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Chesterfield BOROUGH COUNCIL

The Chair and Members of Cabinet

Please ask for	Donna Cairns
Direct Line	01246 345277
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10 February 2015

Dear Councillor,

Please see the attached documents for Agenda Item 3 and Agenda Item 5 for the meeting of the CABINET to be held on TUESDAY, 17TH FEBRUARY, 2015, the agenda for which has previously been sent out.

3. Minutes (Pages 3 - 14)

   To approve as a correct record the Minutes of the Cabinet meeting held on 10 February, 2015.

5. 2015/16 Budget and Medium Term Financial Plan (R090R) (Pages 15 - 92)

Yours sincerely,

Local Government and Regulatory Law Manager and Monitoring Officer

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CABINET

Tuesday, 10th February, 2015

Present:-

Councillor Burrows (Chair)

Councillors	Blank Gilby King Ludlow	McManus Russell Serjeant
Non Voting Members	Brown Hill Hollingworth	Huckle Martin Stone

*Matters dealt with under Executive Powers

174 DECLARATIONS OF MEMBERS' AND OFFICERS' INTERESTS RELATING TO ITEMS ON THE AGENDA

Councillor Russell declared an interest, as a user of Queen's Park Sports Centre, in respect of Minute No. 182, and did not participate or vote during the discussion of this item.

175 APOLOGIES FOR ABSENCE

No apologies for absence were received.

176 MINUTES

RESOLVED –

That the minutes of the meeting of Cabinet held on 27 January 2015 be approved as a correct record and signed by the Chair.

177 FORWARD PLAN

The Forward Plan for the four month period 1 March to 30 June 2015 was reported for information.

*** RESOLVED –**

(1) That the Forward Plan be noted.

(2) That the changes to the format of the Forward Plan be noted.

178 DELEGATION REPORT

Decisions taken by Executive Members during January 2015 were reported.

* **RESOLVED –**

That the Delegation Report be noted.

179 DERBY AND DERBYSHIRE COMBINED AUTHORITY (R000)

The Chief Executive, Executive Director and the Development and Growth Manager submitted a report on the proposed creation of a Combined Authority for Derby and Derbyshire in accordance with the provisions of the Local Democracy, Economic Development and Construction Act 2009.

It was recommended that Chesterfield Borough Council become a full constituent member of the proposed Derby and Derbyshire Combined Authority, subject to the outcomes of the statutory consultation and contingent on Chesterfield Borough Council being able to participate fully in both the Derby and Derbyshire (D2) and Sheffield City Region (SCR) Combined Authorities.

It was anticipated that the proposed Combined Authority would enable the Derby, Derbyshire, Nottingham and Nottinghamshire (D2N2) LEP to attract further devolved funding from central government with more local determination of priorities and alignment of resources.

Due to Chesterfield Borough's functioning economic geography, looking both to Sheffield and the Midlands, it was considered that the needs and the aspirations of Chesterfield's residents and businesses were best served by the Council's full participation in both Combined Authorities.

Chesterfield Borough Council had been a non-constituent voting member of the SCR Combined Authority since February 2013. Partnership working through the SCR had secured significant benefits for Chesterfield, including investment in schemes such as Markham Vale, Chesterfield Waterside and the Northern Gateway.

The D2 Joint Economic Prosperity Committee (Joint Committee), for the Derby and Derbyshire area, had agreed in September 2014 to explore the options for better and stronger collaborative working around regeneration, transport and economic development. This involved undertaking a governance review, carried out under Secion 108 of the Local Democracy, Economic Development and Construction Act 2009, and the Transport Act 2008. The governance review was set out in Appendix 1 to the report.

The review concluded that a Combined Authority for Derby and Derbyshire presented the best option for "positively impacting on the economic conditions of the D2 area and also in providing the best opportunities for improved efficiency and effectiveness of delivery in transport and economic development". This was supported in principle by all ten local authorities in Derby and Derbyshire.

The proposed Combined Authority would be a new legal body with formal terms of reference, and responsible for developing, agreeing, implementing and monitoring D2 wide strategies, clear programmes of activity and funding and specific delivery projects.

No local authority powers would be ceded to the Combined Authority. Its functions would be exercised concurrently with those of the local authorities.

A Joint Overview and Scrutiny Committee would also be established to exercise scrutiny over the D2 Combined Authority.

It was proposed that the work programme of the D2 Combined Authority would focus initially on jobs and employment, skills, transport and housing. A fifith area of work would explore creative and innovative use of the general power of competence to support economic development, regeneration and transport programmes.

It was considered crucial that Chesterfield Borough Council's relationship with the SCR Combined Authority would continue, supported by a strong protocol of joint working with the D2 Combined Authority. Protocols for collaborative working were also proposed with Greater Manchester and the proposed N2 Combined Authority.

Non-constituent membership of the D2 Combined Authority was proposed to be offered to the Chair of the D2N2 LEP to ensure strengthened governance and management, and observer status to the Peak District National Park.

The detailed proposals for the Combined Authority were provided in the Scheme Document (attached at Appendix 2 to the report), setting out its constitution and powers. The Secretary of State, after a period of statutory consultation, would decide whether or not to lay an Order before Parliament bringing the Combined Authority into effect.

The report described the consultation carried out during the review and provided an analysis of the responses.

Alternative options to the establishment of a Combined Authority were considered as part of the D2 Governance Review option appraisal, Appendix 1 to the report. These options included remaining as a Joint Committee for Economic Prosperity, extending the role and functions covered by the existing Joint Committee or developing an Economic Prosperity Board. It was concluded that the Combined Authority was the optimal solution to achieve the greatest economic opportunities for Derby and Derbyshire and meet the statutory tests to satisfy the Secretary of State and the legislation.

***RESOLVED -**

(1) That it be recommended to Full Council that it endorses the outcome of the Review exercise undertaken pursuant to section 108 of the Local Democracy Economic Development and Construction Act 2009, that a Combined Authority be created for Derby and Derbyshire. And, that Chesterfield Borough Council becomes a full constituent member of the proposed Derby and Derbyshire Combined Authority, subject to the outcomes of the statutory consultation process and contingent on Chesterfield Borough Council continuing to be able to participate fully in both the Derby and Derbyshire and Sheffield City Region Combined Authorities.

(2) That it be recommended to Full Council that it supports the submission of the Scheme Document attached at Appendix 2 to the

report to the Secretary of State in seeking the creation of a Combined Authority for Derby and Derbyshire.

REASON FOR DECISIONS

To secure the Council's participation in the proposed Derby and Derbyshire Combined Authority and also the continued participation in the Sheffield City Region Combined Authority in order to benefit the future economic development of the borough of Chesterfield.

180 TREASURY MANAGEMENT AND ANNUAL INVESTMENT STRATEGIES (J000)

The Chief Finance Officer submitted a report recommending for approval the Treasury Management Strategy Statement and the Annual Investment Strategy Statement for 2015/16.

The report recommended the re-adoption of the modified Chartered Institute of Public Finance and Accountancy (CIPFA) Code of Practice on Treasury Management in the Public Services.

***RESOLVED -**

That it be recommended to Full Council:

(1) That the Council affirms its adoption of CIPFA's Code of Practice on Treasury Management.

(2) That the Treasury Management Strategy Statement and Annual Investment Strategy, including the Prudential Code Indicators and Minimum Revenue Provision Policy be approved.

REASON FOR DECISIONS

To comply with regulations and recognised best practice.

181 RISK MANAGEMENT STRATEGY (B010R)

The Chief Finance Officer submitted a report on risk management developments at the Council during 2014/15 and recommended for approval the updated Risk Management Policy, Strategy and Strategic Risk Register for 2015/16.

A review had been carried out during 2014/15 by the Council's insurers of the Council's risk management arrangements. The outcomes of the review were reflected in the updated Risk Management Strategy and the Strategic Risk Register.

The report had been presented to the Standards and Audit Committee on 6 February 2015 and would be considered by Full Council on 26 February 2015.

***RESOLVED -**

That it be recommended to Full Council:

(1) That the progress made on developing the Council's approach to risk management during 2014/15 ne noted.

(2) That the Risk Management Policy, Strategy and Strategic Risk Register for 2015/16 be approved.

REASON FOR DECISIONS

To ensure that effective risk management monitoring and reporting arrangements are in place.

182 **<u>FEES AND CHARGES FOR SPORT AND LEISURE (INDOOR FACILITIES) 2015/16 (T000)</u>**

The Sport and Leisure Manager submitted a report recommending for approval proposed changes to the fees and charges structure for Sports and Leisure facilities to take effect from 1 April 2015.

The Sport and Leisure Manager advised that over the last two years there had been an increase in membership numbers from approximately 3000 to 4500.

It was also reported that an online booking and payment system had been introduced from January 2015

The fees and charges proposals had taken into account:

- the need for the Council to achieve a balanced budget,
- the fees and charges levied structures of other local public and private sector providers,
- the current condition of the facilities,
- value for money considerations,
- health inequalities,
- the Council's corporate priorities,
- customer expectations.

The report outlined proposed changes to the Change4Life criteria for concessionary Active Chesterfield Membership, which were to be updated to reflect the introduction of Universal Credit. It was also proposed that an annual increase be applied to Direct Debit payments.

As the new Queen's Park Sports Centre was due to open in January 2016, it was proposed that a further review of fees and charges be carried out in August 2015.

***RESOLVED -**

(1) That the proposed charges set out in Appendix A to the report be approved for the financial year 2015/16 for Healthy Living Centre and the existing Queen's Park Sports Centre.

(2) That the Executive Member for Leisure, Culture and Tourism be given delegated authority to both increase or decrease charges where there is a clear market opportunity to doing so.

(3) That the proposals for Concessionary Change4Life charges, including the new option "No earned income" for eligible Universal Credit recipients, be approved as outlined in Appendix B to the report.

(4) That an annual increase be applied to all Direct Debit membership packages from April 2015 subject to market considerations.

(5) That a further assessment/review of fees and charges be undertaken in August 2015 in relation to the changes to provision arising from the opening of the new Queen's Park Sports Centre facility from January 2016 onwards.

REASONS FOR DECISIONS

To set the Council's fees and charges for Sport and Leisure Indoor and Outdoor facilities with effect from 1 April 2015.

To contribute to improving the Councils overall financial position and reduce the overall cost of Sport and Leisure provision by the Council.

To support the Council's delivery of Great Place Great Service corporate priorities for visitors and residents to Chesterfield Borough.

To improve customer service, service programming and overall Sport and Physical activity participation levels in the borough.

183 <u>HRA REVENUE BUDGET 2014/15 TO 2019/20 (H000)</u>

The Housing Service Manager – Business Planning and Strategy and the Chief Finance Officer submitted a report on the probable outturn on the Housing Revenue Account for the current financial year and seeking approval for the budget estimates for 2015/16.

There was a discussion on the merits of the introduction of self-financing, which had improved the financial position of the Housing Revenue Account and allowed for additional investment in the housing stock in the longer term.

The rent and service charge levels agreed by Cabinet in January (Minute No.170 (2014/15)) had been incorporated into the 2015/16 budget forecast.

The report also proposed a schedule of priority growth requests.

***RESOLVED -**

(1) That the probable outturn for the current financial year be noted.

(2) That the draft estimates for 2015/16 and future years be approved.

(3) That the "Growth Items", at Annexe 6 of Appendix A to the report, be approved.

REASONS FOR DECISIONS

To enable the Council to set the Housing Revenue Account budget for 2015/16.

To continue with the financial strategy contained in the Housing Revenue Account Business Plan and self-financing debt settlement arrangements.

184 HOUSING CAPITAL PROGRAMME 2015/16 2016/17 AND 2017/18 (H000)

The Housing Service Manager – Business Planning and Strategy submitted a report on the Housing Capital Programme outlining proposals for the New Programme for 2015/16, and seeking Cabinet approval to recommend the Programme to Full Council.

Details of the provisional Capital Programmes for 2016/17 and 2017/18 were also provided.

The report outlined the financial strategy to maintain the Decent Homes Standard, to improve the non-traditional housing stock and to deliver improvements to the estate environment in the short term.

At 1 January 2015, 95.45% of the housing stock met the Decent Homes Standard and it was anticipated that 100% would be reached by 31 March 2015.

The focus of the programme remained the modernisation of properties to maintain the Decent Homes Standard with the balance of activity over the next twelve months concentrated on building elements such as heating, roofs and rewires. In line with the recent stock condition survey, activity would also shift towards larger external and environmental improvement schemes over the next five years.

Information was provided on the commitment to use local contractors where possible, and tenant involvement in reviewing and prioritising the Capital Programme.

The allocation of work to the Housing Services' Operational Services Division was also outlined.

***RESOLVED -**

That it be recommended to Full Council:

(1) That the Housing (Public Sector) Capital Programme for 2015/16 be approved and its procurement, as necessary, be authorised.

(2) That the provisional Housing (Public Sector) Capital Programme's for 2016/17 and 2017/18 be noted.

(3) That the Operational Services Division share of the Programme be approved.

(4) That the Housing Services Manager – Business Planning and Strategy be authorised to vire between programme heads and budgets to manage the Capital Programme as set out in the report.

REASONS FOR DECISIONS

To enable the Council to maintain its 'Decent Homes Standard' targets in line with the Council's Vision and Corporate Plan.

The condition of the Public Sector housing stock and its environment will be maintained and improved.

To contribute to the aims of the Housing Strategy and deliver the HRA Business Plan.

185 **<u>HOUSING REPAIRS BUDGET 2015/16 (H000)</u>**

The Housing Services Manager – Operational Services Division submitted a report recommending for approval the Housing Repairs Budget for 2015/16.

There had been no major virements to the budget of 2014/15, only minor changes to reflect seasonal demands. The 2015/16 repairs budget proposed was otherwise consistent with that of 2014/15.

The Tenants Executive, the Tenant Challenge Panel and individual focus groups had been involved in reviews of the repairs policy to ensure continuous improvement.

***RESOLVED -**

(1) That the Housing Repairs Budget for 2015/16 as set out at Appendix 1 to the report be approved.

(2) That the Operational Services Manager be authorised to vire between responsive repairs budget heads in order to effectively manage and respond to fluctuations in tenant-led or weather dependent repairs.

REASONS FOR DECISIONS

To fund the required maintenance of the Housing Stock.

To encourage tenant involvement through the Tenant Participation Strategy.

To support the Council's Vision and Corporate Plan.

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FOR PUBLICATION

2015/16 BUDGET AND MEDIUM TERM FINANCIAL PLAN – R090R

MEETING:	COUNCIL CABINET LEADER IN CONSULTATION WITH THE DEPUTY LEADER
DATE:	26 FEBRUARY 2015 17 FEBRUARY 2015 10 FEBRUARY 2015
REPORT BY:	CHIEF EXECUTIVE & CHIEF FINANCE OFFICER
WARD:	ALL
COMMUNITY ASSEMBLY:	ALL
KEY DECISION REFERENCE:	491

FOR PUBLICATION

1.0 PURPOSE OF REPORT

1.1 To consider the draft General Fund budget report and to make recommendations to the full Council on the budget allocations and council tax level for 2015/16.

2.0 RECOMMENDATIONS

2.1 Cabinet recommends to Council that it:

2.1.1 Approves the revised budget for 2014/15 (Section 5).

2.1.2 Notes the Local Government Finance Settlement (Section 7).

2.1.3 Notes the Collection Fund and the Tax Base forecasts (Section 11).

2.1.4 Approves the Portfolio budgets and the overall revenue budget summary for 2015/16 (Appendix A).

2.1.5 Approves the Cabinet's proposed Council Tax for 2015/16.

2.1.6 Approves the Cabinet's recommendations on the growth requests (para 13.6).

2.1.7 Notes the budget forecasts for 2015/16 and 2016/17 (Sections 13 & 14) and the strategy for addressing the projected deficits (Section 15).

2.1.8 Approves the estimates of reserves including reducing the General Working Balance to £1.5m after applying £250k in 2015/16 to help finance the Council's share of the Business Rates deficit (Section 16).

2.1.9 Notes the budget risks and sensitivity analysis (Section 19).

2.1.10 Adopts the Government's Retail Relief and extended Transitional Relief schemes as local schemes (para. 20.2 and 20.3).

2.1.11 Approves the 2015/16 Council Tax Requirement and financing (Appendix J).

2.1.12 Notes the Chief Financial Officer's assurances (Section 24).

3.0 BACKGROUND

3.1 This report covers the General Fund revenue budget and is one part of a suite of budget reports which together make up the Medium Term Financial Plan. The other budget related reports include the HRA Budget, HRA Rent Setting, HRA Capital Programme, General Fund Capital Programme and Treasury Management reports.

