

# Public Document Pack

Mid Devon District Council

## Scrutiny Committee

Monday, 16 January 2017 at 2.15 pm  
Exe Room, Phoenix House, Tiverton

Next ordinary meeting  
Monday, 13 February 2017 at 2.15 pm

Those attending are advised that this meeting will be recorded

## Membership

Cllr F J Rosamond  
Cllr Mrs H Bainbridge  
Cllr Mrs C P Daw  
Cllr T G Hughes  
Cllr Mrs J Roach  
Cllr T W Snow  
Cllr N A Way  
Cllr Mrs B M Hull  
Cllr Mrs G Doe  
Cllr Mrs A R Berry  
Cllr J L Smith  
Cllr S G Flaws

## A G E N D A

*Members are reminded of the need to make declarations of interest prior to any discussion which may take place*

### 1 APOLOGIES AND SUBSTITUTE MEMBERS

To receive any apologies for absence and notices of appointment of substitute Members (if any).

### 2 PUBLIC QUESTION TIME

To receive any questions relating to items on the Agenda from members of the public and replies thereto.

Note: A maximum of 30 minutes is allowed for this item.

### 3 MINUTES OF THE PREVIOUS MEETING (*Pages 5 - 12*)

To approve as a correct record the Minutes of the last meeting of this Committee (attached).

The Committee is reminded that only those members of the Committee present at the previous meeting should vote and, in doing so, should be influenced only by seeking to ensure that the minutes are an accurate record.

4 **MEMBER FORUM**

An opportunity for non-Cabinet Members to raise issues.

5 **DECISIONS OF THE CABINET**

To consider any decisions made by the Cabinet at its last meeting that have been called-in.

6 **CHAIRMAN'S ANNOUNCEMENTS**

To receive any announcements that the Chairman of Scrutiny Committee may wish to make.

7 **POLICE AND CRIME COMMISSIONER**

The Police Commissioner, Alison Hernandez, will attend the meeting to take questions from the Committee.

8 **DRAFT BUDGET REVIEW FOR 2017-18** (*Pages 13 - 58*)

To receive a report from the Head of Finance requesting that Members consider options available in order for the Council to move towards a balanced budget for 2017/18.

9 **WHISTLEBLOWING 6 MONTHLY UPDATE**

The Audit Team Leader has confirmed that there have been no whistleblowing reports since the previous update on 19<sup>th</sup> August 2016.

10 **RIPA SIX MONTHLY UPDATE**

The legal Services Manager has provided the following update - Number of times that the Council has authorised the use of RIPA in the last 6 months - nil. The Council last authorised the use of RIPA in March 2014.

11 **IDENTIFICATION OF ITEMS FOR THE NEXT MEETING**

Members are asked to note that the following items are already identified in the work programme for the next meeting:

Note: - this item is limited to 10 minutes. There should be no discussion

on items raised.

Clinical Commissioning Group  
Performance and Risk  
Cabinet Member for Community Well Being  
Update Pannier Market

**Stephen Walford**  
Chief Executive  
Friday, 6 January 2017

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Members of the public may also use other forms of social media to report on proceedings at this meeting.

Members of the public are welcome to attend the meeting and listen to discussion. Lift access the first floor of the building is available from the main ground floor entrance. Toilet facilities, with wheelchair access, are also available. There is time set aside at the beginning of the meeting to allow the public to ask questions.

An induction loop operates to enhance sound for anyone wearing a hearing aid or using a transmitter. If you require any further information, or

If you would like a copy of the Agenda in another format (for example in large print) please contact Julia Stuckey on:

Tel: 01884 234209

E-Mail: [jstuckey@middevon.gov.uk](mailto:jstuckey@middevon.gov.uk)

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# Public Document Pack Agenda Item 3

## MID DEVON DISTRICT COUNCIL

**MINUTES** of a **MEETING** of the **SCRUTINY COMMITTEE** held on 12 December 2016 at 2.15 pm

### **Present**

#### **Councillors**

F J Rosamond (Chairman)  
Mrs H Bainbridge, Mrs A R Berry,  
Mrs C P Daw, Mrs G Doe, R J Dolley,  
S G Flaws, T G Hughes, Mrs B M Hull,  
J L Smith, T W Snow and R Wright

### **Apologies**

#### **Councillor(s)**

Mrs J Roach and N A Way

### **Also Present**

#### **Councillor(s)**

R Evans

### **Also Present**

#### **Officer(s):**

Jill May (Director of Corporate Affairs and Business Transformation), Jenny Clifford (Head of Planning and Regeneration), Sally Gabriel (Member Services Manager), Ian Winter (Environmental Health Officer), Catherine Yandle (Internal Audit Team Leader) and Julia Stuckey (Member Services Officer)

## 71 **APOLOGIES AND SUBSTITUTE MEMBERS**

Apologies were received from Cllrs Mrs J Roach who was substituted by Cllr R J Dolley and N A Way who was substituted by Cllr R Wright.

