

**APPENDIX 1 DETAILED FINANCIAL INFORMATION**

**COMMITTEE SUMMARY**

	<b>2008/09 Actual</b>	<b>2009/10 Estimate</b>	<b>2009/10 Revised</b>	<b>2010/11 Estimate</b>
<b>COMMUNITY &amp; ENVIRONMENT COMMITTEE</b>	£	£	£	£
Building Control	64,078	112,355	59,937	82,732
Corporate & Democratic Costs; Non-Distributed Costs	1,989,088	2,119,216	1,869,315	1,916,775
Democratic Services	142,654	155,263	177,742	151,072
Environmental Health	836,025	899,805	890,190	846,929
Grants and Subsidies	577,911	646,845	729,563	808,350
Leisure Services	1,650,711	1,723,195	1,593,413	1,512,490
Parks and Cemeteries	910,790	1,059,794	1,058,570	1,006,075
Revenues and Benefits	233,902	441,002	389,147	443,790
Waste Management	2,030,696	2,075,595	2,068,020	2,158,043
Other Central Services	111,883	104,089	253,301	425,524
Community & Environment Committee Total	8,547,738	9,337,159	9,089,198	9,351,780
<b>PARTNERSHIP &amp; REGENERATION COMMITTEE</b>				
Car Parking	-1,097,002	-1,160,993	-1,288,108	-1,331,922
Markets	697,657	144,167	126,039	114,131
Planning	518,869	544,981	601,349	625,144
Private Sector Housing	638,298	1,545,245	730,815	1,126,713
Promoting the Dales	596,747	604,854	581,725	1,305,450
Property Services	214,207	43,768	41,753	39,358
Public Conveniences	557,517	457,364	453,181	417,908
Street Cleansing	845,393	827,188	824,284	802,042
Partnership & Regeneration Committee Total	2,971,686	3,006,574	2,071,038	3,098,824
<b>NET COST OF SERVICES</b>	11,519,424	12,343,733	11,160,236	12,450,604

## STATEMENT OF REQUIREMENTS

	Actual 2008/09 £	Estimate 2009/10 £	Revised Estimate 2009/10 £	Estimate 2010/11 £	
NET COST OF SERVICES	11,519,424	12,343,733	11,160,236	12,450,604	
Interest on Balances	-724,086	-260,000	-275,000	-175,000	
L.A. Business Growth Incentive Grant	-61,896	-30,000	-28,795	0	
Area Based Grant	-22,500	-22,500	-39,746	-28,819	
Transfer from Provision	-77,000	0	0	0	
Pensions Adjustments	97,000	-243,000	106,000	133,000	
Capital Items	-488,490	-555,241	332,095	-533,190	
Adj. For MRP/Depreciation	-826,566	-733,290	-784,241	-750,598	
Transfer to/from Reserves (see Appendix 5)	452,644	-50,649	-170,323	-538,226	
<b>DISTRICT NET EXPENDITURE</b>	<b>9,868,530</b>	<b>10,449,053</b>	<b>10,300,226</b>	<b>10,557,771</b>	
Town and Parish Council Precepts	1,095,415	1,108,591	1,108,591	1,169,267	
Contribution to/(from) Balances	61,895	-230,527	-81,700	-107,680	
<b>BUDGET REQUIREMENT</b>	<b>11,025,840</b>	<b>11,327,117</b>	<b>11,327,117</b>	<b>11,619,358</b>	
<u>Financed By:</u>					
Revenue Support Grant	-583,538	-899,998	-899,998	-611,574	
Non Domestic Rate Distribution	-4,191,838	-3,899,254	-3,899,254	-4,211,675	
Collection Fund Deficit	38,950	24,100	24,100	42,050	
<b>DEMAND ON COLLECTION FUND</b>	<b>6,289,414</b>	<b>6,551,965</b>	<b>6,551,965</b>	<b>6,838,159</b>	
Council Tax Base	29,298.28	29,546.62		29,889.76	
<b>BASIC AMOUNT OF TAX BAND D (including Parishes)</b>	<b>£214.67</b>	<b>£221.75</b>		<b>£228.78</b>	3.17% increase
<b>DDDC AMOUNT OF TAX BAND D</b>	<b>£177.28</b>	<b>£184.23</b>		<b>£189.66</b>	2.95% increase
<b>PARISH COUNCIL BAND D</b>	<b>£37.39</b>	<b>£37.52</b>		<b>£39.12</b>	4.26% increase