3.2 The Council's Budget Strategy (**Appendix C)** is to set a sustainable and affordable budget over the medium term. This report looks ahead over the coming five financial years to determine the resources available, what are the spending pressures/priorities and how a balanced budget can be achieved.

3.3 The major funding sources for the General Fund are Government grant, business rates growth, fees & charges (particularly car parking income), rental income from the Council's extensive industrial & commercial property portfolio and the council tax. The Government, is therefore, able to regulate a large proportion of the resources available to the Council through the grants it provides and by placing restrictions on Council Tax increases.

3.4 At a national level the Government is committed to balancing the public finances through austerity measures which will most likely lead to severe cuts in the funding for local government over the next few years. The Chancellor's Autumn Statement in December 2014 indicated that the cuts in public expenditure are likely to continue through to at least 2018 and included a bleak warning that "to deliver the necessary reductions in spending, the government will continue to pursue an ambitious package of efficiency and reform in the next parliament". The make-up of the next parliament will of course be determined by the General Election in May, but it is clear that whoever is in control the period of austerity will continue. If protection continues to be given to the NHS, education, etc. the "unprotected" departments will bear a disproportionate share of the cuts required.

3.5 Warnings about the state of local government finance are coming from various sources:

- A survey by the Local Government Association in 2014 found that 60 per cent of councils said that they were considering stopping at least some services in 2015 because efficiency savings are fast running out;
- The accountants, Grant Thornton, have predicted that 2016 will be a tipping point for some councils;
- Margaret Hodge, the Chair of the Public Accounts Committee, recently said "Councils with the greatest spending needs, the most deprived authorities, have been receiving the largest reductions. Further cuts could not just undermine the entire viability of most optional services, but might threaten some statutory services in these areas."

3.6 The Local Government Finance Review introduced major changes to the funding arrangements for Local Government from April 2013. The continuing late announcement of funding settlements and the complexities of the Business Rate Retention scheme have made the budget setting process very difficult again this year.

3.7 The Council Tax must be set at the Council meeting on 26 February, which means that the Cabinet must now finalise its proposals for achieving a balanced budget.

4.0 POLICY & FINANCIAL PLANNING FRAMEWORK

4.1 A copy of the Council's Financial Strategy is attached at **Appendix D.** Its overall aim is to establish a framework for aligning the revenue and capital spending proposals with the Council's strategic priorities. This report covers the application of the strategy for the next five years. The Medium Term Financial Plan (MTFP) itself is supported by other financial strategies including the Capital Strategy, the Treasury Management Strategy and the Asset Management Plan.

4.2 The MTFP is just one of a number of plans and strategies that link into the overall Corporate Plan; others include the Workforce Plan, the HRA Business Plan, the Local Development Framework, etc. These are designed to help ensure that the Council provides efficient and effective services, delivers value for money and achieves continuous improvement.

4.3 The Policy and Financial Planning Framework also provides the link from the Council's priorities in the Corporate Plan through to individual service and staff performance plans. The Corporate Plan should guide the Council's resource allocation and performance management arrangements. The Corporate Plan has been developed in tandem with the preparation of the Medium Term Financial Plan and both plans will be included on the same agendas for the Council and Cabinet meetings.

5.0 REVISED BUDGET 2014/15

5.1 The Council approved the original budget for 2014/15 on 27 February 2014. The original budget allowed for a reduction in General Government Grant (Settlement Funding) of £1.0 million but an increase in retained Business Rates of £0.7 million. The Council Tax was frozen at £144.89 for a Band 'D' property. After allowing for planned savings of £591k this produced a forecast net surplus of £224k.

5.2 2014/15 has proved a difficult year in terms of budget management. There have been many significant budget variances, both increases and decreases. Budget monitoring reports were presented to the Cabinet and full Council during the year and the position changed quite significantly at each stage. The table below provides a summary of the net forecast at each reporting stage and a commentary on the key reasons for the changes:

Table – 2014/15 Surplus / (Deficit) Forecasts Through The Year			
Date	**Net surplus / (deficit)**	**Change on previous**	**Key Changes**
Feb 14 – approved budget	244		
July '14 – to end of month 4	(301)	(545)	Car parking income forecast revised down (-£100k); PPP pensions cost (-£250k); Abortive costs QPSC (-£50k); Base budget corrections (-£89k). Other variances (-£56k)
Sept – end of quarter 2	9	310	Reduce previous estimate of PPP pensions (+£250k) and car parking income (+51k). Net all other (+£9k)
Dec'14 – revised budget	(174)	(183)	Reduction to savings targets (£-122k) and Staveley Healthy Living Centre (-£93k); net of all other (+£32k)
Feb'14 – this final budget report	40	214	Car parking income improved (+£50k); CCTV savings (+£25k); Planning Fee income up (+£30k); Innovation Centre rents up (+£32k); reduced Business Rates levy (+£47k); net of all other (+£30k)

Revised budgets for 2014/15 have now been prepared and were reported to the Cabinet on the 16th December as part of the first draft budget report. Full details of variances on the portfolio budgets were included in the reports to the Cabinet on the 16th December. Since then further work has been undertaken through budget monitoring to identify other possible variances for inclusion in the final budget report. The updated revised budget forecast for 2014/15 in **Appendix A** shows a surplus of £40k.

5.3 Every effort will be made through strict budgetary control to achieve and maximise the surplus by the end of the financial year. The final surplus or deficit for the year will be transferred to the Budget Risk Reserve.

6.0 <u>2015/16 FUNDING SOURCES</u>

6.1 Significant changes to the way in which local government is funded were introduced in April 2013 so 2015/16 will be the third year under the new system. Under the previous funding system a large element of the Council's budget requirement was financed by a pre-announced and fixed level of funding but this has been replaced with one which transfers more risk to local authorities. The most significant changes relate to the amount of Business Rates income retained through the retention scheme and the impact on Council Tax income as a result of the Localisation of Council Tax Support. At the same time the Government's austerity measures have resulted in significant cuts in Government funding. The impact of these changes and the other major income sources available to the Council are described in more detail below.

7.0 LOCAL GOVERNMENT FINANCE SETTLEMENT

7.1 The Provisional Settlement was announced late again this year, on the 18 December 2014. Details of the Final Settlement were published on the 3 February and are to be approved by the House of Commons on the 10 February.

7.2 The Settlement covers one financial year only, 2015/16. Future settlements will be determined by the next Comprehensive Spending Review which will take place after the General Election in May 2015.

7.4 The **Settlement Funding Assessment (SFA)** is calculated by the Government and sets the starting position in terms of the estimate of the funding available to the Council. The funding is a combination of Formula Funding and other funding streams that were previously paid as specific grants. The Assessment is calculated by using the Formula Funding Methodology that has been used in previous years, subject to some minor changes. The Funding Assessment is made up of two elements, Business Rates Baseline Funding and Revenue Support Grant.

	Bus. Rate Baseline Funding £'000	**Revenue Support Grant £'000**	**2015/16 Total £'000**	**2014/15 Total – incl rolled in* £'000**
Lower Tier Funding	2,980	2,163	**5,143**	6,153
Rolled-in grants:				
Tax Freeze Grant re 2012/13	47	65	**112**	113
Tax Freeze Grant re 2014/15	-	48	**48**	*48
Efficiency Support Grant - base	-	39	**39**	*39
Homelessness Prevention Grant	35	48	**83**	84
Returned funding	-	-	**-**	9
Total – Settlement Funding	**3,062**	**2,363**	**5,425**	**6,446**

The Provisional Settlement no longer provides a guaranteed level of funding as the Business Rate Funding element is just the Government's estimate of income and this will be replaced by the Council's own estimate when setting the budget.

7.5 The table below compares the **Settlement Funding** for the four financial years 2013/14 to 2016/17. The cumulative reduction over the period is £2.7m or 37%.

Start Up Funding Assessment & Funding				
	'Adjusted' 2013/14 £'000	**2014/15 Final £'000**	**2015/16 Final £'000**	**2016/17 Estimate £'000**
Funding Assessment:				
Lower Tier Funding	6,323	6,153	**5,143**	
Specific Grants rolled-in:				
Tax Freeze Grant re 2012/13	113	113	**112**	
Tax Freeze Grant re 2014/15	-	48	**48**	
Efficiency Support Grant	-	39	**39**	
Council Tax Support Grant	856	-	**-**	
Homelessness Prevention Grant	85	84	**83**	
Returned funding		9	**-**	
Start Up Funding Assessment	**7,377**	**6,446**	**5,425**	**4,658**
Assessment Funded By:				
Revenue Support Grant	4,430	3,442	**2,363**	1,520
BR Baseline Need	2,947	3,004	**3,062**	3,138
SUFA Funding	**7,377**	**6,446**	**5,425**	**4,658**
Year on year change:				
Amount		**-£931k**	**-£1,021k**	**-£767k**
%		**-13%**	**-16%**	**-14%**
Cumulative change:				
Amount		-£931k	**-£1,952k**	**-£2,719k**
%		-13%	**-26%**	**-37%**

7.6 The Government Lower Tier settlement figures, i.e. excluding the rolled in grants, over recent years are summarised in the table below:

Table – Lower Tier Funding Settlements

Year		Grant £'000	Decrease	
			Year-on year	Cumulative
2010/11	Adjusted*	**9,576**		
2011/12	Final	**8,425**	£1.1m / 12%	£1.1m / 12%
2012/13	Final	**7,540**	£0.9m / 11%	£2.0m / 21%
2013/14	Final	**7,179**	£0.4m / 5%	£2.4m / 25%
2014/15	Final	**6,153**	£1.0m / 14%	£3.4m / 36%
2015/16	Provisional	**5,143**	£1.0m / 16%	£4.4m / 46%

***** Please note that in order to produce broadly comparable figures:

a) the original grant amount for 2010/11 of £10.1m has been adjusted down to £8.7m for comparison purposes due to the removal of £1.4m relating to concessionary fares; &

b) Since 2014/15 direct comparisons have become difficult because from 2014/15 onwards the Local Council Tax Support Grant is combined into the Lower Tier Funding element and is no longer a separately identifiable grant. The grant figures for the years before 2014/15 have, therefore, had £856k added to them as an estimate for Council Tax Support grant in order to provide broadly comparable figures.

7.6 Revenue Support Grant (**RSG**) – The RSG system continues to provide a mechanism for the Government to retain control over, and reduce the level of, local government funding. The actual and forecast levels of RSG in the Financing Section of **Appendix A**, show that RSG is being cut dramatically each financial year and will be reduced to a relatively minor sum by 2020. If the current funding system continues then the Council will become increasingly reliant on retained Business Rates income.

8.0 BUSINESS RATES RETENTION

8.1 At the start of the scheme (April 2013) the Government estimated a Business Rate income target for each Billing Authority as their share (the proportionate share) of the national target. The table below shows how this estimate was shared between the Government (50% Central Share), the Major Preceptors (9% to the County Council and 1% to the Fire Authority) and the Council (40%). The Council's share was then compared to its BR Baseline Funding level for 2013/14 (£2,947k) and the excess was to be paid to the Government as a '**tariff**' (£10,635k).

Calculation of Tariff at the start of the BR system (2013/14)		
	Share of Total %	**Amount £'000**
Estimated BR Aggregate (EBRA) – national total	100%	**21,797,109**
CBC Billing Authority proportionate share (0.155777%)		**33,955**
Government/Central share Major preceptors share CBC BR Baseline	50% 10% 40%	**16,977** **3,396** **13,582**
Total	100%	**33,955**
CBC – BR Baseline **Less BR Baseline Funding Level**		**13,582** **(2,947)**
Tariff		**10,635**

8.2 The calculation above was used to set the 'tariff' at the start of the scheme but the tariff is then increased each year by the increase in the Small Business Rate Multiplier (SBRM) which in turn was to be linked to RPI (Retail Price Index). The actual increases, however, have been capped as follows:

- In the 2013 Autumn Statement the Chancellor announced that for 2014/15 the increase in the SBRM is to be capped at 2% rather than the 3.2% RPI rate; &
- In the 2014 Autumn Statement the Chancellor announced that for 2015/16 the increase in the SBRM is to be capped at 2% rather than the 2.3% RPI rate.

The SBRM has, therefore, increased from 47.1p to 48.0p in 2015/16 which, because of the rounding to one decimal place, equates to a 1.9% increase. The Council's tariff payment for 2015/16 has similarly increased to **£11,049,252** (£10,842,078 in 2014/15).

8.3 The actual level of income from Business Rates to be included in the budget for 2015/16 will be based on the Council's estimate of income as shown on the NNDR1 Return. The NNDR1 return was approved by the Employment & General Committee on the 26th January 2015. The NNDR1 return shows an estimated Net Yield of £36,631,510 with the Councils 40% share as £14,652,604. The Councils share is then reduced by the **tariff** payment of £11,049,252 leaving £3,603,352. At the same time the Council will qualify for £850,897 of Section 31 grants to make up for the loss of income from the changes to business rates announced in the Autumn Statement (retail reliefs and small business rate relief extension, etc). The excess of the combined amount (£4,454,249) over the Baseline Funding Assessment of £3,061,874 i.e £1,392,375 is then subject to a 50% 'Levy'. In 2015/16, because the Council has joined the Derbyshire Business Rates Pool, the Levy will not be paid to the Government but instead will form part of the Pooling calculation which will return some of the money back to the Council, currently estimated to be £404k.

8.4 There is also a **Safety Net** mechanism in place to protect authorities from excessive decreases in BR income below their BR Funding level. A safety net payment will be triggered if an authority sees its share of BR income in any year decline by more than 7.5% of its BR Funding Baseline. The Council's **Safety Net threshold is £2,832k** (i.e. £3,061,874 x 92.5%). This means that the Council's share of the BR **income could fall by £230k** below its Funding Baseline of £3,061k before it qualifies for a safety net payment. The estimate of BR income per the NNDR1 return is well above the Baseline level so it is highly unlikely that the Safety Net provisions will apply.

8.5 The major issue regarding the BR system has again been the impact of back-dated appeals. At the end of the 2013/14 financial year there was a deficit of £1.1m on the BR account due to having to create a £1.7m provision for back dated appeals. In addition, although £1.5m of appeals have been settled during 2014/15 to date it is estimated that the provision for outstanding appeals need to be increased up to £1.5m, creating a further deficit on the BR account in 2014/15. The combined effect, of these provisions and other movements on the account, is to create a deficit of £1.9m which must be made good in 2015/16. The Councils share of the deficit, at 40%, equates to £749k and this has been included in the budget for 2015/16. Reduced Levy payments in 2013/14 and 2014/15 have enabled £232k and £88k respectively to be set aside into a provision for future BR deficits; this still leaves a balance of £429k to address. In 2013 the Working Balance was increased by £0.25m to £1.75m in recognition of the new financial risks caused by the introduction of the BR retention scheme and the Localisation of Council Tax Support. The Council Tax Support Scheme has been implemented quite smoothly and is no longer considered to represent a significant financial risk. The major risk with the BR retention scheme has been the impact of back-dated appeals. It is anticipated that the latest increase in the provision together with the fact that new back-dated appeals cannot be lodged after the 31st March 2015 should limit the Council's exposure in future years. This leaves just the issue of the deficit in 2015/16 to address. It is recommended that the £250k from the Working Balance, together with the £320k transferred in a Business Rates Deficit Provision account in previous years, are used in 2015/16 to help finance the £749k BR deficit, leaving £179k as a cost to the revenue budget.

9.0 OTHER GOVERNMENT GRANTS

9.1 Details of the other grants included in the budget forecasts are included at **Appendix G**. Further detail on the most significant grants is included below.

9.2 **Council Tax Freeze Grant** –The draft budget includes the previous grant allocations relating to 2011/12 and 2014/15 which the Government has combined into the funding settlement for 2015/16. The budget summary in **Appendix A** also assumes that the **£48k** tax freeze grant on offer for 2015/16 will be accepted. What will happen to these grants after 2015/16 is uncertain.

9.3 **Efficiency Support Grant** (ESG). The ESG was first introduced in 2013/14 to replace the Transition Grant Scheme. It is designed to help authorities suffering the greatest reductions in their '**Revenue Spending Power**' (RSP) which is the aggregate of the funds available to the Council from Council Tax, Settlement Funding and other Government grants. The limit was set at 8.8% in 2013/14 and only seven councils qualified for the additional funding; the Council's reduction in its RSP was 8.7% so it narrowly missed out. For 2014/15 the threshold was changed to 6.9% and the Council, with a loss of 7.2%, qualified for a grant of £39k; the £39k grant has also been included in the funding settlement for 2015/16. In addition, because the Councils RSP reduction exceeded the threshold again in 2015/16 (7.9% versus the threshold of 6.4%) it qualifies for a further grant allocation of **£137k** in 2015/16. The Council's poor performance relative to that of similar authorities is due to its low council tax income base and the low rate of growth in the New Homes Bonus grant.