## 72 **PUBLIC QUESTION TIME**

Miss Sarah Coffin from Templeton Parish Council referring to item 9 on the agenda said that whilst I note that MDDC now has specifically identified planning policy in relation to solar panels and now with agenda item 9 clarifies its interpretation of 106 conditioning can I ask why MDDC does not have a specific policy to deal with large industrial agricultural developments which may or may not crossover into the energy or waste disposal industry. After all, open countryside, and the agricultural food producing industry must make up at least 80%, if not more, of MDDC area of authority.

Now that all farm manures have been de-classified by Government from waste to fertiliser if disposed of within best practice and NVZ compliance and responsibility for same has been passed from Devon County to you at Mid Devon, surely proper examination and verification of how the manure/waste is disposed of should be clearly laid out in the interest of openness and clarity and so as to prevent the wasted time and costs of confusing additions and changes being requested by applicants/developers who have miscalculated, misled or misrepresented facts and figures to obtain approval in the first place.

Particularly in regard to all large developments within Mid Devon, whether housing or agriculture when does inclusion of cumulative affect (as per LP3, DM5, DM7, DM4) come into effect in both the planning officers and committees decision making? What criteria (facts, statistics, volume) triggers and defines when 'cumulative affect' over-rides the principle of individual and separate consideration? It appears to the general public that the lack of honest cumulative impact assessment by applicants and the lack of verification by council planning is endangering local infrastructure, communities, tourism and the environment at an alarming and escalating rate.

May I respectfully point out that it is not only the applicants/developers who have legal redress to disputing decisions that have not been properly assessed at planning stage, residents can withhold their rate payments via an Escrow Account should their well-being and quality of life be sufficiently and detrimentally affected due to non-functional mitigating conditions and lack of enforcement.

The Chairman advised Miss Coffin that her question would be answered in writing by the Head of Planning and Regeneration following the meeting.

### 73 **MINUTES OF THE PREVIOUS MEETING**

The minutes of the last meeting were approved as a correct record and **SIGNED** by the Chairman.

### 74 **MEMBER FORUM**

There were no issues raised under this item.

### 75 **DECISIONS OF THE CABINET**

The Committee **NOTED** that none of the decisions made by the Cabinet at its last meeting had been called in.

### 76 **CHAIRMAN'S ANNOUNCEMENTS**

The Chairman reminded the Committee that the Clinical Commissioning Group (CCG) who were scheduled to attend the meeting, agenda item 7, had been unable to provide an officer to attend. Members considered it disrespectful that they had not attended and requested that their disappointment be recorded.

It was **AGREED** that the Chairman would review the questions submitted and that they would then be forwarded to the CCG for response. The agenda item would be rescheduled for the February meeting of the Committee.

### 77 **CLINICAL COMMISSIONING GROUP**

This item was deferred to the February meeting of the Committee.

### 78 **MEETING MANAGEMENT**

The Chairman indicated that he intended to take item 13 on the agenda before item 8 as the Member providing the information needed to leave the meeting early.

## 79 UPDATE FROM THE PARTNERSHIP WORKING GROUP

Cllr R Evans provided an update to the Committee following a trip to South Hams and West Devon District Councils representing the Partnership Working Group.

Cllr Evans outlined the content of the briefing paper \* that the Committee had before it, informing Members that prior to the visit he had no idea what to expect and that the visit had been both interesting and informative. He explained that South Hams and West Devon District Councils had entered into partnership working and that this had made considerable financial savings. Officers worked across the combined Council but the Membership had remained separate and decisions were still made by the two individual Councils. One Chief Executive had been replaced by two Executive Directors, both of whom worked across the combined authority.

Cllr Evans explained that a 'back office' structure had been put in place which handled all administration for the council's services and that this allowed officers, such as planners, to carry out the work that they had been trained to do. All officers had been put at risk of redundancy and all officers had had to apply for posts in the new structure. This had resulted in the loss of some skilled officers and many had left at the same time. New posts were allocated following 'behavioural' assessments and this resulted in many staff taking on new roles. IT systems had not been in place at the same time as the restructure took place and Cllr Evans had observed that this had caused some issues that had taken a considerable time to resolve. This was because savings had to be made in officer time prior to investment in IT systems. Cllr Evans also explained the working from home policy which meant that staff could only attend the office for 3 days per week and that desks were not allocated to teams. Contact with Members was by email or Skype. Cllr Evans concluded that although it was unlikely that all changes they had made would be possible at Mid Devon there were some lessons that could be learned.