## ALIGNMENT OF BUDGETS WITH PRIORITIES

	Estimate 2009/10	Revised 2009/10	Budget 2010/11
	£	£	£
<b>Affordable Housing</b>			
Housing Benefits	-22,234	-58,761	-16,960
Private Sector Housing	1,545,245	730,815	1,126,713
	<b>1,523,011</b>	<b>672,054</b>	<b>1,109,753</b>
<b>Safe Communities</b>			
Building Control	112,355	59,937	82,732
Crime & Disorder	58,826	59,756	56,761
Civil Contingencies (Emergency Planning)	35,764	36,316	36,437
Licensing	26,055	12,841	11,394
	<b>233,000</b>	<b>168,850</b>	<b>187,324</b>
<b>Street Scene</b>			
Planning	544,981	601,349	625,144
Street Cleansing	827,188	824,284	802,042
Public Conveniences	457,364	453,181	417,908
	<b>1,829,533</b>	<b>1,878,814</b>	<b>1,845,094</b>
<b>Active, Healthy Communities</b>			
Environmental Health	873,750	877,349	835,535
Leisure Services	1,723,195	1,593,413	1,512,490
Parks & Cemeteries	1,059,794	1,058,570	1,006,075
Concessionary Fares	367,505	352,918	534,717
	<b>4,024,244</b>	<b>3,882,250</b>	<b>3,888,817</b>
<b>Other</b>			
Corporate & Democratic Costs	2,119,216	1,869,315	1,916,775
Democratic Services	155,263	177,742	151,072
Collection of Council Tax & NNDR	368,495	342,380	356,973
Council Tax Benefits	94,741	105,528	103,777
Waste Management	2,075,595	2,068,020	2,158,043

Property Services	43,768	41,753	39,358
Car Parking	-1,125,993	-1,288,108	-1,331,922
Citizens' Advice Bureau	63,181	63,602	62,603
Consultation & Community Planning	52,707	51,717	48,398
Markets	144,167	126,039	114,131
Museums	11,500	11,500	11,500
Village Hall Grants	1,589	133,407	31,484
Community Grants	21,103	20,200	20,402
Grants to Voluntary Bodies	146,967	147,936	147,644
Promoting the Dales	604,854	581,725	1,305,450
Other Services Miscellaneous	-43,208	105,512	283,928
	<b>4,733,945</b>	<b>4,558,268</b>	<b>5,419,616</b>
<b>Total Service Expenditure</b>	<b>12,343,733</b>	<b>11,160,236</b>	<b>12,450,604</b>

## MEDIUM TERM FINANCIAL PLAN

	Note	Revised Estimate 2009/10	Estimate 2010/11	Forecast 2011/12	Forecast 2012/13	Forecast 2013/14
		£000s	£000s	£000s	£000s	£000s
<b>Existing Spending Level</b>		10,300	10,558	10,558	11,041	11,164
<b>Savings to be targeted</b>						
Saturday waste collections				(10)		
Public conveniences				(25)		
Matlock Town Hall annex				(9)		
<b>Future Commitments</b>						
Inflation, including pay award	1			158	166	279
Increase in employer's superannuation contributions				62		
Increase in employer's National Insurance				25		
CALC running costs				70	(35)	(35)
Reduction in salaries charges to capital				143		
Saving in early retirement costs					(18)	(54)
Free swimming for over 60s & under 16s	2			(25)		
Waste management – extension of existing contract				88		
Recovery of V.A.T. on exempt items				(68)		
Minimum revenue provision for debt repayment					30	
Interest on borrowing				14	5	15
Reduction in investment interest				60	(25)	(35)
<b>Total Spending Requirements</b>		<b>10,300</b>	<b>10,558</b>	<b>11,041</b>	<b>11,164</b>	<b>11,334</b>
Financing from government grants	3	4,799	4,823	4,510	4,217	3,943
Financing from Council Tax	4	5,443	5,669	5,811	5,956	6,105
Increased Council Tax Base				14	14	14
Collection Fund deficit		(24)	(42)			
<b>Total Income</b>		<b>10,218</b>	<b>10,450</b>	<b>10,335</b>	<b>10,187</b>	<b>10,062</b>
<b>DEFICIT / CORPORATE SAVINGS TARGET</b>		<b>82</b>	<b>108</b>	<b>706</b>	<b>977</b>	<b>1,272</b>

