

## FOR PUBLICATION

### GENERAL FUND BUDGET OUTTURN 2015/16 (J000)

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**MEETING:** (1) COUNCIL  
(2) CABINET  
(3) LEADER IN CONSULTATION WITH THE DEPUTY LEADER

**DATE:** (1) 27 JULY 2016  
(2) 14 JUNE 2016  
(3) 7 JUNE 2016

**REPORT BY:** CHIEF EXECUTIVE  
CHIEF FINANCE OFFICER

**WARD:** ALL

**COMMUNITY FORUM:** ALL

**KEY DECISION REF:** 638

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## FOR PUBLICATION

### **BACKGROUND PAPERS:**

Final accounts working papers, Accountancy Section.

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### **1.0 PURPOSE OF REPORT**

1.1 To report on the General Fund Revenue and Capital Outturns for 2015/16, provide details of significant variations from the revised estimates and to consider carry forward requests.

### **2.0 RECOMMENDATIONS**

#### **Cabinet:**

2.1 That the General Fund Revenue and Capital Outturn reports for 2015/16 be noted.

2.2 That the £448k revenue account surplus be transferred to the Budget Risk Reserve.

- 2.3 That the General Fund carry forward requests be considered (para 4.8).
- 2.4 That the level of General Fund Reserves and Balances (Section 6 and Appendix D) be approved.
- 2.5 That the capital financing arrangements set out in Appendix E be approved.

**Full Council:**

- 2.6 Notes the report.

**3.0 BACKGROUND**

- 3.1 The individual portfolio budget outturn reports are included as separate items on today's Cabinet agenda.
- 3.2 The external audit of the accounts is due to start in July. The formal published Statement of Accounts will be presented to the Standards and Audit Committee for approval at the end of September on conclusion of the audit. Once approved, a copy of the accounts will be placed on the Council's web-site.
- 3.3 This report includes details of the General Fund revenue account and the collection fund outturns, plus a summary of the General Fund Capital Programmes. There will be a separate report presented for the Housing Revenue Account covering both the revenue and capital elements. The information in these reports will then be incorporated into the published Statement of Accounts.
- 3.4 The Council's Financial Strategy sets out the Council's policy on the levels and nature of reserves and balances. The Strategy also defines how under or overspends should normally be treated at the end of each financial year:
  - ◆ Any under spend on the General Fund will be transferred to the Budget Risk Reserve;
  - ◆ Any over spend on the General Fund will be met from the Budget Risk Reserve or the General Working Balance;
  - ◆ Any DLO/DSO surpluses arising in the year that are not required for operational purposes will be allocated as follows:
    - (i) That any surplus relating to Public Sector Housing activities will be transferred to the HRA; and

- (ii) That any surpluses or deficits relating to General Fund Activities will be transferred to the Budget Risk Reserve.

## 4.0 GENERAL FUND REVENUE ACCOUNT

- 4.1 The Summary Revenue Account, comparing the outturn with both the original and revised estimates for the financial year, is shown at **Appendix A**. There was a net surplus of **£448k** in the year compared with:
- a) The **original** budget forecast - £94k deficit.
  - b) The **revised** budget forecast - £225k surplus.
- 4.2 Details of the variances that contributed towards the £319k reduction from the original deficit forecast to the revised forecast surplus were included in the budget report to the Cabinet on the 23<sup>rd</sup> February 2016.
- 4.3 The outturn **surplus is £223k above the revised budget** forecast. Whilst a significant sum in absolute terms, the under spend is low in relative terms i.e. less than 1% of the Council's gross turnover (income plus expenditure excluding Benefits, i.e. £30m + £20m = £50m).
- 4.4 Details of the variances have been reported in the Executive Member reports. There were many relatively low value budget variances in the year but also a number of significant variances. A summary of the most significant variances is included in **Appendix B**. At the time the revised budgets were approved there were a number of potentially high cost live issues relating to Business Rate income (Pooling and NHS reliefs) but their likelihood of occurring and their impact were not clear at that stage. The issues were reported to the Financial Planning Group as they developed, together with the improving income position on many services (Planning, Sports facilities, Venues, etc).
- 4.5 Further work is now required to establish which variances are likely to recur in future years. The results of this exercise will be included in the next budget monitoring report to the Cabinet.
- 4.6 There are significant variances on Asset Charges on some of the portfolios due to valuation adjustments for balance sheet purposes; Deputy Leader +£1.9m, Town Centre/Visitor Economy +£2.9m and Health & Wellbeing +£1.0m). Accounting regulations require the adjustments to be reflected in the appropriate service revenue account but they are then reversed out in the "Interest and Capital Charges" line of the summary revenue account (Appendix A) which shows an

increased income of £5.8m. There is, therefore, no bottom-line impact from these valuation adjustments.

4.7 A subjective analysis of all the General Fund services is provided at **Appendix C**.

4.8 There are a two **carry forward requests** to consider. Fuller details of the Carry Forward requests are included at **Appendices F & G**. The table below provides a summary of each request with a recommendation on each from the Senior Leadership Team (SLT).

<b>Table 1 – Carry Forward Requests</b>				
<b>Portfolio</b>	<b>Service</b>	<b>Description</b>	<b>Amount</b>	<b>SLT recommendation</b>
Dep Leader	Forward Planning	Local Plan reparation costs e.g. professional fees.	15,590	Approve
Business Transformation	Learning & Development	Learning & Development IT system	6,470	Defer – pending more info on on-going cost implications
<b>Total</b>	<b>Carry f/wds</b>		<b>£22,060</b>	

## 5.0 DLO/DSO's

5.1 A summary of the DLO/DSO surpluses/deficits and the proposed distribution is shown in the table below:

<b>Table 2 – DLO/DSO Outturns</b>					
	<b>Surplus / (Deficit)</b>	<b>Retained in the service (see para. 5.2)</b>	<b>To HRA</b>	<b>To Gen Fund Revenue Account</b>	<b>To Budget Risk Reserve</b>
	<b>£</b>	<b>£</b>	<b>£</b>	<b>£</b>	<b>£</b>
Building Maintenance	<b>17,586</b>	17,586	-	-	-
Spirepride	<b>211,853</b>	-	-	211,853	-
Building Cleaning	<b>6,025</b>	-	-	-	6,025
Security Services	<b>18,309</b>	-	-	-	18,309
<b>Total</b>	<b>253,773</b>	<b>17,586</b>	-	<b>211,853</b>	<b>24,334</b>

5.2 Members are requested to approve the retention of the Building Maintenance surplus (£17,586) within the service, to top up the redundancy provision for future restructures.

