nature of the proceedings, that there would be disclosed exempt information as defined in the paragraphs of Part 1 of the Schedule 12A of the Act indicated in brackets after each item.*

FM/97 **TO RECEIVE QUESTIONS FROM MEMBERS OF THE COUNCIL PURSUANT TO COUNCIL PROCEDURE RULE NO. 11**

The Committee was informed that no questions had been received.

MRS. A. WATSON

CHAIRMAN

The meeting Terminated at 6.35pm

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<b>REPORT TO:</b>	<b>FINANCE and MANAGEMENT COMMITTEE</b>	<b>AGENDA ITEM: 7</b>
<b>DATE OF MEETING:</b>	<b>19th MARCH 2015</b>	<b>CATEGORY: DELEGATED</b>
<b>REPORT FROM:</b>	<b>DIRECTOR OF FINANCE &amp; CORPORATE SERVICES</b>	<b>OPEN</b>
<b>MEMBERS' CONTACT POINT:</b>	<b>KEVIN STACKHOUSE (01283 595811)</b> <a href="mailto:Kevin.stackhouse@south-derbys.gov.uk">Kevin.stackhouse@south-derbys.gov.uk</a>	<b>DOC:</b> u/ks/corporate planning/monitoring 201415/cover report qtr 3 Dec 2014
<b>SUBJECT:</b>	<b>CORPORATE PLAN 2014/15: PERFORMANCE MANAGEMENT REPORT OCTOBER to DECEMBER 2014</b>	
<b>WARD (S) AFFECTED:</b>	<b>ALL</b>	<b>TERMS OF REFERENCE: FM 08</b>

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## 1.0 Recommendations

1.1 That progress against performance targets is considered and approved.

## 2.0 Purpose of Report

2.1 To report details of progress against targets during the period October to December 2014, in relation to the Council's Corporate Plan 2009 –2015, which are relevant to this Committee under the Value for Money Theme.

## 3.0 Detail

3.1 This Committee is responsible for overseeing the delivery of the following outcomes:

- Financial resilience – maintaining a sustainable financial base.
- “Cutting costs not services.”
- Strong leadership and robust Governance
- An improved customer experience

3.2 Details are provided in the following appendices:

- Appendix A - progress against key projects.
- Appendix B - progress against performance targets.
- Appendix C - overview of health and safety, together with accident statistics.
- Appendix D – overview of sickness absence data
- Appendix E – corporate services risk register
- Appendix F – strategic risk register



- 3.3 At the end of December 2014 all targets for most projects and performance measures were generally achieved. However, some targets will not be met, although it is considered that there are mitigating reasons and the implications are not overly significant as highlighted below.

### **Customer Access**

- 3.4 Firstly, the project relating to Customer Access is still in progress. This is reviewing the viability of transferring some customer contact from Planning Services directly into Customer Services. This has not progressed as quickly as anticipated. The Service is currently reviewing its website content to make it easier for people to contact and deal with the Council regarding Planning, directly through the website.

### **Saving Targets**

- 3.5 In addition, the targets for proceeds from the disposal of surplus assets and on-going budget savings will not be achieved. The disposals target was reliant on the proceeds of a land sale being received in 2014/15. It is now likely that this receipt will be received in 2015/16.
- 3.6 In addition, budget savings from approved restructures during the year of £162,000 will fall slightly short of the £175,000 estimated. In both cases, there is no significant impact on the medium term financial position as other gains in the Council's budget have more than compensated for these reductions compared to the target.
- 3.7 It should also be noted that the Financial Plan at the time, was not reliant on achieving these savings and were only built into the MTFP once fully known and achieved.

### **Sickness Absence**

- 3.8 Following deteriorating performance on sickness absence during 2013/14 as previously reported, the overall rate during 2014/15 has been steadily improving. As at January 2015, there was an average of 8.37 days lost per employee for the year to-date.
- 3.9 If this trend was to continue for the remainder of the year, this would total just over 10 days. Although this would be an overall improvement compared to 2013/14, it would still be above the sector average and the Council's target of 8 days.
- 3.10 Previously, the main concern has been the incidence of long term absence with a peak of 9 cases during the year, accounting for two-thirds of the overall absence rate. By December, the number of long term cases had fallen to 5 and they accounted for just under half of all days lost during January.

#### **4.0 Financial Implications**

4.1 None directly

#### **5.0 Corporate Implications**

5.1 None directly

#### **6.0 Community Implications**

6.1 The Council aspires to be an “excellent” Council in order to deliver the service expectations to local communities. This report demonstrates how priorities under the Value for Money Theme contribute to that aspiration.

## VALUE FOR MONEY

<b>VP 01 - Continue the programme of procurement and service improvement reviews</b>	
Quarter	Task
1	VP 01.1 - Proposals for Services previously identified considered by the Committee
2	VP 01.2 - Identify opportunities following budget out-turn for 2013/14
3	VP 01.3 - Build in further proposals to the Base Budget for 2015/16
4	VP 01.4 - Proposals approved by the Council

<b>VP 02 - Implement next stages of the Paper Lite Strategy</b>	
Quarter	Task
1	VP 02 .1 - Planning and Finance Services moved to new external mail solution
2	VP 02 .2 - Housing, Leisure and Environmental Health Services migrated
3	VP 02 .3 - Corporate, legal and any other services implement new solution
4	VP 02 .4 - Specialised printing such as leaflets and posters considered

<b>VP 03 - Continue to communicate and engage with our communities to ensure that the Council is</b>	
Quarter	Task
1	VP 03.1 - Annual Report and Work Plan considered by Committee
2	VP 03.2 - Produce monthly media reports
3	VP 03.3 - Produce monthly media reports
4	VP 03.4 - Produce monthly media reports

<b>VP 04- Implement the next stages of the Customer Access Strategy</b>	
Quarter	Task
1	VP 04.1 - Assess case and options for greater customer contact in Planning Services to be moved across to Central Contact Centre
2	VP 04.1 - Finalise proposals
3	VP 04 .3 - Transfer Planning Services
4	VP 04 .4 - Assess template for Planning Services for suitability in other services

**APPENDIX A**

**PROJECTS 2014/15**

Progress	Status
Restructures in Legal and Democratic Services, together with the Land Charges Unit, implemented in April 2014	Achieved
Restructure in Hosuing and Environmental Services approved by the Committee on 4th September 2014	Achieved
Other budget savings identiified as reported in the Budget Report to the Committee in January 2015	Achieved

Progress	Status
Completed. Housing also implemented and other services being migrated ahead of plan.	Achieved
Completed	Achieved
Completed. Signed off by the Business Improvement Board on 16th December 2014	Achieved

<b>delivering services in ways appropriate to them</b>	
Progress	Status
Reported and approved by Committee in June 2014	Achieved
Completed	Achieved
Completed for internal use - no issues identified	Achieved

Progress	Status
Completed. Project plan being drawn up and use of web site to access Planning services being reviewed and updated.	Achieved
Still on-going	Fail
Still on-going	Fail

## APPENDIX B

### VALUE FOR MONEY PERFORMANCE MEASURES 2014/15

Outcome	Measure	Actual / Out turn 2013/14	Target Quarter 3 2014/15	Actual Quarter 3 2014/15	Quarter Status	Annual Target 2014/15	Predicted Out turn 2014/15	Status	Comments/ Remedial Action
VO 1 - Financial resilience - a sustainable financial base maintained	VM 01- Publish a 'fit for purpose' Medium Term Financial Plan	Feb-14	Update Following Financial Settlement	Completed	Green	Feb-15	Feb-15	Green	MTFP updated as part of 2015/16 Budget Round and reported to the Committee on 15th January 2015.
	VM 02 - Disposal of assets deemed 'surplus to requirements' to generate income. (£)	£70,000	£0	£0	N/a	£50,000	£15,000	Red	Proceeds from a land sale previously approved in the year is unlikely to be received until 2015/16.
	VM 03- Increase in New Homes Bonus and Retained Business Rates (£)	£433,000	£0	£0	N/a	£370,000	£542,000	Green	Actual New Homes Bonus notified in January 2015.
VO 2 - 'Cutting costs not services'	VM 04 - On-going General Fund budget savings (£)	£430,000	£175,000	£162,000	Green	£175,000	£162,000	Red	Savings from restructures in Legal, Democratic and Land Charge Services, together with Housing and Environmental Services.
VO 3 - Strong leadership & robust governance	VM 05 - Achieve an external 'fit for purpose' Code of Corporate Governance assessment. (As assessed by External Audit)	Sep-13	AGS signed off by External Auditors	Signed off as part of Annual Accounts	Green	Sep-14	Sep-14	Green	As reported to the Audit Sub-Committee on 24th September 2014.
VO 4 - An improved customer experience	VM 06 - Percentage of satisfied customers contacting or dealing with the Council.	95.00%	90.00%	94.00%	Green	90.00%	95.00%	Green	

## **Appendix C: Health and Safety - Accident Statistics 2014/15**

### **Purpose of the Report**

This report provides an overview of the number of accidents that have occurred during the period 1 October to 31 December 2014 within the Council.

### **Background**

The Health & Safety Officer provides advice and training on health and safety matters across the Council. This Officer is also responsible for producing management information on the number of accidents. These are collated on a regular basis and are reported to the joint Health & Safety Committee. This Committee reviews the accidents and makes recommendations or learning that needs to be implemented.

### **Accident Statistics**

The Council's accident statistics are broken down into reportable and non-reportable accidents.

Reportable accidents are those covered by RIDDOR (Reporting of Injuries, Diseases & Dangerous Occurrences Regulations, 1995). These accidents have to be reported to the Health and Safety Executive and include:

- Where a member of staff has been required to stay in hospital for 24 hours after an accident;
- Where a member of the public was taken to hospital for treatment after the accident;
- If the accident results in the member of staff being off work for 3 days after the date of the accident,

The table overleaf shows the number of accidents that have occurred during the current quarter by reportable accident type and category and the year to date.

During the third quarter of 2014/15 there were 7 accidents, all involving employees, except for a trip/fall by a member of the public. None of the incidents were of a reportable nature. As a result, existing risk assessments have been reviewed and control measures reinforced.