9.4 **Housing & Council Tax Benefits Administration Grant** – the main admin grant generally reduces each year due to assumed efficiency savings. From 2009/10 to 2013/14 the Council also received a supplementary grant which was designed to compensate authorities for the additional workload caused by the recession. **Appendix G** and the table below provide a comparison of the allocations over recent years:

Benefits Admin Subsidy				
Year	**Status**	**Grant allocation**	**Change on previous year**	
			£'000	**%**
2012/13	Actual	876,040		
2013/14	Actual	838,812	-37,228	-4%
2014/15	Actual	764,879	-73,933	-9%
***2015/16**	Actual	**725,600**	-39,279	-5%
**2016/17	Estimate	689,310	-36,290	-5%
**2017/18	Estimate	655,210	-34,100	-5%

*The grant circular for 2015/16 shows that £152,815 (£170,708 in 2014/15) relates to Council Tax Support which is funded by the Department for Communities and Local Government (DCLG) and £572,785 (£594,171 in 2014/15) relates to Housing Benefit which is funded by the Department for Work and Pensions (DWP).

****** It is difficult to forecast the likely level of grant after 2015/16 as the Government could use the localisation of Council Tax support from April 2013 and the introduction of Universal Credit as a reason to reduce the level of funding. If funding is reduced the Council will need to negotiate corresponding reductions in the cost of the service which is provided by Arvato.

9.5 **New Homes Bonus (NHB)** – when the grant was first announced in the Spending Review 2010, it was recognised that the new funds made available for the scheme would not be sufficient to fund the scheme in future years as the payments accumulated, and that money would have to be transferred from the Formula Grant allocation to make up any shortfall. There is, therefore, a strong argument for using at least some, if not all, of the allocations to support the revenue budget.

The grant is paid as a reward/incentive for increasing the housing supply and is intended to help councils finance the costs which new housing and an increased population create.

When announcing the allocations for 2014/15 the Housing Minister Kris Hopkins said " *….. they (councils) are free to spend the money any way they like to benefit their local communities – whether that's supporting frontline services, providing new facilities or freezing the council tax.*"

The allocations form part of the Government's calculation of the Revenue Spending Power for each authority. This reinforces the argument that the grant is available to support the revenue budget.

The allocation for each year is paid for a period of six years and is "un-ringfenced", which means that there are no restrictions on its use. The table below shows the receipts and uses of the grant based on the following:

- the Council's allocations and the approved uses to date;
- a prudent estimate of future grant allocations of £250k in 2015/16 and then £200k per annum;
- the unallocated balance being used each year to support the revenue budget but clearly in the longer term this could be a risky strategy given the uncertain future of the scheme.

Table – New Homes Bonus Grant

	2011/12	2012/13	2013/14	2014/15	**2015/16**	2016/17	2017/18
2012/13 alloc	127	127	127	127	127	127	-
2013/14 alloc	-	101	101	101	101	101	101
2014/15 provisional	-	-	123	123	123	123	123
One off adjs-returned funding	-	-	25	10	10	-	-
2015/16 est.	-	-	-	101	101	101	101
2016/17 est.	-	-	-	-	154	154	154
2017/18 est.	-	-	-	-	-	250	250
2018/19 est.	-	-	-	-	-	-	200
Cumulative	127	228	376	462	616	856	929
<u>Commitments</u>:							
Waterside	-127	-81					
Emp Homes Officer		-10	-29				
New schemes				-	-	-	-
Revenue Budget		-137	-347	-462	-616	-856	-929
Balance in year	**0**	**0**	**0**	**0**	**0**	**0**	**0**
Cumulative bal	0	0	0	0	0	0	0

10.0 FEES AND CHARGES

10.1 The Council's policy for Fees and Charges (**Appendix E**) requires charges to be set at a level to at least recover costs but reduced concessionary rates are permissible to ensure equal access to services. Charges are reviewed annually taking into account comparisons with other similar authorities, the case for continuing concessions, the cost recovery position, etc. Fees & Charges represent a significant income to the Council and total more than the income raised through the council tax. For 2015/16 the budget includes £8.4 million (£7.9m in 2014/15) from fees and charges compared to only £4.0 million from the council tax. The main income sources and the assumed increases for 2015/16 are summarised in **Appendix F**.

11.0 COUNCIL TAX

11.1 Income raised locally through the council tax represents the other major financing source for the General Fund revenue budget.

11.2 Collection Fund Balance – before calculating the council tax for the coming year the estimated balance on the current year's Council Tax elements of the Collection Fund must be established and taken into account. The balance on the Collection Fund was reported to the Cabinet on 27th January 2015. There is an estimated surplus balance of £664,798 at the end of March 2015. The surplus is shared amongst the major precepting authorities; the Borough's share is £69,958 (10.5%).

11.3 Tax Base - the Tax Base provides an estimate of how much each £1 of Council Tax would raise. The Tax Base is expressed as the equivalent number of Band 'D' dwellings in the borough. The Employment and General Committee approved the Tax Base on 17th December 2014 as:

Tax Base – Band 'D' Properties

Area	**2014/15**	**2015/16**	**Increase / (Decrease)**	
			No.	**%**
Brimington Parish	2,188.09	**2,231.39**	43.3	2.0
Staveley Town	3,932.98	**3,964.47**	31.49	0.8
Unparished areas	21,342.78	**21,585.71**	242.93	1.1
Total	27,463.85	**27,781.57**	317.72	1.2

Since April 2013 the tax base has been reduced as a result of the support given under the Localised Support Scheme being treated as a 'discount'. This reduced the tax raising ability of the precepting authorities but this is compensated to some extent by the receipt of grant direct into the General Fund and by other changes to discounts and council tax support criteria which are designed to increase the tax base.

11.4 **Referendum Limit** – the capping regime was replaced some years ago with a requirement to hold a referendum if the proposed council tax increase exceeds a limit set by the Secretary of State. The limit for 2015/16 was announced on 18th December 2014 at 2% or more.

Local authorities need to take care to ensure that they do not inadvertently trigger a referendum by exceeding the limit by some tiny margin. To avoid this happening, and the cost of running a referendum estimated to be in the region of £50k, it would be sensible to build a small safety margin into the tax setting calculation if an increase close to 2% is to be proposed.

11.5 **Tax Freeze Grant** - the Government has offered a Tax Freeze Grant for 2015/16 equivalent to a 1.0% council tax increase, but because the grant is calculated on an enhanced tax base (i.e. before the Council Tax Support reductions) it equates to an increase of 1.2%.

At the national level the take up of the freeze grant offers in recent years has been as follows:

- 2010/11 - all authorities accepted the tax freeze grant;
- 2011/12 – 85% of authorities accepted the grant
- 2012/13 - 256 authorities accepted the grant
- 2013/14 – 61% (257 out of 421) accepted the tax feeze grant
- 2014/15 – 60% of authorities froze their council tax.
- 2015/16 - the likely outcome is not yet clear.

11.6 **Evaluation of the Options** – the table below compares the options of either freezing the council tax or increasing it by 1.99% in 2015/16 only:

2015/16 Council Tax Options			
	Yield £	**Band 'D' tax £**	**Band 'A' tax £**
1.99% increase Tax freeze	80,011 48,044	147.77 144.89	98.52 96.59
Difference	**£31,967**	£2.88 pa or 5.5p per week	£1.93 pa or 3.7p per week

If the tax freeze grant is protected in future funding settlements the loss of income as a result of freezing will be £32k each year and, therefore, £160k over 5 years.

If the tax freeze grant funding for 2015/16 is for one year only and not included in future grant settlements the loss will be £32k in 2015/16 and £80k in all future years; a total loss of £352k over five years.

The MTFP in **Appendix A** assumes a tax freeze in 2015/16 with a one-off tax freeze grant and a council tax increase of 1.99% in all subsequent years.

The arguments about the best option are finely balanced:

- The financial loss from freezing in any one year is relatively small but the cumulative impact over a number of years is obviously much greater. Any opportunity to increase our low tax base would be welcome in the current financial climate.
- The base-lining of some of the freeze grants should provide more certainty and remove the previous cliff-edge issue. The extent to which the grants will be shielded from future funding cuts, however, is uncertain but equally there is a risk that the Government could take future action to penalise those authorities that do not freeze.
- For local tax payers the impact of a 1.99% increase will be low in monetary terms, for a;
    - **Band 'A'** property (more than half the properties in the Borough) the increase would be equivalent to £1.92 per annum or 3.7 pence per week;
    - **Band 'D'** it would be £2.88 per annum or 5.5 pence per week.
- The Council's share of the overall tax bill is approximately 10% so whatever it does will be dwarfed by what the major preceptors, particularly the County Council, decide to do.
- The major argument in favour of freezing the tax is to provide some relief, albeit a relatively small amount of money, to the residents of the borough during these difficult economic times.

11.7 **Council tax support** is treated as a 'discount' which means that the Council's Tax Base is reduced. The Tax Base is used to calculate how much income the Council can raise through the Council Tax, a reduction in the base reduces the potential income. To help compensate for this loss the Government pays a grant to Billing Authorities and Major Precepting Authorities. In 2013/14 the grant was separately identified, and for the Council was £856k. From 2014/15 the grant has been 'rolled-in' to the overall funding settlement and is no longer separately identifiable. The original grant funding included £66k relating to the parished areas and the Government said that there was an expectation that this element of the grant would be passed on to parished areas. The Cabinet agreed at its meeting on 22nd October 2013 to reduce the grant passed over to the parishes by 10%, i.e. £6,600, in 2014/15 and to apply the same reduction (£6,600) in future years.

11.8 The initial grant allocation was less than the amount received in previous years under the national Council Tax Benefit Scheme. In setting up the first Local Support Scheme for 2013/14 the Council agreed a number of measures to help address the funding gap. The Local Scheme has to be approved before the start of each financial year. On the 17th December 2014 the Council agreed to continue with the 2014/15 Council Tax Support Scheme in 2015/16. The measures designed to recover some of the cost of the scheme were grouped into two packages as follows:

The first package of measures relate to reductions in the benefit/support entitlement for those of working age only, as pensioners are protected, and included the requirement to pay 8.5% of the liability and the removal of the Second Adult Rebate.

The second package of measures relate to maintaining the changes to other Council Tax discounts, including:

- Reducing the period of 100% empty and unfurnished property relief to just 3 months (from 6 months);
- Removing the remaining 10% of Second Homes discount; &
- Introducing a 50% surcharge for properties that have been empty for more than 2 years.

11.9 The Government has also given authorities a 'New Burdens' grant allocation to help with the set-up and operation of the new system. There was an allocation of £84k in both 2012/13 and 2013/14 which was used to pay for changes to the Benefits computer system, computer modelling tools and the consultation exercises. There was a further allocation due, £94k in 2014/15, which was used to pay for further computer system changes and additional staffing resources to cover increases in demand (advice and debt recovery). For 2015/16 the grant allocation has been reduced to £31,232.

11.10 The financial risks associated with providing council tax support have now effectively transferred from central to local government. The risks will be shared by all precepting authorities in the area. If, for example, a number of local people were made redundant and they then qualified for Council Tax Support, the discount given will remove a proportion of their properties from the Tax Base. It also presents an opportunity because when people move off support the tax base will increase.

12.0 DRAFT BUDGETS

12.1 The following assumptions have been made in preparing the draft budgets:

Table – Budget Assumptions

	14/15 Orig	**2015/16**	**2016/17**	**2017/18**	**18/19 >**
Pay inflation	1%	1.2%	1%	1%	1%
Energy inflation	10%	7.5%	7.5%	7.5%	7.5%
Business rates increase	2%	3.0%	3.0%	3.0%	3.0%
Vacant posts allowance	£150k	£150k	£150k	£150k	£150k
Council tax increase / freeze grant	Freeze/ 1% grant	Freeze/ 1% grant	1.99%	1.99%	1.99%
Settlement Funding	-13.8%	-16.2%	-14.5%	-13.7%	-6.5%
Fees & Charges Increase	+3%	+3%	+3%	+3%	+3%
Future service pension contribution rate	13.2	13.2	13.2	+£140k	+£140k
National Insurance			+3.4% = 33% increase		
Investment returns (gross)	0.67% (revised to 0.76%)	0.84%	1.42%	1.70%	1.70%

The risks and uncertainties related to the assumptions are considered in the Risk Management section later in this report.

12.2 Since the draft Portfolio budgets were considered by the Cabinet on 16th December 2014, a number of changes have been made as more up to date information has become available. A summary of the overall budget including the latest changes is shown in **Appendix A**. The Budget Book for 2015/16 with the updated portfolio budgets will be included with the report to the full Council.

13.0 2015/16 NET EXPENDITURE ESTIMATES

13.1 The Medium Term forecast approved a year ago, by the Full Council on 27th February, showed a deficit, before savings targets, of £1.3m in 2015/16 rising to £2.0m in 2016/17.

13.2 The table below provides a summary of the budget forecasts, after savings targets, which have been reported to the Cabinet during the current financial year:

Surplus / (Deficit) Forecasts			
Stage	**Cabinet**	**2014/15 £'000**	**2015/16 £'000**
Start of the year	18th Feb	244	**450**
After 4 months	9th Sept	(301)	**(471)**
Revised budget report after 6 months	2nd Dec	9	**350**
1st draft budget report	16th Dec	(174)	**(138)**
Latest Forecast	17th Feb	40	**(94)**

13.3 A summary of the latest budget forecast for 2015/16 is shown in **Appendix A** assuming a Council Tax freeze. The updated budget forecast shows a deficit of £94k but this is after a net savings target of £586k. The deficit before allowing for the savings target is, therefore, **£680k** which represents an improvement on the deficit forecast 12 months ago of £1.0m.

13.4 Investment interest provides an important source of income to support the revenue budget. It is very difficult to predict how and when interest rates will move in the current economic climate. Gross returns of 0.76% in 2014/15, 0.84% in 2015/16, 1.42% in 2016/17 and 1.7% per annum thereafter are currently forecast. Each ¼% movement is equivalent to +/- £78,000, of which only approximately 19% or £15k impacts on the General Fund. Further details are included in the Annual Treasury Management and Annual Investment Strategy report.

13.5 Budget Saving Proposals – a number of savings proposals were identified at a series of budget workshops. The savings that were agreed have been included in the budget at **Appendix A**. A summary of the savings is included in **Appendix B**. A risk assessed provision for non-achievement for each proposal has been built into the budget forecasts in **Appendix A**.

13.6 Budget Growth Requests – the draft budgets are based on current service levels and do not include any provision for growth. The future budget deficit forecasts make it difficult to earmark resources to fund growth requests at this stage. Any growth funding will have to be restricted to:

a) Priority activities where corresponding savings can be found from another budget (i.e. virement);

b) True invest-to-save projects where the initial funding can be met from the Invest-to-Save Reserve; or

c) Funding one-off corporate priority projects from the Service Improvement Reserve.

Details of the growth requests which have been submitted are included in **Appendix L**. The table below provides a summary of the requests:

Description	One-off or recurring	2015/16	2016/17	Future years	Officer Recommend -ation
Private Sector Stock Condition Survey	One-off	25,750	-	-	Approve - from the Budget Risk Reserve
Cemeteries Improvement Programme	Recurring	70,000	25,000	25,000	Defer until 2014/15 outturn known.
Data Custodian & GIS Support	Recurring	16,870	16,870	16,870	Approve from Base Budget Reserve in 2015/16 and to add to the base budget in future years
PR Training Budget	Recurring	2,000	2,000	2,000	Defer until 2014/15 outturn known.

13.7 Council Tax Options – the draft budget assumes that the Council Tax will be frozen in 2015/16.

13.8 Strategy for funding the deficit –The Council's key response to tackling future budget deficits is its transformation programme called "Great Place: Great Service" (GPGS). The planned savings of £586k in 2015/16 will, provided they are delivered in full and in good time, still leave a deficit of £94k to be covered by other new savings proposals yet to be identified. It is important to remember that the planned savings proposals include some big figures against options that will be difficult to implement e.g. voluntary redundancies, changes to terms and conditions and changes to the PPP contract. To recognise these risks a significant provision for non-achievement has been built into the budget.