## 6.0 GENERAL FUND BALANCES AND RESERVES

- 6.1 The table below shows a summary of the General Fund Reserves and Provisions; more detail is provided in **Appendix D**. Please note that the summary of useable reserves in the table below excludes the **General Working Balance** (which was reduced to £1.5m in 2015/16).

<b>Table 3 – General Fund Reserves &amp; Provisions 2015/16</b>			
<b>Reserve</b>	<b>Opening Balance £'000</b>	<b>Closing Balance £'000</b>	<b>Revised Forecast £'000</b>
Budget Risks Reserve	781	1,043	358
Invest-to-Save Reserve	286	274	151
Service Improvement Reserve	1,153	989	799
Other Earmarked Reserves	3,880	4,506	3,811
Provisions	1,631	1,837	1,525
<b>Total Reserves &amp; Provisions</b>	<b>7,731</b>	<b>8,649</b>	<b>6,644</b>

- 6.2 Overall the level of reserves and provisions are £2.0m above the revised budget forecast estimate due mainly to increases in the Business Rates Reserves, Vehicles & Plant Reserve, Insurance Fund and the Budget Risk Reserve. Further details are provided below.

### 6.3 **Budget Risk Reserve**

This reserve provides a supplement to the General Working Balance to cover any budget risks and to help finance any severance costs resulting from voluntary staffing reductions through implementing the Transformation Strategy. The table below provides a comparison of the revised budget with the outturn position. The balance in the reserve is above the revised budget forecast by £685k, due to the re-profiling of existing commitments and the 2015/16 surpluses (General Fund and DSO's) transferred into the account. The reserve can be used to finance the costs of the Voluntary Redundancy/Early Retirement scheme which is being re-launched in 2016.

<b>Table 4 – Budget Risk Reserve</b>		
	<b>Outturn £'000</b>	<b>Revised Budget £'000</b>
<b>Balance b/fwd 1<sup>st</sup> Apr 2015</b>	781	781
<b><u>Movements In 2015/16:</u></b>		
New Burdens grant re Land Charges	63	63
Further Land Charges costs	-	(16)
Local Plan professional fees		(14)
15/16 Growth – Data Custodian	(17)	(17)
Learning & Development - training		(6)

Environmental Health system upgrade	(3)	(3)
Transfer to STWA tenants consultation reserve	(30)	(30)
Erin Road Pumping Station	(43)	(50)
Legal opinion	-	(3)
Elections	(6)	(6)
Group litigation – postal services	(7)	(14)
Digital Content Officer post	(17)	(18)
Alderman celebrations	(2)	(4)
Dilapidation costs – Whitting Valley	-	(17)
IDOX buy-out of lease	(99)	(99)
PSN Compliance costs	(166)	(246)
CMT restructure – severance costs	(111)	(178)
VR/VER's	(24)	(12)
Transfers from other reserves & balances	253	247
DSO Surpluses	24	tbc
Add: budget surplus in 2015/16	448	tbc
<b>Balance c/fwd 31st Mar 2016</b>	<b>1,044</b>	<b>358</b>
<b><u>Outstanding Commitments:</u></b>		
Group litigation – postal services	(7)	-
Learning & Development - training	(6)	-
Health & Safety prosecution	(25)	-
PSN compliance costs	(80)	-
Further Land Charges costs	(16)	-
Public Sector Stock Condition	(26)	(26)
Erin Rd Pumping Station	(7)	-
Dilapidation costs – Whitting Valley	(17)	-
<b>Uncommitted Balance</b>	<b>860</b>	<b>332</b>

#### 6.4 Invest-to-Save Reserve

The table below shows details of the movements and commitments on the reserve. The main issue to note is that the reserve is fully committed.

<b>Table 5 - Invest-to Save Reserve</b>		
	<b>Outturn £'000</b>	<b>Revised Budget £'000</b>
<b>Balance b/fwd 1st Apr 2015</b>	286	286
<b><u>Movements In 2015/16:</u></b>		
Venues refurbishment	(12)	(12)
<b>Balance c/fwd 31st Mar 2016</b>	<b>274</b>	<b>274</b>

<b><u>Outstanding Commitments:</u></b>		
Customer Service Strategy - capital	(105)	(105)
Local Collective Agreement	(10)	(10)
Car park improvements	(111)	(111)
Property Fund Selection Service	(8)	(8)
Budget Savings Delivery Fund	(40)	(40)
<b>Uncommitted Balance c/fwd</b>	<b>0</b>	<b>0</b>

## 6.5 Service Improvement Reserve

The table below provides a comparison of the revised budget estimate and the outturn position.

<b>Table 6 - Service Improvement Reserve</b>		
	<b>Outturn £'000</b>	<b>Revised Budget £'000</b>
<b>Balance b/fwd 1<sup>st</sup> Apr 2015</b>	<b>1,153</b>	<b>1,153</b>
<b><u>Movements In 2015/16:</u></b>		
Open Market re-design	(21)	(22)
Linacre Master Planning	(21)	(60)
Project Academy Phase 2	(38)	(52)
GP:GS supplies & services	(45)	(45)
GP:GS employees	(73)	(73)
TPIC/DIC - 2015/16 Repayment	34	34
<b>Balance c/fwd 31st Mar 2016</b>	<b>989</b>	<b>935</b>
<b><u>Outstanding Commitments:</u></b>		
Car parking improvements	(15)	(15)
Budget Savings Delivery Fund	(110)	(110)
TPIC/DIC telephony system - rev	(31)	(31)
TPIC/DIC telephony system - cap	(173)	(173)
GP:GS employees	(6)	(5)
Northern Gateway	(100)	(100)
Linacre Master Planning	(39)	-
HLC – admin space reconfiguration – approved growth bid in 2016/17	(46)	-
Project Academy Phase 2	(13)	-
TPIC/DIC - 2016/17 Repayment	34	34
<b>Uncommitted Balance</b>	<b>490</b>	<b>535</b>

6.6 The balance in the reserve was £190k above the revised estimate for 2015/16 due to slippage on approved expenditure. The uncommitted

balance has reduced due to the new commitment for HLC (£46k) which was not included in the revised estimate.