The table also provides comparative details of the number of accidents for the previous year (2013/14)

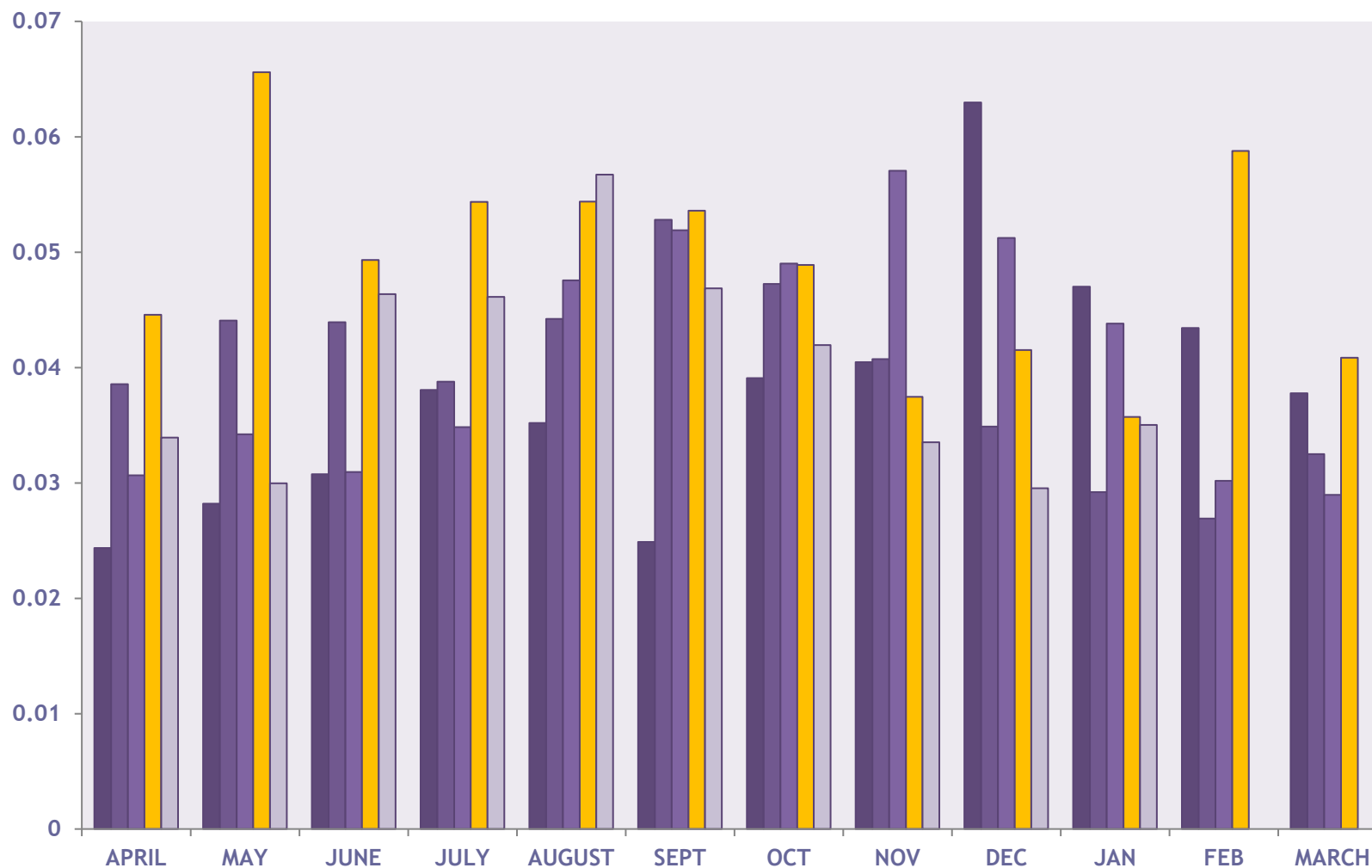
## Appendix C: Health and Safety - Accident Statistics 2014/15

**Table: Accident Cause Statistics – (for the 3<sup>rd</sup> Quarter - 1 October to 31 December 2014) and Year to Date: Comparative Accident Cause Statistics for the previous year (2013/14)**

Accident Cause	Quarter 3 (1 October - 31 December 2014)					Current Year To Date (2014/15) Actual				Previous Year (2013/14) Actual			
	Non Reportable		Reportable		Total	Non Reportable		Reportable		Non Reportable		Reportable	
	Employees	Public	Employees	Public		Employees	Public	Employees	Public	Employees	Public	Employees	Public
Manual handling	-	-	-	-	-	3	2	-	-	4	-	1	-
Contact Fixed Objects (e.g. sharps)	2	-	-	-	2	3	2	-	-	4	2	-	-
Struck by Moving Vehicles RTA's	-	-	-	-	-	-	-	-	-	2	-	2	-
Struck by Moving Objects - others	-	-	-	-	-	6	4	2	-	9	-	1	-
Slips / Trips / Falls	1	1	-	-	2	7	14	2	-	2	3	1	-
Violence - Physical such as dog bites	-	-	-	-	-	-	-	-	-	1	4	-	1
Violence - Verbal	-	-	-	-	-	-	-	-	-	-	-	-	-
Near Miss	3	-	-	-	3	3	-	-	-	1	-	-	-
Other, such as cuts.	-	-	-	-	-	4	2	1	1	2	3	-	-
<b>Total</b>	<b>6</b>	<b>1</b>	<b>-</b>	<b>-</b>	<b>7</b>	<b>26</b>	<b>24</b>	<b>5</b>	<b>1</b>	<b>25</b>	<b>12</b>	<b>5</b>	<b>1</b>

Source: SDDC Accident Statistics

# % Sickness Absence - January 2015



**Current Month**

Days Lost = 173

Days Lost per Employee = 0.70

No of Employees Employees 35

Long Term Sick = 5

14.18% of employees were absent at some time in the month

- % Absence 10/11
- % Absence 11/12
- % Absence 12/13
- % Absence 13/14
- % Absence 14/15

**YTD Totals**  
Days Lost= 2120

Days lost per person 8.37  
**Target : 8.00**



**APPENDIX E**

**FINANCE and CORPORATE SERVICES**  
**UPDATED RISK REGISTER as at December 2014**

<b>Risk Reference</b>	<b>Risk Description</b>	<b>Risk Action</b>	<b>Risk Rating Likelihood /Impact</b>	<b>Mitigating Action</b>
FCS 1	The Department consists of small, discrete and specialist teams where detailed knowledge and experience rests with individuals. Consequently, resilience is a risk.	Treat the Risk	Continues Low	Transfer and disseminate information across Services. Cover between units established.  Accountancy staff undertaking professional training.  Keep under review arrangements through the Corporate and Audit Partnerships who may be able to provide cover and provide temporary resources where necessary.
FCS 2	Reliance on Partnerships to deliver services. Includes partners ceasing to exist or going out of business.	Treat the Risk	Continues Low	Continue to monitor closely the performance frameworks which include early warning signs of deteriorating service delivery.  Support Northgate and the Central Midlands Audit Partnership to increase number of clients and protect their service base.

***Note – This reflects that there are no changes from the previous quarter***

APPENDIX F: Corporate Risk Register 2014/15 - Updated as at December 2014

	Risk Action	Risk Rating Likelihood/ Impact	Mitigating Action
<p><b>Further reductions in Government Grant</b></p> <ul style="list-style-type: none"> <li>The Council is aware of possible reductions beyond 2015/16 to 2018/19, following the Financial Settlement 2013 and based on OBR analysis.</li> </ul> <p><b>(Main Chief Officer Responsible – Director of Finance and Corporate Services)</b></p>	Treat the Risk	Remains High	<ul style="list-style-type: none"> <li>Updated Medium-term Financial Plan in place covering 5-years. This allows for a reduction in overall resources.</li> <li>Budgets considered prudent with provisions for inflation and growth.</li> <li>Current reserves are healthy and will help to sustain further reductions in the short-term allowing time for more sustainable action.</li> <li>Updated MTFP reported in February 2015 shows an improving reserves position.</li> <li>As a growth area, overall reduction in core funding could be mitigated through the New Homes Bonus and Retained Business Rates.</li> </ul> <p><b>Following the updated financial projection reported in February, the risk remains high until arrangements for future core funding are clear; this is expected in the next parliament, post May 2015.</b></p>
<p><b>Economic Situation</b></p> <ul style="list-style-type: none"> <li>Although nationally there are indications that the economic situation is starting to improve, many analysts are still unsure how sustainable and consistent this is. As a Growth area, the economic cycle has a relatively greater impact on the Council.</li> <li>This could limit the Council's income.</li> <li>Locally, the amount of people claiming benefit has levelled off and has slightly reduced. However, Council Tax and Housing Rent arrears have still slightly increased.</li> <li>New development and regeneration locally has continued although it is slower and less frequent compared to pre 2010 as businesses take a cautionary approach.</li> </ul> <p><b>(Main Chief Officers Responsible – Director of Finance and Corporate Services)</b></p>	Tolerate the Risk	Remains Medium	<ul style="list-style-type: none"> <li>Budgets for income streams and specific grant allocations are assumed at current minimum levels; service provision is based on this.</li> <li>Supporting voluntary and community groups to help people in need, including through the Derbyshire Financial Inclusion Partnership and with the CAB/CVS.</li> <li>Measures in place to maximise benefit subsidy and fraud is proactively being pursued with successful prosecutions.</li> <li>The Asset Management Plan has focused on ensuring the Council's assets are being positioned to react to an economic upturn.</li> <li>On-going dialogue with developers and housing providers to look at alternative options for regeneration.</li> </ul> <p><b>The risk remains Medium, but it is considered that the Council is undertaking as much action as reasonably possible to mitigate influencing factors.</b></p>

APPENDIX F: Corporate Risk Register 2014/15 - Updated as at December 2014

	Risk Action	Risk Rating Likelihood/ Impact	Mitigating Action
<b>Services and Director of Community and Planning Services)</b>			
<p><b>Keeping pace with Technology</b></p> <ul style="list-style-type: none"> <li>The Council's IT infrastructure needs to keep pace with existing and emerging technologies.</li> <li>Stricter regulations for managing and exchanging information in electronic form through the Public Services Network</li> </ul> <p><b>(Main Chief Officer Responsible – Director of Finance and Corporate Services)</b></p>	Treat the Risk	Remains Medium	<ul style="list-style-type: none"> <li>The IT strategy has identified some key projects that are currently being actioned, with the server infrastructure upgraded during 2013 and 2014.</li> <li>E-mail archiving/storage system, desktop virtualisation and Microsoft upgrade now complete.</li> <li>Connectivity improvements in the current infrastructure next to be actioned – network and wireless points to be upgraded.</li> <li>Disaster Recovery solution being strengthened at an independent location and business continuity for IT to be reviewed as a consequence.</li> <li>The Council undertakes an annual independent health check to ensure that the Council is compliant with the Government's Security Standard (Public Services Network – PSN). The Council achieved compliance with new regulations in April 2014.</li> <li>Annual internal audit review tests robustness of systems and infrastructure – recommendations for improvement are monitored by the Audit Sub-Committee.</li> <li><b>Although the risk remains Medium, current investment and positive actions over the coming year should lower this risk in the longer-term.</b></li> </ul>
<p><b>Business Continuity and in particular the loss of the main Civic Offices.</b></p> <ul style="list-style-type: none"> <li>Council services are predominantly managed from one Administrative Building. There is no alternative building to accommodate an IT facility which is crucial to enable many services to operate.</li> </ul> <p><b>(Main Chief Officer Responsible – Director of Finance and Corporate Services)</b></p>	Treat the Risk	Remains High	<ul style="list-style-type: none"> <li>Disaster Recovery solution now being upgraded off-site (as above). Relocation of infrastructure into a Data Centre under review</li> <li>Maintain relationships with other agencies and partners to secure alternative accommodation on a reciprocal basis if required.</li> <li>Could take advantage of spare capacity in private sector market although this would depend on timing.</li> <li><b>Although the likelihood of occurrence is low, the potential impact of this risk is high. However, current investment into the off- site facility to provide a disaster recovery solution should lower this risk in the longer-term.</b></li> </ul>

APPENDIX F: Corporate Risk Register 2014/15 - Updated as at December 2014

	Risk Action	Risk Rating Likelihood/ Impact	Mitigating Action
<p><b>Capacity and Resilience in Service Provision</b></p> <ul style="list-style-type: none"> <li>Reducing staff and budget resources could lower capacity and resilience within council services.</li> </ul> <p><i>(Main Chief Officer Responsible – Chief Executive Officer)</i></p>	Treat the Risk	Remains Medium	<ul style="list-style-type: none"> <li>Training and development programme being implemented for senior and aspiring managers.</li> <li>Recent restructures becoming mature and bedding in.</li> </ul>
<p><b>Partners and Voluntary Sector</b></p> <ul style="list-style-type: none"> <li>Financial pressures on partners who deliver services with or on behalf of the Council, including voluntary organisations.</li> </ul> <p><i>(Main Chief Officer Responsible – Director of Community and Planning Services)</i></p>	Tolerate the Risk	Remains Medium	<ul style="list-style-type: none"> <li>Current grant funding is being maintained and increased in 2015/16 for all supported organisations.</li> <li>Spending can be refocused to meet external funding requirements and is project based rather than on-going.</li> <li>Dedicated officer time to support the voluntary sector and local organisations.</li> </ul> <p><b>The risk remains Medium, but it is considered that the Council is undertaking as much action as reasonably possible to mitigate the risk.</b></p>

<b>REPORT TO:</b>	<b>FINANCE AND MANAGEMENT COMMITTEE</b>	<b>AGENDA ITEM: 8</b>
<b>DATE OF MEETING:</b>	<b>19th MARCH 2015</b>	<b>CATEGORY: DELEGATED</b>
<b>REPORT FROM:</b>	<b>DIRECTOR OF FINANCE AND CORPORATE SERVICES</b>	<b>OPEN</b>
<b>MEMBERS' CONTACT POINT:</b>	<b>KEVIN STACKHOUSE (01283 595811)</b> <a href="mailto:Kevin.stackhouse@south-derbys.gov.uk">Kevin.stackhouse@south-derbys.gov.uk</a>	<b>DOC:</b> u/ks/financial monitoring reports/2015/1 March
<b>SUBJECT:</b>	<b>BUDGET and FINANCIAL MONITORING 2014/15</b>	<b>REF</b>
<b>WARD (S) AFFECTED:</b>	<b>ALL</b>	<b>TERMS OF REFERENCE: FM 08</b>

## **1.0 Recommendation**

- 1.1 That the latest budget and financial monitoring figures for 2014/15 are considered and approved.
- 1.2 That the additional costs in Waste and Cleansing, together with Transport Services are reviewed as a matter of urgency to reduce their incidence in 2015/16.