## 80 PLANNING DESIGN GUIDES (0.27.55)

The Committee had before it and **NOTED** a briefing paper \* from the Head of Planning and Regeneration providing information regarding the parameters within which the planning system addressed design. The officer explained that planning design was not just about what a building looked like but also how it functioned, its accessibility and a range of other issues. The authority had a range of policies within the adopted Development Plan, mainly DM2, which was focused on seeking to gain high quality design.

The Head of Planning and Regeneration outlined the contents of the briefing paper, explaining that the Government considered good design to be a key aspect of sustainable development and should contribute to make places better for people.

Planning Officers could access a Design Review Panel which was made up of a series of professionals from different disciplines who met as a panel to critique schemes to enhance and guide on better outcomes. This panel was independent and could be called upon by developers early in development to improve outcomes.

There was no current Design Guide specific to Mid Devon, but the Forward Planning Team would be adding this to their work programme following completion of the Local Plan. There was a Design Guide in place for the Eastern Urban Extension.

Discussion took place regarding:

- Energy efficiency which was generally addressed by Building regulations;
- Life-Time Home Standards which set out a series of criteria to do with adaptability, such as ensuring that stairways were wide enough to accommodate a stair lift at a future date;
- The view that European Standards were advanced from those in the UK;
- Ongoing issues regarding the road at Kingfisher Reach and consultation that was taking place regarding future development in Cullompton;
- Areas of concern at Kingfisher reach such as parking being provided in parking courts, which people didn't tend to use;
- The need for Highways to consider what would happen at appeal when making decisions;
- Road improvements that had taken place at Blundell's Road.

The Chairman thanked the officer for her report.

Note: - \* Briefing paper previously circulated and attached to Minutes.

#### 81 **AN OVERVIEW OF SECTION 106 MONIES (0.58)**

The Committee had before it and **NOTED** a report \* from the Head of Planning and Regeneration. At their meeting on 12<sup>th</sup> September 2016, Members requested that a report be brought before them providing an overview of the S106 process in collecting financial contributions from development via the planning system.

The Head of Planning and Regeneration explained that the primary purpose of the planning system was to regulate the use and development of land in the public interest. The collection of financial contributions from development to be spent within the district could assist with the delivery of Corporate Plan priorities of community, housing, economy and environment.

The officer informed Members that changes introduced in April 2014 meant that a Local Planning Authority could no longer use planning obligations to pool more than five contributions for infrastructure by project or type. This had meant that the authority was no longer able to collect money for spending in a catchment area if 5 obligations had already been entered into by infrastructure type. The Planning Service was careful to monitor contributions to ensure that allocations were not exceeded.

Discussion took place regarding;

- The ability for the authority to borrow against the agreement until the money was received from the developer;



- The requirement for money to be spent on the project that it was collected for;
- The Garden Village bid and how this could potentially provide loan funding for a relief road at Cullompton if approved;
- The need to match the scale of the development contribution to the scale of the infrastructure in order to make most effective use of the five S106 obligations that are able to be pooled by infrastructure type or project;
- A specific agreement for a footpath that had not yet been provided and concerns that this would set a precedent;
- The process followed when a Section 106 agreement was changed and whether or not Town and Parish Councils should be consulted about this.

It was **AGREED** that the Chairman would write to the Chair of the Planning Committee to highlight the areas of concern raised regarding the footpath at St Aubyns Rise which was currently awaiting a report from officers to a meeting of the Planning Committee.

Note: - Report \* previously circulated and attached to Minutes.

## 82 **MEMBER DEVELOPMENT ANNUAL UPDATE (1.29.09)**

Members had before them and **NOTED** a report \* from the Member Services Manager providing an annual update regarding Member development.

The officer explained that the South West Charter for Member Development was originally awarded to the Council in November 2010 following a lengthy evidence gathering exercise which also included Members and senior officers attending interviews with the examining body. Reassessment to secure the Charter for a further three years took place on 3 March 2014 and it was proposed that further reaccreditation took place in the spring of 2017.

The Member Services Manager further explained that the report set out what development and training had taken place since January, the personal development plans that had taken place and details of future training.

Parish Liaison had recently been taken over by Member Services and officers hoped to run this alongside Member support with the intention of improving communication.

The officer informed Members that she had recently attended a meeting of the Tenants Together Group, representatives from housing tenants that worked alongside officers to help with background work that went on to form policy. These volunteers had worked very hard on projects regarding housing and it was proposed that they be invited to attend Member briefings or training when appropriate.