**6.7 Other Earmarked Reserves** - these reserves are held for specific purposes. The total balance on these reserves increased by £0.7m over the revised forecast for the financial year 2015/16. The most significant changes include:

- ◆ Vehicle & Plant - £438k above the revised forecast due to reduced expenditure.
- ◆ Property Repairs Fund - £7k above the revised estimate due to increased expenditure.
- ◆ MMI Claw-Back Reserve – this reserve is intended to cover any future claw-back payments to MMI as the company is wound down. This process is likely to take many years. The first claw-back payment calculated as 15% of settled claims amounted to £204k and this was paid in in 2014/15. In March 2016 the Council was advised that the actuaries acting on behalf of MMI had increased the claw-back to 25%, the addition amount of £137k was, therefore, paid from the MMI Reserve in 2015/16.
- ◆ Insurance Reserve – this is a provision for claims which have not yet been reported. Once a claim is reported an amount is transferred into the Insurance Provision Account. An actuarial review of both the Insurance Reserve and Provision was last undertaken in 2013, with the new one due in the autumn of 2016.
- ◆ Retained Business Rates Reserve (£1.4m) – The reserve has been created to help finance the Council's share of the fund deficit (40% x £5.2m = £2.1m) which will hit the revenue account in future years (2016/17 and 2017/18).

## **6.8 Provisions**

- a) Transport Company Pensions Provision – this provision has been established to cover the Council's future liabilities for pension costs relating to the employees of the former Transport Company. The provision was last reviewed by the County Council's pension fund actuary in 2010/11. The County Council has been asked to include a review of the provision as part of the triennial Pension Fund review exercise which will take place during 2016.
- b) Insurance Provisions – this is the amount set-aside to cover reported claims. The next actuarial review of the Insurance Provision and Reserve is due later in 2016.



c) MMI Claw-back Provision – this is the amount set aside to cover reported claims.

6.9 It is important for Members to appreciate that many of the reserves and provisions are earmarked for specific purposes. The Funds should not, therefore, be regarded as being available for general use. An additional consideration is the fact that the Council receives interest from the reserves and provisions, which is used to support the Council's revenue budget.

## **7.0 CAPITAL EXPENDITURE AND FINANCING**

7.1 **Appendix E** provides details of the total General Fund Capital Programme expenditure and financing for the financial year.

7.2 Actual expenditure on schemes was £8.6m compared with the original budget for the year of £14.7m (as at Feb 2015) and £11.1m at the revised budget stage (February 2016). The main reasons for the variance from the revised budget (-£2.6m) include:

- Overspends on:
  - ICT security (£124k) to ensure compliance with the latest government requirements
- Underspends on:
  - Waterside (£2,400k)
  - Vehicle & Plant (£298k)

7.3 On the financing side, the main reasons for the £2.6m reduction were:

- Loan for Waterside of £2.4m not drawn down due to delayed start of scheme
- Vehicle & Plant Fund contribution down by £282k, to reflect the reduction in expenditure;

## **8.0 CAPITAL RECEIPTS**

8.1 The movement on useable capital receipts in the year is summarised in the table below. All useable receipts were used in the year.

<b>Table 7 - Useable Capital Receipts</b>			
	<b>Gen Fund £'000</b>	<b>Housing £'000</b>	<b>Total £'000</b>
Balance b/fwd 1 <sup>st</sup> April	-	700*	700
Add: Receipts in the year	402	3,835	4,237
Less: Housing receipts 'Pooled'	-	(941)	(941)
Less: Applied to repay debt	-	-	-
Less: Applied to finance GF cap ex	(402)	-	(402)
Less: Applied to finance HRA cap ex	-	(2,933)	(2,933)
<b>Balance c/fwd 31<sup>st</sup> March</b>	<b>-</b>	<b>661*</b>	<b>661</b>

\* The Housing balance of £661k represents the retained 'one-for-one' element of RTB receipts.

- 8.2 At the revised budget stage the forecast for capital receipts was reduced dramatically from £5.6m to £0.3m due to all of the significant value disposals (Newbold School, Ashgate Road, Whitebanks, former Fire Station, Holythorpe Close and Gorse Valley) being moved into future years. The table below summarises the movements over the financial year. The actual amount achieved was slightly above the revised budget:

<b>Table 8 – General Fund Capital Receipts</b>	
	<b>Amount (£m)</b>
Original Budget Forecast – start of year	5.6
Revised Budget Forecast – Jan 2016	0.3
Actual	0.4

- 8.3 The target receipts figure for 2016/17 to £1.8m which includes receipts from Newbold School. To date only £65k has been received so the target will be difficult to achieve. A revised forecast will be produced at the end of Quarter 1.

## **9.0 COLLECTION FUND SURPLUSES**

- 9.1 The Council is required to maintain a Collection Fund to account for the expenditure and income relating to the Council Tax (including the precepts of other authorities) and National Non Domestic Rates.
- 9.2 Surpluses or deficits relating to the Council Tax are shared between the Derbyshire County Council, Derbyshire Police Authority, the Fire Authority and the Borough Council in proportion to the precepts issued and must be used to adjust the Council Tax. The outturn balance on the Council Tax elements of the Fund is a surplus of £761,594. A surplus of £658,115 was estimated when setting the Council Tax for

2016/17. The increased surplus was due largely to a reduction in the provision for bad debts. The increase in the surplus will be carried forward to the tax calculation exercise for 2017/18. The Council's share of the increased surplus, at 10.4%, will be £10,762.