## **2.0 Purpose of the Report**

- 2.1 In accordance with its financial management framework, the Council monitors income and expenditure against its budgets on a regular basis throughout the year. This is undertaken on at least a monthly basis.
- 2.2 Financial information is available directly on the Council's Financial Management System to enable day-to-day monitoring within services. Formal monitoring involves budget managers together with their service accountant, meeting and reviewing performance against their particular budgets. This is intended to identify any variances as early as possible to enable remedial and timely action to be taken.
- 2.3 Overall financial performance and the major budget variances are reported to this Committee throughout the year. In accordance with its Treasury Management Strategy, the Council monitors its lending and borrowing on a regular basis.
- 2.4 The Council's cash flow is monitored and actioned on a daily basis, with monthly reports summarising activity provided to the Chief Finance Officer. Again, overall performance is reported to this Committee throughout the year.
- 2.5 This is the third monitoring report for the financial year 2014/15. It details performance up to 31st January 2014, unless otherwise stated.

### 3.0 Detail

#### GENERAL FUND REVENUE ACCOUNT

- 3.1 Apart from Council Housing, day to day income and expenditure is accounted for through the General Fund. The net expenditure is financed from Government Grant and Council Tax, with any shortfall/deficit being financed from the Council's Reserves.
- 3.2 The original budget, which was approved in February 2014, estimated a budget surplus of £170,310 in 2014/15. As in previous years, the Budget includes contingent sums set-aside for inflation, growth and the implementation of the local pay and grading review.
- 3.3 Since the Budget was set in February, £22,866 has been transferred from the HRA into the General Fund. This is in respect of a post identified as non-HRA following last year's restructuring in Housing Services. The updated Budget is summarised in the following table.

Net Expenditure on Services	£10,701,043
Depreciation and Capital Charges (in above)	-£515,370
Minimum Revenue Provision	£347,663
Contribution to Bad Debts Provision	£20,000
Contingent Sums	£386,901
<b>Total Estimated Spending</b>	<b>£10,940,237</b>
Financing	-£11,087,681
<b>Estimated Surplus</b>	<b>-£147,444</b>

- 3.4 In accordance with budget monitoring arrangements, the position on Net Expenditure on Services is the main area that is subject to on-going review. This is the amount (£10,701,043) that is directly managed and controlled by the various budget holders across the Council.

#### Latest Monitoring Figures

- 3.5 The Budget, together with major variances identified as at January 2015 is summarised in the tables which follow. A full analysis of each service area at Cost Centre level with variances across each policy committee is detailed in **Appendices 1 to 3**.
- 3.6 These appendices also show actual spend to-date, budget remaining, together with notes on assumptions, risks and reasons for major variances.

## Performance against Budget 2014/15 as at January 2015 (by Committee)

Summary by Policy Committee	Budget £	Projected Actual £	Projected Variance £	Earmarked Reserves £	General Reserve £
Environmental and Development Services	3,591,463	3,132,275	-459,189	25,743	-433,446
Housing and Community Services	2,229,667	2,074,714	-154,954	223,658	68,703
Finance and Management	4,879,913	4,648,158	-204,754	0	-204,754
<b>TOTAL</b>	<b>10,701,043</b>	<b>9,855,148</b>	<b>-818,896</b>	<b>249,400</b>	<b>-569,496</b>

## Performance against Budget 2014/15 as at January 2015 (by Service)

Summary by Main Service Area	Budget £	Projected Actual £	Projected Variance £	Earmarked Reserves £	General Reserve £
Transport Account	702,298	792,383	90,085	0	90,085
Economic Development	233,829	196,760	-37,069	0	-37,069
Environmental Education	69,104	43,361	-25,743	25,743	-0
Environmental Health Services	533,252	503,525	-29,727	0	-29,727
Highways	18,651	18,692	41	0	41
Licensing and Land Charges	-46,162	-140,857	-94,695	0	-94,695
Planning	542,352	113,714	-428,638	0	-428,638
Town Centre	69,463	69,247	-216	0	-216
Waste Collection & Street Cleansing	1,468,677	1,535,451	66,774	0	66,774
Community Development and Support	536,930	472,088	-64,842	57,406	-7,435
Leisure and Recreational Activities	128,326	119,344	-8,982	4,144	-4,838
Leisure Centres and Community Facilities	470,479	434,989	-35,490	195,209	159,719
Parks and Open Spaces	693,733	642,554	-51,179	0	-51,179
Private Sector Housing	400,200	405,738	5,538	-33,101	-27,563
Central and Departmental Accounts	3,297,130	3,253,638	-43,492	0	-43,492
Concessionary Travel	0	-1,481	-1,481	0	-1,481
Corporate and Democratic Costs	734,864	636,434	-98,430	0	-98,430
Electoral Registration	143,336	131,045	-12,291	0	-12,291
Payments to Parish Councils	318,108	329,783	11,675	0	11,675
Pensions, Interest Payments and Receipts	204,620	183,275	-21,345	0	-21,345
Property and Estates	-167,696	-174,638	-6,942	0	-6,942
Revenues and Benefits	349,550	290,102	-59,448	0	-59,448
<b>TOTAL</b>	<b>10,701,043</b>	<b>9,855,148</b>	<b>-818,896</b>	<b>249,400</b>	<b>-569,496</b>

3.7 The variances reflect the latest situation and although projected to out-turn at this level, could change during the remainder of the year. Areas of projected overspend are kept under review in order to mitigate the effects on the overall budget.

3.8 The previous tables show that based on current spending, there will be a decrease in net expenditure (after allowing for adjustments between earmarked reserves) of £569,000 compared to the Budget for the year. The variance reported following the half-year report was a decrease of £476,000.

## Transfers to/from Earmarked Reserves

3.9 These relate to services in Leisure and Community Development where funding is transferred in and out of earmarked reserves depending on the timing of projects and expenditure.

### Main Variances

3.10 The main reasons that account for the projected variance of approximately £569,000 are summarised in the following table. They show services where current spending/income are expected to vary compared to the Budget as at January 2015. The table also shows the change in the variance between Quarter 2 and Quarter 3 (*figures in £'000*)

Main Variances	Jan-15	Q2	Change
Additional Income on Planning fees	-500	-399	-101
Restructure Savings	-73	-73	0
Salary savings (vacancies, maternity, etc.) - Finance and Democratic	-64	-18	-46
Housing Benefit Subsidy 2013/14	-59	0	-59
Civic Offices - Service Charge	-34	0	-34
Waste & Cleansing Savings on Agency costs to fund new posts	-33	-49	16
Additional Trade Waste Income	-35	-23	-12
Additional Environmental Health Income	-28	-24	-4
Building Control Increased Income	-27	0	-27
Salary savings (vacancies, maternity, etc.) - Housing and Community	-25	-31	6
Back Dated Pension Costs	-21	-78	57
Salary savings (vacancies, maternity, etc.) - Environmental Health	-20	-33	13
Increased Licensing Income	-20	0	-20
Additional Land Charges fee income	-20	-10	-10
Early Payment Contract Discount	-18	0	-18
Elected Members Costs	-25	-13	-12
Reduced Bank Charges following Retender	-9	0	-9
Waste & Cleansing - Purchase of new bins	14	0	14
Recycling Costs - Contractor Payments	10	0	10
Pay Award 2014	46	0	46
Vehicle Hire (to cover breakdowns)	28	50	-22
Replacement of Protective Clothing (Budget for 2015/16 to be reduced)	29	0	29
Early Termination Costs - Environmental Health Restructure	31	0	31
Waste & Cleansing Overtime	40	63	-23
Waste & Cleansing - 3 x Permanent Operatives	58	60	-2
Earmarked Reserves Set-aside for Green Bank Leisure Centre	-99	-99	0
Additional costs arising at Green Bank	170	123	47
Spare parts over spend on older vehicles	110	80	30
Other Variances (net)	5	-2	8
<b>TOTAL - OVERALL PROJECT VARIANCE</b>	<b>-569</b>	<b>-476</b>	<b>-92</b>



## **Additional Income – Planning Fees**

- 3.11 Clearly, the main reason for the increased variance is the planning income received during the year. At its meeting in October, the Committee agreed to reinvest a proportion of this increase back into the service through the appointment of a Graduate Planner on a fixed term contract. This is estimated to cost approximately £92,000 over the next 3 years.

## **Staffing Costs**

- 3.12 Due to vacancies, overall costs are expected to be approximately £100,000 lower across all General Fund services. This equates to around 1.5% of the total establishment budget.

## **Waste/Cleansing Services, Transport Costs**

- 3.13 These services continue to provide the greatest cost pressures. Currently, the net increase over the base budget for the year is approximately £225,000 – 10% of the overall budget across these services.
- 3.14 Of this, around £140,000 is due to additional vehicle costs – maintenance and breakdown replacements, together with additional labour costs of £70,000. The Base Budget has been increased in 2015/16, but current costs continue to cause some concern as the on-going implications into 2015/16 could be more critical for the overall budget position. This should be addressed as matter of urgency.
- 3.15 In addition, some additional costs (£10,000) are being incurred from the kerbside recycling service. This is due a greater level of contamination associated with some materials.

## **Green Bank Leisure Centre**

- 3.16 As reported to the Committee in September and December 2014, parts of the roof, together with air conditioning units were replaced following the recent capital refurbishment and upgrade. These were unforeseen works and a separate procurement exercise was undertaken.
- 3.17 In addition, some additional contractor payments have been made. These were for agreed compensation for loss of income and additional utility costs, following the previous refurbishment.
- 3.18 The total cost of the additional capital and contractor payments was estimated at £123,000. Of this, £99,000 was previously set-aside in an earmarked reserve in 2013/14 in anticipation of these costs leaving an additional £24,000 to be financed from the General Reserve.
- 3.19 However, the additional costs overall are now expected to be £170,000 – an additional £47,000. These are considered to be more general maintenance work on replacement windows, heating and alarm systems that have arisen from the main refurbishment. [Page 25 of 47](#)

3.20 These works total £37,000. However, the revenue budget cannot contain these costs. Furthermore, there may be additional utility costs, over and above that notified to the Council by the Management Contractor, of £10,000. However, this is currently being challenged.