14.0 MEDIUM TERM FORECAST - 2016/17 through to 2019/20

14.1 It is good financial practice for authorities to consider their budgets over the medium term and not just for the year ahead. With the promise of multi-year grant settlements some years ago it seemed as though we would be able to move to a position of setting medium term budgets with greater certainty and be in a position to declare indicative council tax increases over the same period. The settlement announced for 2015/16 however is for one year only and the next announcement is not expected until November/December 2015 which makes budget forecasting from 2016/17 onwards more difficult. Nevertheless, a medium term forecast has been prepared based on the best available information in order to help with the longer term planning of priorities and transformation change.

14.2 The assumptions made in drafting the medium term forecast are set out in the table at para. 12.1 above. Some of the assumptions built into future years' budgets may also be subject to considerable variation as described in the Risk Management section below. The latest medium term forecast in **Appendix A** shows for:

	2016/17 £'000	**2017/18 £'000**	**2018/19 £'000**	**2019/20 £'000**
Deficit forecast before planned savings	(1,380)	(1,760)	(2,112)	(2,520)
Planned savings (Appendix B)	766	796	796	796
Net Surplus / (Deficit)	**(614)**	**(964)**	**(1,316)**	**(1,724)**
Change on previous year	(520)	(350)	(352)	(408)

Any recurring savings made in the early years will also help to reduce the deficit forecasts in the later years.

The forecasts are based on current levels of service provision with no allowance for future growth.

The scale of the forecast deficits means that work must continue to monitor progress on the planned savings proposals and to identify new savings in order to be able to produce balanced and sustainable budgets for future years.

15.0 BUDGET SAVINGS

15.1 The Council has a good track record of delivering budget savings. The scale of the savings required in 2015/16 and future years means that delivering savings must continue to be a priority for the Council. This, however, will become progressively more difficult since the easier options have already been implemented. The Council's key response to tackling future budget deficits is its transformation programme called "Great Place: Great Service" (GPGS). The GPGS Programme focuses on the four key strategies of Customer Service, ICT, Workforce and Asset Management to transform and modernise service delivery.

15.2 The budget forecasts have highlighted the need to deliver significant budget savings year after year. Details of the savings proposals developed by the Political Cabinet and the Corporate Management Team are included in **Appendix B**. Delivering these savings quickly and at the same time planning for further savings in future years will be a huge challenge. Individual budget saving proposals will require tight programme management to ensure that they are delivered on time and produce the required level of saving. The Political Cabinet and CMT will continue to develop other proposals which will be needed to address the medium term deficit forecasts and the Financial Planning Group and Overview and Performance Scrutiny Forum will monitor progress.

16.0 RESERVES AND BALANCES

16.1 The Council maintains a General Working Balance plus a number of other earmarked reserves. A review of all the reserves and provisions has been undertaken as part of the budget process.

16.2 General Working Balance – the working balance provides a cushion for cash flow shortages and a contingency for unforeseen events. The minimum prudent level for the working balance is a matter of professional judgement based on past experience, the level of other earmarked reserves and an assessment of future risks. In February 2013 the Cabinet agreed to increase the minimum working balance for the General Fund to £1.75m (previously £1.5m) to recognise the new risks created by the introduction of the Business Retention and Localised Council Tax Support schemes. The Council Tax Support scheme is now well established and the initial risk has subsided.

The Retained Business Rates risks centred mainly on the issue of back-dated appeals, a risk that should now be fully provided for in the 2015/16 budget. Back-dated appeals cannot be lodged after 31st March 2015 and it is likely that any significant appeals will have already been made. A provision for settling the existing appeals has been made, which in turn has created the gross NNDR fund deficit of £1.9m, of which the Council's share at 40% or £749k has been provided for in the 2015/16 budget. It should be possible, therefore, to use the £250k top-up from the Working Balance to help offset the Business Rates deficit charge in 2015/16, thereby reducing the Working Balance back to £1.5m. The updated financial risks assessment in **Appendix I,** using prudent assumptions, indicates that a balance of £1.5m should be adequate. A balance of £1.5m is equivalent to 14% of the Council's budget requirement. Over the medium term the Council will need to continually review the minimum balance required as budget risks and the level of other earmarked reserves change.

16.3 **Earmarked reserves** are held to meet known or anticipated liabilities. Details of the earmarked reserves held by the Council, including their purpose and predicted movements over the next five years are included in **Appendix H**. Details of the main reserves are provided below.

16.4 **Budget Risk Reserve** – This reserve provides a supplement to the Working Balance to cover any budget risks and to help finance any severance costs resulting from voluntary staffing reductions through implementing the Transformation Programme. In January 2012 the Cabinet agreed that all future revenue surpluses will be transferred into this reserve rather than the Invest-to-Save Reserve.

The table below shows the opening balance in the reserve as at 1st April 2014 and the currently approved or anticipated movements on the reserve:

Table – Budget Risk Reserve		
Balance b/fwd 1st Apr 2014		1,000
Less applied in 2014/15:		
VR/VER's approved to date	(53)	
Learning & Development - training	(32)	
Governance restructure severance costs	(31)	
2013/14 carry forward requests	(36)	
CMT restructure – severance costs	(97)	(249)
Add: estimated budget surplus in 2014/15		40
		791
Less: applied in 2015/16:		
Land Charges claims	(44)	
Erin Road Pumping Station	(50)	
Approved growth (para 13.6)	(43)	(137)
Less: applied in 2016/17:		
STWA tenants consultation exercise	(30)	(30)
Uncommitted Balance		**624**

The remaining balance should be maintained to help the Council through this difficult period of budget reductions e.g. to finance severance costs arising from voluntary staffing reductions.

16.5 **Invest to Save Reserve** – The purpose of this reserve has been clarified to ensure that only true invest-to-save type initiatives will be funded from this source. Ideally, there should be a requirement for all such advances to be repaid into the reserve from efficiency savings made over a reasonable period of time, generally less than seven years. This would replenish the reserve, thereby enabling further investments to be made. However, to require all recent advances to be repaid would require a charge of £200k per annum to be made into the revenue budget, which if imposed would increase the already challenging deficit forecast and require an equivalent amount of savings to be found. It is proposed, therefore, to continue waiving the requirement for repayments. However, the approved uses of the reserve will be monitored to ensure that the anticipated savings are delivered and are contributing to keeping the base budget down.

The table below shows the opening balance in the reserve as at 1st April 2014 and the currently approved or anticipated movements on the reserve:

Table - Invest-to Save Reserve		
Balance b/fwd 1st Apr 2014		393
Less: applied in 2014/15:		
Community Infrastructure Levy	(5)	
Holmebrook Valley Park drainage	(21)	
Venues refurbishment	(90)	
Venues – central booking office	(23)	
CMT re-structure – external advice	(25)	(164)
Less: applied in 2015/16:		
Customer Service Strategy - capital	(105)	
Local Collective Agreement	(10)	
Car park improvements	(111)	(226)
Repayments into the fund		-
Uncommitted Balance c/fwd		3

16.6 Service Improvement Reserve – this is used to finance one-off type investments to support the delivery of the Council's priorities, where the aim is service improvement rather than a financial return. The table below shows the opening balance in the reserve at 1st April 2014 and the currently approved or anticipated movements on the reserve:

Table - Service Improvement Reserve		
Balance b/fwd 1st Apr 2014	1,176	**1,176**
Less Approved Commitments:		
Linacre Master Planning	(67)	
Project Academy (£30k pa 14/15 & 15/16)	(30)	
Grit storage facility	(5)	
Venues refurbishment	(20)	
TPIC/DIC telephony system (half of £204k)	(102)	
*Northern Gateway (half of £100k)	(50)	
Open Markets Feasibility study	(15)	(289)
Less: applied in 2015/16:		
**Waterside – legal costs	(40)	
Project Academy	(30)	
Project Academy (balance)	(6)	
Car parking improvements	(15)	
TPIC/DIC telephony system (bal of £204)	(102)	
*Northern Gateway (bal of £100k)	(50)	(243)
Uncommitted Balance		**644**

*An application for European funding is being made.
**To recover through the developer loan agreement.

16.7 Property Repairs Fund - established to even-out the peaks and troughs of property maintenance costs - services pay in a predetermined contribution each year which has been calculated to cover their property maintenance costs over a ten year period. The ten-year plan is reviewed annually and contributions adjusted to reflect any significant changes. The estimated balance on this fund at March 2015 is £453k.

16.8 Vehicle, Plant & Equipment Funds - operate as a replacement reserve for major items of vehicle, plant, wheeled bins or equipment. Services pay in annual contributions spread over the estimated useful life of an asset so that when it falls due for replacement the funding is available. A review of the fund in 2013/14 identified that the contributions into the domestic wheeled bin replacements fund could be suspended for three years to reflect the increase in their expected life. The estimated balance on this fund at March 2015 is £853k.

16.9 Insurance Fund (provision and reserve) - the Council maintains this fund to cover insurance policy excesses and self-insured risks. A specialist insurance actuary reviewed the Fund in November 2013. The review recommended that the fund could be reduced. At the same time it was recommended that the Municipal Mutual Insurance Claw-back Provision be increased from £300k to £719k, of which £216k has been paid out leaving a balance of £503k.

16.10 Appendix H shows that the total of all reserves and provisions are forecast to reduce by £2.1m (£1.6m General Fund and £0.5m DSO's) from £8.6m at the start of 2014/15 to £6.5m by the end of the financial year.

16.11 The reduction in the level of reserves by reducing the amount of cash available for investment has a direct impact on the revenue budget by reducing the amount of investment interest received. It is important that Members appreciate that the earmarked reserves are held for specific purposes. All fund balances will be reviewed again as part of the final accounts process.

17.0 CONSULTATION

17.1 The consultation meeting with the business ratepayers' representatives took place on 28th January 2015. Issues discussed included the changes to the business rates system, the small business rate scheme, the Councils budget forecasts and the council tax increase options (**Appendix M**).

17.2 Consultation with the Council Taxpayers took place at the Community Assembly meetings during November 2014. This was the first time this approach was used and the feedback received was very positive; many attendees said that they had really enjoyed the event. At each of the four Assemblies an update on the Borough and its finances were given and those attending were:

a) Given £100 of fake money, in denominations of £20, and asked to allocate that money to what they considered were their priority services from a list of ten service areas; &
b) Asked to vote on the option of a Council Tax increase of 1.99%, just below the anticipated referendum limit, or a tax freeze.

Detail of the aggregate amount of money awarded to each of the ten service areas is included in **Appendix N**, the top three were:

1. Economic Development
2. Street-scene Activities
3. Reducing Crime and Anti-Social Behaviour.

In terms of the Council Tax increase, 62% voted for a 1.99% increase and 38% for a tax freeze.

18.0 SCRUTINY

18.1 The Overview and Performance Scrutiny Forum has received regular budget updates throughout the year. A budget update was considered at their meetings on 17th December and a second session was planned for the 29th January to review the first draft budget reports but this was rearranged to the 12 February due to the weather conditions.

19.0 RISK AND SENSITIVITY ANALYSIS

19.1 The budget estimates are based on the best available information but inevitably there is a degree of risk and uncertainty in some of the assumptions made. The most significant risks and issues are described below with further information provided in **Appendix I**.

a) **Cuts in Government Grants** – this is a risk facing most public sector organisations. The Final Settlement for 2015/16 was published on the 3 February and is expected to be approved by the House of Commons on the 10 February. The outlook beyond 2015/16 is difficult to predict, there will be further cuts but it is the scale of the cuts that is uncertain. It seems likely that the period of austerity will continue at least through to 2020. The medium term financial plan assumes a 14% cut in 2017/18, 13% in 2017/18 and 6% in the following years. In term of the sensitivity of the future estimates, each 1% variance is equivalent to £50k in round terms.

b) **Delivering budget savings** at the required level and at the right time continues to be a major challenge for the Council. Although the Council has a good track record of tackling budget deficits, some of the individual savings targets have not been met (e.g. PPP, terms and conditions, etc). The Council must learn from its experience of what has and has not worked well in the past in order to improve the process going forward. For example, future budget saving proposals are now subject to an individually risk assessed non-achievement factor. Delivering savings is becoming increasingly difficult as the easier options are exhausted, which means that further improvements to the planning and estimating savings will be required.

c) **Investment Interest** - The current Base Rate is 0.5% but there is little sign that the Monetary Policy Committee will start to increase base rates in the foreseeable future. The assumed gross rate of return on the Council's investment funds (internal and external) in 2015/16 is 0.84%. The estimated figures are, based on expert advice from the external treasury advisers and the fund manager. For each 0.25% that rates actually deviate from the forecast the investment return will increase or decrease by approximately £78,000 (19% or £15k to the General Fund). The forecasts for future years assume a gradual increase in investment returns, to 1.4% in 2016/17 and 1.7% in the subsequent years but this will clearly be dependent on the pace of the economic recovery. Officers will continue to seek alternative investment instruments in an attempt to improve returns but it should always be remembered that the golden rule for local government investing is that security of capital is the overriding consideration. Government regulations and CIPFA guidance make it clear that 'security' of capital is the primary consideration, followed by 'liquidity' and then 'yield'.

d) **Fees and charges** income – the state of the economy could have a significant impact on the Council's income particularly from areas like car parking, leisure memberships, cultural events, planning fees, land charges, etc. The 2015/16 budget targets for the key income sources are shown in **Appendix F**. Car parking income is the largest single income source. In the medium term car parking income could be at risk when the Saltergate multi-storey and Holywell Cross Car Parks are closed to allow the

Northern Gateway development scheme to progress. The Council will have to negotiate with the Developer to find ways of minimising the potential loss.

e) **Property rents** – the state of the economy also impacts on the Council's ability to generate rental income from its extensive industrial, commercial and retail property holdings. There is, for example, one property with an annual rental value of £40k where the current lease expires in 2016 which could prove difficult to re-let quickly if the existing tenant does not renew the lease. Also, no provision has been made in the budgets for a revenue deficit on operating the NEDDC Council House, assuming the Council proceeds with the purchase, during the period of refurbishment and to allow for a gradual letting of the offices.

f) **HRA cost sharing** - under the self-financing arrangements it is important to be able to demonstrate that any recharges to the HRA are fair and reasonable.

g) **Staff pay** – Local government **pay awards** are outside of the Treasury's control as they are subject to free collective bargaining between the national employers and trade unions through the National Joint Council (NJC). In 2014/15 a two-year pay deal was agreed for local government after three successive years of a pay freeze. For most staff, those above scale point 10, the deal was for a 2.2% increase from January 2015 plus a one-off payment of £100 in 2014/15. The budget forecasts for 2016/17 and future years include a provision of 1% for pay awards. Each 1% increase costs the General Fund £140k.

   Also, there is growing pressure, both locally and nationally, to implement the '**Living Wage'**. This will be considered as part of the corporate review of terms and conditions.