- 9.3 Business Rates – Surpluses or deficits relating to Business Rates are shared between Central Government, Derbyshire County Council, Derbyshire Fire Authority and the Borough Council in proportions laid down by Government. The deficit increased dramatically mainly as a result of a surge in potentially back-dated valuation appeals in the run up to the deadline date announced in the Autumn Statement of 31<sup>st</sup> March 2015. The Appeals Provision stood at £4.5m at the start of 2015/16, with £1.3m paid out during the year and a need to top up the provision by £1.4m in order to end the year with a balance of £4.6m to meet the estimated liability of successful appeals. Increasing the Appeals Provision contributed towards the deficit on the Business Rate Income Account which stood at £5.2m at the end of 2015/16. The Council's share of the deficit is £2.1m (i.e. 40% x £5.2m). This will be accounted for over two financial years:

**2016/17** - a deficit share of £1.85m was estimated for the end of 2015/16 when the budgets for 2016/17 were set; £1.186m of this is to be met from the Business Rates Reserve created in 2013/14 and the remaining £666k charged to the budget in 2016/17.

**2017/18** – £221k of the net surplus achieved in 2015/16 has been set aside in the Retained Business Rates Reserve and will be used in 2017/18 to offset the deficit share charged in that financial year.

## **10.0 CONCLUSIONS AND IMPLICATIONS FOR THE MEDIUM TERM**

- 10.1 The medium term financial outlook gets progressively worse as the further cuts in Government funding are anticipated. The budget forecasts approved in February show deficits, before the Savings Targets, of:

- £1.3m in 2016/17;
- £2.0m in 2017/18;
- £2.2m in 2018/19;
- £2.9m in 2019/20; &
- £2.7m in 2020/21.

- 10.2 The medium term forecast will have to be updated to reflect the impact of budget variances recorded in 2015/16 that are likely to be of a

recurring nature. This will require further work to get a better understanding of why the variances occurred. The outcome of this exercise will be included in the next budget monitoring report to the Cabinet.

10.3 The future forecasts include allowances for the most significant budget risks facing the Council but the final outcomes may be quite different, such as:

- The introduction of the Business Rates Retention Scheme in April 2013 transferred some significant financial risks to local government. The risks include the cost of backdated Business Rate appeals and the growth or decline in the Business Rate base due to re-valuations, claims for mandatory reliefs, etc. As we have seen in the first few years of the scheme it is difficult to predict the net income due to the Council even for just one year ahead and this becomes even more difficult over a longer horizon.
- Delays in delivering the required budget savings in future years.

10.4 The main conclusions to be drawn from this report are:

- A number of significant variances occurred in 2015/16, both positive and negative. It is evident that further improvements need to be made to the budget monitoring arrangements to ensure that such variances are declared much earlier in the budget process in the future. It is important that an assessment is undertaken quickly to establish which of the 2015/16 variances are likely to be recurring. This will enable the budget deficit forecasts to be updated in order to provide a more realistic base point from which to make further decisions on where and when future budget savings are to be implemented. The scale of the current budget deficit forecasts, however, is such that Council will not be able to rely solely on future under-spends to bridge the deficit gaps. Significant budget cuts will have to be made over the next few years if a sustainable budget position is to be achieved.
- The Council continues to be exposed to significant financial risks due the wide range of services it provides and the heavy reliance on income from rents, fees and charges.
- The working balance is being maintained at £1.5m. In addition, healthy balances are retained in other earmarked reserves and provisions. It is, however, important that strong financial discipline is maintained to ensure that a reasonable balance is retained in these funds, by controlling their use and creating capacity within the revenue budget to be able to replenish them.

- In terms of the General Fund Capital Programme the Council is exposed to a number of significant financial risks including generating capital receipts and exempt VAT recovery.
- The Cabinet will require regular updates on both the revenue and capital budgets to ensure that the financial risks referred to above are being effectively managed.

## **11.0 RECOMMENDATIONS**

### **Cabinet:**

- 11.1 That the General Fund Revenue and Capital Outturn reports for 2015/16 be noted.
- 11.2 That the £448k revenue account surplus be transferred to the Budget Risk Reserve.
- 11.3 That the General Fund carry forward requests be considered (para 4.8).
- 11.4 That the level of General Fund Reserves and Balances (Section 6 and Appendix D) be approved.
- 11.5 That the capital financing arrangements set out in Appendix E be approved.

### **Full Council:**

- 11.6 Considers the report.

## **12.0 REASON FOR RECOMMENDATION**

- 12.1 In the interest of sound financial management.

**H. BOWEN**  
**CHIEF EXECUTIVE**

**B. DAWSON**  
**CHIEF FINANCE OFFICER**

Officer recommendation supported.

Signed

Cabinet Member

Dated

Further information on this report can be obtained from  
Barry Dawson, Tel: 01246 345451.