Discussion took place regarding the Lords Meadow Leisure Centre training suite which had been used for remote training, allowing Members from the Crediton area to join in briefings without having to travel to Tiverton. It was agreed that though some minor tweaks were required this was worth pursuing.

Members requested that their thanks to the Member Services team for their support be recorded.

Note: - Report previously circulated and attached to Minutes.

### 83 **PERFORMANCE AND RISK (1.39)**

The Committee had before it and **NOTED** a report \* from the Director of Corporate Affairs and Business Transformation which provided Members with an update on performance against the Corporate Plan and local service targets for 2016-17 quarter 2 to the end of September, as well as providing an update on the key business risks.

The Audit Team Leader outlined the contents of the report and discussion took place regarding:

- The way that missed collections were logged;
- The use of recycling bring banks;
- The number of leisure centre users;
- Homelessness and the resources available to deal with this;
- Risks that were identified were reviewed annually across all services.

Note: - Report \* previously circulated and attached to Minutes.

### 84 **CONTROL OF PIGEONS (1.51)**

The Committee had before it and **NOTED** a briefing paper \* regarding the Control of Pigeons.

The Environmental Health Officer explained that there was no specific legislation for the control of pigeons so it was necessary to look at what existing legislation fitted with the specific problem. The Environmental Protection Act could be used where there was evidence of an accumulation which would come into direct contact with people and the Anti-Social Behaviour, Crime and Policing Act 2014 could be used if the problem was being caused by the conduct of an individual, such as excessive feeding.

The main work that could be undertaken to reduce problems with pigeons included education regarding the feeding of birds and the proofing of buildings.

The Manor House at Cullompton was discussed and the officer explained that if the pavement was swept clean so that there was no accumulation to come into contact with people then there was no statutory nuisance. Listed building regulations could make proofing the building difficult.

Discussion took place regarding:

- The potential to use a bird of prey to deter pigeons;

- The use of plastic birds of prey which were not thought to be effective in the long term;
- The responsibility for the pigeons lay with the property owner;
- If the property had paying guests and there were accumulations on window sills this may be a nuisance but the residents would need to report the issue to Environmental Health;
- Members could provide photographic evidence of nuisance which could be used to instigate an investigation but evidence would still need to be seen and recorded by Environmental Health Officers.

It was **AGREED** that a further report be prepared for the February meeting of the Committee by which time the specific incident at Cullompton would have been scoped.

Note: - Briefing paper \* previously circulated and attached to Minutes.

#### 85 **IDENTIFICATION OF ITEMS FOR THE NEXT MEETING**

Police Commissioner  
 Performance and Risk  
 Whistleblowing update  
 RIPA six monthly update  
 Draft Budget

(The meeting ended at 4.31 pm)

**CHAIRMAN**

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## Scrutiny 16 January 2017

## Agenda Item

### Budget for 2017/18

**Cabinet Member** Cllr Peter Hare-Scott  
**Responsible Officer** Andrew Jarrett - Director of Finance, Assets & Resources

**Reason for Report:** There is a statutory requirement for Scrutiny to consider the draft budget prior to its final recommendation by the Cabinet.

**RECOMMENDATIONS:** That Scrutiny review the draft 2017/18 budget and make any necessary comments/recommendations to the Cabinet to be considered at its meeting on the 2 February 2017.

**Relationship to Corporate Plan:** This budget is driven by the key priorities contained within the Corporate Plan, which seeks to deliver a wide range of cost effective services. All budget decisions have taken account of these priorities and pledges.

**Financial Implications:** Sound financial management underpins the entire report.

**Legal Implications:** It is a legal requirement to set a balanced budget under the Local Government Act 2003 and for a scrutiny process to be conducted prior to the final recommendation by Cabinet to Full Council.

**Risk Assessment:** The production of the budget has taken full account of prior year figures, current year budget monitoring information, changes in legislation, adequacy/levels of reserves, business risk and assumptions in the Medium Term Financial Plan.

### 1.0 Introduction

1.1 Attached to this report are the generic draft budget reports that were considered by all three of the PDG meetings and the Cabinet in November and December, the draft Housing Revenue Account (HRA) considered at the Decent & Affordable Homes PDG and the recent generic budget update that is going to Cabinet and the PDGs in January.

### 2.0 January Cabinet and PDGs – Budget Update

2.1 Since the first round of budget reports considered in November and December, we now have finalised positions on core Revenue Support Grant, New Homes Bonus, housing rent levels, specific service grants, revised pension contribution

rates and an additional financial budget monitoring report. Due to timing of the Cabinet, PDGs and Scrutiny in January/February we may well need to consider an additional special meeting of Scrutiny if any major changes to the current draft budget are considered.