   A recent legal ruling has established a liability to accrue **holiday pay** on regular overtime working. The ruling is likely to be appealed and the issue of back-dating any liability has yet to be determined. It is not possible at this point in time to quantify the back-dating liability or to estimate the on-going impact on the General Fund budget.

h) **Energy costs** – the gas and electricity budgets within the General Fund total £1,011k in 2015/16. The increases in future energy prices are very difficult to forecast. An allowance of 7.5% per annum has been made but each 5% variance from this provision equates to £47k per annum.

i) **Insurance costs** – The Council was insured with the Municipal Mutual Insurance Company until 1993 when the Company went into administration. The Company is still dealing with claims, mainly employer's liability claims, related to the period of cover. The Scheme of Arrangement, however, allows the Company to claw back some or all of the claims paid since 1993 if a solvent run-off is not possible. The Company lost an appeal to the Supreme Court about the trigger date for employer liability insurance; the Court ruled that it is the insurer at the date of exposure that is responsible for disease or injury claims. The decision led to the triggering of the Scheme of Arrangement and the claw back provisions. In 2013/14 the Council set aside a provision of £719k (para 16.09 above) to cover future claw back payments as the full extent of the Company's exposure to long-tail occupational disease claims unfolds. The first claw back payment of £204k, based on 15% of past settlements, was paid in February 2014.

j) **New Homes Bonus** Grant (NHB) – the budget forecast includes prudent assumptions about future allocations of grant and also assumes that all future allocations of grant will be used to support the revenue budget. Using the grant to support the core revenue budget does, however, create a financial risk due to (a) its volatility and (b) its uncertain future.

k) **Localisation of Business Rates** from April 2013 – the baseline starting point for 2013/14 is intended to ensure that no council is worse off than it would have been if the Formula Grant system continued. For future years the Council will share in any growth in income above its baseline level at a rate of 20% after the Levy payment but will also carry a 40% share of any reduction in income below the baseline up to the Safety Net Threshold (a maximum exposure of £230k in 2015/16). The Council, therefore, now shares the risk of changes to BR income due to new builds, demolition, exemptions and appeals, a risk that previously rested with the Government. The liability for Levy payments has been avoided in 2015/16 by joining the Derbyshire Business Rates Pool, which if successful will be continued in future years. The cost of back-dated appeals has been a major risk element and this has contributed to the estimated cumulative deficit of £1.9m on the Business Rate account as at the end of March 2015. The Council's 40% share of the deficit, £0.75m, has been charged into the 2015/16 budget. It is anticipated that the provision that has been set aside for back dated appeals, and the fact that new back dated appeals cannot be lodged after 31st Match 2015, means that the risk is now adequately covered. In the longer term, the system is due to be 'reset' in 2020 and there is, therefore, a risk that some of the retained growth accumulated up to that point could then be lost if the 'tariff' is increased to reflect the higher tax base.

l) **Localisation of Council Tax Support** from April 2013 – details of the new arrangements and the measures the Council has put in place to finance the local scheme are detailed in paragraphs 11.7 to 11.10. Previously the national scheme was fully funded by the Government and the Government therefore carried the financial risks. Under the new, localized arrangements, the Council together with the other precepting bodies carries the risk of the tax base reducing if the number of claimants increases and the risk of fund deficits if the collection rate falls below the estimated level.

m) **Introduction of Universal Credit** – Universal Credit will replace all current means tested working age benefits, including housing benefit which is currently administered by local authorities. It will be introduced on a phased basis in Chesterfield from the 25th March 2015, with the end date currently uncertain. The change could have significant implications for benefits staff and systems. For the General Fund the financial risks relate to the loss of the administration function, possible redundancy and/or contract penalties, residual costs, etc. There is insufficient information available at this time to be able to assess the likely financial implications. The medium term financial plan therefore assumes no net loss or gain from the changes. There is also a risk for the Housing Revenue Account as rent arrears could increase when housing benefit is paid directly to tenants and monthly in arrears.

n) **Pension Costs** – The last review of the Pension Fund was undertaken in 2013 and set the revised employer contribution rates to apply for the three years commencing April 2014. The revised rates have been built into the medium term forecast. The next review is due in three years' time i.e. to set the employer contribution rate to apply from April 2017 and a provision of £140k per annum has been included into the medium term forecast for this.

n) **Major Capital Schemes** - there are currently a number of major capital schemes that have been approved or are being developed, including for example the Queen's Park Sports Centre and the Northern Gateway Development. Major schemes inevitably bring with them risks of capital budget overspends, slippage and the forecast revenue costs/income not being achieved.

o) **VAT** – the Council can only recover the VAT incurred on the provision of exempt activities, such as the letting of premises or educational/coaching services, if that VAT does not exceed a prescribed level (currently £300k). If the level is exceeded then none of the exempt VAT, not just the excess amount, can be reclaimed. Whilst the Council is currently comfortably below the 5% limit there is a risk that major capital expenditure in an area that includes exempt activities could cause the limit to be breached. Another long –running VAT issue relates to what is referred to as the "Isle of Wight Case" and concerns the issue of whether off-street parking charges should include VAT. The Council has submitted a protected claim to recover the VAT it has previously paid over to HMRC from car parking income pending the outcome of the IoW Case. The protected claim currently stands at £5.9m. The case has been lost at various stages of the process, with one final appeal yet to be confirmed. It is highly unlikely therefore that there will be a successful outcome for local authorities. The Council will continue to account for VAT and pay it over to HMRC and treat any refund, should it ever materialise, as a windfall receipt once it is certain.

20.0 BUSINESS RATE

20.1 Although the Council is responsible for the collection of business rates and retains a proportion of the income, the rate multiplier is set by the Government. There are two rate multipliers which have been announced as;

- The 'small business' rate - this is normally based on the previous year's multiplier adjusted for RPI inflation in September of the previous year (2.3%) but for 2015/16 the increase has been capped at 2%. This gives a multiplier of 48.0p for 2015/16 (47.1p in 2014/15).
- The non-domestic rating multiplier – is the small business multiplier plus an adjustment to fund the estimated cost of the small business rate relief scheme. The supplement for 2015/16 is 1.3p giving a multiplier of 49.3p (48.2p in 2014/15).

20.2 In his Autumn statement in December 2014 the Chancellor also announced the extension of a number of new reliefs, initially introduced in 2014/15, to help businesses and the retail sector in particular, including:

- The doubling of Small Business Rate Relief to continue for a further year (i.e. eligible properties with a rateable value (RV) of less than £6,000 receive 100% rate relief ; the relief then reduces by 1% for every additional £60 of RV above £6,000 down to 0% at an RV of £12,000).

- The £1,000 discount for all retail premises including, pubs, cafes and restaurants (but excluding banks and betting offices) with a rateable value below £50,000 is increased to £1,500 for 2015/16. The Local Scheme approved last year will have to be extended and amended to reflect this increase.

The reliefs above are both fully funded through Section 31 Grant.

20.3 The Chancellor of the Exchequer also announced in the 2014 Autumn Statement an **extension of Transitional Relief** for small and medium properties with a rateable value up to and including £50,000. The relief was originally introduced in 2010 and was due to end on 31st March 2015. The two-year extension to the scheme will protect the small number of ratepayers concerned from seeing an increase to their full rates bill from April 2015. The DCLG guidance states that because the cost of the scheme will be reimbursed through Section 31 grant, the government expects local government to grant the discretionary relief to qualifying ratepayers. In Chesterfield there are only 14 ratepayers affected with an estimated cost of £12,500 in 2015/16. It is, therefore, recommended that the Council adopts the scheme from 1st April 2015 to 31st March 2017 and grants discretionary relief to qualifying ratepayers under powers in Section 47 of the Local Government Finance Act 1988 as amended.

21.0 OTHER LOCAL COUNCIL TAXES

21.1 The special items to be added to the tax in **parished areas** are:

- **Staveley Town Council -** Band 'D' tax increased by xx% to £xx.xx (£74.81 in 2014/15); &
- Brimington Parish Council – Band 'D' tax decreased by 0.4% to £21.04 (£21.13 in 2014/15).

21.2 Derbyshire County Council has agreed on 3rd February 2015 to increase its council tax by xx% to £xxxx (£1,098.71 in 2014/15).

21.3 Derbyshire Police & Crime Commissioner set its precept and council tax on 23rd February - the Band D tax will be £xxx, an increase of xx% (£170.22 in 2014/15).

21.4 The Derbyshire Fire and Rescue Authority set its precept and council tax on 25th February – the Band D tax will be £xxx an increase of x% (£68.45 in 2014/15).

21.5 Details of the council taxes for each major preceptor and by each tax band will be calculated once all of the precepts are received and the table in **Appendix K** will be completed.

22.0 CALCULATION OF EXPENDITURE

22.1 The calculation of expenditure required under Section 32 of the Local Government Finance Act is shown at **Appendix J**.

23.0 LEGAL IMPLICATIONS

23.1 It is a statutory requirement under Section 33 of the Local Government Finance Act 1992, for the Council to produce a balanced budget. Before setting the level of the council tax the Council must have agreed a balanced budget, differentiated by services, which is sufficient to meet estimated revenue expenditure, levies, contingencies, any deficit estimated to be brought forward from previous years, and any amounts required to be transferred between funds. The council tax itself must be sufficient to cover the difference between the agreed budget less government grants credited to the income and expenditure account, and any other expenditure which must be met from the Collection Fund, less any surplus (or plus any deficit) brought forward from previous years.

24.0 CHIEF FINANCIAL OFFICER'S ASSURANCES

24.1 The Local Government Act 2003 (section 25) requires the Chief Financial Officer (CFO) to report on the robustness of estimates and the adequacy of financial reserves when the statutory calculations to determine the Council Tax are reported. The CFO is the officer responsible for the administration of the Council's financial affairs for purposes of Section 151 of the Local Government Act 1972.

24.2 **Robustness of estimates** – subject to the the risks highlighted elsewhere in this report, the Chief Finance Officer is satisfied that the estimates are based on the best available information and that procedures are in place to ensure the estimates are accurate and reliable. Budget responsibility is devolved to service managers who are best placed to complete the budget working papers. The central Accountancy Team co-ordinate the budget process and check through all budget working papers. The Council’s procedures, experienced staff and approach to risk management should minimise the inherent risks and uncertainties in the forecasting process.

The achievement of the planned budget savings targets and the remaining deficits, present a challenge for the Council. The Council has a proven track record for delivering significant savings, for example;

- 2011/12 – from an original forecast deficit of £84k to an outturn surplus of £434k.
- 2012/13 – from an original deficit forecast of £870k to a revised deficit of £62k.
- 2013/14 - from an original deficit forecast of £868k to a revised surplus of £193k.
- 2014/15 - from an original deficit forecast of £581k to a revised surplus of £40k.

The Transformation Programme identifies the areas to be targeted and the approaches to be taken but the real challenge will be in delivering the savings within the required timescales. Robust management arrangements will have to be put in place for each of the projects within the Programme.

Budgets will continue to be monitored on a monthly basis throughout the year so that any required corrective action can be taken at the earliest opportunity and the medium term forecasts will be continually updated as part of that process. The Council has a good track record of coming in under budget at the end of the financial year.

24.3 Level of reserves - details of the Council's reserves are provided in Section 16 above and in **Appendix H**. There is a recommendation to use £0.25m of the working balance to meet the exceptional one-off cost of back dated business rate appeals, leaving a balance of £1.5m. The updated Budget Risk and Sensitivity Analysis in **Appendix I** suggests a minimum balance of £1.2m. The proposed working balance of £1.5m is, therefore, comfortably above the calculated minimum balance.

In addition to the Working Balance the Council maintains a Budget Risk Reserve which provides another buffer for any unforeseen events. The balance in the Budget Risk Reserve as at the end of March 2015 is estimated to be £791k. The uncommitted balance in the Service Improvement Reserve could also be called upon to support the revenue budget if required. This combination of reserves could be used to help support future budgets and provide investment in order to secure future efficiencies. Indeed, the reserves have been used quite extensively over recent years to invest in services in order to deliver longer term efficiency savings. It is important to remember, however, that reserves can only be used once and they, therefore, can only provide a short term solution to any funding shortfall.

The reserves are considered adequate for 2015/16, but the position in future years will depend on the Council's success in delivering the required budget savings.

The Council also maintains a number of earmarked reserves for financing capital expenditure and equalising expenditure between years. The balances in these other reserves are considered adequate for the medium term.

HRA - The Council has set a higher minimum working balance of £3.0m for its Housing Revenue Account to recognise the increased risks it carries under the new self-financing arrangements from April 2012. The HRA budget forecasts for the next three years show that this can be achieved.

25.0 CONCLUSIONS

25.1 2014/15 - The budget at the start of the financial year showed a surplus of £244k but this was dependent on achieving planned savings of £591k. In the early part of the year there were concerns about achieving income targets, particularly car parking, and a potential increase in pension costs for staff transferred under the Public Private Partnership. However, as the year progressed, these issues were resolved. The latest revised budget forecast shows a reduced surplus of £40k. The reduction is as a consequence of not achieving all of the planned savings targets and numerous other variances, some favourable, spread across a wide range of services.

25.2 2015/16 – The Council faces a reduction in its Settlement Funding Assessment of £1,021k and a £749k share of the deficit on the Business Rate Account. To help offset these pressures it has a planned savings target of £586k, will apply reserves to offset the impact of the business rates deficit (£570k) and gains potentially £404k from the Derbyshire Business Rate Pooling arrangement. The options on Council Tax are again limited. If the Council freezes the Council Tax it will secure a grant equivalent to a 1.2% (para. 11.5) increase but there is no guarantee that the grant will continue to be paid in future years. A 1.99% increase will yield £80k, which is £32k more than the Tax Freeze Grant option. Regardless of which option is chosen, the Council will still be required to deliver a significant package of planned savings to avoid a budget deficit in 2015/16. Although the Council has a good track record of delivering savings, the challenge of implementing savings on this scale and within such a tight timescale should not be underestimated. The Council does have reserves which could be used to bridge a short term deficit but, given that the deficit forecasts are increasing year-on-year and the fact that reserves can only be used once, the aim must be to find the required savings within the financial year. After many years of funding cuts finding savings is becoming increasingly more difficult.

25.3 Medium term – The deficit forecasts for future years get progressively worse with further cuts in Government funding anticipated. There is, however, an expectation that Councils will be able to increase their Business Rates tax base to boost their income. Business Rate income, therefore, becomes an increasingly important element of the Council's income so it is important that the tax base grows and that the option of "Pooling" continues to be available in future years. Based on the current forecasts, if the Council is able to implement the planned recurring budget savings for 2015/16 of £0.6m, further savings of £0.8m will still be required in 2016/17. The deficits in later years continue to grow as further funding cuts are anticipated. We are, therefore, locked into a sustained period of budget reductions. Effective arrangements will have to be put in place to ensure that not only are the planned savings of £0.6m in 2015/16 and a further £0.8m in 2016/17 delivered but also that work continues to identify and implement further savings in readiness for later years. Over the five-year period of the Medium Term Financial Plan cumulative savings of £2.5m must be delivered.

25.4 The medium term forecast shows that the Council continues to face significant financial challenges in the years ahead and all the indications are that this is likely to continue over the longer term, at least through to 2018. The Council's ability to deliver discretionary services will inevitably come under threat over the next few years due to funding reductions. Also, the National Audit Office and others have highlighted the risk of financial failures in local government due to the combination of funding cuts and increasing demand for statutory services. Whilst the Council has a good track record of delivering budget savings, the task is getting increasingly difficult. It is evident that some difficult spending decisions are going to have to be made and that the Council will no longer be able to continue to provide the breadth and quality of services that it currently offers.

26.0 ALTERNATIVE RECOMMENDATIONS

26.1 To propose alternative budget allocations and/or council tax level.

27.0 RECOMMENDATIONS

27.1 Cabinet recommends to Council that it:

27.1.1 Approves the revised budget for 2014/15 (Section 5).

27.1.2 Notes the Local Government Finance Settlement (Section 7).

27.1.3 Notes the Collection Fund and the Tax Base forecasts (Section 11).

27.1.4 Approves the Portfolio budgets and the overall revenue budget summary for 2015/16 (Appendix A).

27.1.5 Approves the Cabinet's proposed Council Tax for 2015/16.

27.1.6 Approves the Cabinet's recommendations on the growth requests (para 13.6).

27.1.7 Notes the budget forecasts for 2015/16 and 2016/17 (Sections 13 & 14) and the strategy for addressing the projected deficits (Section 15).

27.1.8 Approves the estimates of reserves including reducing the General Working Balance to £1.5m after applying £250k in 2015/16 to help finance the Council's share of the Business Rates deficit (Section 16).

27.1.9 Notes the budget risks and sensitivity analysis (Section 19).

27.1.10 Adopts the Government's Retail Relief and extended Transitional Relief schemes as local schemes (para. 20.2 and 20.3).

27.1.11 Approves the 2015/16 Council Tax Requirement and financing (Appendix J).

27.1.12 Notes the Chief Financial Officer's assurances (Section 24).

28.0 REASONS FOR RECOMMENDATIONS

28.1 In order to meet the statutory requirements relating to setting a budget and the council tax.

H. BOWEN	**B. DAWSON**
CHIEF EXECUTIVE	**CHIEF FINANCE OFFICER**

Officer recommendation supported.