### Notes

1. Inflation assumed at 1% for 2009/10 and 2010/11, 1.5% in 2011/12 & 2012/13, and 2.5% in 2013/14
2. Assumes free swimming will end after current commitment, resulting in extra income
3. Includes Local Government Finance settlement data to 2010/11, and assumes a 5% real terms reduction per year over the next three years
4. Assumes Council Tax will increase by 3% in 2010/11, and by 2.5% thereafter

**Medium Term Financial Plan – Best Case Scenario**

	Note	Revised Estimate 2009/10	Estimate 2010/11	Forecast 2011/12	Forecast 2012/13	Forecast 2013/14
<b>DEFICIT / CORPORATE SAVINGS TARGET</b>	<b>1</b>	£000s <b>82</b>	£000s <b>108</b>	£000s <b>514</b>	£000s <b>637</b>	£000s <b>746</b>

Inflation assumed at 1% for 2009/10 and 2010/11, 1.5% in 2011/12, 1.75% in 2012/13 and 2.25% in 2013/14  
Assumes a cash reduction in Formula Grant of 2.5% per year over the next three years

**Medium Term Financial Plan – Worst Case Scenario**

	Revised Estimate 2009/10	Estimate 2010/11	Forecast 2011/12	Forecast 2012/13	Forecast 2013/14
<b>DEFICIT / CORPORATE SAVINGS TARGET</b>	£000s <b>82</b>	£000s <b>108</b>	£000s <b>967</b>	£000s <b>1,536</b>	£000s <b>2,052</b>

Inflation assumed at 1% for 2009/10 and 2010/11, 3.5% in 2011/12, 3.75% in 2012/13 and 4% in 2013/14  
Assumes a cash reduction in Formula Grant of 7.5% per year over the next three years

## TRANSFERS TO AND FROM RESERVES

	<b>Actual</b>	<b>Estimate</b>	<b>Revised</b>	
	<b>2008/09</b>	<b>2009/10</b>	<b>Estimate</b>	<b>Estimate</b>
	<b>£</b>	<b>£</b>	<b>2009/10</b>	<b>2010/11</b>
	<b>£</b>	<b>£</b>	<b>£</b>	<b>£</b>
Transfers to reserves				
Vehicle Renewals Reserve	102,809	10,000	2,000	6,000
Concessionary Fares Reserve	355,000	0	0	0
Elections Reserve	10,000	10,000	10,000	10,000
Capital Improvements Reserve	0	0	0	100,000
Central Area Leisure Centre Reserve	80,000	0	0	0
ICT Renewals Reserve	60,996	50,000	60,000	60,000
Wheeled Bins Reserve	23,225	15,000	15,000	15,000
	632,030	85,000	87,000	191,000
Committed Expenditure Reserve	345,160	260,000	263,786	0
	977,190	345,000	350,786	191,000
Less: transfers from reserves				
Concessionary Fares Reserve	0	34,000	34,000	0
Insurances Reserve	13,092	25,000	0	0
ICT Renewals Reserve	15,788	30,000	30,000	30,000
Local Plan Reserve	7,577	10,000	10,000	10,000
	36,457	99,000	74,000	40,000
Financing Capital - DRF Reserve	99,800	24,040	93,655	24,450
Financing Capital – Capital Improvements	0	0	0	100,000
Financing Capital - Vehicle Renewals	79,790	86,658	227,339	67,597
Financing Capital - STW Deposit	1,793	20,000	18,207	21,210
Financing Capital – Insurances	46,184	0	0	0
Financing Capital – ICT Renewals	0	0	27,995	0
Financing Capital – CALC	0	109,899	0	369,860
Financing Capital - Wheeled Bins	17,500	0	19,218	15,000
Committed Expenditure Reserve	243,022	56,052	60,695	91,109
	524,546	395,649	521,109	729,226
<b>TOTAL</b>	<b>452,644</b>	<b>(50,649)</b>	<b>(170,323)</b>	<b>(538,226)</b>