3.21 To meet all of these costs, after allowing for £99,000 in the earmarked reserve, £71,000 will need to be financed from the General Reserve. These are one-off costs. A full analysis of the project costs and the detailed reasons for the additional works were reported to the Housing and Community Services on 12<sup>th</sup> March.

### **2014 Pay Award**

3.22 A national pay award for local government staff was agreed in November 2014. This increased most pay scales by 2.2% from 1<sup>st</sup> January 2015, with larger increases for the 6 lowest pay points and smaller increases for Chief Officers.

3.23 In addition, a one-off, non-consolidated payment was awarded to most pay points equating to a further 1% of current pay, again rising for the lower pay points. The award will run to March 2016 when pay will again be reviewed.

3.24 The cost of the pay award in 2014/15 of £46,000 will be financed from the inflation contingency.

### **Dangerous Structure**

3.25 Some expenditure is now likely to be incurred before the financial year end on demolishing an unoccupied building in Church Gresley that has fallen into a dangerous state of disrepair. Legal notices have been issued and a procurement exercise is being undertaken to appoint a suitable contractor to complete the necessary works.

3.26 The cost is estimated at £30,000 in total, including fees. This will need to be funded from the General Reserve.

### **Contingent Sums**

3.27 The Budget includes the following contingent sums totaling £386,901.

<b>Contingent Sums</b>	<b>£</b>
Pay and Grading Review	164,000
Pay Inflation	68,620
Inflation on other Costs	54,281
Growth	100,000
<b>Total</b>	<b><u><u>386,901</u></u></b>

### **Pay Inflation**

3.28 As the recent pay award (as detailed above) has been paid, this will be financed from the above contingency.

## Pay and Grading

- 3.29 Following the Committee's approval in February, Job Evaluation will commence in 2015/16 with an implementation date of April 2016. Therefore, the contingent sum for 2014/15 (and 2015/16) to meet on-going pay costs will not be required. In the current year, £164,000 (as shown in the above table) will be returned to the General Reserve.
- 3.30 In addition, it is unlikely that any call will be made on the Growth provision, which will return a further £100,000 to the General Reserve.

## Provisions

- 3.32 The following provisions were made in the Council's accounts in 2013/14 for liabilities due in 2014/15.

Provision For	Provision Made	Actual Liability
Voluntary Redundancies – restructures in Legal, Democratic and Land Charges Units	£104,000	£104,000
Refund of Personal Searches**	£100,000	£97,000
Clawback of Housing Benefit Subsidy	£85,000	£64,000
Planning Appeal	£70,000	£30,000
<b>TOTAL PROVISIONS</b>	<b>£359,000</b>	<b>£295,000</b>

*\*\* The actual refunds are still to be paid, but the Council's actual liability has been established.*

## The Collection Fund

- 3.33 The Collection Fund is the statutory account that records the collection of Council Tax and Business Rates and shows how that income has been distributed to the Government and Preceptors on the Fund, including this Council.
- 3.34 Any surplus or deficit on the Fund is transferred to the General Funds of the Preceptors, in proportion to precepts levied each year. The current estimated position on the Fund for 2014/15, based on transactions up to 31<sup>st</sup> January 2015 is detailed in **Appendix 4**.
- 3.35 The projected surplus on the Fund as at 31<sup>st</sup> March 2015 is currently £773,000 (£841,000 previously) for Council Tax and £169,000 (£768,000 previously) for Business Rates. Based on these amounts, the Council's share would be £77,000 Council Tax (11.3%) and £68,000 for Business Rates (40%). In setting the Budget for 2015/16, the equivalent amounts declared were £57,000 for Council Tax and nil for Business Rates.

## Council Tax

3.36 As previously reported, the amount of Council Tax collectable has already exceeded the estimated amount for the year; the estimate allowed for a 3% increase on that collectable in 2013/14. This was on the basis of 40,500 properties (estimated in December 2013) compared to the actual number of 41,100 properties as at December 2014.

3.37 In addition, the cost of the Local Council Tax Support Scheme continues to reduce. In 2013/14, it reduced from £4.95m to £4.65m and is currently estimated to be £4.48m by March 2015.

## Business Rates

3.38 As previously reported, there has also been an increase in the Business Tax Base, mainly due to the development of two larger businesses. Several other (downward) reassessments and new rate reliefs have partly offset this increase.

3.39 However, after including Section 31 Grants to compensate for these reliefs, the Business Rate account is now estimated to generate an additional £539,000 compared to the baseline budget included in the Council's financial settlement. The actual figure will be credited to the General Fund on 31<sup>st</sup> March 2015.

## General and Specific Grants Receivable 2014/15

3.40 The following grants have been confirmed for the year.

	Estimate £	Actual £	Diff £
<b>Grants within General Fund</b>			
New Homes Bonus (NHB)	1,779,758	1,779,757	-1
NHB - Returned Funding	0	7,572	7,572
Revenue Support Grant	2,563,000	2,563,486	486
Council Tax Freeze Grant	49,648	49,969	321
Section 31 Grant	24,000	0	-24,000
Council Tax Support Admin Subsidy	88,000	88,392	392
Housing Benefit Admin Subsidy	281,226	279,051	-2,175
Business Rate Reliefs	361,790	361,790	0
	<b>5,147,422</b>	<b>5,130,017</b>	<b>-17,405</b>

### Specific Grants

Welfare Reform – New Burdens	0	83,146	83,146
Community Right to Challenge	0	8,547	8,547
Assets of Community Value	0	7,855	7,855
Data Transparency Code	0	2,588	2,588
Individual Electoral Registration	0	40,418	40,418
	<b>0</b>	<b>142,554</b>	<b>142,554</b>

- 3.41 Specific grants are not budgeted for as they vary from year to year and are used to fund one-off expenditure. They are set-aside to deal with additional costs of implementing Government proposals under the “New Burdens Doctrine.”
- 3.42 Anything not spent in the year is transferred to an earmarked reserve to meet future costs associated with each area. Funding for Welfare Reform and Individual Electoral Registration is likely to be used during the year. No costs have yet been incurred for other areas and these amounts will be transferred to the relevant reserves at the year end.
- 3.43 Ultimately, if no additional costs are incurred, the Council can transfer these amounts to use on other services.

### Overall General Fund Position and Effect on Reserves

- 3.44 After allowing for all variances and adjustments, the projected overall position on the General Fund for 2014/15, compared to the Budget, is shown in the following table.

	<b>£'000</b>
Lower Net Expenditure	-569
Demolition Costs – Dangerous Structure	30
Funding purchase of new Market Stalls	16
Use of Contingent Sums Lower	-340
Reduction in Provisions	-64
Additional Business Rates Income	-539
Funds set-aside for Graduate Planner	92
Lower General Fund Grants	17
<b>Projected Reduction in Net Expenditure</b>	<b><u>1,357</u></b>

### HOUSING REVENUE ACCOUNT (HRA)

- 3.45 The Council is required to account separately for income and expenditure in providing Council Housing.
- 3.46 The approved HRA Budget was set with a deficit to finance from reserves of £193,598. Since the Budget was set in February, £20,146 has been transferred from the HRA into the General Fund. This is in respect of a post identified as non-HRA following the restructuring in Housing Services in 2013/14.
- 3.47 Performance on the HRA as at January 2015 is summarised in the following table.

<b>Summary HRA 2014/15</b>	<b>Budget £</b>	<b>Projected Out-turn £</b>	<b>Projected Variance £</b>
Supervision and Management Costs	1,535,611	1,542,346	6,735
Housing Repairs	3,259,923	3,210,344	-49,578
Interest on Debt	1,614,555	1,818,274	203,719
Supported Housing	353,244	375,773	22,530
Rent and other Income	-12,376,321	-12,349,642	26,678
Contribution to Capital Works	5,500,000	5,500,000	0
Contribution to New Build	286,800	286,800	0
<b>TOTAL</b>	<b>173,811</b>	<b>383,895</b>	<b>210,084</b>

3.48 The table shows that the deficit is now projected to be higher compared to the Budget. However, this is largely due to the early termination cost incurred on the repayment of an outstanding market loan as previously reported.

3.49 There are several variances as shown in the following table.

<b>Housing Revenue Account - Projected Variances (figures in £'000)</b>	<b>Q3</b>	<b>Q2</b>	<b>Change</b>
DLO Contractor costs lower than estimated	-60	0	-60
Vacant Posts	-20	-35	15
Pay Award 2014	13	0	13
Reduction In Interest Charges - Rate on variable Debt lower	-25	0	-25
Lower Careline Costs (income also lower -see below)	-20	0	-20
Backlog of Rechargeable Repairs Now Invoiced	-10	-7	-3
Other Variances (net)	-7	-3	-4
Planned Maintenance R&M - now on track	0	-105	105
Decorating Vouchers	0	15	-15
Professional Fees - surveys	14	14	0
Agency Staff to cover vacant posts	15	15	0
Building Control Fees - roofing works	20	20	0
Additional Overtime	25	25	0
Adverse Careline Income	45	0	45
Rent Lost on Sold Properties	59	59	0
Loan Repayment – Early termination cost	229	0	229
Inflation Provision	-68	0	-68
<b>TOTAL - OVERALL PROJECTED VARIANCE</b>	<b>210</b>	<b>-2</b>	<b>212</b>

3.50 After allowing for the loan repayment of £229,000, which has been included in the longer-term Business/Financial Plan of the HRA, the HRA General Reserve will be £19,000 greater compared to Budget.

## CAPITAL EXPENDITURE and FINANCING 2014/15

3.51 The investment programme was reviewed and approved during the recent 2015/16 budget round to include updated costs and funding arrangements. Progress in 2014/15 to-date is summarised in the following table.

Capital Spending 2014/15 (as at January 2015)	Approved Budget £	Actual £
Council House Improvements	5,812,297	4,997,406
Private Sector Housing and DFGs	502,311	191,896
Leisure and Community Development	2,034,452	1,434,508
Environmental Schemes	13,119	3,235
Vehicles, Property and Plant	61,960	103,941
<b>Total</b>	<b>8,424,139</b>	<b>6,730,986</b>

### Council House Improvements

3.52 Work planned in 2014/15 is well advanced. Some slippage will occur on the first phase of the New Build Programme with initial payments now likely in early 2015/16.

### Leisure Schemes

3.53 As previously reported, the schemes at Green Bank Leisure Centre and Eureka Park have been completed and major contract payments have been made. The final funding package for improving the fitness facility at Etwall Leisure Centre is still to be finalised. Works are unlikely to commence until 2015/16. .

3.54 External funding arrangements and land leases are still to be fully completed for the recreational facilities in Melbourne through the Sporting Partnership. Some preliminary works have been completed and tenders have been received for the main contract.

3.55 However the tenders received, are in excess of the current budget and are being reviewed along with the contract specification.

### Replacement Vehicles

3.56 The purchase of new vehicles has been greater than anticipated, but will be financed from the Vehicle Replacement Fund.

### Capital Receipts

3.57 The current position on Council House sales as at December 2014 is summarised in the following table.

	Qtr 1	Qtr 2	Qtr 3	Total
Number of Sales	7	6	3	16
Proceeds	£396,910	£296,475	160,040	£853,425
Less Pooled Amount	-£87,017	-£69,276	-69,276	-£225,569
Proceeds Retained	£309,893	£227,199	£90,764	£627,856
Percentage Retained	78%	77%	57%	74%

3.58 A further sale has since been completed, making a total of 17 for the year to-date. The retained amount is set-aside in the New Build Reserve.

### **Council House New Build**

3.59 Including the amount brought forward (£1.330m) the accumulated balance on this Reserve is now approximately £2m.

### **Financial Target**

3.60 Under an agreement with the Government, which allows a greater share of HRA asset sales to be retained locally, the following New Build targets (in financial terms) need to be achieved otherwise retained sums would be reclaimed by the Treasury.