John Burton

Signed Executive Member

Date 10.2.2015

Consultee Executive Member and/or Support Members' Comments

Further information on this report can be obtained from
Barry Dawson, Chief Finance Officer (ext. 5451)

<u>APPENDICIES</u>:

Appendix A – General Fund Revenue Budget Summary

Appendix B – Savings Targets

Appendix C – Budget Strategy

Appendix D – Financial Strategy

Appendix E – Fees & Charges Policy

Appendix F – Analysis of Fees & Charges Income

Appendix G – Details of Revenue Grants

Appendix H – Reserves & Balances

Appendix I – Budget Risks & Sensitivity Analysis

Appendix J – Section 32 Statement – **to follow**

Appendix K – Council Taxes – **to follow**

Appendix L – Budget Growth Requests

Appendix M- Business Ratepayers Consultation

Appendix N - Community Assemblies Consultation Meetings

Additional reports – Budget Book for full Council

APPENDIX A

GENERAL FUND REVENUE ESTIMATES SUMMARY

	2014/15		2015/16	2016/17	2017/18	2018/19	2019/20
	Original	Revised	Estimate	Estimate	Estimate	Estimate	Estimate
	£	£	£	£	£	£	£
Per Lead Member reports:							
Leader - Regeneration	484,210	410,910	**436,230**	513,810	503,970	499,050	508,340
Dep Leader - Planning	(1,279,830)	(1,294,490)	**(1,345,210)**	(1,396,150)	(1,403,170)	(1,377,420)	(1,404,460)
Environment	5,268,110	5,060,780	**5,251,890**	5,361,960	5,338,500	5,556,640	5,854,580
Housing General Fund	1,193,790	1,537,510	**1,396,450**	1,130,910	1,139,260	1,147,800	1,156,440
Leisure, Culture & Tourism	3,134,350	3,267,850	**3,091,560**	2,887,430	2,933,430	2,948,330	2,966,950
Governance & Organisational Dev't	3,471,470	3,492,090	**3,603,970**	3,642,390	3,682,250	3,711,410	3,743,240
Customers & Communities	1,616,550	1,608,700	**1,768,720**	1,872,020	1,938,960	1,994,500	2,056,330
Portfolios Total	**13,888,650**	**14,083,350**	**14,203,610**	**14,012,370**	**14,133,200**	**14,480,310**	**14,881,420**
Spirepride surplus	(117,220)	(36,030)	**(36,000)**	(36,000)	(36,000)	(36,000)	(36,000)
Communications/Marketing savings	(20,500)	0	**0**	0	0	0	0
Car allowance scheme	(40,000)	0	**0**	0	0	0	0
Crematorium surplus	(55,000)	(110,000)	**(110,000)**	(110,000)	(110,000)	(110,000)	(110,000)
Savings Proposals	(797,500)	67,000	**(911,300)**	(1,180,300)	(1,220,300)	(1,220,300)	(1,220,300)
Less allowance for delay etc	206,100		**325,400**	**414,700**	**424,700**	**424,700**	**424,700**
Pay award 2014/15 above 1%	0	(29,000)	**38,600**	**35,320**	**35,390**	**35,460**	**35,530**
Pension - increase in employers contribution	82,630	0	**0**	0	0	0	0
Pension Costs - 2017 Revaluation					140,000	140,000	140,000
Saving from Cap on business rates to 2%	(9,390)	0	**(8,850)**				
Staff vacancies allowance	(150,000)	0	**(150,000)**	(150,000)	(150,000)	(150,000)	(150,000)
Total Service Expenditure	**12,987,770**	**13,975,320**	**13,351,460**	**12,986,090**	**13,216,990**	**13,564,170**	**13,965,350**
Interest & capital charges	(1,846,300)	(2,208,480)	**(2,159,350)**	(1,800,660)	(2,088,480)	(2,088,480)	(2,088,480)
Contribution to Invest to Save from projects							
Contrib to/(from) Invest to Save	**6,900**	**(48,000)**	**0**	0	0	0	0
Contrib to/(from) Service Improve't Reserve		**(30,000)**	**(36,320)**	0	0	0	0
Contrib to/(from) Revenue Risk Reserve		(248,750)	**0**	0	0	0	0
Contribution to R&R Fund	146,000	146,000	**146,000**	146,000	146,000	146,000	146,000
Contribution to/(from) reserves re BR deficit			**(250,000)**				
Bad debt provision	50,000	50,000	**50,000**	50,000	50,000	50,000	50,000
New burden grants/other income		(87,794)					
Surplus/(deficit) - savings target	**243,855**	**39,818**	**(94,161)**	**(613,773)**	**(964,673)**	**(1,316,255)**	**(1,724,252)**
NET EXPENDITURE	11,588,225	11,588,114	**11,007,629**	10,767,657	10,359,837	10,355,435	10,348,618

GENERAL FUND REVENUE ESTIMATES SUMMARY

	2014/15		2015/16	2016/17	2017/18	2018/19	2019/20
	Original	Revised	Estimate	Estimate	Estimate	Estimate	Estimate
	£	£	£	£	£	£	£
Financed By:							
RSG	3,354,621	3,354,621	**2,362,741**	1,520,000	821,000	495,000	183,000
Business Rates Baseline	3,004,464	3,004,464	**3,061,874**	3,138,000	3,217,000	3,297,000	3,380,000
Settlement Funding	6,359,085	6,359,085	**5,424,615**	4,658,000	4,038,000	3,792,000	3,563,000
Gov't Grant re tax freeze in 2014/15	47,777	47,903			0	0	0
Gov't Grant re tax freeze in 2015/16			**48,044**				
Retained Business Rates Growth	689,018	773,055	**741,231**	759,762	778,756	798,225	818,180
Business rate pooling	0	0	**404,000**	414,100	424,453	435,064	445,940
NNDR Fund Surplus/(Deficit)	46,090	46,090	**(749,172)**				
Contrib (to)/from Business Rate Reserve		(84,038)	**319,889**				
Council tax support grants to parishes	(59,531)	(59,531)	**(52,916)**	(46,301)	(39,686)	(33,071)	(26,456)
Council Tax Fund Surplus/(Deficit)	24,968	24,968	**69,958**				
Efficiency Support Grant	39,332	39,332	**160,490**				
New Homes Bonus	462,249	462,013	**616,218**	856,287	929,380	1,028,537	1,104,875
Council Tax (taxbase x tax below)	3,979,237	3,979,237	**4,025,272**	4,125,809	4,228,935	4,334,680	4,443,078
TOTAL FINANCING	**11,588,225**	**11,588,114**	**11,007,629**	**10,767,657**	**10,359,837**	**10,355,435**	**10,348,618**

Council Tax Income:							
Taxbase Growth				0.5%	0.5%	0.5%	0.5%
Taxbase Estimate	27,463.85	27,463.85	**27,781.57**	27,920.48	28,060.08	28,200.38	28,341.38
Tax increase			**0.00%**	1.99%	1.99%	1.99%	1.99%
Band 'D' Tax	144.89	144.89	**144.89**	147.77	150.71	153.71	156.77
Yield =- taxbase x Band 'D'	**3,979,237**	**3,979,237**	**4,025,272**	**4,125,809**	**4,228,935**	**4,334,680**	**4,443,078**

GENERAL FUND REVENUE ESTIMATES SUMMARY

	2014/15		2015/16	2016/17	2017/18	2018/19	2019/20
	Original	Revised	Estimate	Estimate	Estimate	Estimate	Estimate
	£	£	£	£	£	£	£
Settlement Funding Assessment (SFA):							
Via RSG:							
Lower tier funding	3,229,981	3,229,981	2,162,607	1,520,000	821,000	495,000	183,000
Council Tax Support Grant							
2011/12 tax freeze grant	66,736	66,736	65,423				
Homelessness Grant	49,103	49,103	48,119				
2014/15 Council Tax freeze grant			47,903				
Effficiency support funding			38,689				
Returned funding	8,801	8,801					
	3,354,621	3,354,621	2,362,741	1,520,000	821,000	495,000	183,000
Via BR Baseline Funding:							
Lower tier funding	2,923,645	2,923,645	2,979,511	3,138,000	3,217,000	3,297,000	3,380,000
Council Tax Support Grant							
2011/12 tax freeze grant	46,205	46,205	47,088				
Homelessness Grant	34,614	34,614	35,275				
Returned funding			0				
	3,004,464	3,004,464	3,061,874	3,138,000	3,217,000	3,297,000	3,380,000
Total SFA:							
Lower tier funding	6,153,626	6,153,626	5,142,118	4,658,000	4,038,000	3,792,000	3,563,000
Council Tax Support Grant	0	0	0	0	0	0	0
2011/12 tax freeze grant	112,941	112,941	112,511	0	0	0	0
Homelessness Grant	83,717	83,717	83,394	0	0	0	0
2014/15 Council Tax freeze grant			47,903				
Effficiency support funding			38,689				
Returned funding	8,801	8,801	0	0	0	0	0
Total SFA:	**6,359,085**	**6,359,085**	**5,424,615**	**4,658,000**	**4,038,000**	**3,792,000**	**3,563,000**
% Change			15%	14%	13%	6%	6%
BR Growth Retention:							
Growth rate							
CBC 40% share of income	14,311,597	14,311,597	14,652,604	15,018,919	15,394,392	15,779,252	16,173,733
Less tarfiff	(10,842,078)	(10,842,078)	(11,049,252)	(11,325,483)	(11,608,620)	(11,898,836)	(12,196,307)
Add s31 grant re SBRR	506,768	541,000	549,656	563,397	577,482	591,919	606,717
Add s31 grant re other refiefs	244,545	209,000	301,241	308,772	316,491	324,404	332,514
Gross income before levy	4,220,832	4,219,519	4,454,249	4,565,605	4,679,745	4,796,739	4,916,657
Less Baseline Funding	(3,004,464)	(3,004,464)	(3,061,874)	(3,138,421)	(3,216,881)	(3,297,303)	(3,379,736)
Growth	1,216,368	1,215,055	1,392,375	1,427,184	1,462,864	1,499,436	1,536,921
Levy (NB 50% on nndr3 not nndr 1)	(608,184)	(477,000)	(696,000)	(713,400)	(731,235)	(749,516)	(768,254)
Adjs to Levy & Tariff	(72,859)	(120,000)	(176,000)	(180,400)	(184,910)	(189,533)	(194,271)
Retained BR re renewable energy			3,856	3,952	4,051	4,152	4,256
Grant re Multiplier Cap	153,692	155,000	217,000	222,425	227,986	233,685	239,527
BR Growth Retained above Baseline	**689,017**	**773,055**	**741,231**	**759,762**	**778,756**	**798,225**	**818,180**
Add Baseline Funding	3,004,464	3,004,464	3,061,874	**3,138,000**	**3,217,000**	**3,297,000**	**3,380,000**
Total BR Income Retained	3,693,481	3,777,519	3,803,105	**3,897,762**	**3,995,756**	**4,095,225**	**4,198,180**

84,038

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APPENDIX B

2014/15 REVISED BUDGET SAVING PROPOSALS

Who	What	Notes	When	Risk Assess't Rating / non achiev't	Total Savings (do not input - calc'd from other colums)				Included in Savings Proposals line				Included in Portfolios			
					2014/15 Revised	2015/16 Original	2016/17 Original	17/18 > Original	2014/15	2015/16	2016/17	17/18 >	2014/15	2015/16	2016/17	17/18 >
					£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
CEO	**Voluntary Redundancy/Retirements**															
	Gross saving	Bal of £500k		**High**	0.0	386.8	386.8	386.8		**386.8**	**386.8**	**386.8**				
	Less prov for non-achiev't			50%	0.0	(193.4)	(193.4)	(193.4)		**(193.4)**	**(193.4)**	**(193.4)**	0.0	0.0	0.0	0.0
	Net Saving				0.0	193.4	193.4	193.4	**0.0**	**193.4**	**193.4**	**193.4**	0.0	0.0	0.0	0.0
CEO	**Review of Terms & Conditions**															
	Gross saving			**High**	0.0	100.0	200.0	200.0		**100.0**	**200.0**	**200.0**				
	Less prov for non-achiev't			50%	0.0	(50.0)	(100.0)	(100.0)		**(50.0)**	**(100.0)**	**(100.0)**	0.0	0.0	0.0	0.0
	Net Saving				0.0	50.0	100.0	100.0	**0.0**	**50.0**	**100.0**	**100.0**	0.0	0.0	0.0	0.0
JM	**Great Place:Great Service Programme**															
	Gross saving			Medium	(92.0)	254.0	368.0	368.0	**(92.0)**	**254.0**	**368.0**	**368.0**				
	Less prov fort non-achiev't			25%	0.0	(63.5)	(92.0)	(92.0)		**(63.5)**	**(92.0)**	**(92.0)**	0.0	0.0	0.0	0.0
	Net Saving				(92.0)	190.5	276.0	276.0	**(92.0)**	**190.5**	**276.0**	**276.0**	0.0	0.0	0.0	0.0
Exec	**Renegotiate Contracts (PPP)**															
	Gross saving			Medium	25.0	50.0	50.0	50.0	**25.0**	**50.0**	**50.0**	**50.0**				
	Less prov for non-achiev't			25%	0.0	(12.5)	(12.5)	(12.5)		**(12.5)**	**(12.5)**	**(12.5)**	0.0	0.0	0.0	0.0
	Net Saving				25.0	37.5	37.5	37.5	**25.0**	**37.5**	**37.5**	**37.5**	0.0	0.0	0.0	0.0
MH	**Spire Pride/Env Services**															
	Gross saving			Low	0.0	199.0	199.0	199.0		**63.2**	**63.2**	**63.2**		135.8	135.8	135.8
	Less prov for non-achiev't			5%	0.0	(10.0)	(10.0)	(10.0)		**(3.2)**	**(3.2)**	**(3.2)**	0.0	(6.8)	(6.8)	(6.8)
	Net Saving				0.0	189.1	189.1	189.1	**0.0**	**60.0**	**60.0**	**60.0**	0.0	129.0	129.0	129.0
BW	**CCTV Review**															
	Gross saving	BW 12/12/14		Low	0.0	45.0	56.0	56.0		**30.0**	**41.0**	**41.0**		15.0	15.0	15.0
	Less prov for non-achiev't			5%	0.0	(2.3)	(2.8)	(2.8)		**(1.5)**	**(2.1)**	**(2.1)**	0.0	(0.8)	(0.8)	(0.8)
	Net Saving				0.0	42.8	53.2	53.2	**0.0**	**28.5**	**39.0**	**39.0**	0.0	14.3	14.3	14.3
BW	**Venues Review**															
	Gross saving	BW Dec 14		Medium	0.0	100.0	140.0	180.0			**40.0**	**80.0**		100.0	100.0	100.0
	Less prov for non-achiev't			25%	0.0	(25.0)	(35.0)	(45.0)		**0.0**	**(10.0)**	**(20.0)**	0.0	(25.0)	(25.0)	(25.0)
	Net Saving				0.0	75.0	105.0	135.0	**0.0**	**0.0**	**30.0**	**60.0**	0.0	75.0	75.0	75.0
BW	**Rest Rooms**															

APPENDIX B

2014/15 REVISED BUDGET SAVING PROPOSALS

Who	What	Notes	When	Risk Assess't Rating / non achiev't	Total Savings (do not input - calc'd from other colums)				Included in Savings Proposals line				Included in Portfolios			
					2014/15 Revised	2015/16 Original	2016/17 Original	17/18 > Original	2014/15	2015/16	2016/17	17/18 >	2014/15	2015/16	2016/17	17/18 >
					£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
	Gross saving	Prev £45k pa		Low	0.0	7.3	11.3	11.3		**7.3**	**11.3**	**11.3**				
	Less prov for non-achiev't			5%	0.0	(0.4)	(0.6)	(0.6)		**(0.4)**	**(0.6)**	**(0.6)**	0.0	0.0	0.0	0.0
	Net Saving				0.0	6.9	10.7	10.7	**0.0**	**6.9**	**10.7**	**10.7**	0.0	0.0	0.0	0.0
KB	**Procurement/Roundabout advertising**															
	Gross saving			Low	0.0	20.0	20.0	20.0		**20.0**	**20.0**	**20.0**				
	Less prov for non-achiev't			5%	0.0	(1.0)	(1.0)	(1.0)		**(1.0)**	**(1.0)**	**(1.0)**	0.0	0.0	0.0	0.0
	Net Saving				0.0	19.0	19.0	19.0	**0.0**	**19.0**	**19.0**	**19.0**	0.0	0.0	0.0	0.0
	Gross saving				0.0	0.0	0.0	0.0								
	Less prov for non-achiev't				0.0	0.0	0.0	0.0		**0.0**	**0.0**	**0.0**	0.0	0.0	0.0	0.0
	Net Saving				0.0	0.0	0.0	0.0	**0.0**	**0.0**	**0.0**	**0.0**	0.0	0.0	0.0	0.0
	Totals - all proposals															
	Gross saving				(67.0)	1,162.1	1,431.1	1,471.1	**(67.0)**	**911.3**	**1,180.3**	**1,220.3**	0.0	250.8	250.8	250.8
	Less prov for non-achiev't				0.0	(358.0)	(447.2)	(457.2)	**0.0**	**(325.4)**	**(414.7)**	**(424.7)**	0.0	(32.5)	(32.5)	(32.5)
	Net Saving				(67.0)	804.1	983.9	1,013.9	**(67.0)**	**585.9**	**765.6**	**795.6**	0.0	218.3	218.3	218.3

Provision for non-achievement (high 50%, med 25% low 5%)

Appendix C

BUDGET STRATEGY

The overall objective is - "to deliver a balanced and sustainable budget in the longer term". To achieve this the Council will:

- Prepare budgets annually covering a three-year period - the objective will be to produce a balanced budget for each of the three years.