## SUMMARY OF REVENUE BALANCES, PROVISIONS AND EARMARKED RESERVES

	Balance at 1st. April 2009 £000s	Estimated Contribution in 2009/10 £000s	Estimated use in 2009/10 £000s	Estimated Balance at 31st. March 2010 £000s	Estimated Contribution in 2010/11 £000s	Estimated Use use in 2010/11 £000s	Estimated Balance at 31st. March 2011 £000s	Future Commitments £000s	Balance Available £000s
<b>Revenue Balances</b>									
General Fund Working Balance*	1,000	0	0	1,000	0	0	1,000	0	1,000
General Reserve	1,266	0	82	1,184	0	107	1,077	1,077	0
Building Control	-77	0	71	-148	0	51	-199	-199	0
Other Minor Balances	1	0	0	1	0	0	1	1	0
	<b>2,190</b>	<b>0</b>	<b>153</b>	<b>2,037</b>	<b>0</b>	<b>158</b>	<b>1,879</b>	<b>879</b>	<b>1,000</b>
<b>Provisions</b>									
Insurances	48	0	0	48	0	0	48	48	0
<b>Earmarked Reserves</b>									
Bakewell A.B.C. Repairs	48	0	0	48	0	0	48	0	48
Capital Improvements	0	0	0	0	100	100	0	0	0
Carsington Improvements	79	0	18	61	0	21	40	40	0
Central Area Leisure Centre	210	80	0	290	80	370	0	0	0
Committed Expenditure	727	264	61	930	0	91	839	839	0
Concessionary Fares	270	0	34	236	0	0	236	236	0
Direct Revenue Financing	1,061	0	94	967	0	24	943	943	0
Economic Development	65	0	0	65	0	0	65	0	65
Elections	72	10	0	82	10	0	92	92	0
Insurances	533	0	0	533	0	0	533	0	533
Technology Renewals	482	60	58	484	60	30	514	514	0
Local Plan	68	0	10	58	0	10	48	48	0
Vehicle Renewals	287	2	227	62	6	68	0	0	0
Wheeled Bins	30	15	19	26	15	15	26	26	0
Member / Officer Indemnity	25	0	0	25	0	0	25	0	25
	<b>3,957</b>	<b>431</b>	<b>521</b>	<b>3,867</b>	<b>271</b>	<b>729</b>	<b>3,409</b>	<b>2,738</b>	<b>671</b>
<b>TOTAL</b>	<b>6,195</b>	<b>431</b>	<b>674</b>	<b>5,952</b>	<b>271</b>	<b>887</b>	<b>5,336</b>	<b>3,665</b>	<b>1,671</b>

\* The General Fund Working Balance is specified as a "controlled reserve" for the purposes of Section 26 of the Local Government Act 2003.

## ANNUAL REVIEW OF EARMARKED RESERVES

Earmarked Reserve	Purpose	Appropriate Balance
Bakewell Agricultural Business Centre Repairs	To provide funding towards future repairs at the Bakewell Agricultural Business Centre.	As per Appendix 6.
Capital Improvements	To provide funding for capital improvements.....	A contribution of £100,000 in 2010/11 is expected to be fully utilised during that year.
Carsington Improvements	To provide grants towards projects in Parishes bordering Carsington Reservoir.	The reserve was initiated with a deposit from Severn Trent Water, and will continue until total grants awarded result in a balance of nil.
Central Area Leisure Centre	To provide additional funding of £370,000 towards the capital costs of the new Central Area Leisure Centre	Initial balance of £130,000 supplemented by annual contributions of £80,000 equivalent to the former running costs of the Sherwood Hall Leisure Centre. Reserve to be fully utilised by 2010/11.
Committed Expenditure	Annual contributions in respect of expenditure which has been committed, but service not received at the end of the financial year, therefore an accrual is not appropriate.	As per Appendix 6.
Concessionary Fares	<p>To meet the cost of inflation over and above the increase in the Government grant. A contribution from the reserve of £34,000 is to be made in 2009/10 in respect of this;</p> <p>To meet the District Council's share of any costs arising from the judicial review or future appeals by bus operators against the proposed level of reimbursement;</p> <p>To help meet any costs arising from the transfer of the responsibility for concessionary fares from Districts to County Councils in 2011/12</p>	The contribution of approximately £270,000 in 2008/09 is considered to be appropriate for possible future commitments.

