

Managing the Environment PDG

Budget 2014/15

**Portfolio Holder
Responsible Officer**

Cllr Neal Davey
Head of Finance

Reason for Report:

To consider options available in order for the Council to set a balanced budget for 2014/15 and agree a future strategy for further budget reductions for 2015/16 onwards.

RECOMMENDATION:

To consider the draft budget proposals for 2014/15 and start to plan for additional savings as identified in the Medium Term Financial Plan.

**Relationship to
Corporate Plan:**

To deliver our Corporate Plan's priorities within existing financial resources.

Financial Implications:

Since 2010/11 the Council has seen its Formula Grant reduce by circa £2.0m or 31.8% from £6.186m to the provisional figure of £4.221m announced for 2014/15. Going forward the current Government maintains its pledge to continue the austerity programme, with most public sector commentators estimating further cuts around 10% per annum for the foreseeable future. Once this is factored in to the Councils Medium Term Financial Plan we have predicted a funding deficit of circa £2.0m by 2017/18. This highlights the need to take steps to plan for further reductions to our ongoing expenditure levels.

Legal Implications:

It is a statutory requirement for the Local Authority to set a balanced budget.

Risk Assessment:

Service Managers and Finance staff have assessed volatility in income and large contractor budgets, taking account of current and estimated future demand patterns. In addition prudent levels of reserves will also continue to be maintained.

1.0 Introduction

- 1.1 The early confirmation of a provisional Formula Grant settlement in December 2012 helped to drive the third running of the summer savings exercise, that was first undertaken in the summer of 2010, which included Service Managers, Heads of Service, Accountants, the Head of Finance and the Chief Executive and challenges all services to look at reducing costs/increasing income, but still deliver the same level of service (especially the front-line services).
- 1.2 In previous years, this exercise, didn't just focus on balancing the next financial year, it also looked at where savings could be delivered over a rolling three year period. Although this year's exercise has been successful in identifying £628k of savings for 2014/15 (see Appendix 3), there has been very little proposed for subsequent financial years (only £20k). This fact, emphasises the comments I have been making for the past 18 months that we can no longer expect service managers to continue to reduce cost and still expect "business as usual".
- 1.3 The proposed savings shown in Appendix 3 of £628k (now £576k) will need to be agreed by Members, as for every proposed saving that is rejected will need to be matched by a suggestion of where a similar saving could be made. Members will be aware that the budget is an evolving process. I have already made a range of assumptions relating to: pay awards, inflation, fees/charges, demand for services, property increases, etc. More information may well change/alter my assumptions in the months leading up to February, when the budget has to be finalised. So the current budget gap of £361k will be revised over the next few months, but it is based on the most current information, in conjunction with professional guidance, that is available.
- 1.3 An updated Medium Term Financial Plan was presented to the Cabinet at its October meeting, which further explored the challenging financial position that the Council is facing over the next 4 years. However, it should be stressed that the Council has placed itself in a very strong position to deal with situation and continues to look into opportunities to further reduce operational costs without immediately reducing service levels. But it remains a real possibility moving forward that some difficult decisions will have to be made relating to what the Council can and can't afford to deliver/support in the future. This is further evidenced by the low level of service savings estimated from 2015/16 onwards.

2.0 The Draft 2014/15 Budget

- 2.1 The first draft budget figures have now been returned from all Service Managers. In compiling the draft 2014/15 budget, Service Managers and Finance Staff were acutely aware of the worsening financial environment that the Council was now going to have to operate within. A provisional Formula Grant cut of £618k, coupled with an uncertain economic position adversely affecting a number of key income streams (including our treasury return), the continuing need to modernise much of our existing vehicle fleet and the new budget volatility associated with the new Council Tax Support scheme and the localisation of Business Rates.

- 2.2 The initial aggregation of all service budgets (which also includes assumptions surrounding predictions of interest receipts, contributions to our capital programme, transfers from/to reserves and Council Tax levels) currently indicates a GFund budget gap of £361k (see Appendix 1).
- 2.3 At this point it is worth summarising how we have arrived at this deficit. The table shown below shows the main budget variances affecting the 2014/15 draft budget, which has included nearly all of the savings identified at Appendix 3.

Table 1 – Reconciliation of 2014/15 budget variances

Variances	Amount £000
Reduction in formula grant	618
Savings incorporated from savings exercise (See Appendix 3 £628k – some reviewed as unachievable)	(576)
Vehicle replacement “sinking funds”	257
New annual borrowing costs – refuse & leisure	137
Removal of 2013/14 Council Tax Freeze Grant	52
2014/15 pay award – estimated at 1% + pension	138
All overtime now subject to superannuation	22
PDG reserve fully utilised in 2013/14	124
Council Tax income increase (1.5% rise)	(72)
Additional Council Tax from extra properties and changes to empty property discounts	(149)
Additional income (Leisure, Cemeteries, Car Parks)	(147)
Cut in Government grant for HBenefit and CTax administration of 8%	32
Decrease in recycling income (volumes & price)	40
Review of bad debt provision on DARs	66
Inflation on utilities, fuel and rates	56
Removal of bad debt provision for LCTS and localisation of Business Rates	(249)
Other minor variances	12
Draft budget gap for 2014/15	361

- 2.4 The above table clearly demonstrates how a budget gap of £361k has been arrived at and without the hard work undertaken by Service Managers to propose further savings during the summer months (revised total for this now stands at £576k not the previously quoted £628k) we would now be facing a budget deficit of £937k for 2014/15 (i.e. £361k + £576k). Appendix 3 shows those potential savings which were identified earlier in the year, amounting to £628k, of which a revised total of £576k has been incorporated into this draft budget.
- 2.5 In compiling the 2014/15 draft budget we have also examined budget performance during 2013/14 and then made any relevant budget corrections

for staffing changes, levels of income, changes in legislation, increases in inflation, etc.

- 2.6 Due to the need to get budget information to all of the PDG and Cabinet meetings during November and early December there are still a few key issues that have not been resolved or are still to be fully evaluated. These issues may either improve or worsen the summary budget position currently reported.