## GENERAL FUND OUTTURN 2015/16

	Original £	Revised £	Outturn £	Variance Rev'd- Out £
<u>Per Lead Member reports:</u>				
Leader - Regeneration	496,000	479,460	<b>469,696</b>	(9,764)
Deputy Leader	765,390	330,480	<b>2,073,239</b>	1,742,759
Town Centre & Visitor Economy	(346,950)	(407,480)	<b>2,463,610</b>	2,871,090
Housing	1,396,450	1,435,750	<b>1,365,195</b>	(70,555)
Health & Wellbeing	8,221,700	8,764,250	<b>9,596,742</b>	832,492
Governance	2,546,560	2,547,370	<b>2,647,014</b>	99,644
Business Transformation	1,124,460	1,514,960	<b>1,618,493</b>	103,533
<b><u>Other:</u></b>				
Other Income	(8,850)	(27,228)	<b>(41,341)</b>	(14,113)
Transformation Savings	(911,300)	0	<b>0</b>	0
less allowance for delay etc	325,400	0	<b>0</b>	0
Staff vacancies allowance	(150,000)	0	<b>0</b>	0
Share of Internal Audit surplus	0	(17,500)	<b>(34,053)</b>	(16,553)
Share of Crematorium Surplus	(110,000)	(110,000)	<b>(110,000)</b>	0
Spirepride surplus	(36,000)	(150,000)	<b>(211,853)</b>	(61,853)
DSO (surplus)/deficit	0	0	<b>(24,334)</b>	(24,334)
Pay award	38,600	0	<b>0</b>	0
Other incl bad debt provision	50,000	50,000	<b>36,225</b>	(13,775)
<b>Total Service Expenditure</b>	<b>13,401,460</b>	<b>14,410,062</b>	<b>19,848,633</b>	<b>5,438,571</b>
Interest & capital charges	(2,159,350)	(3,304,180)	<b>(9,064,017)</b>	(5,759,837)
Contributions from Invest to Save	0	0	<b>0</b>	0
Contributions from Service Improvement Res	(36,320)	(171,850)	<b>(198,113)</b>	(26,263)
Contributions from Budget Risk Reserve	0	(66,290)	<b>(187,173)</b>	(120,883)
Contributions to Renewals Fund etc	146,000	146,000	<b>146,000</b>	0
To/(from) Business Rates Risk Reserve	0	0	<b>0</b>	0
To/from Reserves	(250,000)	(250,000)	<b>(249,531)</b>	469
DSO surplus/deficit to/from Reserves	0	0	<b>24,334</b>	24,334
Surplus/(Deficit) - to/(from) reserves	<b>(94,161)</b>	<b>225,213</b>	<b>447,851</b>	222,638
<b>NET EXPENDITURE</b>	<b>11,007,629</b>	<b>10,988,955</b>	<b>10,767,984</b>	

<u>Financed By:</u>			
RSG	2,362,741	2,362,741	<b>2,362,741</b>
Business Rates Baseline	3,061,874	3,061,874	<b>3,061,874</b>
<b>Settlement Funding</b>	<b>5,424,615</b>	<b>5,424,615</b>	<b>5,424,615</b>
Retained Business Rates Growth	741,231	1,132,047	<b>275,329</b>
Business rate pooling	404,000	366,000	<b>250,078</b>
S31 Business Rate Relief Grants	0	0	<b>951,244</b>
Council Tax Freeze Grant	48,044	48,044	<b>48,044</b>
Council tax support grants to parishes	(52,916)	(52,916)	<b>(52,916)</b>
Council Tax Fund Surplus/(Deficit)	69,958	69,958	<b>69,958</b>
Business Rates Fund Surplus/(Deficit)	(749,172)	(749,172)	<b>(749,172)</b>
Contrib'n (to)/from Business Rate Res.	319,889	(52,111)	<b>(251,586)</b>
Other Government grants	160,490	161,000	<b>161,000</b>
New Homes Bonus	616,218	616,218	<b>616,118</b>
Council Tax	4,025,272	4,025,272	<b>4,025,272</b>
<b>TOTAL FINANCING</b>	<b>11,007,629</b>	<b>10,988,955</b>	<b>10,767,984</b>

<b><u>BR Growth Retention:</u></b>			
Growth rate			
CBC 40% share of income	14,652,604	14,652,604	<b>14,652,604</b>
Less tariff	(11,049,252)	(11,049,252)	<b>(11,049,252)</b>
Add s31 grant re SBRR	549,656	576,256	<b>0</b>
Add s31 grant re other reliefs	301,241	296,282	<b>0</b>
Gross income before levy	4,454,249	4,475,890	<b>3,603,352</b>
Less Baseline Funding	(3,061,874)	(3,061,874)	<b>(3,061,874)</b>
Growth	1,392,375	1,414,016	<b>541,478</b>
Levy (NB 50% on nndr3 not nndr 1)	(696,000)	(324,000)	<b>(266,149)</b>
Adjs to Levy & Tariff	(176,000)	(176,135)	<b>0</b>
Retained BR re renewable energy	3,856	3,872	<b>0</b>
Grant re Multiplier Cap	217,000	214,294	<b>0</b>
<b>BR Growth Retained above Baseline</b>	<b>741,231</b>	<b>1,132,047</b>	<b>275,329</b>
Add Baseline Funding	3,061,874	3,061,874	<b>3,061,874</b>
Total BR Income Retained	3,803,105	4,193,921	<b>3,337,203</b>



**APPENDIX B**

**2015/16 VARIANCE ANALYSIS - REVISED TO OUTTURN  
(adjusted for movements in reserves)**

Category	Description	Amount £'000	Totals £'000
<b>Leader:</b>	Net of all - no significant variances	(9)	(9)
<b>Planning:</b>	Dev. Control - Planning fees	(99)	(139)
	Forward Planning - staff & services	(36)	
	Innovation Centres	(69)	
	Accountancy – bank charges & staffing	(23)	
	Insurance – contribution to Reserve	75	
	Industrial & commercial property rents	31	
	Estates	9	
	Other (net)	(27)	
<b>Town Centre/Visitor Economy</b>	Car Parking - income	43	(29)
	Winding Wheel - various	(24)	
	Pomegranate - income	(50)	
	Markets - income	15	
	Other (net)	(13)	
<b>Housing General Fund:</b>	Net of all - no significant variances	(19)	(19)
<b>Health &amp; Wellbeing</b>	Community Safety – staff & projects	(13)	(181)
	Licensing – staff & income	(5)	
	Env Health – staff & public toilets	(20)	
	QP Sports Centre – staff & energy	(17)	
	Staveley HLC - various	(90)	
	Street Scene – kennelling + other	(20)	
	Other (net)	(16)	
<b>Governance:</b>	Legal – contribution to reserves	(66)	(73)
	Support Services – pay, rent income, etc	27	
	Elections	(15)	
	SLT – recruitment costs	14	
	Other (net)	(33)	
<b>Business Transformation:</b>	Reprographics - income	7	129
	HR / Training	(9)	
	Cost of tax collection	(50)	
	Benefits	193	
	PPP	(22)	
	BT, Project Academy, etc	(2)	
	Procurement	12	
<b>Sub-total - controllable budget variances</b>			<b>(321)</b>
<b>Internal Recharges:</b>	Support Service Recharges	10	10
<b>Non-Portfolio Budgets:</b>	Internal Audit surplus	(17)	