Earmarked Reserve	Purpose	Appropriate Balance
Direct Revenue Financing	To provide additional future funding for the capital programme.	As per Appendix 6.
Economic Development	To provide funding for economic development initiatives.	As per Appendix 6.
Elections	Annual revenue contributions to smooth the cost of four-yearly District Council elections.	Approximately £92,000 by 31 <sup>st</sup> March 2011 towards the cost of the May 2011 election.
Insurances	To provide funding for uninsured losses.	A maximum balance of approximately £500,000 is considered appropriate.
Technology Renewals	To provide funding for renewal of the Council's information technology equipment, including the telephone switchboard & central printing equipment.	As per Appendix 6.
Local Plan	Annual revenue contributions to smooth the cost of four-yearly review of the local plan.	As per Appendix 6.
Vehicle Renewals	To provide for the replacement of vehicles.	As per Appendix 6.
Wheeled Bins	To provide for the replacement of wheeled bins.	As per Appendix 6.
Member/Officer Indemnity	To indemnify Members and officers against acts or omissions subsequently found to be ultra vires, and against defence costs of criminal proceedings.	£25,000 in accordance with minute 588/05.

## BUDGET ISSUES AND SENSITIVITY ANALYSIS

**General inflation** – provision has been made in the MTCP for general inflation of 3% per year. Each 1% variation is equivalent to a variation in the Council's budget of around £100,000. Inflation over the next four years is estimated at £1,357,000. However, Government grant over the same period only increases by £96,000. The difference has to be met by increased income, e.g. Council Tax, or reduced expenditure.

**Council Tax** – it has been assumed that from 2010/11 onwards the Council Tax will increase by an inflation-only 3%. Each additional 1% increase will raise approximately £52,000. It should be noted that the Government expects Council Tax increases to be significantly below 5%.

**Job Evaluation** - provision has been made for additional ongoing costs of £260,000, including the three year protection of salaries. However, the new grading structure has not yet been agreed, and therefore the final ongoing costs of the pay and grading review may differ from the provision made.

**Concessionary fares** – the Council's budget provision is now based on an allocation of costs between members of the Derbyshire Concessionary Fares Partnership based on bus usage. However, there are still budgetary issues regarding costs as there is still an outstanding judicial review in respect of the level of reimbursement to bus operators, and there may be further appeals by bus operators. Furthermore, additional costs may be incurred if community transport schemes are included, or if the responsibility for concessionary fares is transferred to County Councils, resulting in the District Council losing grant over and above the cost currently incurred. These risks will be partly mitigated by the creation of a concessionary fares reserve, as outlined in Appendix 4.

**Climate Change** – local authority involvement in the climate change agenda may substantially increase in future years. For example, recently published national planning advice on "Planning and Climate Change" states that local planning authorities should undertake assessments of climate change implications as part of the appraisal of major planning applications. Proposed new performance indicators will require significant expenditure, for example the Council will have to measure and publish CO<sub>2</sub> reduction from local authority operations. Provision has been made in the Capital Programme for energy usage certificates for public buildings, but no provision has been made in the Medium Term Commitment Plan for additional expenditure on climate change.

**Superannuation** – an actuarial revaluation of the pension fund is effective for three years from April 2008. This takes into account the revised local authority pension fund provisions from April 2008. There will be no further changes to employer contributions until 2011. However, in the current economic climate, investments are unlikely to achieve the returns forecast in the 2008 valuation, and provision has been made for the employer's contribution to increase by 1% from 2011. Should contributions increase by a higher amount, each additional 1% increase will cost £62,000.

**Pay Awards** – inflation for pay awards has been included at 2.5% in 2009/10, and at 3% thereafter. Each additional 1% increase will result in a cost to the Council of about £80,000.

**Local Government Finance Settlement** – the Council has received a three year settlement to 2010/11. It has been assumed that future increases will be limited to 0.5%. However, in the current economic climate, the new Comprehensive Spending Review may result in a requirement for lower public expenditure, and a reduction in Government grants for local authorities. A reduction of 1% from the level assumed will result in a loss of approximately £48,000 per year.

**Interest Rates** – each ¼% change in interest rates is equivalent to a cash variance of about £25,000 in the Council's budget.

**Central Area Leisure Centre (CALC)** – it is assumed that with effect from 2013/14, the annual running costs can be met within the existing revenue provision, i.e. the former running costs of the Sherwood Hall Leisure Centre and the Matlock Lido Swimming Pool. However, provision has been made for additional running costs in the short-term of £70,000 in 2011/12 and £35,000 in 2012/13.

**Capital Salaries** – due to the reduction in the future capital programme, other than for the CALC, it has been assumed that salaries which are currently charged to the capital programme will fall on the revenue account. Therefore, further work is needed to review this in order to reduce the impact on the revenue account.