3.0 The Future

- 3.1 It is clear that a lot of hard work has already been undertaken in order to deliver a draft budget gap of £361k. We now are set with two tasks: firstly, deliver a balanced GFund budget by February 2014 in order to formally set the Council Tax and secondly, and of equal importance, begin to plan how our future spending plans can be financed. The MTFP tabled at the October Cabinet meeting shows that the challenge of balancing our ongoing revenue commitments with our available funding. The summary figures from the MTFP highlighted a £2,045k budget gap over the next 4 years assuming £400k reduction in Government funding year on year. (See table 2 below) This further assumes that all of the £576k saving proposals suggested by Service Managers are accepted by Members.

- 3.2 Due to the future uncertainty over the exact level of Formula Grant reduction going forward it is imperative that Management Team, Service Managers and Members give consideration to matching future service provision to likely levels of financial resources. Table 2 below summarises the projected shortfall over the next four years.

Table 2 – MTFP General Fund Summary

	2013/14 £'000	2014/15 £'000	2015/16 £'000	2016/17 £'000	2017/18 £'000
Total Gross Expenditure ⁽¹⁾	37,008	37,363	37,842	38,366	38,892
Total Income	(27,563)	(27,819)	(28,076)	(28,210)	(28,340)
Net Cost of Services	9,445	9,544	9,766	10,156	10,552
Investment Interest/MRP	(43)	(52)	(82)	(112)	(142)
Cont. to/(from) Reserves	(150)	(90)	0	0	0
Contribution to Capital	350	350	350	350	350
Provision for CTSS		(249)			
Total Budget Requirement	9,600	9,503	10,034	10,394	10,760
Funded by:					
Collection Fund Surplus	(100)	(100)	(90)	(80)	(70)
Formula Grant ⁽²⁾	(4,736)	(4,221)	(3,799)	(3,419)	(3,077)
Council Tax	(4,764)	(4,985)	(5,175)	(5,369)	(5,568)
Total Funding	(9,600)	(9,306)	(9,064)	(8,868)	(8,715)
Cumulative (Surplus)/Deficit	Nil	197	970	1,526	2,045

(1) Total gross expenditure excludes capital charges of £997k and includes finance leases of £55k.

- (2) Formula Grant in 2013/14 includes a contribution of £52k based on an extra years one-off commitment to a Council Tax Freeze grant. It also includes £541k associated with the new Council Tax Support Scheme.

- 3.3 In addition to this revenue funding pressure, is our continuing funding shortfall on the capital programme, due to the low levels of capital receipts. Even greater pressure may be placed on future programmes if additional borrowing was made to fund new Council Houses, Depots, Sport Centre enhancements, Town Centre enhancement works, Vehicle replacements, etc.
- 3.4 The draft Capital Programme for 2014/15 is attached as Appendix 4 and currently shows a funding gap of circa £1.7m over the next 4 years, which has required all NHB receipts (totalling circa £4.8m) and a continuing revenue contribution from the General Fund of £350k per annum to reach this position. The size of our current and future capital programmes has substantially reduced, due to the reductions in funding and level of sale receipts and now only includes projects that are essential maintenance, asset replacement or income generating/cost reducing.
- 3.5 The most pressing capital budget issue concerns how we will balance the 2014/15 funding gap of £500k and this will need to be addressed in the November/December meetings.

4.0 The November/December PDGs and Cabinet meetings

- 4.1 The first round of draft budget meetings will allow discussions with Members, Senior Management, Service Managers and Finance Officers in order to review the proposed draft 2014/15 budget – see Appendix 2. This will include scrutinising and challenging the initial position (and confirming acceptance of all proposed savings put forward) and discussing any other budget areas that Members would like to see additional savings from.
- 4.2 Before the next round of PDGs and Cabinet in January the Council will receive formal confirmation regarding its; Formula Grant (n.b. active rural lobby on-going), Council Tax Freeze Grant, other emerging legislative changes, more information regarding the 2013/14 budget performance, etc. At this point if any of the initial assumptions/estimates significantly worsen, then we will need to bring further savings options for consideration.

5.0 Public Consultation

- 5.1 Appendix 5 attached, shows the outcome of a recent public consultation exercise and will be considered as part of the budget setting process. Once again there are no real surprises as the high priorities remain (i.e. refuse/recycling, health and housing). It is of interest to see the changes in priority of different age groups who have responded to this survey (and this reflects the significant complexity of trying to allocate Council spending in accord with resident's priorities.

5.2 This consultation response has been considered when compiling the 2014/15 draft budget, but will be of even greater use from 2015/16 onwards when the Council will have to make more challenging decisions with regard to service prioritisation.

6.0 Conclusion

6.1 The feedback from all three budget PDGs and the Cabinet will be reported to the January Cabinet for consideration in order to set a balanced 2014/15 budget and agree a forward plan. Early in the New Year Management Team will meet to establish a strategic plan of how £2.0m of savings in the next four years can be achieved. This process will be based upon giving Members a series of options, some of which may require short term investment, to generate medium or long term savings. The savings options will need to be considered across all Member meetings, based upon the strategic plan. Having identified possible savings, there will need to be careful consideration of their potential impact, probable lead times for delivery of that saving and any associated disengagement costs or possible 'spend to save' implications that would arise.

Contact for more information: Andrew Jarrett – Head of Finance

Background Papers: Draft 2014/15 Budget Papers
MTFP report - Oct 2013 Cabinet

File Reference:

Circulation of the Report: Management Team, Members & Relevant Service Managers

**GENERAL FUND REVENUE ACCOUNT
DRAFT BUDGET SUMMARY 2014/15**

	Net Direct Costs Budget 2013/14 £	Budget Changes £	Draft Net Direct Costs Budget 2014/15 £
Managing the Environment	3,234,190	229,040	3,463,230
Decent & Affordable Homes	396,960	23,400	420,360
Community Well Being	3,185,450	(336,720)	2,848,730
Cabinet	3,703,610	(92,330)	3,611,280
TOTAL NET DIRECT COST OF SERVICES	10,520,210	(176,610)	10,343,600
Net recharge to HRA	(1,130,890)	0	(1,130,890)
Financing of Finance Leases	55,540	0	55,540
NET COST OF SERVICES	9,444,860	(176,610)	9,268,250
Provision for the financing of capital spending	122,520	0	122,520
Finance Lease interest	8,110	0	8,110
Interest from Funding provided for HRA	(110,000)	0	(110,000)
Interest Received on Investments	(65,000)	0	(65,000)
Contribution to Capital Programme	350,000	0	350,000
Temporary transfer from Ear Marked Reserves	0	0	0
Transfer from General Fund Balance (£2.4m)	(150,090)	150,090	0
TOTAL BUDGETED EXPENDITURE	9,600,400	(26,520)	9,573,880
Funded by:-			
Formula Grant	(4,684,750)	618,810	(4,065,940)
Council Tax freeze - for 2013/14	(51,740)	51,740	0
Collection Fund Surplus	(100,000)	0	(100,000)
Council Tax	(4,763,910)	(221,090)	(4,985,000)
TOTAL FUNDING	(9,600,400)	449,460	(9,150,940)
REQUIREMENT TO BALANCE THE BUDGET	0	422,940	422,940