### **3.0 Conclusion**

- 3.1 Budget scrutiny is an important part of a robust budget setting process and feedback from this meeting will be considered at the final draft budget Cabinet meeting on the 2 February 2017, prior to recommendation to Full Council.

**Contact for more information:** Andrew Jarrett, Director of Finance, Assets & Resources DL 01884 234242

**Background Papers:** None

**File Reference:** None

**Circulation of the Report:** Management Team

**Cabinet**  
**27 October 2016**

## **Draft 2017/18 General Fund and Capital Budgets**

**Cabinet Member** Cllr Peter Hare-Scott  
**Responsible Officer** Andrew Jarrett Director of Finance, Assets & Resources

**Reason for the report:** To consider options available in order for the Council to set a balanced budget for 2017/18 and agree a future strategy for further budget reductions for 2018/19 onwards.

**RECOMMENDATION:** To consider the draft budget proposals for 2017/18 and start to plan for additional savings as identified in the Medium Term Financial Plan.

**Relationship to the Corporate Plan:** To deliver our Corporate Plan's priorities within existing financial resources.

**Financial Implications:** The current budget for the General Fund shows a deficit of £419k. In addition we have predicted a funding deficit of just under £1m on our General Fund by 2020/21. This highlights the need to take steps to plan for further reductions to our ongoing expenditure levels.

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

**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 We have recently applied to the Department of Communities and Local Government for a four year fixed funding settlement which will see the complete removal of the remaining Revenue Support Grant of £1.0m by 2019/20.

1.2 It is worth reflecting that our budgets are affected in a number of ways:

- a) The funding received from central government.
- b) Devon County Council's budget being cut leads to them cutting funding to us, and others, in a variety of ways.
- c) Government departments such as Department of Work and Pensions and Department for Communities and Local Government also have lower budgets and reduce grants.
- d) Changes in customer demand/expectations in the context of the local/national economy.

- 1.3 Although the priority is to balance next year's budget, strategic decisions will need to be made to accommodate reduced funding going forward. So far senior managers will have produced a draft budget based upon "business as usual."
- 1.4 Based on seven years of Public sector austerity many services can no longer continue to reduce cost and still expect "business as usual". We have therefore asked them to consider the impact and risks associated with 10% and 20% savings on their budgets. It is important to remember that some services are statutory and in some cases must breakeven. i.e. we cannot generate a profit. This restricts where savings/cuts can be imposed, section 7 below provides more details.
- 1.5 The proposed savings embodied in the draft budget will need to be agreed by Members, as 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. We 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 our assumptions in the months leading up to February, when the budget has to be finalised. So the current budget gap of £419k 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.
- 1.6 The Council continues to look into opportunities to further reduce operational costs without immediately reducing service levels. However 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.

## 2.0 The Draft 2017/18 Budget

- 2.1 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 General Fund budget gap of £419k (see Appendix 1).
- 2.2 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 2017/18 draft budget.

**Table 1 – Reconciliation of Major 2017/18 Budget Variances**

<b>Variances</b>	<b>Amount £k</b>
<b><i>External items outside of our control</i></b>	
Reduced formula grant settlement	609
Decrease in Housing Benefit Grant	25
Pay award	100
Pension provision	35
Price inflation	50
New Apprenticeship Levy	40
<b><i>Subtotal</i></b>	<b>859</b>



<b>Other changes</b>	
New apprentices	20
DCC sharing of waste	(200)
Market Walk income	(20)
Increased income from CCLA investments	(38)
Increase in Collection Fund surplus	(45)
Contributions from town and parish councils	(8)
Increase Council tax income (£5 rise + new 200 properties)	(176)
Department of Work and Pensions rent	(45)
Additional election monies	(29)
Various additional fee income	(60)
Other net cost pressures (including reflection on 16/17 budget pressures)	161
<b>Draft budget gap for 2017/18</b>	<b>419</b>

2.3 In compiling the 2017/18 draft budget we have also examined budget performance during 2016/17 and then made any relevant budget corrections for staffing changes, levels of income, changes in legislation, increases in inflation, etc.

2.4 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 work has already been undertaken in order to deliver a draft budget gap of £419k. We now are set with two tasks: firstly, to deliver a balanced General Fund budget by February 2017 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 work with town and parish councils will continue.

3.2 After the BREXIT referendum and with effectively a new government there is some uncertainty over the exact level of Formula Grant reduction going forward. The new Chancellor's Autumn Statement will hopefully provide us with a clearer picture of whether the offer of a fixed four year funding settlement is honoured.