	SpirePride surplus	(62)	
	Interest & Capital charges	(15)	
	Retained business rates - Pooling	116	
	Retained business rates – to reserve	105	
	Other	(39)	88
<b>Overall Outturn Variance</b>			<b>(223)</b>

Reconciliation to totals	Outturn surplus		(448)
	Less Revised estimate		(225)
	<b>Change in surplus</b>		<b>(223)</b>

## GENERAL FUND SERVICE EXPENDITURE SUBJECTIVE ANALYSIS

	Original	Revised	Outturn	Variance Original to Outturn		Variance Revised to Outturn	
	£'000	£'000	£'000	£'000	%	£'000	%
<b><u>Expenditure:</u></b>							
Employees	9,220	9,723	<b>9,282</b>	62	0.7	(441)	(4.5)
Premises	4,697	4,481	<b>4,399</b>	(298)	(6.3)	(82)	(1.8)
Transport	142	125	<b>119</b>	(23)	(16.2)	(6)	(4.8)
Supplies & Services	6,035	6,384	<b>6,221</b>	186	3.1	(163)	(2.6)
Transfer Payments	37,929	37,235	<b>37,159</b>	(770)	(2.0)	(76)	(0.2)
Agency & Contracted	9,847	9,802	<b>9,667</b>	(180)	(1.8)	(135)	(1.4)
Central & Dept Support	8,286	8,100	<b>8,457</b>	171	2.1	357	4.4
Capital & Asset Charges	4,229	5,213	<b>10,958</b>	6,729	159.1	5,745	110.2
HRA Contribution	648	607	<b>606</b>	(42)	(6.5)	(1)	(0.2)
Transfer to Reserves	0	(4)	<b>(4)</b>	(4)		0	0.0
<b>Total Expenditure</b>	<b>81,033</b>	<b>81,666</b>	<b>86,864</b>	<b>5,831</b>	<b>7.2</b>	<b>5,198</b>	<b>6.4</b>
<b><u>Income:</u></b>							
Rents	7,615	7,544	<b>7,504</b>	111	1.5	40	0.5
Sales	527	518	<b>521</b>	6	1.1	(3)	(0.6)
Fees & Charges	7,358	7,463	<b>7,521</b>	(163)	(2.2)	(58)	(0.8)
Grants	39,449	38,749	<b>38,611</b>	838	2.1	138	0.4
Recharges & other	12,683	12,982	<b>12,858</b>	(175)	(1.4)	124	1.0
<b>Total Income</b>	<b>67,632</b>	<b>67,256</b>	<b>67,015</b>	<b>617</b>	<b>0.9</b>	<b>241</b>	<b>0.4</b>
<b>Total Service Net Expd</b>	<b>13,401</b>	<b>14,410</b>	<b>19,849</b>	<b>6,448</b>	<b>48.1</b>	<b>5,439</b>	<b>37.7</b>

<b>GENERAL FUND RESERVES AND PROVISIONS</b>
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9001 code	Purpose	Bal at start of year £'000	Bal at end of year £'000	Revised Bud Est £'000
3240	Vehicles and Plant	1,068	750	312
	Wheelie Bin Replacements	143	99	93
3241	Property Repairs	717	743	750
3244	Asset Management	44	17	17
3246	Risk Mgt Initiatives	5	5	5
3248	Zurich - Risk Mgt Reserve	5	-	-
3263	Museum Exhibits	25	25	25
3264	Planning LDF Review	260	260	260
3265	Flooding Restoration Fund	82	74	74
3378	MMI Clawback Reserve	503	366	493
3380	ICT	-	132	-
3390	Insurance - claims not yet reported	567	567	567
3391	Working Neighbourhoods WNF	118	-	-
3398	GP:GS Reserve	105	-	-
3399	Retained Business Rates Res.	238	1,438	1,185
3417	STWA tenants consultation	-	30	30
	<b>Earmarked Reserves</b>	<b>3,880</b>	<b>4,506</b>	<b>3,811</b>
3388	Budget Risk (incl. 13/14 surplus)	781	1,043	358
3389	Invest to Save	286	274	151
3412	Service Improvement	1,153	989	799
	<b>Reserves Total</b>	<b>6,100</b>	<b>6,812</b>	<b>5,119</b>
3237/8	Insurance - reported claims	689	837	610
3247	MMI Claw-back	10	87	-
3239	Transport Co. Pensions	932	913	915
	<b>Provisions Total</b>	<b>1,631</b>	<b>1,837</b>	<b>1,525</b>
	<b>Reserves &amp; Provisions Total</b>	<b>7,731</b>	<b>8,649</b>	<b>6,644</b>

## GENERAL FUND CAPITAL PROGRAMME 2015/16

	Original £'000	Revised £'000	Actual £'000	Variance Rev to Act £'000
<b><u>CAPITAL EXPENDITURE:</u></b>				
Hollis Lane Flood Resilience Work		23	23	0
Brampton Flood Resilience Work	300	80	73	(7)
IT Strategy (from ICT Reserve)	146	64	0	(64)
ICT ORB Licences			99	99
Website Development			45	45
ICT Security			44	44
Vehicles & Plant (V&P Reserve)	1,295	710	412	(298)
Home Repairs Assistance	200	275	208	(67)
Disabled Facilities Grants	650	650	608	(42)
RSL Assistance: Waterside/Frecheville St	283	283	283	0
Fuel Poverty			(12)	(12)
Staveley King George V Bowls Pavilion		6	39	33
Inkerman Park Footpath		3	3	0
Market Hall Refurbishment		39	11	(28)
Eastwood Park Restoration Scheme		1	1	0
Venues Refurbishment		12	11	(1)
Erin Road Pumping Station		50	43	(7)
Car Parks - Ticket Machines	270			0
Building Maintenance - IT System		126	139	13
Net Call	50			0
Inkersall Green	20			0
Council House acquisition	1,721			0
Waterside	2,400	2,400	0	(2,400)
Eastwood Park Sports Pavillion		4	4	0
Queen's Park Sports Centre - New Build	6,676	6,071	6,041	(30)
Queen's Park Sports Centre - Demolition		92	0	(92)
Town Hall Alterations (GPGS)	530	7	1	(6)
Replacement of Winding Wheel Boilers		110	89	(21)
Dunston Innovation Centre PV Panels		39	39	0
Whitebank Sportsground Improv's (Cap)		13	10	(3)
CBC Innovation Centres ICT Upgrade	137			0
<b>Sub-total – cap ex</b>	<b>14,678</b>	<b>11,106</b>	<b>8,214</b>	<b>(2,844)</b>
<i>Revenue</i>				
Whitebank Sportsground Improv's (Rev)		19	18	(1)