Current Assumptions :

- 1 Formula Grant has been reduced by £618k as previously advised, actual to be provided late December.
- 2 Council Tax income based on growing property base and an illustrative 1.5% increase on the band D figure of £182.15.
- 3 Government has indicated it may offer another Council Tax freeze grant for 2014/15
- 4 2014/15 salary budgets include an increase of 1%.
- 5 Actuaries forecast increase to pension contribution rates of by 0.1%. Have also included figures for auto-enrolment and
- 6 All income flows have been reviewed and adjusted for changes in demand and unit price
- 7 Investment income has been based upon the existing lending criteria now in force.
- 8 Nil transfer into the General Fund Balance
- 9 Revenue contribution to Capital funding has been left at £350k - this does not balance the 2014/15 capital programme.
- 10 We have inflated fuel & utility costs and reviewed against 2013/14 expenditure levels.
- 11 First draft of budget includes recharges at the 2013/14 level

Managing the Environment PDG Service Unit Budgets for 2014/15

Service Unit	Description	2012/13 Actual	2013/14 Budget	2014/15 Budget	Movement
SCP01 Parking Services	Parking Services	(432,839)	(417,760)	(458,730)	(40,970)
SES02 Cemeteries	Cemeteries	(16,066)	(23,270)	(39,670)	(16,400)
SES04 Public Health	Public Health	4,620	2,690	2,160	(530)
SES05 Open Spaces	Open Spaces	163,826	172,330	166,900	(5,430)
SGM01 Grounds Maintenance	Grounds Maintenance	469,091	521,740	556,680	34,940
SPS01 Asset Management	Asset Management	3,105	11,070	8,750	(2,320)
SPS02 Culture & Heritage	Culture & Heritage	135	970	0	(970)
SPS03 Flood Defence And Land Drain	Flood Defence And Land Drain	21,569	30,430	26,430	(4,000)
SPS04 Street Naming & Numbering	Street Naming & Numbering	5,898	8,200	8,280	80
SPS05 Administration Buildings	Administration Buildings	256,377	273,010	249,500	(23,510)
SPS06 Mddc Depots	Mddc Depots	64,842	83,370	58,610	(24,760)
SPS07 Public Transport	Public Transport	(33,015)	(17,480)	(17,440)	40
SPS08 Office Building Cleaning	Office Building Cleaning	53,572	55,920	54,930	(990)
SPS09 Property Services Staff Unit	Property Services Staff Unit	240,539	247,620	256,860	9,240
SPS10 Tourist Information Centre	Tourist Information Centre	419	920	(7,360)	(8,280)
SPS11 Public Conveniences	Public Conveniences	126,446	131,270	125,870	(5,400)
SWS01 Street Cleansing	Street Cleansing	309,757	331,920	342,880	10,960
SWS02 Waste Collection	Waste Collection	912,242	1,193,110	1,279,955	86,845
SWS03 Recycling	Recycling	422,197	430,000	618,400	188,400
SWS04 Waste Management	Waste Management	158,925	198,130	230,220	32,090
TOTALS		2,731,636	3,234,190	3,463,225	229,035

SCP01 Parking Services

Group	Description	2012/13 Actuals	2013/14 Budget	2014/15 Budget	Movement £
1000	Employees	119,255	125,600	126,120	520
2000	Premises	171,242	214,280	223,490	9,210
3000	Transport	4,872	9,050	9,230	180
4000	Cost Of Goods And Services	38,757	36,630	37,230	600
7000	Income	(766,965)	(803,320)	(854,800)	(51,480)
	TOTALS	(432,839)	(417,760)	(456,730)	(40,970)

Cost Centre	Cost Centre Name
CP510	Market Car Park
CP520	Multi-Storey Car Park
CP530	Amenity Car Parks
CP540	Paying Car Parks
CP550	Civil Parking Enforcement

Major Budget Movements

Higher Rates payable across the car parks has resulted in the increased budget on Premises of £9K.

Year 3 of the agreed price increase of 10p across all car parking tariffs has increased the income budget by (£44K).

SES02 Cemeteries

Group	Description	2012/13 Actuals	2013/14 Budget	2014/15 Budget	Movement £
1000	Employees	32,573	38,890	27,790	(11,100)
2000	Premises	29,330	29,290	40,590	11,300
3000	Transport	1,431	1,200	1,300	100
4000	Cost Of Goods And Services	29,418	14,430	9,170	(5,260)
7000	Income	(108,820)	(107,080)	(118,520)	(11,440)
	TOTALS	(16,068)	(23,270)	(39,670)	(16,400)

Cost Centre	Cost Centre Name
ES100	Cemeteries
ES110	Bereavement Services

Major Budget Movements

Reduction of hours due to Flexible Retirement has resulted in the Salary saving (£11K).

Increased Premises budget for specific revenue projects of £10K to repair the walls in our Cemeteries and Closed Churchyards.

10% increase on Interments and Exclusive Burial Right fees has resulted in (£9K) additional income.