### 4.0 Capital Programme

4.1 In addition to this revenue funding pressure, is our ongoing commitment to future capital programmes, not helped by the current 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.

4.2 The draft Capital Programme for 2017/18 is attached at Appendix 5. 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 material projects that are essential maintenance, or asset replacement or income generating/cost reducing.

## **5.0 The November/December PDGs and Cabinet meetings**

5.1 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 2017/18 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.

5.2 Before the next round of PDGs and Cabinet in January the Council will receive formal confirmation regarding its; Formula Grant other emerging legislative changes, more information regarding the 2016/17 budget performance, etc. At this point if any of the initial assumptions/estimates significantly worsen, then we will need to bring further savings options forward for consideration.

## **6.0 Public Consultation**

6.1 Earlier year's consultations have consistently highlighted the three most valued services:

- REFUSE COLLECTION & RECYCLING - First
- PARKS, OPEN SPACES & PLAY AREAS - Second
- ENVIRONMENTAL HEALTH - Third

The three services valued the lowest comprised:

- COMMUNITY GRANTS - First
- PUBLIC CONVENIENCES - Equal second
- COMMUNITY SAFETY - Equal second

6.2 With the Council having to make more challenging decisions with regard to service prioritisation these views and our Corporate Plan should be foremost in determining changes to the base budget.

## **7.0 Statutory, Discretionary Services and the Level of Service Provision**

7.1 Whilst the Council has a legal obligation to perform some activities, others are at the discretion of the elected members, subject to funding. Although some undertakings are clearly statutory and others clearly discretionary, there are some service areas that have elements of both.

7.2 The main *discretionary* services of the Council comprise:

- Business development (although a corporate priority)
- Community development (includes community group grants)
- Leisure facilities
- Parks and open spaces
- Shops and industrial units

## **What can we do to balance the budget?**

- 7.3 An activity's net cost could be changed by one or more of these factors:
- a) Changing the frequency
  - b) Changing the quality, instead of a "Platinum service" we may be forced to offer a "Silver service"
  - c) Increasing fees or start charging for a service
  - d) Reducing the overheads
  - e) Stopping the activity entirely
  - f) Different models of service delivery (including partnership)
- 7.4 Over the last five years the Authority has concentrated its efforts in maintaining frontline service levels across all sectors by reducing overheads. It is now clear that following those budgetary cuts some service areas are struggling to deliver their service plans, within their existing budgets. Indeed in a few cases external reviews have necessitated increasing the resources in a particular service area to meet our legal obligations.

## **What options are available if something is *statutory*?**

- 7.5 Although we cannot stop the function, we may be able to approach it differently in terms of frequency or quality.
- 7.6 Some of our income streams are influenced by external market forces and in setting prices we have to be mindful of the going market rate. Aside from Council tax, the main discretionary income streams are:
- Building control fees
  - Burial fees
  - Car park charges
  - Industrial unit rent
  - Leisure centre fees
  - Licence fees
  - Market tolls
  - Shop rents
  - Planning fees
  - Trade waste fees
  - Garden waste
- 7.7 Any multi million pound business employing staff and utilising assets needs teams to support them and our frontline services are no different.
- 7.8 The key components, some statutory, others essential, include:
- Audit
  - Accountancy
  - Customer First
  - Procurement (Buying goods and services)
  - Human resources (Includes health and safety)
  - IT
  - Legal services

- Property services

7.9 For example our waste service has to have vehicles and depots to operate from, both of which need to be maintained. The staff need to be managed, to be paid, and legislation provides for health and safety considerations. Depots and building such as Phoenix House are fixed costs, although even here we have created savings by renting out some space. The “back office” activities are therefore intrinsically linked to the “frontline” and savings from both areas have continued to be made.

## **8.0 Conclusion**

8.1 The feedback from all of the PDGs and Scrutiny will be reported to the January Cabinet for consideration in order to set a balanced 2017/18 budget and agree a forward plan. Early in the New Year senior management will meet to establish a strategic plan of how £1m 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 priorities contained within the new corporate 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 – Director of Finance, Assets & Resources (01884 234242 / [ajarrett@middevon.gov.uk](mailto:ajarrett@middevon.gov.uk))