- Direct or re-allocate resources to priority areas.

- Target low priority and discretionary areas of spend when looking for savings.

- Identify and manage budget risks effectively.

- Estimate annual savings targets and seek to achieve these through business process re-engineering, joint working, internal re-structuring and alternative service delivery methods.

- Rigorously scrutinise all growth requests, both statutory and discretionary, particularly in relation to how they contribute to the corporate objectives, their affordability and sustainability.

- Maximise income generation opportunities. Fees and charges to be reviewed at least annually applying the Council's approved 'Charges Policy'.

- Aim to set increases in the Council Tax at a level to produce a much stronger tax base in view of our very low comparative tax.

- Consult stakeholders on spending/saving plans and tax increases.

- Only approve supplementary budgets where a budget cannot be transferred (vired) from elsewhere and only when there is a legal requirement, the event was unforeseen and unavoidable, or any other case of extreme urgency.

- Adopt sound asset management practices including identifying under-utilised and poor performing assets for disposal.

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FINANCIAL STRATEGY

1. A three year forward plan will be maintained, reviewed and rolled forward each year as part of the budget process, encompassing:
   - Proposed development of services.
   - Efficiency savings.
   - A General Fund revenue expenditure forecast.
   - A capital expenditure and resources plan.
   - Proposed use of reserves and balances.

2. Within constraints imposed by either legislation or the economic climate, sufficient resources (both capital and revenue) should be secured or reserved to enable the Council to:
   - Deliver services which help to achieve its priorities and objectives.
   - Maintain a substantial, reasonably balanced, capital programme which will not only improve the range of facilities provided for the public but will also adequately maintain the existing asset base.

3. Every effort will be made to keep revenue spending within a reasonable percentage of the previous year's level. Wherever possible new service developments should be funded from savings or additional income. The Council's revenue budget shall be prepared in accordance with the Council's budget strategy.

4. General Fund balances will only be used to reduce the Borough Council's call on the Collection Fund in exceptional circumstances, e.g. to meet significant non-recurring expenditure, to even out major fluctuations or to keep within capped spending limits.

5. In order to sustain its capital programme, the Council will:
   - Aim to raise capital receipts of an average of £1 million a year (in addition to those from the sale of Council houses). Make use of the "in and out" arrangements permitted under the capital financing regulations whenever possible.
   - Where appropriate, encourage private sector schemes either on their own or jointly with the Council.
   - Seek to maximise receipt of European, Single Regeneration Budget, Lottery or other grants wherever possible.

6. The current policy is to maintain a minimum Working Balance of £1.5 million for the General Fund and £3.0 million for the HRA. In addition a prudent level of earmarked reserves will be maintained for known liabilities and to even-out charges to the revenue account (e.g. property repairs, self-insurance claims, vehicle & equipment replacement reserves). The level of all reserves and balances will be reviewed at least annually.

7. At the close of a financial year, unless there are unusual circumstances:
   - ♦ Any under-spending on General Fund will be transferred to the Budget Risk Reserve except to the extent that approval is given to carry forward unspent budgets to the subsequent financial year or are required to meet future revenue spending, in which case they will remain in the General Working Balance;
   - ♦ Any overspending will be met from the Budget Risk Reserve or General Fund balance.
   - ♦ Any D.L.O./D.S.O. surpluses arising in the year which are not required for operational purposes will be allocated as follows:-
     (i) the Maintenance of Buildings D.L.O. surplus relating to Housing repairs work will be transferred to the Housing Revenue Account.
     (ii) an amount equivalent to any remaining surpluses will be transferred to the Budget Risk Reserve.

8. Under the direction of the Cabinet the management of the Council's land and property is being reviewed in order to:
   - ♦ Undertake a critical examination of the land and property portfolio.
   - ♦ Draw up a longer-term acquisition and disposal plan.
   - ♦ Minimise void periods on investment property.
   - ♦ Ensure prompt reviews of rent in accordance with lease terms.
   - ♦ Review and extend the property repair and renewal plan.

9. Fees and charges shall be reviewed in accordance with the Council's Charging Policy and in all cases shall review them at least annually.

10. The budget risks will be identified and assessed at the start of each financial year and monitored throughout the year.

11. The financial strategy should be kept under continuous review in the light of developing legislation and the perceived needs of the Borough.

CHARGING POLICIES

CHARGING PRINCIPLES
♦ To make a charge wherever identifiable groups benefit directly from a service, rather than it being a general benefit to the entire community.
♦ Fees and charges should aim to recover the full cost of the service except where: a) There is an opportunity to maximise income; or b) Members determine that a reduction or subsidy should be made for specific reasons.
♦ That where charges are reduced from full cost the reason for the reduction is reviewed periodically (at least annually) to ensure that it remains valid.
♦ People on low incomes and/or suffering disadvantage through poverty or social exclusion may be charged less to ensure equal access.
♦ Differential charges for residents/non-residents may be appropriate.

CHARGING TARGETS
The objectives of charging should be translated into specific measurable targets. The development of targets should be done: a) in general terms as part of the annual review process; and b) in detail as part of Best Value Reviews.

CHARGING DECISIONS **Information to be included in all charging reports**
Analysis of the impact of the proposed charge on: Corporate and service objectives Charging targets
Previous year's experience: Price increase Affect on demand Performance against targets
Analysis of local competition (if any)
Current charge
Proposed charge
Percentage increase
Estimated income
Estimated costs
Income as a percentage of costs
Number of users
Subsidy / Surplus per user
Reason for subsidy (if there is one)

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APPENDIX F

FEES & CHARGES INCLUDED IN THE BUDGET FORECASTS

Description	2014/15		2015/16		2016/17		2017/18		2018/19		2019/20	
	original	revised	estimate		estimate		estimate		estimate		estimate	
	£'000	£'000	£'000	% Rev to Est	£'000	%	£'000	%	£'000	%	£'000	%
Trade Waste	575	540	540	0%	540	0%	540	0%	540	0%	540	0%
Bulky Waste	29	29	29	0%	29	0%	29	0%	29	0%	29	0%
Tidy Streets incl Pest Control	42	40	43	8%	43	0%	43	0%	43	0%	43	0%
Industrial processes	16	16	17	6%	17	0%	17	0%	17	0%	17	0%
Licensing	330	274	280	2%	286	2%	291	2%	296	2%	302	2%
Land Charges	74	82	74	-10%	74	0%	74	0%	74	0%	74	0%
QPSC	921	1,012	1,053	4%	1,081	3%	1,110	3%	1,140	3%	1,170	3%
SHLC	1,038	1,032	1,071	4%	1,094	2%	1,118	2%	1,143	2%	1,168	2%
Parks	96	84	89	6%	92	3%	94	2%	97	3%	100	3%
Cemeteries	228	213	223	5%	230	3%	237	3%	244	3%	251	3%
Winding Wheel - promotions & lettings	352	352	400	14%	400	0%	401	0%	401	0%	401	0%
Pomegranate - productions	441	551	645	17%	648	0%	651	0%	654	0%	657	0%
Planning fees	297	407	297	-27%	297	0%	297	0%	297	0%	297	0%
Markets excl Mkt Hall	671	638	656	3%	675	3%	694	3%	715	3%	735	3%
Market Hall	323	345	368	7%	372	1%	372	0%	372	0%	372	0%
CCTV - external	54	36	37	3%	38	3%	39	3%	40	3%	40	0%
Car Parking	2,454	2,466	2,535	3%	2,553	1%	2,631	3%	2,744	4%	2,783	1%
Total	**7,941**	**8,117**	**8,357**	**5%**	**8,469**	**1%**	**8,638**	**2%**	**8,846**	**2%**	**8,979**	**2%**

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GRANTS & CONTRIBUTIONS INCLUDED IN THE BUDGET FORECASTS

Grant Type & Description	2014/15		2015/16	2016/17	2017/18	2018/19	2019/20
	original	revised	estimate	estimate	estimate	estimate	estimate
	£	£	£	£	£	£	£
Revenue Support Grant (including council tax support, 2011/12 council tax freeze and homelessness grant)	3,354,621	3,354,621	2,362,741	1,520,000	821,000	495,000	183,000
Tax Freeze Incentive Grant - 2014/15	47,777	47,903					
Tax Freeze Incentive Grant - 2015/16	0		48,044				
Efficiency Support Grant	39,332	39,332	160,490				
New Homes Bonus	462,249	462,013	616,218	856,287	929,380	1,028,537	1,104,875
Housing Benefit Admin	764,880	764,880	725,800	689,310	655,210	623,300	593,400
Housing Benefit - Main Subsidy	38,162,160	37,336,740	38,155,210	38,990,310	39,843,780	40,716,020	41,607,460
Council Tax Localisation Grant	93,940	93,940	31,232	0	0	0	0
Business Rates Admin	175,000		164,495				
GP Referral scheme, PCT	76,460	65,880	44,730	44,730	44,730	44,730	44,730
Walking for Health, PCT	6,500	7,340	9,000	9,000	9,000	9,000	9,000
Tourism DMS, NEDDC/BDC	4,670	8,160	8,160	8,160	8,160	8,160	8,160
Children's Play Areas, s.106 monies	29,510	30,400	30,500	31,970	17,560	16,850	16,150
Woodlands, Forestry Commission	14,300	11,300	10,600	11,300	11,300	11,300	11,300
Highways Amenity M/nance, DCC	144,440	155,090	119,660	119,660	119,660	119,660	119,660
Gully Emptying, DCC	61,940	68,820	0	0	0	0	0
Weed Spraying, DCC	22,000	24,440	19,550	19,550	19,550	19,550	19,550
Supporting People Grant - DCC	20,000	1,410	0	0	0	0	0
Community Safety	25,590	31,110	38,090	32,240	25,590	25,590	25,590
Total Revenue Grants	**43,505,369**	**42,503,379**	**42,544,520**	**42,332,517**	**42,504,920**	**43,117,697**	**43,742,875**

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Appendix H

MOVEMENTS ON RESERVES & PROVISIONS

Tiltle	Purpose	B/Fwd 1st Apr 14 £'000	2014/15 In /(out) £'000	B/Fwd 1st Apr 15 £'000	2015/16 In /(out) £'000	B/Fwd 1st Apr 16 £'000	2016/17 In /(out) £'000	B/Fwd 1st Apr 17 £'000	2017/18 In /(out) £'000	B/Fwd 1st Apr 18 £'000	2018/19 In /(out) £'000	B/Fwd 1st Apr 19 £'000	2019/20 In /(out) £'000	B/Fwd 1st Apr 20 £'000
Vehicles & Plant	Replacement fund	**878**	346 (371)	**853**	346 (1,194)	**5**	359 (358)	**6**	404 (317)	**93**	405 (334)	**164**	404 (241)	**327**
Wheeled Bins Replacement Fund	Replacement fund	**189**	- (50)	**139**	- (50)	**89**	61 (50)	**100**	61 (50)	**111**	61 (50)	**122**	61 (50)	**133**
Property Repairs	Even-out 10 year repairs programme	**642**	1,396 (1,585)	**453**	1,404 (1,540)	**317**	1,404 (1,495)	**226**	1,404 (1,490)	**140**	1,404 (1,500)	**44**	1,404 (1,440)	**8**
ICT Reserve	Replacement fund	**46**	146 (192)	**0**	146 (146)	**0**	146 (146)	**0**	146 (146)	**0**	146 (146)	**0**	146 (146)	**0**
DLO/DSO Reserve	Provision for improvements	**691**	- (500)	**191**	- (80)	**111**	- -	**111**	- -	**111**	- -	**111**	- -	**111**
Museum Exhibits	Opportunity purchases fund	**25**	- -	**25**	- -	**25**	- -	**25**	- -	**25**	- -	**25**	- -	**25**
Insurance Reserve - caims not yet reported	Self insurance element claims not yet reported	**567**	- -	**567**	- -	**567**	- -	**567**	- (94)	**473**	- (94)	**379**	- (94)	**285**
Insurance Provision - current claims	Self insurance element of reported claims	**497**	226 (290)	**433**	226 (305)	**354**	226 (320)	**260**	226 (226)	**260**	226 (226)	**260**	226 (226)	**260**
MMI - Insurance Provision	To fund liability of claims unpaid due to MMI insolvency	**11**	- (11)	**0**	- -	**0**	- -	**0**	- -	**0**	- -	**0**	- -	**0**
MMI - Insurance Reserve	To fund liability of claims unpaid due to MMI insolvency	**513**	- (10)	**503**	- (30)	**473**	- (30)	**443**	- (30)	**413**	- (30)	**383**	- (30)	**353**
Working Neighbourhoods Fund		**224**	- (106)	**118**	- (103)	**15**	- -	**15**	- -	**15**	- -	**15**	- -	**15**
Planning LDF Review Provision	Provision for cost of LDF review	**242**	8 -	**250**	- -	**250**	- -	**250**	- -	**250**	- -	**250**	- -	**250**
Transport Co Pensions	Provsion for the pension cost of former employees.	**950**	23 (40)	**933**	23 (45)	**911**	23 (50)	**884**	23 (50)	**857**	22 (50)	**829**	22 (50)	**801**
Risk Management	For risk mgt initiatives.	**10**	5 (10)	**5**	5 (5)	**5**	5 (5)	**5**	5 (5)	**5**	5 (5)	**5**	5 (5)	**5**
Flood Restoration	Flood defence/prevention	**82**	- (8)	**74**	- (45)	**29**	- -	**29**	- -	**29**	- -	**29**	- -	**29**
Affordable Homes - Waterside	Funded from Yr 1 of New Homes Bonus	**208**	- (145)	**63**	- (63)	**0**	- -	**0**	- -	**0**	- -	**0**	- -	**0**
New Home Bonus		**0**	462 (462)	**0**	610 (610)	**0**	852 (852)	**0**	925 (925)	**0**	1,024 (1,024)	**0**	1,100 (1,100)	**0**
Asset Management		**44**	- (18)	**26**	- (26)	**0**	- -	**0**	- -	**0**	- -	**0**	- -	**0**
Business Rate Reserve		**238**	- (238)	**0**	- -	**0**	- -	**0**	- -	**0**	- -	**0**	- -	**0**
Budget Risks Reserve	To cover future budget risks	**1,000**	40 (249)	**791**	- (137)	**654**	- (30)	**624**	- -	**624**	- -	**624**	- -	**624**
Service Improvement		**1,176**	- (289)	**887**	- (243)	**644**	- -	**644**	- -	**644**	- -	**644**	- -	**644**
Invest to Save Fund	Pump priming for schemes with a pay-back	**393**	- (164)	**229**	- (226)	**3**	- -	**3**	- -	**3**	- -	**3**	- -	**3**
TOTALS		**8,626**	(2,086)	**6,540**	(2,088)	**4,452**	(260)	**4,192**	(139)	**4,053**	(166)	**3,887**	(14)	**3,873**

Appendix I

KEY BUDGET RISKS & SENSITIVITY ANALYSIS 2015/16

Description	Budget	Risk Assessment				Containment Actions			Progress
	Risk	Probability	Impact	Value £000'S	Comment	What	Who	When	
Achieving income targets - leisure, car parks, etc	Income continues to fall during difficult economic times. 5% of total F&C budgets.	High	High	400		Base budgets adjusted.Monthly budget monitoring + marketing & promotional activities.	Service Managers	Monthly	
Car parking income from the Northern Gateway site	Loss of income when closed.	Low	High	-	Med-term issue	Will negotiate with the selected developer to minimise any loss during construction & secure an on-going revenue stream on completion.			
Investment returns - not achieving budget.	Each 1/4% = £19k gross to Gen Fund.	Low	High	20		Cautious estimate for 2011/12, only 1.3% net. Monitor Monthly	Cap Acct	Monthly	
Energy costs inflation	7.5% in budget each extra 5% = £50k fy	Med	Med	50		Fixed rate contracts on renewal to provide stability - Gas Sept; Electric Apr & Oct	Facilities Mgr (Kier)	On-going	
Benefits - high spend £37m+ with complicated grant scheme.	Increase in expd with less than 100% subsidy. Failure to Comply with Regulations	Med	High	250		Regular monitoring of claims processed. Staff Training	Benefits Manager (Arvato)	Quarterly	
Ind & Comm. Property portfolio - reduced rent income during economic downturn and due to disposals to generate capital receipts.	Industrial & commercial £50k. Vicar Lane £50k	High	High	100		Monitor voids.Flexible Payments for existing. Planned Disposal Programme	Estates Officer (Kier)	Monthly	