SES04 Public Health

Group	Description	2012/13 Actuals	2013/14 Budget	2014/15 Budget	Movement £
2000	Premises	285	0	0	0
3000	Transport	0	0	0	0
4000	Cost Of Goods And Services	10,115	8,160	5,960	(2,200)
7000	Income	(5,781)	(5,470)	(3,800)	1,670
	TOTALS	4,620	2,690	2,160	(530)

Cost Centre	Cost Centre Name
ES360	Dog Warden
ES362	Abandoned Cars And Litter

Major Budget Movements

No Major Budget Movement

SES05 Open Spaces

Group	Description	2012/13 Actuals	2013/14 Budget	2014/15 Budget	Movement £
1000	Employees	63,831	77,630	78,290	660
2000	Premises	97,835	99,260	96,740	(2,520)
3000	Transport	7,819	13,930	11,940	(1,990)
4000	Cost Of Goods And Services	33,683	29,530	26,640	(2,890)
7000	Income	(39,343)	(48,020)	(46,710)	1,310
	TOTALS	163,826	172,330	166,900	(5,430)

Cost Centre	Cost Centre Name
ES440	Inspections Staff Unit
ES450	Parks & Open Spaces
ES455	Amory Park Recreation
ES460	Play Areas
PS480	Mddc Footpaths & Railway Walks
PS551	Footway Lighting

Major Budget Movements

Budget of £20k for Painting of Play area equipment has remained within this budget. Two years of this budget has been fully utilised but the Service Manager has requested this budget remain for a further year to carry out urgent repairs to 5 Play Area surfaces.

No Major Budget Movement

SGM01 Grounds Maintenance

Group	Description	2012/13 Actuals	2013/14 Budget	2014/15 Budget	Movement £
1000	Employees	413,599	420,370	433,620	13,250
2000	Premises	5,067	4,820	11,950	7,130
3000	Transport	99,852	136,200	152,660	16,460
4000	Cost Of Goods And Services	32,246	39,350	36,450	(2,900)
7000	Income	(81,673)	(79,000)	(78,000)	1,000
	TOTALS	469,091	521,740	556,680	34,940

Cost Centre	Cost Centre Name
GM960	Grounds Maintenance

Major Budget Movements

Salary budget has increased as a Technical Support Officer has moved into Grounds Maintenance from Business Support as a result of the recent Environmental Services restructure.

Budget of £7k has been included under Premises for External Contractors to complete the more complex and time consuming tree works that our Grounds Maintenance team are unable to do due to their current work loads.

Transport costs has increased by £16.4K as all vehicles/plant within Grounds Maintenance now have a sinking fund provision.

SPS01 Asset Management

Group	Description	2012/13 Actuals	2013/14 Budget	2014/15 Budget	Movement £
2000	Premises	1,130	3,750	3,750	0
4000	Cost Of Goods And Services	3,574	7,320	5,000	(2,320)
7000	Income	(1,600)	0	0	0
	TOTALS	3,105	11,070	8,750	(2,320)

Cost Centre	Cost Centre Name
PS150	Surplus Sites For Disposal
PS160	Asset Management

Major Budget Movements

No Major Budget Movements

SPS02 Culture & Heritage

Group	Description	2012/13 Actuals	2013/14 Budget	2014/15 Budget	Movement £
2000	Premises	135	970	0	(970)
	TOTALS	135	970	0	(970)

Cost Centre	Cost Centre Name
PS250	Clocks & Monuments

Major Budget Movements

This cost centre is no longer required.

SPS03 Flood Defence And Land Drain

Group	Description	2012/13 Actuals	2013/14 Budget	2014/15 Budget	Movement £
1000	Employees	176	0	0	0
2000	Premises	28,950	30,230	26,230	(4,000)
4000	Cost Of Goods And Services	1,343	200	200	0
7000	Income	(8,900)	0	0	0
	TOTALS	21,569	30,430	26,430	(4,000)

Cost Centre	Cost Centre Name
PS400	Flood Defence And Land Drain

Major Budget Movements

The reduction in the premises cost (£4K) is due to the decision taken to not issue sandbags.

SPS04 Street Naming & Numbering

Group	Description	2012/13 Actuals	2013/14 Budget	2014/15 Budget	Movement £
1000	Employees	5,789	5,820	5,850	30
2000	Premises	1,893	3,570	3,570	0
4000	Cost Of Goods And Services	30	0	50	50
7000	Income	(1,814)	(1,190)	(1,190)	0
	TOTALS	5,898	8,200	8,280	80

Cost Centre	Cost Centre Name
PS600	Street Naming & Numbering

Major Budget Movements

No Major Budget Movement

SPS05 Administration Buildings

Group	Description	2012/13 Actuals	2013/14 Budget	2014/15 Budget	Movement £
1000	Employees	1,270	930	880	(50)
2000	Premises	321,849	319,390	296,780	(22,610)
4000	Cost Of Goods And Services	47,468	39,520	41,660	2,140
7000	Income	(114,210)	(86,830)	(89,820)	(2,990)
	TOTALS	256,377	273,010	249,500	(23,510)

Cost Centre	Cost Centre Name
PS810	Phoenix House
PS820	Dcc Library
PS830	Town Hall
PS840	Credition Office Building

Major Budget Movements

A reduction on the Specific Revenue Projects on Credition Office and Town Hall has resulted in (£13K) decrease on the Premises budget. Reduction in Utility costs as a result of the feed in tariffs from the Solar Panels on Phoenix House (£9K).

SPS06 Mddc Depots

Group	Description	2012/13 Actuals	2013/14 Budget	2014/15 Budget	Movement £
2000	Premises	62,678	84,500	61,990	(22,510)
4000	Cost Of Goods And Services	2,163	1,370	1,620	250
7000	Income	0	(2,500)	(5,000)	(2,500)
	TOTALS	64,842	83,370	58,610	(24,760)

Cost Centre	Cost Centre Name
PS850	Old Road Depot
PS860	Station Yard Depot
PS870	Lords Meadow Depot

Major Budget Movements

Removal of Specific Revenue maintenance budget of (£25K) on Station Yard as no Planned projects in 14-15.

SPS07 Public Transport

Group	Description	2012/13 Actuals	2013/14 Budget	2014/15 Budget	Movement £
2000	Premises	723	8,000	8,000	0
4000	Cost Of Goods And Services	477	770	810	40
7000	Income	(34,216)	(26,250)	(26,250)	0
	TOTALS	(33,015)	(17,480)	(17,440)	40

Cost Centre	Cost Centre Name
PS880	Bus Station Maintenance

Major Budget Movements

No Budget Movement

SPS08 Office Building Cleaning

Group	Description	2012/13 Actuals	2013/14 Budget	2014/15 Budget	Movement £
1000	Employees	40,205	43,480	41,690	(1,790)
2000	Premises	0	0	0	0
4000	Cost Of Goods And Services	13,367	12,440	13,240	800
	TOTALS	53,572	55,920	54,930	(990)

Cost Centre	Cost Centre Name
PS970	Office Building Cleaning

Major Budget Movements

No Major Budget Movement

SPS09 Property Services Staff Unit

Group	Description	2012/13 Actuals	2013/14 Budget	2014/15 Budget	Movement £
1000	Employees	208,162	226,470	233,420	6,950
3000	Transport	30,246	18,220	18,170	(50)
4000	Cost Of Goods And Services	3,166	3,150	5,490	2,340
7000	Income	(1,035)	(220)	(220)	0
	TOTALS	240,539	247,620	256,860	9,240

Cost Centre	Cost Centre Name
PS980	Property Services Staff Unit

Major Budget Movements

Property Services restructure has resulted in an increase to the salaries budget of £7K for an additional apprentice.