#### ***Current New Build Targets***

	£
Sep-15	191,058
Dec-15	324,056
Mar-16	628,347
Jun-16	628,347
Sep-16	686,430
Dec-16	1,112,561
Mar-17	1,112,561
Jun-17	1,296,447
Sep-17	1,550,961
Dec-17	1,594,226

3.61 The targets represent the value or cost of New Build required on a cumulative basis by the above dates. This can include direct building costs, purchase of land or contributions to other housing providers/developers to deliver new council owned properties.

3.62 The Committee has previously approved the transfer of land in Coton Park from the General Fund to the HRA at a value of £200,000. This is for a site that has been set-aside for one of the three schemes for the 1<sup>st</sup> Phase of New Build, with an estimated cost of £5.4m in total.

3.63 Currently, tender prices are being finalised and it is expected that all three schemes will have by commenced before the summer of 2015.



## General Fund Receipts

- 3.64 As previously reported, proceeds of £13,000 from a land sale in Barrow on Trent have been received to-date in 2015/16.
- 3.65 On 25<sup>th</sup> February, the Council completed the land sale for the 1<sup>st</sup> phase of the development of land at William Nadin Way. A net receipt of £1.877m was received and this has been set-aside towards the relocation and construction of the new Council Depot.

## TREASURY MANAGEMENT

- 3.66 An analysis of the Council's borrowing and bank deposits is summarised in the tables, below. These show the position at 27th February 2015.
- 3.67 Debt outstanding is split between the HRA and the General Fund and this represents the "two pool" approach adopted for debt management.

	01/04/14 £'000	27/02/15 £'000	Change £'000
<b>Debt Outstanding - HRA</b>			
Self-financing Debt (Average rate 2.7%)	57,423	57,423	0
Market Loan (4.875% fixed) – <i>repaid as previously reported</i>	1,000	0	-1,000
<b>Total Debt Outstanding - HRA</b>	<b>58,423</b>	<b>57,423</b>	<b>-1,000</b>

Capital Financing Requirement - HRA	62,583	61,583	-1,000
Debt Cap (Fixed on Self-Financing)	66,853	66,853	0
<b>Borrowing Capacity (Cap Less Debt o/s)</b>	<b>8,430</b>	<b>9,430</b>	<b>+1,000</b>

<b>Debt Outstanding - General Fund</b>			
Actual Loans o/s	0	0	0
Capital Financing Requirement (CFR)	6,892	6,892	0
<b>Borrowing Capacity (CFR Less Debt o/s)</b>	<b>6,892</b>	<b>6,892</b>	<b>0</b>

	01/04/14 £'000	27/02/15 £'000	Change £'000
<b>Temporary Deposits and Short Term Borrowing</b>			
Temporary Bank and other Deposits	7,029	16,492	9,463
Less Parish Council Deposits	-28	-28	0
Less Interest Free Debt	-7	-7	0
<b>Total - Short-term Cash Position</b>	<b>6,994</b>	<b>16,457</b>	<b>9,463</b>

Average Interest Rate Earned (Cumulative)	0.33%	0.31%	-0.02%
Target – Average 7-Day Money Market Rate	0.51%	0.49%	-0.02%

## Short-term Deposits

3.68 The funds of £16.492m are currently on deposit as follows:

Debt Management Office	£2m
Other Local Authorities	£10m
UK Banks	£4.492m

3.69 Total interest earned to-date is £28,210, with expected interest for the year (including that currently accruing) to total approximately £42,000. This compares to a budget for the year of £48,750.

### Lending Policy and Counterparty List

3.70 At its meeting on 4<sup>th</sup> September 2014, the Committee approved a revision to the Lending Policy and Counterparty List. This followed changes regulating the banking sector and the potential impact of depositor bail-ins.

3.71 In December, the Lending List was again updated. This was due to the impending deterioration of credit ratings expected in response to weakening prospects for economic growth and the strengthening of bail-in regulations.

3.72 Since December, the Lending List has once again been updated in response to further market developments. Firstly, the Bank of England announced the results of its first “stress testing” exercise of the UK banking system.

3.73 This involved analysing 8 UK financial institutions to assess their resilience to a very severe housing market shock and to a sharp rise in interest rates. This allowed the Bank to assess the risks to the UK’s financial stability and to make informed judgments about the appropriate size of capital buffers for individual banks and for the whole banking system.

3.74 All of the banks on the Council’s Lending list passed the test.

3.75 However, following a review of credit ratings as the bail-in regime becomes established, some of the named counterparties on the Council’s Lending List have been downgraded. It is now recommended that only HSBC and Standard Chartered remain as “specified investments” under the Council’s Policy. The revised counterparty list is shown in **Appendix 5**.

3.76 In line with Treasury advice, the length of deposits with named counterparties (besides the 2 named above) has been reduced to 100 days (from 6 months)

### Effect on the Council

3.77 Currently, this will have little effect on the Council’s lending position. In accordance with the Policy, the Council’s deposits are mainly lent out to other local authorities and the DMO. Funds held with banks on the Counterparty List are held in instant access reserve accounts as they are used to balance cash flow on a daily basis or held pending payment of bills.

3.78 Coventry Building Society has been added to the Counterparty List as a non-specified investment. They have recently raised additional capital and are more than sufficiently capitalised to give depositors a substantial cushion against bail-in.

## OTHER FINANCIAL INDICATORS

3.79 These are reported to monitor the efficiency of financial services. In addition, the collection rates and speed of benefit processing are key indicators of performance and are contractual targets with the Council's service provider.

3.80 The indicators are detailed in the following table.

	Annual Volumes	Actual 2013/14	Target 2014/15	Projection 2014/15	
<b>Collection Rates</b>					
Council Tax in-year Collection	£45.6m	97.80%	97.40%	97.60%	GREEN
Council Tax Arrears Collection	£4.1m	22.10%	26.70%	22.00%	RED
Business Rates Collection	£23.4m	98.10%	96.10%	97.50%	GREEN
Recovery of Housing Benefit Overpayments	£0.6m	37.50%	34.20%	40.00%	GREEN
Sundry Debtor Collection (incl. Arrears)	£4.9m	84.20%	82.60%	90.00%	GREEN
<b>Benefits Processing (Average Time)</b>					
New Claims	1,000	17 Days	18 Days	20 Days	RED
Change of Circumstances	14,000	14 Days	8 Days	16 Days	RED
<b>Financial Efficiency</b>					
Percentage of Invoices paid within 30-days	5,300	96.40%	97.50%	97.50%	GREEN
Percentage of Invoices paid within 10-days	5,300	69.10%	65.00%	75.00%	GREEN
Number of Payments made Electronically	49,000	98.30%	90.00%	99.50%	GREEN

3.81 The above table continues to show, that as previously reported, three indicators are currently at risk of falling below target. As planned, the current performance of benefits processing has improved over the last quarter due to additional resources and process improvements.

## Universal Credit

3.82 The roll out of Universal Credit is now expected to be implemented for South Derbyshire residents in September 2015. In addition, the implementation of the Single Fraud Investigation Service has been confirmed for December 2015.

3.83 When further details become known, these will be reported to the Committee later in the year.

#### **4.0 Financial Implications**

4.1 As detailed in the report.

#### **5.0 Corporate Implications**

5.1 None directly

#### **6.0 Community Implications**

6.1 None directly

#### **7.0 Background Papers**

7.1 None

£'s	BUDGET			FORECAST		ANNUAL		RESERVES	
	YTD ACTUAL	BUDGET	BUDGET OUTTURN	ADJUSTMENTS	PROJECTED OUTTURN	BUDGET	PROJECTED VARIANCE	EARMARKED	GF
PSX90	624,726	156,615	781,340	31,000	812,340	702,298	(110,043)		(110,043)
<b>Central &amp; Departmental Accounts</b>	<b>624,726</b>	<b>156,615</b>	<b>781,340</b>	<b>31,000</b>	<b>812,340</b>	<b>702,298</b>	<b>(110,043)</b>	<b>0</b>	<b>(110,043)</b>
CCF00	51,379	717	52,095	3,005	55,100	55,100	(0)		(0)
CPH70	111,385	29,713	141,099	8,250	149,349	178,729	29,380		29,380
<b>Economic Development</b>	<b>162,764</b>	<b>30,430</b>	<b>193,194</b>	<b>11,255</b>	<b>204,449</b>	<b>233,829</b>	<b>29,380</b>	<b>0</b>	<b>29,380</b>
CPE10	51,578	(8,034)	43,544		43,544	69,104	25,559	25,559	
<b>Environmental Education</b>	<b>51,578</b>	<b>(8,034)</b>	<b>43,544</b>	<b>0</b>	<b>43,544</b>	<b>69,104</b>	<b>25,559</b>	<b>25,559</b>	<b>0</b>
CEE00	96,381	17,716	114,097		114,097	107,557	(6,540)		(6,540)
CEE10	189,206	44,013	233,219	9,469	242,688	252,688	10,000		10,000
CEE30	0	0	0		0	0	0		0
CEE50	2,756	3,250	6,006		6,006	10,585	4,579		4,579
CEE80	13,486	21,791	35,277	2,000	37,277	43,675	6,398		6,398
CEH00	75,932	19,463	95,395	3,000	98,395	117,245	18,850		18,850
KGW00	0	250	250		250	1,500	1,250		1,250
<b>Environmental Services</b>	<b>377,761</b>	<b>106,484</b>	<b>484,244</b>	<b>14,469</b>	<b>498,713</b>	<b>533,252</b>	<b>34,538</b>	<b>0</b>	<b>34,538</b>
HTK10	(11,698)	(1,574)	(13,272)	9,000	(4,272)	(9,446)	(5,174)		(5,174)
NAC60	16,892	3,967	20,859	7,239	28,098	28,098	(0)		(0)
<b>Highways</b>	<b>5,194</b>	<b>2,392</b>	<b>7,586</b>	<b>16,239</b>	<b>23,825</b>	<b>18,651</b>	<b>(5,174)</b>	<b>0</b>	<b>(5,174)</b>
ACL00	(29,272)	408	(28,864)	(22,000)	(50,864)	7,634	58,498		58,498
CEE70	(66,450)	(9,011)	(75,461)	(20,000)	(95,461)	(53,796)	41,665		41,665
<b>Licensing and Land Charges</b>	<b>(95,722)</b>	<b>(8,603)</b>	<b>(104,325)</b>	<b>(42,000)</b>	<b>(146,325)</b>	<b>(46,162)</b>	<b>100,163</b>	<b>0</b>	<b>100,163</b>
ACG00	1,232	0	1,232		1,232	0	(1,232)		(1,232)
CCA20	31	7,700	7,731	969	8,700	8,700	0		0
CPB00	12,362	11,974	24,336	25,000	49,336	68,275	18,938		18,938
CPB10	0	0	0		0	0	0		0
CPB20	(19,790)	(1,000)	(20,790)	4,000	(16,790)	(6,000)	10,790		10,790
CPC00	0	0	0		0	0	0		0
CPC10	(453,320)	1,489	(451,831)	35,000	(416,831)	12,820	429,651	5,184	424,467