**Property Stock Condition Surveys** – stock condition surveys have recently been received for public conveniences and have been commissioned for the Council's main buildings. The tender for buildings maintenance has recently been awarded resulting in savings of approximately 34% over the previous contract. The saving achieved may allow some investment to be made in improving property once the stock condition surveys have been received.

## RISK ASSESSMENT OF CORPORATE BUDGET SETTING PROCESS

PROCESS STAGE		IDENTIFICATION			ANALYSIS			CONTROL	MONITORING		
Risk Type	Risk Category	Objective/ Description	Risk	Hazard	Severity 1-5	Likelihood 1-5	Combined Score 1-25	Control Action	Measure	Review Frequency	Triggers for Action
Operational	Political	Member involvement in the budget setting process	No political direction or ownership of the budget	Members are not involved with budget process	3	1	3	Avoidance	Early discussion at Cabinet level. Agreed reporting timetable. Availability of Overview and Scrutiny Committee	Annually	Deadline missed.
Operational	Customer / Citizen Focused	Budget in accordance with Corporate Plan and Service Priorities	Budget not aligned to service plans & priorities. Inadequate resources for key priorities	Corporate plan and/or service priorities not clear/available	3	2	6	Management / Mitigation	Availability of Corporate Plan. Involvement of Policy & Research Team. Joint reports on budgets & service plans.	Annually	Corporate Plan not updated for annual priorities.
Operational	Customer / Citizen Focused	Informed consultation with stakeholders undertaken during the budget process	Stakeholders' views not taken into account	No consultation	3	2	6	Management / Mitigation	Questionnaire to Citizens' Panel. Use of Area Community Forums	Annually	No consultation undertaken.
Operational	Governance	Budget setting issues are addressed as part of the Employee Personal Development Scheme	No drill-down of Corporate Plan & Priorities to employees	No PDS interviews. Priorities not available or inadequately communicated	2	2	4	Management / Mitigation	Ensure that Personal Development scheme is in place, with links to Corporate Plan & Priorities, and that an interview is held with each employee	Annually	P.D.S. interviews not held.
Operational	Governance	Produce a Financial Strategy covering the next five years	Budget is not based on sound principles & priorities	Financial strategy is not available or not up-to-date	3	2	6	Management / Mitigation	Five year Financial Strategy reported to Council each year	Annually	Financial Strategy not updated.
Operational	Economic	Budget includes an accurate projection of Interest rates	Investment income does not achieve budgeted level	Inaccurate forecast	3	3	9	Avoidance	External advice taken on interest rates forecast	Monthly	Forecast rates not achieved
Operational	Economic	An accurate estimate of pay inflation is included in the budget	Budget overspend	Inaccurate forecast	3	3	9	Avoidance	External advice taken on likely levels of future pay awards	Annually following notification	Awards higher than anticipated
Operational	Financial	An accurate estimate of pension costs is included in the budget	Budget overspend	Inadequate provision	4	3	12	Avoidance	Actuarial advice taken on required employer contributions	Triennial, with annual review	Poor returns on investments. High levels of ill-health or early retirements