SPS10 Tourist Information Centre

Group	Description	2012/13 Actuals	2013/14 Budget	2014/15 Budget	Movement £
2000	Premises	419	620	2,040	1,420
4000	Cost Of Goods And Services	0	15,300	600	(14,700)
7000	Income	0	(15,000)	(10,000)	5,000
	TOTALS	419	920	(7,360)	(8,280)

Cost Centre	Cost Centre Name
PS890	Tourist Information Centre

Major Budget Movements

Rental income and a small operating budget has been included for the leasing of the TIC. The (£14.7K) reduction in the budget is due to the removal of the TIC grant funding.

SPS11 Public Conveniences

Group	Description	2012/13 Actuals	2013/14 Budget	2014/15 Budget	Movement £
1000	Employees	33,021	38,980	36,670	(2,310)
2000	Premises	74,646	61,260	62,380	1,120
3000	Transport	2,282	7,250	4,540	(2,710)
4000	Cost Of Goods And Services	23,046	29,850	28,350	(1,500)
7000	Income	(6,550)	(6,070)	(6,070)	0
	TOTALS	126,446	131,270	125,870	(5,400)

Cost Centre	Cost Centre Name
PS350	Public Conveniences

Major Budget Movements

No Major Budget Movements

SWS01 Street Cleansing

Group	Description	2012/13 Actuals	2013/14 Budget	2014/15 Budget	Movement £
1000	Employees	163,452	166,540	169,940	3,400
3000	Transport	99,821	118,150	128,540	10,390
4000	Cost Of Goods And Services	46,514	47,230	44,400	(2,830)
7000	Income	(30)	0	0	0
	TOTALS	309,757	331,920	342,880	10,960

Cost Centre	Cost Centre Name
WS650	Street Cleansing

Major Budget Movements

Due to purchasing a new Scarab Magnum Sweeper there is the addition of a loan repayment scheme £18k.
Vehicle sinking fund has reduced (£7k), due to now sinking over 6 years with a residual resale value of 10%.

SWS02 Waste Collection

Group	Description	2012/13 Actuals	2013/14 Budget	2014/15 Budget	Movement £
1000	Employees	723,418	724,060	767,125	43,065
3000	Transport	500,568	783,150	804,620	21,470
4000	Cost Of Goods And Services	311,712	326,760	360,170	33,410
7000	Income	(623,456)	(640,860)	(651,960)	(11,100)
	TOTALS	912,242	1,193,110	1,279,955	86,845

Cost Centre	Cost Centre Name
WS700	Refuse Collection
WS710	Trade Waste Collection

Major Budget Movements

Following a Health and Safety Assessment there was a requirement for an additional post in Refuse £21k.
A budget of £20k has been added for agency staff.

Due to the purchase of 4 new refuse vehicles, there is the addition of a loan repayment scheme £63k, however the operating lease budget has been reduced (£14k).

With vehicles now having trackers and potential savings from route optimisation the fuel budget has been reduced by (£17k).
The vehicle sinking fund has reduced (£11k) due to now sinking over a 6 year period with a residual resale value of 10%.

A budget has been added for replacement bins, £15k. Clinical waste costs have been reviewed, which required a budget amendment of £20k

An income budget has been added for Trade recycling. (£10k)

SWS03 Recycling

Group	Description	2012/13 Actuals	2013/14 Budget	2014/15 Budget	Movement £
1000	Employees	639,331	617,740	606,960	(10,780)
2000	Premises	56,425	64,160	66,020	1,860
3000	Transport	207,540	255,470	420,800	165,330
4000	Cost Of Goods And Services	180,867	212,800	204,860	(7,940)
7000	Income	(661,965)	(720,170)	(680,240)	39,930
	TOTALS	422,197	430,000	618,400	188,400

Cost Centre	Cost Centre Name
WS720	Recycling Services
WS725	Kerbside Recycling

Major Budget Movements

To adequately staff up the recycling rounds, 2 new posts were required, £40k. This will result on less reliance for agency staff therefore, the agency budget has been reduced by (£55k). This reduction also allows for predicted savings following the route optimisation work.

Transfer of the Recycling Officer post £19k, this is mainly offset by savings in service unit SES16 which falls under CWB. Overtime budget has been increased by £10k, in line with actual spend.

Progression in salary spinal column points and pension contributions now applied to overtime result in a £19.5k increase.

The budget for the Recycling Manager's salary has been transferred to SWS04. (£43k)

Increase in vehicle sinking funds £140k and due to the ageing vehicle fleet £20k increase on repairs budget.

Income for paper has been reduced by £40k this is due to actual tonnage being less than budgeted, £40k.

SWS04 Waste Management

Group	Description	2012/13 Actuals	2013/14 Budget	2014/15 Budget	Movement £
1000	Employees	152,071	189,740	223,710	33,970
3000	Transport	5,653	5,770	3,730	(2,040)
4000	Cost Of Goods And Services	1,200	2,620	2,780	160
7000	Income	0	0	0	0
	TOTALS	158,925	198,130	230,220	32,090

Cost Centre	Cost Centre Name
WS750	Waste Management Staff Unit

Major Budget Movements

This Service now includes the salary budget for the Recycling Manager £43k. This movement has been part offset by a reduction of hours in admin (£12.5k)