£'s		BUDGET			FORECAST		ANNUAL		RESERVES	
		YTD ACTUAL	BUDGET	BUDGET OUTTURN	ADJUSTMENTS	PROJECTED OUTTURN	BUDGET	PROJECTED VARIANCE	EARMARKED	GF
CPC20	Development Control Enforcement	64,322	12,480	76,802		76,802	75,161	(1,641)		(1,641)
CPD10	Structure and Local Planning	341,810	(26,851)	314,958	85,000	399,958	383,396	(16,562)		(16,562)
<b>Planning</b>		<b>(53,354)</b>	<b>5,792</b>	<b>(47,562)</b>	<b>149,969</b>	<b>102,407</b>	<b>542,352</b>	<b>439,945</b>	<b>5,184</b>	<b>434,761</b>
HTP10	Off-Street Parking	61,312	8,320	69,632		69,632	69,463	(169)		(169)
<b>Town Centre</b>		<b>61,312</b>	<b>8,320</b>	<b>69,632</b>	<b>0</b>	<b>69,632</b>	<b>69,463</b>	<b>(169)</b>	<b>0</b>	<b>(169)</b>
CEE60	Public Health	(1,136)	0	(1,136)		(1,136)	0	1,136		1,136
CES00	Street Cleansing (not chargeable to highways)	158,010	32,681	190,691	35,000	225,691	197,934	(27,758)		(27,758)
CEW00	Household Waste Collection	931,874	220,959	1,152,832	112,000	1,264,832	1,194,152	(70,681)		(70,681)
CEW10	Trade Waste Collection	(143,868)	(19,790)	(163,658)	12,000	(151,658)	(118,740)	32,918		32,918
CEW20	Recycling	194,313	31,866	226,179	(5,000)	221,179	195,332	(25,848)		(25,848)
<b>Waste Collection &amp; Street Cleansing</b>		<b>1,139,193</b>	<b>265,716</b>	<b>1,404,909</b>	<b>154,000</b>	<b>1,558,909</b>	<b>1,468,677</b>	<b>(90,232)</b>	<b>0</b>	<b>(90,232)</b>
		<b>2,273,452</b>	<b>559,112</b>	<b>2,832,564</b>	<b>334,932</b>	<b>3,167,496</b>	<b>3,591,463</b>	<b>423,967</b>	<b>30,743</b>	<b>393,223</b>

COMMENTARY

£110k Adv spare parts

small fav variance on materials  
Saving on Vacant post

income received in advance of classes

Increase in Food export certificate £13k fav projected by YE, Salaries £21k fav, redundancy payment £31k adv

£2k fav on income due back log in EPR Permits, £8k fav fees

Fees  
£8k fav reps&main, 2k adv water leak

£9k fav Salaries. Professional Fees £9k fav

15k adv on gully cleaning income to cover overspend up to 10k  
Responsive budget poss 4k fav variance

£39k restructure savings, £20k Projected fav Land Charges

£26k restructure saving, £20k increased income, training £2k adv for Civica, £3k Text message service adv

Salaries underspend & Mileage (vacant post at beginning of FY). £19k Recharge Housing roof work, Surplus on Building control fees removed to meet budget as apps are likely to decrease in winter months, actual to meet budget.

8k Fav street name & numbering (adj Responsive budget for emergency works required)

COMMENTARY

Over/Underspend will be determined on the timescale of the local plan. Review in future months

£31k ad Vehicle Hire £8k ad Overtime, £5k fav Serv professional fees, £6k fav furniture

£58k adv Salaries £32k adv Overtime due to staff cover and bank holidays, £33k Fav Agency fees due to increase in staff numbers,£14k adv Materials due to new bins needed

£35k Increase in trade waste income, adv £12k tpp collection fees, £11k trade waste recharge unbudgeted

£16k adv for leaflet distribution, £11k Schuller & Resco not budgeted for, £10k adv black plastic charges, £12k fav salaries



Budget Monitoring - January 15 - UPDATED

Housing & Community

£'s	BUDGET			FORECAST		ANNUAL		RESERVES		COMMENTARY
	YTD ACTUAL	BUDGET	BUDGET OUTTURN	ADJUSTMENTS	PROJECTED OUTTURN	BUDGET	PROJECTED VARIANCE	EARMARKED	GF	
ACT00	246,139	41,437	287,576	(33,000)	254,576	248,743	(5,833)		(5,833)	(profiling) 2.2% increase unbudgeted
CCD00	58,836	24,299	83,135		83,135	89,885	6,750		6,750	
CEG00	87,515	(40,982)	46,533		46,533	109,990	63,457	63,457		
CEK00	47,852	9,393	57,245		57,245	58,495	1,250		1,250	
CPH20	(6,958)	(1,125)	(8,083)	1,000	(7,083)	(5,788)	1,295		1,295	Fav income
CPL00	30,574	3,461	34,035	(1,667)	32,368	28,604	(3,764)		(3,764)	(Profiling) Overspend on grants £4k
CCF10	4,125	1,167	5,292	1,708	7,000	7,000	(0)		(0)	small fav variance on repairs likely to be spent
<b>Community Development and Support</b>	<b>468,083</b>	<b>37,649</b>	<b>505,733</b>	<b>(31,959)</b>	<b>473,774</b>	<b>536,930</b>	<b>63,156</b>	<b>63,457</b>	<b>(301)</b>	
CCA10	12,305	3,540	15,845		15,845	21,320	5,475	5,475	0	
CCA40	53,093	10,339	63,432	4,184	67,616	67,616	(0)		(0)	Review for missed invoices
CCA30	29,891	2,212	32,103	7,287	39,390	39,390	0		0	Review for missed invoices
<b>Leisure and Recreational Activities</b>	<b>95,289</b>	<b>16,091</b>	<b>111,381</b>	<b>11,471</b>	<b>122,852</b>	<b>128,326</b>	<b>5,475</b>	<b>5,475</b>	<b>(0)</b>	
CCD20	36,241	(35,786)	455		455	115,038	114,583	114,583		
CCD30	159,027	211,790	370,817	99,000	469,817	300,305	(169,513)	(123,000)	(46,513)	Repairs and Maintenance to GBLC - Roof, asbestos and general repairs. £26k adv TPP(loss of income), £32k adv on utilities, £12k fav under accrued income PY, GF reserve funding of £24k and earmarked of £99k
CCD40	(234)	(62,384)	(62,618)		(62,618)	(334)	62,284	62,284		
CCA00	(665)	200	(465)	1,665	1,200	1,200	0		0	
CCD10	32,251	8,049	40,300		40,300	40,105	(195)	(195)		
CCD50	15,587	(13,593)	1,994		1,994	14,165	12,171	12,171		
<b>Leisure Centres and Community Facilities</b>	<b>242,207</b>	<b>108,275</b>	<b>350,483</b>	<b>100,665</b>	<b>451,148</b>	<b>470,479</b>	<b>19,331</b>	<b>65,843</b>	<b>(46,513)</b>	
CCE00	278,894	71,620	350,514	10,000	360,514	387,439	26,925		26,925	£12k fav salary costs, fav variance £14k expected on furniture, materials etc
CCE10	9,146	2,105	11,252	1,431	12,683	12,683	0		0	
CCE20	(1,335)	(88)	(1,422)	897	(525)	(525)	0		0	
CCF20	35,250	31,303	66,552	29,636	96,188	96,189	0		0	(Profiling) Log cabin additional income expected
CEA00	6,285	615	6,900		6,900	3,136	(3,764)		(3,764)	Adv due to exhumation costs
CEA30	3,936	0	3,936		3,936	3,608	(328)		(328)	
KJE70	132,706	15,932	148,638	40,000	188,638	191,204	2,566		2,566	Adj for trees & furniture purchases
<b>Parks and Open Spaces</b>	<b>464,882</b>	<b>121,487</b>	<b>586,369</b>	<b>81,964</b>	<b>668,333</b>	<b>693,733</b>	<b>25,400</b>	<b>0</b>	<b>25,400</b>	
CEE20	45,647	13,055	58,702	10,000	68,702	78,331	9,629		9,629	Over accrual of LEAP fees at year end (10K income funded project)
KGA00	76,204	18,937	95,141	5,000	100,141	113,815	13,674	0	13,674	Subscriptions profiling
KGD00	39,688	(1,975)	37,713		37,713	37,791	79	0	79	
KGE10	41,772	14,136	55,908	10,000	65,908	85,083	19,175	0	19,175	£12k Fav Third Party costs, 4k Fav Salary 2K other small variances
KGH10	32,405	667	33,072	(29,072)	4,000	4,000	0		0	(profiling)
KGH40	130,051	2,045	132,096		132,096	96,675	(35,421)		(35,421)	£64k sitting in RSG
KGT00	15,302	(41,757)	(26,455)	10,959	(15,496)	(15,496)	(0)		(0)	Costs covered by DCC recharge
<b>Private Sector Housing</b>	<b>381,069</b>	<b>5,108</b>	<b>386,177</b>	<b>6,887</b>	<b>393,064</b>	<b>400,200</b>	<b>7,136</b>	<b>0</b>	<b>7,136</b>	
	<b>1,651,531</b>	<b>288,611</b>	<b>1,940,142</b>	<b>169,028</b>	<b>2,109,170</b>	<b>2,229,667</b>	<b>120,497</b>	<b>134,775</b>	<b>(14,278)</b>	