PROCESS STAGE		IDENTIFICATION			ANALYSIS			CONTROL	MONITORING		
Risk Type	Risk Category	Objective/Description	Risk	Hazard	Severity 1-5	Likelihood 1-5	Combined Score 1-25	Control Action	Measure	Review Frequency	Triggers for Action
Operational	Economic	An accurate projection of price inflation is included in the budget	Budget overspend	Inaccurate forecast	3	2	6	Avoidance	Monitor levels of price inflation; seek external advice when necessary	Monthly	Price inflation higher than anticipated
Operational	Financial	Accurate estimates are made for significant income items	Budget overspend	Budgeted income not achieved	4	3	12	Avoidance	Close monitoring of major items against targets, e.g. car parking income	Monthly	Target income levels not achieved
Operational	Financial	Accurate estimates are made for expenditure items	Significant budget overspend	Expenditure is not anticipated or included in the budget or Medium Term Commitment Plan	3	3	9	Transfer / Acceptance / Avoidance	Ensure adequate insurance cover / self-insurance / balances & reserves / risk management	Monthly or as required	Budget overspend; Occurrence of an event e.g. flooding
Operational	Legislative	Balanced budget is required	Unable to set balanced budget; breach of legislation	Corporate Savings target not achieved; Significant budget overspend	4	4	16	Management / Mitigation	Identify and monitor savings & ensure that they are included in the budget	Monthly	Identified savings not being achieved
Operational	Economic	Review Local Govt. Finance Settlement	Significant reduction in grants could lead to a Council Tax increase or cuts in services	Poor settlement not anticipated	4	4	16	Management / Mitigation	Monitor settlement data. Incorporate public spending review & draft Settlement in the financial planning process	Annually	Changes in Settlement data or methodology
Operational	Economic	Ensure that Reserves & Balances are adequate	Unacceptable Council Tax increase; insufficient balance for emergencies & contingencies	Diminishing reserves due to unplanned demands	4	2	8	Management / Mitigation	Monitor levels of balances and reserves. Maintain working balances at a minimum of 10% of net revenue expenditure	Monthly	Major contingency funded from balances. Significant overspending
Operational	Economic	Review Specific Grant income, e.g. Housing & Planning Delivery Grant	Budget overspend	Lack of exit strategy if grant not forthcoming	3	3	9	Management / Mitigation	Ensure exit strategies in place	Quarterly	Exit strategy not identified when commitments made
Operational	Legislative	New legislation	Budget inaccurate & not based on sound principles	Effects of new legislation not accurately costed	3	2	6	Avoiding	Ensure staff have adequate understanding	Annually or as required	New legislation introduced
Operational	Professional	Availability of adequately trained finance staff	Budget not prepared in accordance with legislation & Codes of Practice	Adequately trained staff not available to prepare the budget	3	1	3	Management / Mitigation	Proper recruitment and training procedures in place	Daily as necessary	Staff vacancy or absence

PROCESS STAGE		IDENTIFICATION			ANALYSIS			CONTROL	MONITORING		
Risk Type	Risk Category	Objective/Description	Risk	Hazard	Severity 1-5	Likelihood 1-5	Combined Score 1-25	Control Action	Measure	Review Frequency	Triggers for Action
Operational	Professional	Adequately trained & engaged budget holders	Budgets not prepared accurately or not in line with service plans	Budget holders not adequately trained	3	2	6	Management / Mitigation	Proper procedures for recruitment and training. Budget manual in place.	Manual reviewed annually	New budget holder appointed
Operational	Professional	An effective budget timetable is in place	Process not completed by statutory deadline	Budget timetable is not available or effective	4	2	8	Management / Mitigation	Budget timetable is prepared & distributed to all involved	Annually	Process not in accordance with timetable
Operational	Financial	Effective budget monitoring takes place throughout the financial year	Budget overspends are not identified promptly and appropriate action is not taken in a timely manner	Financial management information system is not available; budget holders do not undertake regular monitoring	3	2	6	Management / Mitigation	Adequate support is in place to ensure FMS availability; monthly reports are sent promptly; adequate training for budget holders	Monthly	Late detection of significant budget overspends
Operational	Financial	Capital Programme: assessment of impact on revenue budget	Revenue budget overspend	Revenue consequences of the capital programme are not adequately addressed	3	2	6	Management / Mitigation	Capital project appraisal form for each capital project, including an assessment of revenue costs.	Quarterly	Capital project appraisal forms not completed
Operational	Financial	Capital Programme: Overspending	Overspending on capital programme: possible reduced or delayed scheme or impact on other schemes	No available finance to meet the overspending	4	4	16	Management / Mitigation	All schemes delivered within budget	Monthly	Monitoring identifies potential overspending
Operational	Financial	Capital Programme: availability of finance e.g. capital receipts	Lack of finance might lead to the scheme being aborted, delayed or reduced; damage to the Council's reputation	Scheme included in capital programme without adequate funding	4	3	12	Management / Mitigation	Ensure that all schemes are fully funded; monitor funding against planned expenditure	Quarterly	Funding gap not closed
Operational	Financial	Capital Programme: insufficient funding for Central Area Leisure Centre	Lack of finance might lead to the scheme being aborted, delayed or reduced; damage to the Council's reputation	Scheme included in capital programme without adequate funding	4	2	8	Management / Mitigation	Estimated cost of Central Area Sports centre considered adequate; monitor funding against planned expenditure	Quarterly	Estimated cost not reviewed in line with Option Appraisal
Operational	Financial	Capital Programme: Availability of finance for mandatory schemes after 2012/13 e.g. D. F.Gs	Lack of finance might lead to the scheme being aborted, delayed or reduced; damage to the Council's reputation	Lack of available finance	4	5	20	Explore all funding options. Reassess priorities	Funding available after 2012/13	Annually	No available funding

## **GLOSSARY OF FINANCIAL TERMS**

### **Budget**

A statement of the Council's policy and spending plans for net revenue and capital expenditure over a specified period of time, usually one financial year.