ICT Strategy (From ICT Reserve)			285	285
Town Hall Alterations (GPGS)		22	22	0
Dunston Innovation Centre PV Panels		16	16	0
Eastwood Park Sports Pavillion		10	10	0
	<b>14,678</b>	<b>11,125</b>	<b>8,565</b>	<b>(2,560)</b>

	<b>Original £'000</b>	<b>Revised £'000</b>	<b>Actual £'000</b>	<b>Variance Rev to Act £'000</b>
<b><u>CAPITAL FINANCING</u></b>				
Prud Borrowing: QPSC New Build	2,164	1,499	1,153	(346)
<b>Prud Borrowing: Council House</b>	1,171			0
<b>Loan - Waterside</b>	2,400	2,400	0	(2,400)
<b>Repay Cnl Hse borrowing</b>	(1,171)			0
<b>Cap Rects - Council Hse</b>	550			0
Grants & Contributions - see below	4,798	5,592	5,576	(16)
Capital Receipts	5,042	287	402	115
ICT Reserve	146	64	103	39
GPGS Reserve ICT – Revenue			105	105
Budget Risk Reserve ICT – Revenue			77	77
Revenue Contributions (various)			66	66
Vehicle & Plant Reserve	1,295	710	152	(558)
Vehicle & Plant Reserve (Parking Equip)	144			0
Vehicle & Plant Reserve (QPSC New Bld)	150	145	421	276
Property Repairs Reserve (WW Boilers)		110	89	(21)
Property Repairs Reserve (DIC PV Panels)	50	55	39	(16)
Home Repairs Reserve		75	0	(75)
Service Imp Res - Innov Ctrs ICT cap	87			0
Service Imp Res - Car Parks ticket m/c's	15			0
Invest to Save Res - Venues refurb		12	12	0
Invest to Save Res - Car Parks ticket m/c's	111			0
Invest to Save Res - Netcall	50			0
DSO/DLO Reserve (Repl. IT System)		126	139	13
Budget Risk Reserve (Erin Road Pump Stn)		50	43	(7)
Budget Risk Reserve ICT (Idox)			99	99
Budget Risk Reserve ICT (Website & Security)			89	89
Repay borrowing: Ex-Fire Station Site	(544)			0
Repay borrowing: Market Hall Refurb	(618)			0

<b>Total resources available in year</b>	<b>15,840</b>	<b>11,125</b>	<b>8,565</b>	<b>(2,560)</b>
Less total expenditure in year	14,678	11,125	8,565	(2,560)
<b>Net in-year surplus / (deficit)</b>	<b>1,162</b>	<b>0</b>	<b>0</b>	<b>0</b>
Surplus / (deficit) b/f from prev yr				0
<b>Cum surplus / (deficit) c/f</b>	<b>1,162</b>	<b>0</b>	<b>0</b>	<b>0</b>

	<b>Original £'000</b>	<b>Revised £'000</b>	<b>Actual £'000</b>	<b>Variance Rev to Act £'000</b>
<b><u>CAPITAL GRANTS etc:</u></b>				
S106: Whitebank Close Sportsground		13	11	(2)
S106: RSL Financial Assistance		237	237	0
<b>S106 Inkersall Green</b>	20			0
<b>New Homes Bonus</b>	63			0
Inkerman Park Footpath - Biffaward		24	24	0
Flood Relief Grant - CLG	45	8	8	0
Flood Risk Management Grant - EA	255	87	80	(7)
C'field College - QPSC New Build	2,500	2,500	2,500	0
Disabled Facilities Grants (CLG/PCT)	650	650	608	(42)
Home Repairs Assistance (FILT / SSE)		10	14	4
Eastwood Park - HLF		2	0	(2)
Venues Refurbishment - Arts Council		25	25	0
QPSC New Build - English Squash	25	25	25	0
Staveley King George Bowls Pavilion SE		52	53	1
Staveley King George Bowls Pavilion - Viridor			21	21
QPSC New Build - Sport England	1,240	1,940	1,970	30
<b>Sub-total – Cap Grants</b>	<b>4,798</b>	<b>5,573</b>	<b>5,576</b>	<b>3</b>
S106: Whitebank Sportsground (Rev)		19	0	(19)
<b>Grants Total</b>	<b>4,798</b>	<b>5,592</b>	<b>5,576</b>	<b>(16)</b>