## Budget Monitoring - January 15 - UPDATED

## Finance &amp; Management

£'s	BUDGET			FORECAST		ANNUAL		RESERVES		COMMENTARY
	YTD ACTUAL	BUDGET	BUDGET OUTTURN	ADJUSTMENTS	PROJECTED OUTTURN	BUDGET	PROJECTED VARIANCE	EARMARKED	GF	
PSX40 Senior Management	373,370	75,894	449,263	12,000	461,263	458,855	(2,408)		(2,408)	Professional Fees Profiling, temp Director costs
PSX50 Reprographic/Print Room	67,321	12,777	80,098		80,098	77,406	(2,692)		(2,692)	
PSX55 Financial Services	204,873	47,575	252,448		252,448	286,308	33,860		33,860	Salary savings vacancies & maternity
PSX56 Internal Audit	87,707	17,186	104,893		104,893	103,115	(1,778)		(1,778)	
PSX57 Merchant Banking Services	34,976	7,656	42,632		42,632	45,935	3,303		3,303	
PSX60 ICT Support	569,606	108,681	678,287		678,287	656,315	(21,972)	(21,972)	0	Any overspend covered by ICT reserve £30k additional pay after restructure and £5k additional other pay unbudgeted (profiling) training surplus to be carried forward as new 3 year contract signed
PSX65 Legal Services	105,677	15,287	120,964	10,000	130,964	91,950	(39,014)		(39,014)	
PSX75 Personnel/HR	172,513	39,280	211,792		211,792	239,781	27,988	27,988	0	Small savings on pension from ex SDDC staff
PSX76 Policy & Communications	194,623	40,325	234,949		234,949	241,952	7,004		7,004	Small savings on pension from ex SDDC staff
PSX77 Customer Services	440,129	88,918	529,047		529,047	533,644	4,597		4,597	Small savings on pension from ex SDDC staff
PSX78 Health & Safety	29,175	5,730	34,905		34,905	34,377	(528)		(528)	Underpend on Repairs and maintenance, (income from DCC to trf from PSX85)
PSX81 Admin Offices & Depot	197,532	103,396	300,927	13,136	314,063	333,127	19,064		19,064	Overspend on protective clothing - Depot staff new uniforms - underspend next year
PSX95 Procurement Unit	116,645	17,487	134,131		134,131	104,920	(29,211)		(29,211)	
PSX99 Corporate Services Partnership	11,379	0	11,379	(11,379)	(0)	0	0		0	
SSX70 Other Management Costs	(476)	0	(476)	476	(0)	0	0		0	
KJE40 Caretaking	72,689	14,865	87,554	(27,343)	60,211	89,444	29,232		29,232	Income trf from DCC coded to PSX85
<b>Central and Departmental Accounts</b>	<b>2,677,737</b>	<b>595,055</b>	<b>3,272,793</b>	<b>(3,110)</b>	<b>3,269,683</b>	<b>3,297,130</b>	<b>27,447</b>	<b>6,016</b>	<b>21,431</b>	
HTT00 Concessionary Fares	(1,551)	0	(1,551)		(1,551)	0	1,551		1,551	
<b>Concessionary Travel</b>	<b>(1,551)</b>	<b>0</b>	<b>(1,551)</b>	<b>0</b>	<b>(1,551)</b>	<b>0</b>	<b>1,551</b>	<b>0</b>	<b>1,551</b>	
AAD00 Democratic Representation & Management	89,586	30,957	120,543	20,000	140,543	187,937	47,395		47,395	£37k restructure savings, £10k vacancies
ACD00 Elected Members	199,723	45,498	245,221	4,000	249,221	274,169	24,948		24,948	Spending cut by Ardip plus removal of Civic car saving
AAM00 Corporate Management	72,280	12,525	84,805		84,805	75,400	(9,405)		(9,405)	Profiling £18k discount off Northgate charges plus free banking for 6 mths saving
AAM01 Corporate Finance Management	28,884	11,050	39,934		39,934	72,459	32,524		32,524	
KJW00 Debt Management Costs	102,653	20,817	123,470	1,430	124,900	124,900	0		0	
<b>Corporate and Democratic Costs</b>	<b>493,125</b>	<b>120,847</b>	<b>613,972</b>	<b>25,430</b>	<b>639,402</b>	<b>734,864</b>	<b>95,462</b>	<b>0</b>	<b>95,462</b>	
ACE00 Registration of Electors	3,367	3,417	6,783		6,783	20,622	13,839		13,839	Postage savings £11k income received to fund Euro Election, fav variance salary
ACE10 Conducting Elections	94,395	20,381	114,776		114,776	122,714	7,938		7,938	
<b>Electoral Registration</b>	<b>97,762</b>	<b>23,797</b>	<b>121,559</b>	<b>0</b>	<b>121,559</b>	<b>143,336</b>	<b>21,777</b>	<b>0</b>	<b>21,777</b>	
ACT01 Parish Councils	288,164	51,935	340,099	(15,000)	325,099	318,108	(6,991)		(6,991)	2% increase in reserves (profiling of budget)
<b>Payments to Parish Councils</b>	<b>288,164</b>	<b>51,935</b>	<b>340,099</b>	<b>(15,000)</b>	<b>325,099</b>	<b>318,108</b>	<b>(6,991)</b>	<b>0</b>	<b>(6,991)</b>	
ABP00 Funded Pension Schemes	98,665	123,458	222,123		222,123	241,505	19,382		19,382	Fav 20k fees
ABU00 Increase/Decrease in Provision for Bad or Doubtful	0	0	0		0	0	0		0	
ABQ00 Planning Agreements	(2,106,921)	0	(2,106,921)	2,106,921	0	0	(0)		(0)	
W4A00 Interest & Investment Income (GF)	(35,271)	(8,125)	(43,396)		(43,396)	(46,935)	(3,539)		(3,539)	Income rate lower than anticipated
W7A00 External Interest Payable (GF)	2,445	1,675	4,120	5,930	10,050	10,050	(0)		(0)	Profiling
<b>Pensions, Grants Interest Payments and Receipts</b>	<b>(2,041,082)</b>	<b>117,008</b>	<b>(1,924,073)</b>	<b>2,112,851</b>	<b>188,778</b>	<b>204,620</b>	<b>15,843</b>	<b>0</b>	<b>15,843</b>	
PSX85 Estate Management	(264,044)	(33,660)	(297,704)	124,820	(172,884)	(167,696)	5,187		5,187	£5k saving on agency fees (profiling) Rent is likely to be favourable but review in progress
<b>Property and Estates</b>	<b>(264,044)</b>	<b>(33,660)</b>	<b>(297,704)</b>	<b>124,820</b>	<b>(172,884)</b>	<b>(167,696)</b>	<b>5,187</b>	<b>0</b>	<b>5,187</b>	
ACA00 Council Tax Collection	106,939	(147,900)	(40,961)	3,561	(37,400)	(37,400)	(0)		(0)	

**Budget Monitoring - January 15 - UPDATED**

**Finance & Management**

£'s	BUDGET			FORECAST		ANNUAL		RESERVES		COMMENTARY
	YTD ACTUAL	BUDGET	BUDGET OUTTURN	ADJUSTMENTS	PROJECTED OUTTURN	BUDGET	PROJECTED VARIANCE	EARMARKED	GF	
ACA10 Council Tax Benefits Administration	0	0	0		0	0	0		0	Discretionary housing payment for clawback £59k DWP Any overspend covered by income from Capita & Northgate for implentation of new CTAX & Benefits schemes
ACA30 Council Tax Benefits	0	0	0		0	0	0		0	
ACA40 Non Domestic Rates Collection	100,158	(71,067)	29,091	(491)	28,600	28,600	0		0	
KGL00 Rent Allowances Paid	(10,035)	191,309	181,274	10,035	191,309	191,309	(0)		(0)	
KGL10 Net cost of Non-HRA Rent Rebates	0	0	0		0	0	0		0	
KGN00 Net cost of Rent Rebates Paid	(59,449)	84,700	25,251		25,251	84,700	59,449		59,449	
KGP00 Housing Benefits Administration	503,872	(294,046)	209,826	(127,485)	82,341	82,341	0		0	
<b>Revenues and Benefits</b>	<b>641,485</b>	<b>(237,004)</b>	<b>404,481</b>	<b>(114,380)</b>	<b>290,101</b>	<b>349,550</b>	<b>59,448</b>	<b>0</b>	<b>59,448</b>	
	<b>1,891,597</b>	<b>637,979</b>	<b>2,529,576</b>	<b>2,130,611</b>	<b>4,660,187</b>	<b>4,879,913</b>	<b>219,726</b>	<b>6,016</b>	<b>213,710</b>	
W2A00 Taxation & non specific grant income (GF)	(3,422,471)	0	(3,422,471)	3,422,471	0	0	0		0	
W6A00 IAS19 Pensions Adjustment (GF)	0	0	0		0	0	0		0	
W8A00 Other Operating Income & Expenditure (GF)	606,474	0	606,474	(606,474)	0	0	0		0	
DBX00 Management and Administration - Chairmans Acco	(835)	0	(835)	835	0	0	(0)		(0)	
<b>Other Operating Income &amp; Expenditure</b>	<b>(2,816,832)</b>	<b>0</b>	<b>(2,816,832)</b>	<b>2,816,832</b>	<b>0</b>	<b>0</b>	<b>(0)</b>	<b>0</b>	<b>(0)</b>	
	<b>(925,235)</b>	<b>637,979</b>	<b>(287,256)</b>	<b>4,947,443</b>	<b>4,660,187</b>	<b>4,879,913</b>	<b>219,726</b>	<b>6,016</b>	<b>213,710</b>	

## COLLECTION FUND MONITORING 2014/15

	Actual 2013/14 £'000	Estimate 2014/15 £'000	Actual as at July 2014 £'000	Variance £'000	
<b>COUNCIL TAX - INCOME &amp; EXPENDITURE</b>					
<b>INCOME</b>					
Council Tax Collectable	44,151	45,480	45,820	340	Estimate - Increase in Precepts of 3.01%
<b>EXPENDITURE</b>					
County Council Precept	31,627	32,657	32,657	0	
Police and Crime Commissioner Precept	4,901	5,059	5,059	0	
Fire Authority Precept	1,972	2,034	2,034	0	
SDDC Precept	4,411	4,466	4,466	0	
SDDC Parish Precepts	603	606	606	0	
Increase in Bad Debts Provision	347	359	362	3	0.79% of Ctax Collectable
<b>Total Expenditure</b>	<b>43,861</b>	<b>45,181</b>	<b>45,184</b>	<b>3</b>	
<b>Surplus for the Year</b>	<b>290</b>	<b>299</b>	<b>636</b>	<b>337</b>	
<b>COUNCIL TAX BALANCE</b>					
Opening Balance 1st April 2014	84	375	375	0	
Share of Previous Surplus to County Council	0	-126	-126	0	
Share of Previous Surplus to Police	0	-19	-19	0	
Share of Previous Surplus to Fire Authority	0	-8	-8	0	
Share of Previous Surplus to SDDC	0	-20	-20	0	
Surplus for Year (as above)	290	299	636	337	
<b>Closing Balance as at 31st March 2015</b>	<b>374</b>	<b>501</b>	<b>838</b>	<b>337</b>	

<b>BUSINESS RATES - INCOME &amp; EXPENDITURE</b>					
<b>INCOME</b>					
Business Rates Collectable	22,015	22,930	23,059	129	Estimate per NNDR1 14/15
<b>EXPENDITURE</b>					
Central Government Precept	10,365	10,540	10,540	0	Estimate per NNDR1 14/15
SDDC Precept	8,292	8,432	8,432	0	As above
Derbyshire County Council Precept	1,866	1,897	1,897	0	As above
Fire and Rescue Service Precept	207	211	211	0	As above
Cost of Collection	91	91	91	0	As above
Increase in Bad Debts Provision	1,453	1,187	31	-1,156	Provide 3% for increase in rates
Provision for Appeals	627	584	634	50	Provide for 2.75% of Rates
<b>Total Expenditure</b>	<b>22,901</b>	<b>22,942</b>	<b>21,836</b>	<b>-1,106</b>	
<b>Surplus / Deficit (-)</b>	<b>-886</b>	<b>-12</b>	<b>1,223</b>	<b>1,235</b>	
<b>BUSINESS RATES BALANCE</b>					
Opening Balance 1st April 2014	0	-886	-886	0	
Share of Previous Deficit to Government	0	0	0	0	
Share of Previous Deficit to SDDC	0	0	0	0	
Share of Previous Deficit to County Council	0	0	0	0	
Share of Previous Deficit to Fire Authority	0	0	0	0	
Surplus / Deficit (-) for the Year as above	-886	-12	1,223	1,235	
<b>Closing Balance as at 31st March 2015</b>	<b>-886</b>	<b>-898</b>	<b>337</b>	<b>1,235</b>	

<b>LEVY/SAFETY NET CALCULATION</b>					
SDDC Precept	8,292	8,432	8,432	0	
Less Tariff Payment	-5,968	-6,084	-6,084	0	
Add Section 31 Relief Grants	261	362	362	0	
Share of Business Rate Account Balance (40%)	-354	-359	135	494	
<b>Retained Rates before Levy</b>	<b>2,231</b>	<b>2,351</b>	<b>2,845</b>	<b>494</b>	
<b>Less Assumed Rates in the Funding Formula</b>	<b>-2,205</b>	<b>-2,248</b>	<b>-2,248</b>	<b>0</b>	
<b>Additional Net Rates Generated</b>	<b>26</b>	<b>103</b>	<b>597</b>	<b>494</b>	
Less Government Levy (50%)	-13	-51	-298	-247	
<b>Additional Amount Retained by SDDC</b>	<b>13</b>	<b>51</b>	<b>298</b>	<b>247</b>	
<b>GENERAL FUND POSITION</b>					
SDDC Precept	8,292	8,432	8,432	0	
Less Tariff Payment	-5,968	-6,084	-6,084	0	
Add Section 31 Relief Grants	261	362	362	0	
2013/14 Income Adjustment	0	0	-188	-188	
Share of Additional Rates	13	51	298	247	
<b>Actual Financing Transferred to General Fund</b>	<b>2,598</b>	<b>2,761</b>	<b>2,820</b>	<b>59</b>	
<b>Less Estimate in General Fund Budget</b>	<b>-2,205</b>	<b>-2,248</b>	<b>-2,248</b>	<b>0</b>	
<b>Additional Income in Year</b>	<b>393</b>	<b>513</b>	<b>572</b>	<b>59</b>	