Appendix I

KEY BUDGET RISKS & SENSITIVITY ANALYSIS 2015/16

Description	Budget Risk	Risk Assessment				Containment Actions			Progress
		Probability	Impact	Value £000'S	Comment	What	Who	When	
Any other unforeseen significant expenditure		High	High	100		Maintain adequate working balance/ insurance fund + effective risk mgt.	SLT, CMT, budget holders, Accty	On-going	
Exit strategy for expenditure funded by fixed term grants.		Low	High	-		Avoid directly employing staff, if do ensure on short term contracts and redundancy provision included in budget.	Staff submitting grant applications.	On-going	
VAT -5% exempt limit exceeded	Limit exceeded £250k un-recoverable plus excess amount.	Low	High	300		Monitoring	Accty Tech - Vat	Monthly	PPP will increase the threshold.
Further cuts in Government Grants beyond those assumed in the forecast.	Settlement figures for 13/14 and 14/15. Assumed cut in 15/16 = 8%	Low	High	-	Med-term issue	Monitor developments	CFO	On-going	
Pension costs increases under LGPS 2014.	More elements of pay & allowances pensionable	Med	High		Med-term issue	Define pensionable elements and monitor impact.	CFO	Mar-17	
MMI – risk of insolvent run-off following recent ruling on EL claims.	'Clawback' beyond the £700k provision (£1.5m claims settled).	High	High	300		Awaiting announcement on clawback rate. Provision of £300k established. Insurance Fund review due in 2013.	CFO	On-going	
Tightening of the HRA ring-fence – grounds maintenance costs: Gross £305k -GF Contrib. £168k =HRA 137K	Costs transfer from the HRA to the Gen Fund	Med	High	70		Review the current cost sharing arrangements.	Housing Managers	2014	
Withdrawal of external funding for Community Safety Officer post	Subject to DCC & Police funding	Med	Med	-	Med-term issue	Budget assumes funding withdrawn in 201/15.	Business Transf Manager	2011	
Pensions auto-enrolment	Staging date Oct 2013. Emper contributions.	Med	High	50		Apply a Transitional Delay to Oct 2017	CFO	Oct-13	
Achieving Budget Saving Targets	Failure to achieve £0.6m risk reduced target, by a further £100k.	High	High	100		Monitor progress - develop contingency plans	Business Transf Manager	monthly	

Appendix I

KEY BUDGET RISKS & SENSITIVITY ANALYSIS 2015/16

Description	Budget Risk	Risk Assessment				Containment Actions			Progress
		Probability	Impact	Value £000'S	Comment	What	Who	When	
Achieving vacant post saving targets	20% of £150k target	Low	Med	30		Target reduced to £100k to reflect lower staff turnover	CFO	quarterly	
Collection Fund - Council tax collection rate below target.	Loss of interest. Coll'n Fund deficit to following year CBC Share 10%	Med	Med	25		Monitor the collection rate.	Revs Manager (Arvato)	Monthly	
Localisation of council tax support	Increased take-up by pensioners or working age; and Collection rate on amounts required to pay.	Med	High	-	Med-term issue	Monitoring claims and income so remedial action taken asap.	CFO	monthly	
Localisation of business rates	Income exceeds forecasts - only 20% of	Med	Med	-					
	Income below baseline up to the Safety Net limit; exposure = £230k	Low	High	230		Monitor income	CFO	quarterly	

Gen Fund Rev Budget	Total exposure		2011/12	2,025					
	Allowance %	Prob	Total £000	Allow £000		Impact assessment:			
Risk allowance	90%	High	1,000	900		High = £50k or more			
	50%	Med	445	223		Med = £10k-£49k			
	10%	Low	580	58		Low = less than £10k			
Risk allowance			2,025	1,181					

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Appendix J – Section 32 Statement – **to follow**

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Appendix K – Council Taxes – **to follow**

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GROWTH REQUEST FORM (2015)

Growth Block (delete as appropriate)	**One-off**	**Invest-to-save**	**Unavoidable Recurring**	
Brief Description	**Private Sector Housing Stock Condition Survey** Appointment of consultants to carry out a Stock Condition Survey (including a householder questionnaire) of the Private Sector Housing Stock (private rent / owner occupation / RSL) within the Borough and prepare a report containing findings and provide strategic recommendations. To supplement the £24,250 in the base budget to give a total of £50k.			
Mandatory / discretionary	**Mandatory** - Under the Local Government and Housing Act we have a statutory requirement to keep abreast of housing conditions in the locality - one of the ways of doing this is through a stock condition survey. We are required to prepare a Home Energy Conservation Report bi-annually and to submit this to DECC. The findings of this survey will assist in completing this return.			
Links to the Council's Corporate Plan Priorities	The Corporate Plan aims to improve the quality of housing in the Borough, to reduce inequality and improve standards of living			
Consultation undertaken to support the request	Little consultation would be required prior to the survey, which in itself is consultation. Work would take place with other colleagues, Equalities Group around the questionnaire. The survey would be sent to randomly selected addresses from the Council Tax database.			
Equalities outcomes				
Impact on performance measures/targets	Up to date information relating to future demand for DFG's, Home Repair Financial Assistance. The data could be used to support bids for external funding for energy initiatives e.g Green Deal /ECO.			
Budget Implications:	**2015/16 £**	**2016/17 £**	**2017/18 £**	**Future years (£)**
Growth request amount	**25,750**			
Revenue savings (Invest to Save bids only)				

Other revenue budget implications eg increased maintenance costs				
Risk management considerations if approved				
Risk management considerations if not approved	No up to date information on the condition on the Private Sector Housing Stock. The last survey was carried out in 2008 and is overdue. Without this information we are unable to assess what the condition of the stock is, what interventions may be required, what the future need is for DFG's, home owners ability to maintain their own homes without access to finance, other interventions in the private sector stock e.g. enforcement.			
Other Comments	Insufficient staffing resources to deliver a dedicated survey and analyse the findings in addition to delivering the day to day functions Discussion had taken place previously around whether there was any appetite to carry out a cross boundary survey with NEDDC and BDC. This will be explored again and may result in an efficiency in cost of the survey.			

GROWTH REQUEST FORM (2015)

<table>
<tr><td>Growth Block
(delete as appropriate)</td><td></td><td></td><td colspan="2">Unavoidable Recurring</td></tr>
<tr><td>Brief Description</td><td colspan="4">Cemeteries Maintenance
The development of the Cemeteries Strategy has highlighted the declining condition of the infrastructure and the potential hazards to visitors to our cemeteries. As a minimum, paths within each of the cemeteries need to be reinstated to an acceptable level to remove the potential danger of tripping or damage to vehicles using the main drives.

Within Staveley cemeteries, flower beds need to be reinstated to improve aesthetics and give a more cared for appearance.</td></tr>
<tr><td>Mandatory / discretionary</td><td colspan="4">Mandatory – in accordance with the Local Authorities Cemeteries Order 1977, local authorities must keep cemeteries in good order and repair.</td></tr>
<tr><td>Links to the Council's Corporate Plan Priorities</td><td colspan="4">To improve the quality of life for local people – cemeteries are open spaces and need to be kept clean, tidy and well managed.</td></tr>
<tr><td>Consultation undertaken to support the request</td><td colspan="4">Regular liaison takes place with Funeral Directors who represent bereaved families. Requests have been received to improve the standards within all four cemeteries.</td></tr>
<tr><td>Equalities outcomes</td><td colspan="4">Improved access – many visitors are elderly or disabled,</td></tr>
<tr><td>Impact on performance measures/targets</td><td colspan="4"></td></tr>
<tr><td>Budget Implications:</td><td>2015/16
£</td><td>2016/17
£</td><td>2017/18
£</td><td>Future years (£)</td></tr>
<tr><td>Growth request amount</td><td>70,000</td><td>25,000</td><td>25,000</td><td>Nil</td></tr>
<tr><td>Revenue savings
(Invest to Save bids only)</td><td></td><td></td><td></td><td></td></tr>
<tr><td>Other revenue budget implications e.g. increased maintenance costs</td><td></td><td></td><td></td><td></td></tr>
<tr><td>Risk management considerations
if approved</td><td colspan="4"></td></tr>
<tr><td>Risk management considerations
if <u>not</u> approved</td><td colspan="4">Reducing standards could lead to a reduction in the number of burials in our cemeteries which will lead to a loss of income.
Public liability insurance claims could increase as there will be a greater risk of slips and trips etc.</td></tr>
<tr><td>Other Comments</td><td colspan="4">Fees and charges have been increased substantially in the last two years.</td></tr>
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GROWTH REQUEST FORM (2014)

Growth Block (delete as appropriate)				**Unavoidable Recurring (for 3 years)**
Brief Description	**Data Custodian & GIS Support** A three year extension to the agreement reached between Chesterfield Borough Council and arvato, to continue to provide a named Data Custodian and Corporate GIS support post - provided by ICT to Chesterfield Borough Council. The intention is to extend the temporary solution for a further three years; an annual audit report should be submitted for review each year.			
Mandatory / discretionary	Mandatory to comply with Government legislation.			
Links to the Council's Corporate Plan Priorities	To deliver the best quality services possible and to deliver services that improve efficiency.			
Consultation undertaken to support the request	N/A			
Equalities outcomes	N/A			
Impact on performance targets/indicators	Once a permanent solution (following this 3 year extension) is found, aspects such as KPIs will be considered. An annual review will be conducted each year.			
Budget Implications:	**2015/16 £**	**2016/17 £**	**2017/18 £**	**Future Years (£)**
Growth request amount	£16,870	£16,870	£16,870	£16,870
Revenue savings (invest to save bids only)				
Risk management considerations if approved	Ensure CBC is legally compliant with new Government legislation relating to GIS and the role of the Data Custodian.			
Risk management considerations if not approved	CBC will not be legally compliant.			
Other Comments	Funding for the post did sit in Regeneration, although half of the amount (£16,880) was declared as a saving in 2012/13. This year's funding will be paid 50% from Regeneration and the additional has been approved to be paid from the ICT Reserve account (total payment £33,752) for 2014/15. It will not be possible to continue to fund the post through the ICT Reserve as this is for one off payments only.			

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Appendix L(4)

GROWTH REQUEST FORM (2014)

Growth Block (delete as appropriate)				**Unavoidable Recurring**
Brief Description	**PR Team – Training Budget** Increase in baseline budget to enable staff to receive training. The existing budget was established many years ago when there were two FTE posts. It was not increased (for non-pay costs) when the team expanded to four following a restructure in January 2012. With the expected appointment of a digital content editor five people will be operating from a budget intended for two. As a consequence there is currently a £100 training budget for the entire team, daily costs (eg expenses, petty cash) are severely restricted and additional budget support has to be sought when required to purchase equipment required for health and safety purposes eg chairs, IT equipment.			
Mandatory / discretionary	Discretionary			
Links to the Council's Corporate Plan Priorities	As a support service the team's work contributes to the delivery of all corporate plan priorities and plays an important role in the delivery of the key corporate projects.			
Consultation undertaken to support the request	Chief executive			
Equalities outcomes	Enabling equal access to training opportunities			
Impact on performance targets/indicators	Will enable the service to keep up-to-date with industry developments, which will assist with team and service plan delivery of corporate plan targets			
Budget Implications:	**2015/16 £**	**2016/17 £**	**2017/18 £**	**Future years (£)**
Growth request amount	£2,000 (into baseline for future years)	£2,000	£2000	£2000
Revenue savings (invest to save bids only)	N/A			
Risk management considerations if approved	Will need to ensure that training is helping deliver team and service plan targets.			
Risk management considerations	We will continue with the current policy of staff only attending corporate training where the courses are free. This will mean some staff receive no training in a			

if <u>not</u> approved	particular year and the team gets no industry specific training to pick up the latest techniques and developments in the communications and marketing sector. Will need to continue existing policy of alerting finance team when unplanned costs occur due to the risk of that creating an overspend position (eg buying equipment for health and safety reasons)
Other Comments	Due to the size of the team there is no opportunity of a virement of funds from another budget head.

Business Rates Consultation

Wednesday 28 January, 2015

In attendance

Representing Chesterfield Borough Council:
Cllr John Burrows, Leader of the Council and Exec Member for Regen
Huw Bowen, Chief Executive
Barry Dawson, Head of Finance
Martin Elliott, Committee and Scrutiny Coordinator
Steve Lomas, Business Rates Officer
Carolyn Szadura, Principle Revenues Officer

Representing the East Midlands Chamber of Commerce:
Andy Watterson

Summary of the meeting

The Chief Executive welcomed Andy Watterson, representing the East Midlands Chamber of Commerce to the meeting and outlined the process of the Business Rates Consultation process. The Chief Executive advised that Community Assembly members had been consulted regarding the setting of Council Tax and that by consulting with Business Rates payers, their views and comments can be fed into the process Business Rates setting.

The Head of Finance provided an overview of the Council's Budget situation and of the pressures on the budget including the reduction in the amount of the government grant received and the uncertainty regarding the cost of backdated Business Rates appeals. He advised that current budget forecasting was showing increasing budget deficits in future years, but Chesterfield Borough Council was addressing these with Great Place, Great Service programme.

The Head of Finance also explained that while Chesterfield Borough Council collects £14 million in Business Rates revenue only around £3 million is retained after tariffs have been applied. He also went through how the upcoming introduction of a Business Rates Pool for Derbyshire would increase the amount of Business Rates revenue retained by the Council.

The Chief Executive advised that Chesterfield Borough Council is focussed on the regeneration and economic development of the borough and helping business to grow, and how being part D2N2 LEP, Sheffield City Region Combined Authority and the proposed Derby and Derbyshire Combined Authority provides a benefit to the Chesterfield economy.

Andy Watterson advised that Chamber of Commerce members were happy to pay their Business Rates, but were keen to see that the money was being spent wisely and that the local business community was being served well by Chesterfield Borough Council and its policies.

The Chief Executive noted that there is a need to inform the local business community more about the actual amount of the Business Rates income that is retained by the Council, and that much of the income raised goes elsewhere. The Leader and Executive Member for Regeneration agreed with this and that he would like Chesterfield Borough Council to retain more of the Business Rates income. In response to a question from Andy Watterson, the Head of Finance advised that Business Rates Pooling would increase the amount of Business Rates income retained and that it would benefit all member authorities.

The Principle Revenues Officer provided a summary of Business Rates collection topics including multipliers, payment schedules, transitional arrangements, SBRR and revaluation. It was also noted that the Chancellor of the Exchequer announced in the last Autumn Statement that a full review of Business Rates would take place, and will report before the 2016 Budget.

Andy Watterson asked if local businesses and suppliers were favoured when the Council tenders for services. The Leader and the Chief Executive advised that Chesterfield Borough Council aims to use local suppliers where possible and that conditions are attached to planning decisions regarding the use of local labour,such as had been done in regard to the building of the new Queen’s Park Sport Centre.
The Leader advised that as budget pressures increase tough decisions will need to be made in the type and level of services that the Council will be able to provide, and that new ways of generating income will need to be looked at.

Andy Watterson of the East Midlands Chamber of Commerce thanked the Leader, Chief Executive and Officers for providing the update and for consulting the business community. The Leader advised that the local business community were welcome to come and talk to the Council at any time.

2015/16 COUNCIL TAX CONSULTATION

DISCRETIONARY SERVICES SPENDING PRIORITIES										
	West		North		East		South		Total All Assemblies	
	£	Rank	£	Rank	£	Rank	£	Rank	£	Rank
Economic Development	540	1	420	2/3	240	4/5	400	2	1,600	1
Grants to VO's	300	6	300	5	340	1	260	6	1,200	6
Communications	100	8	80	10	100	8	80	9	360	9/10
Street Scene	380	4	420	2/3	300	2/3	420	1	1,520	2
Sport & Leis	360	5	280	6	180	7	220	8	1,040	7
Parks & Open Spaces	280	7	360	4	240	4/5	340	4/5	1,220	5
Climate Change	60	9/10	200	8	80	9	20	10	360	9/10
Community Safety	420	2	440	1	300	2/3	340	4/5	1,500	3
Cultural Venues	400	3	240	7	220	6	380	3	1,240	4
Museum	60	9/10	160	9	20	10	240	7	480	8
	2,900		2,900		2,020		2,700		10,520	

COUNCIL TAX OPTIONS										
	West		North		East		South			
		%		%		%		%		
Tax freeze - 1% grant		35%		37%		37%		41%		
Increase 1.99%		65%		63%		63%		59%		
Total		100%		100%		100%		100%		

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