**Circulation of the Report:** Management Team, Members and relevant Service Managers

## GENERAL FUND REVENUE ACCOUNT DRAFT BUDGET SUMMARY 2017/18

	Notes	Net Direct Costs Budget 2016/17 £	Budget Changes £	Draft Net Direct Costs Budget 2017/18 £
Cabinet	2,4	3,974,760	278,130	4,252,890
Community	2,4,7	2,593,410	7,420	2,600,830
Economy	2,4	(922,960)	186,840	(736,120)
Environment	2,4	2,413,390	(185,340)	2,228,050
Housing	2,4	1,116,120	93,650	1,209,770
<b>TOTAL NET DIRECT COST OF SERVICES</b>		<b>9,174,720</b>	<b>380,700</b>	<b>9,555,420</b>
Net recharge to HRA	6	(1,265,490)	(11,000)	(1,276,490)
<b>NET COST OF SERVICES</b>		<b>7,909,230</b>	<b>369,700</b>	<b>8,278,930</b>
PWLB Bank loan interest payable		112,030	(5,110)	106,920
Finance Lease interest payable		34,000	2,760	36,760
Provision for the financing of capital spending		400,720	(2,350)	398,370
Interest from Funding provided for HRA		(54,000)	0	(54,000)
Interest Received on Investments	5	(171,000)	(38,000)	(209,000)
Revenue contribution to capital programme		0	0	0
New Homes Bonus		(1,831,460)	0	(1,831,460)
Transfers into earmarked reserves	3	2,745,770	(222,340)	2,523,430
Transfers from earmarked reserves	3	(575,780)	(6,810)	(582,590)
<b>TOTAL BUDGETED EXPENDITURE</b>		<b>8,569,510</b>	<b>97,850</b>	<b>8,667,360</b>
<b>Funded by:-</b>				
Revenue Support Grant		(1,017,260)	519,710	(497,550)
Rural Services Delivery Grant		(463,810)	89,300	(374,510)
Transition Grant		(31,630)	120	(31,510)
NNDR revenue		(2,055,890)	(9,320)	(2,065,210)
NNDR appeals		100,000	(50,000)	50,000
CTS Funding Parishes		55,250	(8,290)	46,960
Collection Fund Surplus		(8,230)	(44,630)	(52,860)
Council Tax - 27,707.03 x £192.15	1	(5,147,940)	(175,970)	(5,323,910)
<b>TOTAL FUNDING</b>		<b>(8,569,510)</b>	<b>320,920</b>	<b>(8,248,590)</b>
<b>REQUIREMENT TO BALANCE THE BUDGET</b>		<b>0</b>	<b>418,770</b>	<b>418,770</b>

**Current Assumptions :**

1. Council Tax has been increased by £5 as an illustration with an increased property growth of 200.
2. 2017/18 salary budgets include an increase of 1%.
3. All earmarked reserves have been reviewed and adjustment made based upon existing need.
4. All income flows have been reviewed and adjusted for changes in demand and unit price.
5. Investment income has been based upon the existing lending criteria now in force.
6. Support services have been inflated in accordance with the pay award.
7. No reductions to grant budgets have been made.
8. Car parking fees are based upon 2016/17 fees and vends.