GENERAL FUND SUMMARY	Budget	Budget	Budget	Budget	Budget Meeting	Target Savings	Target Savings
(Direct costs)	direct fte's	Direct Cost	direct fte's	Direct Cost	Savings	2015/16	2016/17
	2012/13	2012/13	2013/14	2013/14	2014/15	2015/16	2016/17
	£	£	£	£			
Managing the Environment							
Parking Services	5.30	(442,280)	5.30	(419,310)			
Cemeteries	1.20	(2,540)	1.10	(23,590)	(9,000)		
Public Health	na	2,670	na	2,690			
Open Spaces	2.60	188,810	2.80	171,750			
Grounds Maintenance	18.00	498,380	18.00	519,340			
Asset Management	na	12,250	na	11,070	(6,000)		
Culture & Heritage	na	960	na	970			
Flood Defence And Land Drain	na	30,430	na	30,430	(4,000)		
Street Naming & Numbering	0.20	9,330	0.20	8,200			
Administration Buildings	0.39	255,780	0.10	273,010	(10,000)		
Mddc Depots	na	64,710	na	83,370			
Public Transport	na	(17,480)	na	(17,480)			
Office Building Cleaning	3.15	57,830	2.82	55,920			
Property Services Staff Unit	7.04	252,150	6.78	247,620			
Tourist Information Centre	na	920	na	920			
Public Conveniences	2.70	133,450	1.85	131,270	(10,000)		
Street Cleansing	7.00	322,210	6.00	331,480			
Waste Collection	28.00	861,730	29.00	1,190,990			
Recycling	28.11	325,070	23.86	427,600			
Waste Management	6.50	236,320	6.00	197,690			
M the Env - Total	110.19	2,790,700	103.81	3,223,940	(39,000)	0	0
Community Well-Being							
Community Development	4.00	441,800	4.81	448,020	(34,000)		
Economic Development - Markets	1.16	(26,640)	2.16	(18,300)	(5,000)		
Customer Services Admin	4.67	162,520	5.10	194,050			
Customer First	18.11	525,570	18.08	524,840	(18,300)		
Emergency Planning	na	400	na	400			
Community Safety - C.C.T.V.	0.19	480	0.19	340			
Es Staff Units/Recharges	18.07	671,600	17.39	658,030	(44,500)		
Community Safety	1.00	44,820	1.68	53,910			
Food Safety	na	(9,050)	na	(6,150)			
Health And Safety At Work	0.50	23,840	0.50	23,670			
Health Education	na	(2,430)	na	(1,230)			
Licensing	3.50	35,600	3.50	29,730	(25,000)	(20,000)	
Pest Control	na	4,200	na	4,200			
Pollution Reduction	na	11,340	na	7,360			
Building Regulations	8.65	100,560	7.65	52,140	(25,000)		
Enforcement	3.00	45,160	3.00	26,840	(16,800)		
Development Control	19.20	174,500	18.06	107,280	(75,000)		
Local Land Charges	2.34	(5,140)	1.80	(19,010)			
Forward Planning	7.62	253,230	7.62	249,950	(4,000)		
Regional Planning	na	66,740	na	66,020	(2,000)		
Business Development/Industrial Buildings	1.00	(36,520)	1.00	(50,100)			
Collection Of Council Tax	8.34	247,700	8.34	251,610			
Collection Of Business Rates	na	(58,540)	na	(52,730)			
Housing Benefit Admin & Fraud	14.55	77,950	14.55	78,670	(34,000)		
Housing Benefit Subsidy	na	10,000	na	10,000			
Debt Recovery	1.24	32,670	1.24	33,540			
Council Tax Benefit Subsidy	0.00	0	0.00	249,350			
Recreation And Sport	44.70	344,940	46.80	239,260	(192,000)		
Cabinet	161.84	3,137,300	163.47	3,161,690	(475,600)	(20,000)	0
Corporate Communications	1.50	138,360	1.50	139,280			
Corporate Fees/Charges	3.00	106,250	2.50	91,610			
Pension Backfunding	na	159,820	na	143,940			
Accountancy Services	9.95	429,350	8.75	374,000			
Internal Audit	3.00	100,510	2.81	97,810			
Procurement	1.61	49,220	1.61	49,080			
Purchase Ledger	1.80	49,620	1.80	49,820			
Sales Ledger	1.50	34,170	1.40	34,360	(2,000)		
Human Resources	4.81	225,270	5.81	239,960	(27,000)		
Mddc Staff Training	na	63,860	na	130,040			
Payroll	1.00	35,000	1.00	35,000			
Learning And Development	0.81	31,250	0.81	32,320			
It Gazetteer Management	2.00	85,190	2.00	69,810			
It Information Management	1.00	49,330	1.00	28,290			
It Information Technology	12.68	844,940	12.68	845,250	(20,000)		
Electoral Registration	3.00	107,030	3.00	111,070			
Election Costs	na	20,000	na	20,000			
Democratic Rep And Management	3.00	425,050	3.00	421,730	(4,500)		
Messenger Services	1.78	43,030	1.78	42,680			
Legal Services	6.00	231,300	5.00	189,600			
Decent & Affordable Homes	58.44	3,793,160	56.45	3,739,120	(53,500)	0	0
General Fund							
Private Sector Housing Grants	3.50	157,010	3.00	127,740			
Housing Advice	3.00	104,750	3.00	102,440			
Homelessness Accommodation	3.30	183,770	2.80	155,280			
Gf Housing Management	na	10,000	na	10,000	(10,000)		
Cross PDG/Cabinet items	9.80	455,530	8.80	395,460	(10,000)	0	0
Reduction of ess users and rate + use HMRC mileage rate					(50,000)		
TOTAL SAVINGS	340.27	10,176,690	332.53	10,520,210	(628,100)	(20,000)	0
Cost Pressures							
Salary inflation 1% from 1/4/14					106,000		
Other inflation - 2% per annum on supp and serv + utilities - is this enough % ??					150,000		
Reduced grant - Revs & Bens					21,000		
Loss of HPDG in 14/15					124,000		
Non Recovery - DARS payments					20,000		
HR cost pressures ??? system software					10,000		
Pensions auto enrolment + contrib rates - tri-ennial review due 14/15					39,000		
Reduction in "On Street Parking recharge" to DCC					25,000		
Month 3 monitoring forecast Issues - Trade Waste income							
Trade Waste Income					31,000		
Non Recovery - DARS payments					20,000		
Contribution from EMR to balance 13/14 Budget					150,000		
Rev Contrib to balance Capital Programme :							
£350k included in our 13/14 base							
Proposed capital programme 14/15 £517 ,15/16 £456 ????							
?? Contributions to Econ Dev & Private Sector Housing could be reduced							
?? New Homes Bonus receipts - all used to fund capital programme							
					696,000	0	0
Funding Adjusts							
Reduced Formula Grant						500,000	500,000
One off Council Tax Freeze grant						(135,900)	(135,900)
C Tax 2.5% increase pa						(40,000)	(40,000)
C Tax addl properties							
					0	324,100	324,100
BUDGET GAP					67,900	304,100	324,100