**BUDGET CARRY FORWARD REQUEST – FORWARD PLANNING**

<p><b>Description</b></p>	<p>The request is to carry over the unspent budget in the Professional Services part of the Strategic Planning Budget (CC0011)</p> <p>The code on CC0011 had £1,410 of expenditure against a budget of £30,900 for 2015/16. (The original budget was £17,000 and a further £13,900 was added at revised budgets as part of the approved carry forward from 2014/15).</p> <p>This budget was intended to allow the completion of evidence base work to support the preparation of a revised Local Plan. However delays in commissioning this work, resulting from procurement issues (lack of interest leading to a revised commissioning brief) and the receipt of revised household projections on which to base the evidence meant that these were not commissioned in 15/16.</p> <p>This would mean the carryover of the unspent portion of the 15/16 budget (£15,590) resulting in a revised budget of £32,590 for 16/17.</p> <p>Over the 16/17 period it is intended to commission:</p> <ul style="list-style-type: none"> <li>• Retail Capacity Study (£10,000)</li> <li>• Strategic Gaps and Green Wedges Study (£15,000)</li> <li>• Chesterfield Flood Risk Assessment (£6,000)</li> </ul> <p>The remainder of the budget would be held in reserve in case of the need to undertake further reactive work to support the examination of the Local Plan or respond to specific development proposals.</p>
<p><b>Reported to Members</b></p>	
<p><b>Corporate, cross-cutting (community safety, equality, etc) and service priorities</b></p>	<p>Corporate Priorities: Thriving Borough</p> <ol style="list-style-type: none"> <li>1. To make sure that local people benefit from growth in Chesterfield Borough</li> <li>2. To continue delivering regeneration projects that will make Chesterfield Borough a better place</li> <li>3. To develop our great town centre</li> </ol> <p>Improve the quality of life for local people.</p> <ol style="list-style-type: none"> <li>5. To increase the supply and quality of housing in Chesterfield Borough to meet current and future needs</li> <li>6. To increase the quality of public space for which the council has responsibility through targeted improvement programmes</li> <li>7. To improve the health and well-being of people in Chesterfield Borough</li> <li>8. To reduce inequality and support the more vulnerable members of our communities</li> </ol>
<p><b>Mandatory / discretionary</b></p>	<p>Discretionary</p>
<p><b>Revenue Implications One-off or on-going</b></p>	<p>One-off</p>



<b>Savings identified elsewhere</b>	An annual contribution of £34,000 towards the Local Plan Examination Reserve as the decision to progress a single Local Plan, rather than continue with a two part plan, has reduced the number of potential Examinations to be expected over the next five years)
<b>Partnership opportunities</b>	The Retail Capacity Study is being undertaken jointly with North East Derbyshire and Bolsover District Councils. Part of the carry-over would be used to support a joint study with the Environment Agency on updating flood risk modelling for Chesterfield, and for joint work with the Environment Agency, Derbyshire County Council, Yorkshire Water and Severn Trent Water on developing an integrated flood model for testing development proposals.
<b>Grants and joint financing opportunities</b>	See above
<b>Charging policy</b>	There is currently no charging policy in place. The carry over would support work integral to charged work in the Development Management team (see below).
<b>Consultation undertaken</b>	Consultation with Neil Johnson – Economic Growth Manager
<b>Affect on other services</b>	<p>The carry-over would support the work of the following services:</p> <ul style="list-style-type: none"> <li>• Development Management – by allowing provision of up to date evidence to support planning application decisions and provide a robust Local Plan context</li> <li>• Economic development - by providing evidence to support proposals for a revised Northern Gateway Scheme (Retail Capacity Study)</li> </ul>
<b>Implications if not approved</b>	The council would not be able to complete pieces of evidence critical to the publication of a revised Local Plan (in autumn 2016) in this financial year. Although evidence could be completed in subsequent years, extended delay could lead to the need to update other pieces of evidence and miss the government's deadline of publishing Local Plans by 2017, with the threat of Government Intervention and loss of control of plan-making.
<b>Suggested performance targets/indicators</b>	<p>Commissioning and completion by March 31<sup>st</sup> 2017 of:</p> <ul style="list-style-type: none"> <li>• Retail Capacity Study</li> <li>• Strategic Gaps and Green Wedges Study</li> <li>• Chesterfield Flood Risk Assessment</li> <li>• Viability appraisal of Local Plan</li> </ul>
<b>Other Comments:</b>	

## BUDGET CARRY FORWARD REQUEST – LEARNING &amp; DEVELOPMENT

<b>Description</b>	Corporate Learning & Development Training budget
<b>Reported to Members</b>	
<b>Corporate, cross-cutting (community safety, equality, etc) and service priorities</b>	To help continue to meet the Councils priorities
<b>Mandatory / discretionary</b>	Discretionary
<b>Revenue Implications One-off or on-going</b>	One off
<b>Savings identified elsewhere</b>	None
<b>Partnership opportunities</b>	None
<b>Grants and joint financing opportunities</b>	
<b>Charging policy</b>	
<b>Consultation undertaken</b>	
<b>Affect on other services</b>	Will provide additional training support to all service areas.
<b>Implications if not approved</b>	<p>Over the past few years the training and development budget has been supplemented with additional ESF and Government funding that has been gained.</p> <p>Due to emphasis for funding now being around Apprenticeships and the reduction in grant funding, moving forward the amount of L &amp; D training that can be delivered with the current budget will be significantly reduced.</p> <p>As a result the carryover of £6470 will be used to help supplement the cost of a Learning Management System. The basic cost will be £22,800 per year which will provide training for 1000 employees, with an additional £4,255 in the first year for the synchronisation of data from Resource Link in to the LMS system and in year 2 this cost would be £1,500. The contract for the system would be over a two year period with fees being paid annually.</p> <p>There is also the opportunity to further develop the system to include an on-line EPD process for managers and employees to use which SLT are interested in and has asked for costs for this module also.</p>

	<p>By implementing an on line system it will support the Councils corporate and mandatory training requirements for training such as, Data protection/FOI/ Safeguarding/Equality &amp; Diversity/ Health &amp;Safety. Also within the Government catalogue there are courses for Health &amp; Wellbeing/ Recruitment &amp; Selection /Information Security/ Managing People/Personal skills/Change management etc.</p> <p>The system will provide alerts to managers to let them know when an employees has not completed the set training and will notify when refresher training is required.</p> <p>From a central admin point reports can be produced to show how many employees have undertaken a training course and will give names of who is outstanding which will allow the Council to demonstrate what training has taken place if audited.</p> <p>It will also support managers and staff with soft skills training that has been identified through the EPD process.</p> <p>The Learning Pool System is currently used by 240 local authorities.</p>
	<p>Learning &amp; Development assists the Council in meeting the following corporate priorities/targets.</p> <p>To become financially sufficient by 2020 so we can continue to deliver the services the communities need:</p> <p>Through improving the technology that supports our service delivery and increase skills and capacity of our staff to work in a more commercial manner</p> <p>Assist with Key Projects i.e. :</p> <p>Delivery of the 2015-19 workforce plan</p> <p>Support with maintaining the Investors in People standard.</p>
<p><b>Other Comments:</b></p>	