## COLLECTION FUND MONITORING 2014/15

	Actual 2013/14	Estimate 2014/15	Actual as at October 2014	Variance	
	£'000	£'000	£'000	£'000	
<b>COUNCIL TAX - INCOME &amp; EXPENDITURE</b>					
<b>INCOME</b>					
Council Tax Collectable	44,151	45,480	45,823	343	Estimate - Increase in Precepts of 3.01%
<b>EXPENDITURE</b>					
County Council Precept	31,627	32,657	32,657	0	
Police and Crime Commissioner Precept	4,901	5,059	5,059	0	
Fire Authority Precept	1,972	2,034	2,034	0	
SDDC Precept	4,411	4,466	4,466	0	
SDDC Parish Precepts	603	606	606	0	
Increase in Bad Debts Provision	347	359	362	3	0.79% of Ctax Collectable
<b>Total Expenditure</b>	<b>43,861</b>	<b>45,181</b>	<b>45,184</b>	<b>3</b>	
<b>Surplus for the Year</b>	<b>290</b>	<b>299</b>	<b>639</b>	<b>340</b>	
<b>COUNCIL TAX BALANCE</b>					
Opening Balance 1st April 2014	84	375	375	0	
Share of Previous Surplus to County Council	0	-126	-126	0	
Share of Previous Surplus to Police	0	-19	-19	0	
Share of Previous Surplus to Fire Authority	0	-8	-8	0	
Share of Previous Surplus to SDDC	0	-20	-20	0	
Surplus for Year (as above)	290	299	639	340	
<b>Closing Balance as at 31st March 2015</b>	<b>374</b>	<b>501</b>	<b>841</b>	<b>340</b>	

<b>BUSINESS RATES - INCOME &amp; EXPENDITURE</b>					
<b>INCOME</b>					
Business Rates Collectable	22,015	22,930	23,517	587	Estimate per NNDR1 14/15
<b>EXPENDITURE</b>					
Central Government Precept	10,365	10,540	10,540	0	Estimate per NNDR1 14/15
SDDC Precept	8,292	8,432	8,432	0	As above
Derbyshire County Council Precept	1,866	1,897	1,897	0	As above
Fire and Rescue Service Precept	207	211	211	0	As above
Cost of Collection	91	91	91	0	As above
Increase in Bad Debts Provision	1,453	1,187	45	-1,142	Provide 3% for increase in rates
Provision for Appeals	627	584	647	63	Provide for 2.75% of Rates
<b>Total Expenditure</b>	<b>22,901</b>	<b>22,942</b>	<b>21,863</b>	<b>-1,079</b>	
<b>Surplus / Deficit (-)</b>	<b>-886</b>	<b>-12</b>	<b>1,654</b>	<b>1,666</b>	
<b>BUSINESS RATES BALANCE</b>					
Opening Balance 1st April 2014	0	-886	-886	0	
Share of Previous Deficit to Government	0	0	0	0	
Share of Previous Deficit to SDDC	0	0	0	0	
Share of Previous Deficit to County Council	0	0	0	0	
Share of Previous Deficit to Fire Authority	0	0	0	0	
Surplus / Deficit (-) for the Year as above	-886	-12	1,654	1,666	
<b>Closing Balance as at 31st March 2015</b>	<b>-886</b>	<b>-898</b>	<b>768</b>	<b>1,666</b>	

<b>LEVY/SAFETY NET CALCULATION</b>					
SDDC Precept	8,292	8,432	8,432	0	
Less Tariff Payment	-5,968	-6,084	-6,084	0	
Add Section 31 Relief Grants	261	362	362	0	
Share of Business Rate Account Balance (40%)	-354	-359	307	666	
<b>Retained Rates before Levy</b>	<b>2,231</b>	<b>2,351</b>	<b>3,017</b>	<b>666</b>	
<b>Less Assumed Rates in the Funding Formula</b>	<b>-2,205</b>	<b>-2,248</b>	<b>-2,248</b>	<b>0</b>	
<b>Additional Net Rates Generated</b>	<b>26</b>	<b>103</b>	<b>769</b>	<b>666</b>	
Less Government Levy (50%)	-13	-51	-385	-333	
<b>Additional Amount Retained by SDDC</b>	<b>13</b>	<b>51</b>	<b>385</b>	<b>333</b>	
<b>GENERAL FUND POSITION</b>					
SDDC Precept	8,292	8,432	8,432	0	
Less Tariff Payment	-5,968	-6,084	-6,084	0	
Add Section 31 Relief Grants	261	362	362	0	
2013/14 Income Adjustment	0	0	-188	-188	
Share of Additional Rates	13	51	385	333	
<b>Actual Financing Transferred to General Fund</b>	<b>2,598</b>	<b>2,761</b>	<b>2,907</b>	<b>145</b>	
<b>Less Estimate in General Fund Budget</b>	<b>-2,205</b>	<b>-2,248</b>	<b>-2,248</b>	<b>0</b>	
<b>Additional Income in Year</b>	<b>393</b>	<b>513</b>	<b>659</b>	<b>145</b>	

## COLLECTION FUND MONITORING 2014/15

	Actual 2013/14	Estimate 2014/15	Actual as at January 2015	Variance	
	£'000	£'000	£'000	£'000	
<b>COUNCIL TAX - INCOME &amp; EXPENDITURE</b>					
<b>INCOME</b>					
Council Tax Collectable	44,151	45,480	45,754	274	Estimate - Increase in Precepts of 3.01%
<b>EXPENDITURE</b>					
County Council Precept	31,627	32,657	32,657	0	
Police and Crime Commissioner Precept	4,901	5,059	5,059	0	
Fire Authority Precept	1,972	2,034	2,034	0	
SDDC Precept	4,411	4,466	4,466	0	
SDDC Parish Precepts	603	606	606	0	
Increase in Bad Debts Provision	347	359	361	2	0.79% of Ctax Collectable
<b>Total Expenditure</b>	<b>43,861</b>	<b>45,181</b>	<b>45,183</b>	<b>2</b>	
<b>Surplus for the Year</b>	<b>290</b>	<b>299</b>	<b>571</b>	<b>272</b>	
<b>COUNCIL TAX BALANCE</b>					
Opening Balance 1st April 2014	84	375	375	0	
Share of Previous Surplus to County Council	0	-126	-126	0	
Share of Previous Surplus to Police	0	-19	-19	0	
Share of Previous Surplus to Fire Authority	0	-8	-8	0	
Share of Previous Surplus to SDDC	0	-20	-20	0	
Surplus for Year (as above)	290	299	571	272	
<b>Closing Balance as at 31st March 2015</b>	<b>374</b>	<b>501</b>	<b>773</b>	<b>272</b>	

<b>BUSINESS RATES - INCOME &amp; EXPENDITURE</b>					
<b>INCOME</b>					
Business Rates Collectable	22,015	22,930	22,976	46	Estimate per NNDR1 14/15
<b>EXPENDITURE</b>					
Central Government Precept	10,365	10,540	10,540	0	Estimate per NNDR1 14/15
SDDC Precept	8,292	8,432	8,432	0	As above
Derbyshire County Council Precept	1,866	1,897	1,897	0	As above
Fire and Rescue Service Precept	207	211	211	0	As above
Cost of Collection	91	91	91	0	As above
Increase in Bad Debts Provision	1,453	1,187	0	-1,187	Per NNDR1 15/16
Provision for Appeals	627	584	750	166	Per NNDR1 15/16
<b>Total Expenditure</b>	<b>22,901</b>	<b>22,942</b>	<b>21,921</b>	<b>-1,021</b>	
<b>Surplus / Deficit (-)</b>	<b>-886</b>	<b>-12</b>	<b>1,055</b>	<b>1,067</b>	
<b>BUSINESS RATES BALANCE</b>					
Opening Balance 1st April 2014	0	-886	-886	0	
Share of Previous Deficit to Government	0	0	0	0	
Share of Previous Deficit to SDDC	0	0	0	0	
Share of Previous Deficit to County Council	0	0	0	0	
Share of Previous Deficit to Fire Authority	0	0	0	0	
Surplus / Deficit (-) for the Year as above	-886	-12	1,055	1,067	
<b>Closing Balance as at 31st March 2015</b>	<b>-886</b>	<b>-898</b>	<b>169</b>	<b>1,067</b>	

<b>LEVY/SAFETY NET CALCULATION</b>					
SDDC Precept	8,292	8,432	8,432	0	
Less Tariff Payment	-5,968	-6,084	-6,084	0	
Add Section 31 Relief Grants	261	362	362	0	
Share of Business Rate Account Balance (40%)	-354	-359	68	427	
<b>Retained Rates before Levy</b>	<b>2,231</b>	<b>2,351</b>	<b>2,778</b>	<b>427</b>	
<b>Less Assumed Rates in the Funding Formula</b>	<b>-2,205</b>	<b>-2,248</b>	<b>-2,248</b>	<b>0</b>	
<b>Additional Net Rates Generated</b>	<b>26</b>	<b>103</b>	<b>530</b>	<b>427</b>	
Less Government Levy (50%)	-13	-51	-265	-213	
<b>Additional Amount Retained by SDDC</b>	<b>13</b>	<b>51</b>	<b>265</b>	<b>213</b>	
<b>GENERAL FUND POSITION</b>					
SDDC Precept	8,292	8,432	8,432	0	
Less Tariff Payment	-5,968	-6,084	-6,084	0	
Add Section 31 Relief Grants	261	362	362	0	
2013/14 Income Adjustment	0	0	-188	-188	
Share of Additional Rates	13	51	265	213	
<b>Actual Financing Transferred to General Fund</b>	<b>2,598</b>	<b>2,761</b>	<b>2,787</b>	<b>25</b>	
<b>Less Estimate in General Fund Budget</b>	<b>-2,205</b>	<b>-2,248</b>	<b>-2,248</b>	<b>0</b>	
<b>Additional Income in Year</b>	<b>393</b>	<b>513</b>	<b>539</b>	<b>25</b>	

**LENDING POLICY and COUNTERPARTY LIST – UPDATED FEBRUARY 2015**  
**(As reported to Committee 19<sup>th</sup> March 2015)**

<b>Institution</b>	<b>Limit</b>	<b>Maximum Term</b>
<b><u>Specified Investments</u></b>		
<ul style="list-style-type: none"> <li>UK Debt Management Office (DMO)</li> </ul>	<b>£15m</b>	364 Days
<ul style="list-style-type: none"> <li>Local, Police, Fire and Parish Authorities</li> </ul>	<b>£5m</b> with anyone Authority	364 Days
<b><i>Named Counterparties</i></b>		
<ul style="list-style-type: none"> <li>HSBC</li> <li>Standard Chartered</li> </ul>	<b>£2m</b> with anyone Bank	6 months
<b><u>Non Specified Investments</u></b>		
<b><i>Named Counterparties</i></b>		
<ul style="list-style-type: none"> <li>Lloyds Bank</li> <li>Bank of Scotland</li> <li>Nationwide Building Society</li> <li>Santander UK</li> <li>Barclays Bank</li> <li>Goldman Sachs International</li> <li>Close Brothers</li> <li>Leeds Building Society</li> <li>Coventry Building Society</li> </ul>	<b>£2m</b> with anyone Bank	100 days
	<b>5% of total Deposits (Coventry BS)</b>	<b>100 days</b>
<b><i>Foreign Counterparties</i></b>		
<ul style="list-style-type: none"> <li>AAA rated institutions (<i>subject to separate approval by the Section 151 Officer</i>)</li> </ul>	<b>£1m</b> with anyone Bank	1 month
<b><i>Independent Building Societies</i></b>		
<ul style="list-style-type: none"> <li><i>subject to separate approval by the Section 151 Officer</i></li> </ul>	<b>£1m</b> with anyone society	1 month