Medium Term Financial Plan 2014/15 - 2017/18 - Capital

Appendix 4

	Provisional Capital Programme 2014/15 £k	Estimated Capital Programme 2015/16 £k	Estimated Capital Programme 2016/17 £k	Estimated Capital Programme 2017/18 £k	Total £k	Notes
<u>Estates Management</u>						
<u>Leisure - Site Specific</u>						
<u>Culm Valley Sports Centre</u>						
Emergency Lighting - Central battery back up system		25			25	
<u>Lords Meadow Leisure Centre</u>						
Existing Car Park surfacing		50			50	
Total	0	50	0	25	75	0
<u>Other MDDC Buildings</u>						
Tiverton Pannier Market Paving - resurface	150			60	150	Existing surface not suitable to heavy vehicles - subject to planning requirements
Tiverton Pannier Market decoration					60	
<u>Town Hall</u>						
Second fire escape from the council chamber to increase numbers allowed on 1st floor -subject to payback			30		30	Fire Risk Assesses max 60 people
Front windows - decoration & glazing improvements				35	35	
<u>General Car parks</u>						
MSCP improvements	50	50	50	50	200	Schedule of works required Lower deck expansion joints & top deck full resurface
<u>MDDC Depot sites</u>						
Lords Meadow Depot Credition - Asbestos roof replacement	30				30	Note renting building out ASAP - Still responsible as Landlord
Lords Meadow Depot Credition - side Asbestos panels remove & replace				25	25	Refurb costs to bring prop upto acceptable standard (separate to roof)
Old Road Depot- Yard resurfacing including re-lining			35		35	
Old Road - Replacement asbestos roof over stores area including access			32		32	
Station Yard Depot - Yard resurfacing including re-lining	35				35	
<u>Play Areas</u>						
Play area refurbishment district wide	50	50	50	50	200	Schedule of works. Confirmation of any funding from S106/Town Council. Gross up Projects
<u>Cemeteries</u>						
Chapel Roofs - Tiverton and Credition				50	50	
<u>Other Projects</u>						
Land drainage flood defence schemes	25	25	25	25	100	Schedule of works. Confirmation of any funding from DCC. Gross up Projects
Total	125	340	222	295	982	0
<u>HRA Projects</u>						
MRA	2,121	2,163	2,206	2,250	8,740	13/14 £2,079 + 2% per yr
Balance of Additional HRA money (Re Major Works 30 yr Plan)	1,379	1,337	1,294	1,250	5,260	£3.5m PA less Depn charge that forms MRA
Decent Homes Backlog Funding	1,200				1,200	

	Provisional Capital Programme 2014/15 £k	Estimated Capital Programme 2015/16 £k	Estimated Capital Programme 2016/17 £k	Estimated Capital Programme 2017/18 £k	Total £k	Notes
Westex South Shops - Walkway and flat roofs on shops	25				25	
Birchen Lane - re development of unit for housing conversion	120				120	Plan to turn into HRA prop instead of shop unit Total project cost £180k (60k slippage fr 13/14)
Total	4,845	3,500	3,500	3,500	15,345	
ICT Projects						
Replacement of PC estate		40		40	80	
Server farm expansion/upgrades	30	20			50	Detailed business case required
Trade Waste system replacement - business case required		50			50	
Continued replacement of WAN/LAN	30				30	
Unified Communications & telephone call reporting system (Customer First) - business case required	85	50	25		160	Corporate System re text/e-mails/converting phone messages to e-mail - cost each year is for additional licenses
Channel Shift & Digital by Design inc Back Office	60				60	
Web Transformation inc Extranet/customer portal + kiosks	55				55	
Mobile Working inc members	40	25			65	
Finance Cash receiving upgrade	30				30	
Oracle refreshes		20			20	
Misc items in future years		45	225	210	480	
Total	330	250	250	250	1,080	
Affordable Housing Projects						
Grants to housing associations to provide houses (covered by Commuted Sums)	300	0	300	300	900	
Affordable Housing 0.5 FTE	17	17	17	17	68	
Alexandra Lodge - contribution to Care Home Provision		300			300	
Total	317	317	317	317	1,268	
Private Sector Housing Grants						
Work in Default /Discretionary Grants	111	116	122	122	471	Possible review of Budget allocation
Loans Scheme (Wessex Reinvestment Trust)	248	260	273	273	1,054	Possible review of Budget allocation
Empty Homes	414	435	457	457	1,763	
Disabled Facilities Grants-P/Sector	500	525	551	551	2,127	
Disabled Facilities Grants - Council Houses	285	300	308	308	1,201	
Total	1,558	1,636	1,711	1,711	6,616	
Economic Development Projects						
Schemes as yet to be identified	100	100	100	100	400	Schedule of works required
Pannier Market (conversion of pig pens into units and walkway cover)	30				30	
Total	130	100	100	100	430	
Leisure Projects (4)						
EVLC - Inflatable Dome cover for tennis courts - need business case		80			80	Subject to Business Case demonstrating acceptable payback period
Total	0	80	0	0	80	
Replacement Vehicles (5)						
Grounds Maintenance		103			103	
Housing Repairs (HRA)		57			57	
Street Cleansing			65		65	

	Provisional Capital Programme 2014/15	Estimated Capital Programme 2015/16	Estimated Capital Programme 2016/17	Estimated Capital Programme 2017/18	Total	Notes
	£k	£k	£k	£k	£k	
Refuse Collection	160	320	160		640	
Trade Waste		160			160	
Recycling	565	325			890	
Total	725	965	160	65	1,915	