### **Budget Requirement**

The estimated net revenue expenditure on general fund services that needs to be financed from the Council Tax, Revenue Support Grant and Redistributed Business Rates.

### **Capital Charges**

All Council Services have to pay capital charges to reflect the use of fixed assets. These capital charges are notional figures and are deducted from service expenditure in the Statement of Requirements, thus having no effect on the amounts to be raised from local taxation.

### **Capital Expenditure**

Expenditure on the acquisition or improvement of permanent assets such as land and buildings.

### **Capital Receipts**

The proceeds from the sale of land or other fixed assets and repayment of certain grants and advances. Capital receipts can be used to finance new capital expenditure, within central government rules, but they cannot be used to finance revenue expenditure.

### **Collection Fund**

A statutory fund used to record council tax and business rates collected by the Council, along with payments to precepting authorities, the National Non Domestic Rates Pool and its own General Fund.

### **Deferred Charges**

These are notional charges relating to capital expenditure for which there are no tangible assets. They include improvement grants and housing association grants. The capital charges shown on the service pages reflect the annual write off of deferred charges, as required by the CIPFA Code. Deferred charges are deducted from service expenditure in the Statement of Requirements.

**Direct Revenue Financing**

Resources provided from the Council's revenue budget to finance the cost of capital projects.

**Employees**

This covers salaries, wages, employers' national insurance, superannuation expenses and retirement costs for full, part-time and seasonal employees who work directly on the service concerned, together with indirect employee costs such as recruitment costs and staff training.

**General Fund**

The main revenue account of the Council which summarises the cost of all services provided by the Council which are funded from the precept, government grants and other income.

**Government Grants**

Part of the cost of the Council's services is paid for by central government from its own tax income. These grants are of two main types. Some (Specific Grants and Supplementary Grants) are for particular services such as Housing Benefits. Others are in aid of services generally such as the Revenue Support Grant.

**Growth**

Any increase in spending from one year to another, which relates to an increase in activity rather than an increase in pay and prices (inflation).

**Medium Term Commitment Plan**

A statement, which sets out in broad, terms the anticipated future spending plans and requirements.

**Minimum Revenue Provision**

The minimum amount, which must be provided from the revenue account in the year for the redemption of external debt. The method of calculating the provision is defined by statute.

**Precept**

The levying of an amount by one authority, which is collectable by another. The Council's Collection Fund meets the precepts from Derbyshire County Council, Derbyshire Police Authority and Derbyshire Fire and Rescue as well as making a payment to the Council's own General Fund. Precepts raised by Town and Parish Councils are paid from the Council's General Fund.

**Premises Related Expenditure**

This comprises expenses directly relating to the running of premises and land, such as repairs and maintenance, energy, rent, rates and water charges.

**Provisions**

Provisions are amounts set aside for liabilities that may arise or will be incurred, but where there is uncertainty as to the dates on which these liabilities may arise.

**Reserves**

These are amounts set aside to meet future expenditure (where such amounts cannot be defined as provisions). Strategic reserves are for particular purposes, for example, vehicle replacements. General reserves (or 'balances') must be maintained by every authority as a matter of prudence, to allow for day-to-day cashflows and unforeseen events

**Revenue Expenditure**

Expenditure to meet the day-to-day running costs incurred in providing services e.g. wages and salaries, purchase of materials and capital charges.

**Supplies and Services**

This includes equipment, furniture and materials, clothing and uniforms, payments to contractors, consultants' fees, grants, the cost of communications and computing and miscellaneous expenses.

**Support Services**

These reflect the charges made by internal 'operating units', which offer a service to support the provision of services to the public. Such 'operating units' include accountancy, information technology, customer contact, property services, democratic services internal audit, office accommodation, personnel and reprographics.

**Transport Related Expenditure**

This covers all costs associated with the provision, hire and use of transport including traveling allowances and the cost of the Council's car leasing scheme.