Grand Total 8,030 7,238 6,260 6,263 27,791

	2014/15	2015/16	2016/17	2017/18	Total	
	£k	£k	£k	£k	£k	
Council House sales	-267	-267	-267	-267	-1,068	Assumes 12 RTB's Per Year
Misc Land/Property sales (1)	-110	-110	-110	-110	-440	Average of last 3 years received
Disabled Facility Grants - Mandatory - Private Sector	-245	-245	-245	-245	-980	Private Sector DFG's part funded by DCLG grant 13/14 allocation £245,717
HRA Revenue Contribution	-145	-57	0	0	-202	Matched to HRA spend
Major Repairs Allowance - to be subsumed into general RCOO from HRA	-2,121	-2,163	-2,206	-2,250	-8,740	Matched to MRA spend (2% inflation per annum)
Balance of Additional HRA money (Re Major Works 30 yr Plan) - ditto above comment	-1,379	-1,337	-1,294	-1,250	-5,260	Matched to 'balance of additional HRA money' detailed above
Decent Homes Backlog Funding	-1,200	-317	-317	-317	-1,200	Grant from Homes & Communities Agency (HCA)
Affordable Housing S106s - matched to spend	-317	-317	-317	-317	-1,268	Matched to Affordable Housing Spend
General Capital Reserve	-34	-34	-34	-34	-136	EQ650 at 31/03/13 £930k - £794k 13/14 Cap prog = £136k - This uses this reserve
2013/14 capital programme forecast net u/spends	0	0	0	0	0	
Regional Housing Pot Reserve	-112	-112	-112	-111	-447	EQ803 balance £544k - £97k Cap Prog 13/14 = £447k - This uses this reserve
Revenue Contribution from General Fund	-350	-350	-350	-350	-1,400	Amount required to balance the Capital Programme
Amounts req'd from New Homes Bonus (3)	-1,212	-1,114	-1,225	-1,224	-4,775	This is all budgeted NHB income
Contribution from UCR	-38	-36	-36	-36	-146	This uses all current UCR that is not committed in 13/14 Cap prog (upto Q1 13/14)
Contribution from sinking funds				-65	-65	

Total Funding	-7,530	-6,142	-6,196	-6,259	-26,127
					0
Funding Gap	500	1,096	64	4	1,664
					0
					0

Notes:

- (1) Funding currently excludes Town Hall site (as will be ear marked towards future depot provision) & HRA purchase of properties from General Fund at St Andrews Street
- (2) No provision has been made for any property repairs/modernisation required at Silverton Mill if the Council continues to run its recycling operation at that location for the foreseeable future.
- (3) Report assumes a 35% reduction in NHB from 2015/16 as the Govt is currently consulting on this be given direct to the LEP.
- (4) Any additional spend to save Leisure projects will need to be supported by an appropriate business case that demonstrates payback within a specific period.
- (5) Significant investment required in 14/15 & 15/16 in order to modernise the Refuse & Recycling fleet; we are now providing revenue budgets (sinking funds) to provide for replacement vehicles in 5-6 years time

Budget Consultation 2013

The Citizen’s panel response:

In total 347 residents took part in the survey, which was made up of the following demographics:

- 52% female and 48% Male
- Under 35’s were under represented which should be taken into consideration when discussing the results; this may explain why only 11% of members have children under sixteen living in the household.

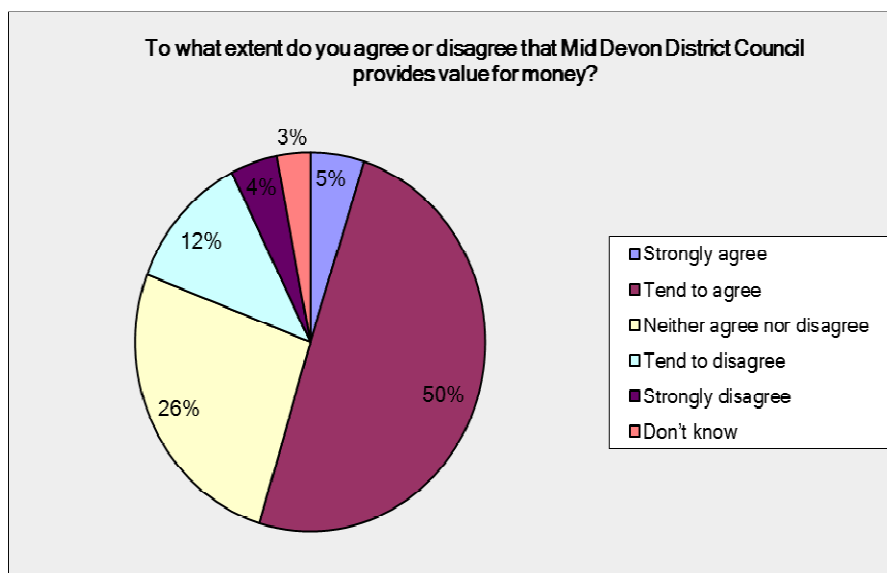
Under 25	0%
26-35	3%
36-45	9%
46-55	20%
56-65	24%
66-75	28%
76+	16%

- Panel members were represented across the district.

EX15	21.3%
EX16	37.3%
EX17	30.4%
Other	11.0%

Value for money

Mid Devon residents (55%) agree that MDDC provides value for money. Only 16% feel we don’t offer value for money.



Priority services overall

Residents were asked to highlight the three services they felt were a priority. Refuse collection and recycling came out on top, residents feel it is an essential service, which protects public health and the environment, and there is no alternative service.

1. Refuse collection and recycling
2. Environmental health
3. Housing
4. Parks, open spaces and play areas
= Community safety
5. Planning, development, and building control
6. Street cleaning
7. Leisure centres
8. Public conveniences
9. Community Grants

Environmental health is perceived to protect residents and maintain health standards. Residents believe everyone has a right to accommodation and it supports vulnerable people within our community, therefore Housing came out 3rd.

Leisure centres were rated a lower priority service as the majority of residents don't use the service. Public conveniences were ranked lower, as residents use shops and pub facilities instead. Residents feel there are other funding streams available and that the grants only benefit a few. Comments suggest the council should provide advice but not grants, these were reasons given for not voting community grants a priority service.

Comments about how we allocate our money:

Mixed comments:

- Some residents are satisfied with how we balance our finances
- Others feel it's a difficult decision to make
- Some have opinions about specific services e.g. Recycling has a high proportion and services which charge (Planning and Leisure centres) should be cost neutral.
- Lower priority services still need to be funded as they are all important.

Differences

Households with children under sixteen living at home prioritise the following services:

1. Refuse collection and recycling
2. Parks, open spaces and play areas
3. Leisure centres
4. Community Safety
5. Environmental Health
6. Housing
7. Street cleaning
= Public conveniences
= Planning
10. Community grants