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GENERAL FUND SUMMARY		FTE	Budget Net Direct Cost	Impact of 10% savings	Impact of 20% savings	FTE	Current Budgeted Net Direct Cost	Movement	+/- %	
	Notes	2016/17	2016/17	2016/17	2016/17	2017/18	2017/18	2017/18	2017/18	
<b>Cabinet</b>										
SCM01	Leadership Team	2.0	165,450	16,545	33,090	5.0	448,430	282,980	171.0%	
SCM03	Corporate Fees/Charges	0.1	149,120	14,912	29,824	0.0	202,310	53,190	35.7%	
SCM06	Pension Backfunding	0.0	825,010	82,501	165,002	0.0	860,010	35,000	4.2%	
SFP01	Accountancy Services	8.5	414,750	41,475	82,950	7.5	337,860	(76,890)	-18.5%	
SFP02	Internal Audit	2.7	100,770	10,077	20,154	2.7	101,700	930	0.9%	
SFP03	Procurement	2.5	75,880	7,588	15,176	2.5	77,390	1,510	2.0%	
SFP04	Purchase Ledger	1.5	46,360	4,636	9,272	1.5	45,480	(880)	-1.9%	
SFP05	Sales Ledger	1.5	43,200	4,320	8,640	1.5	44,580	1,380	3.2%	
SHR01	Human Resources	6.8	275,980	27,598	55,196	6.4	249,820	(26,160)	-9.5%	
SHR02	Mddc Staff Training	0.0	95,400	9,540	19,080	0.0	96,880	1,480	1.6%	
SHR03	Payroll	1.9	62,630	6,263	12,526	1.7	57,020	(5,610)	-9.0%	
SHR04	Learning And Development	1.4	45,300	4,530	9,060	2.4	62,640	17,340	38.3%	
SIT01	It Gazetteer Management	2.0	64,820	6,482	12,964	2.0	65,080	260	0.4%	
SIT03	It Information Technology	12.7	814,490	81,449	162,898	12.7	800,320	(14,170)	-1.7%	
SLD01	Electoral Registration	4.0	155,710	15,571	31,142	4.0	126,740	(28,970)	-18.6%	
SLD02	Democratic Rep And Management	2.8	424,160	42,416	84,832	2.8	439,180	15,020	3.5%	
SLD04	Legal Services	5.5	215,730	21,573	43,146	5.8	237,450	21,720	10.1%	
		<b>55.9</b>	<b>3,974,760</b>	<b>397,476</b>	<b>794,952</b>	<b>58</b>	<b>4,252,890</b>	<b>278,130</b>	<b>7.0%</b>	
<b>Community PDG</b>										
SCD01	Community Development	5.0	414,980	41,498	82,996	0.0	98,700	(316,280)	-76.2%	
SCS20	Customer Services Admin	4.0	108,040	10,804	21,608	4.0	108,030	(10)	0.0%	
SCS22	Customer First	24.2	752,020	75,202	150,404	22.7	682,530	(69,490)	-9.2%	
SES04	Public Health	0.0	22,640	2,264	4,528	1.0	44,370	21,730	96.0%	
SES16	Es Staff Units/Recharges	15.0	557,070	55,707	111,414	15.5	593,750	36,680	6.6%	
SES17	Community Safety	1.5	53,970	5,397	10,794	1.4	57,890	3,920	7.3%	
SES18	Food Safety	0.0	(4,650)	(465)	(930)	0.0	(12,530)	(7,880)	169.5%	
SES21	Licensing	3.0	(12,430)	(1,243)	(2,486)	3.0	(15,470)	(3,040)	24.5%	
SES22	Pest Control	0.0	4,000	400	800	0.0	4,000	0	0.0%	
SES23	Pollution Reduction	0.0	4,230	423	846	0.0	4,240	10	0.2%	
SPR01	Building Regulations	5.6	(2,060)	(206)	(412)	6.1	(5,330)	(3,270)	158.7%	
SPR02	Enforcement	2.5	96,500	9,650	19,300	2.5	102,170	5,670	5.9%	
SPR03	Development Control	22.7	142,100	14,210	28,420	24.3	161,010	18,910	13.3%	
SPR04	Local Land Charges	1.6	(24,600)	(2,460)	(4,920)	1.6	(33,010)	(8,410)	34.2%	
SPR09	Forward Planning	6.5	205,210	20,521	41,042	5.5	199,290	(5,920)	-2.9%	
SPR11	Regional Planning	0.0	92,200	9,220	18,440	0.0	318,340	226,140	245.3%	
SRB01	Collection Of Council Tax	9.3	234,950	23,495	46,990	8.3	227,600	(7,350)	-3.1%	
SRB02	Collection Of Business Rates	1.0	(74,290)	(7,429)	(14,858)	1.0	(76,180)	(1,890)	2.5%	
SRB03	Housing Benefit Admin & Fraud	11.9	118,030	11,803	23,606	11.4	139,530	21,500	18.2%	
SRB04	Housing Benefit Subsidy	0.0	(75,000)	(7,500)	(15,000)	0.0	(75,000)	0	0.0%	
SRB06	Debt Recovery	1.9	62,910	6,291	12,582	2.9	94,380	31,470	50.0%	
SRS01	Recreation And Sport	57.2	(82,410)	(8,241)	(16,482)	57.6	(17,480)	64,930	-78.8%	
		<b>172.9</b>	<b>2,593,410</b>	<b>259,341</b>	<b>518,682</b>	<b>169</b>	<b>2,600,830</b>	<b>7,420</b>	<b>0.3%</b>	
<b>Economy PDG</b>										
SCD02	Economic Development - Markets	2.0	(3,410)	(341)	(682)	2.2	420	3,830	-112.3%	
SCP01	Parking Services	0.0	(616,390)	(61,639)	(123,278)	0.0	(592,390)	24,000	-3.9%	
SES03	Community Safety - C.C.T.V.	0.2	3,030	303	606	0.2	3,060	30	1.0%	
SPR06	Economic Development	2.5	207,720	20,772	41,544	5.3	415,970	208,250	100.3%	
SPS12	GF Properties Shops / Flats	0.0	(513,910)	(51,391)	(102,782)	0.0	(563,180)	(49,270)	9.6%	
		<b>4.7</b>	<b>(922,960)</b>	<b>(92,296)</b>	<b>(184,592)</b>	<b>8</b>	<b>(736,120)</b>	<b>186,840</b>	<b>-20.2%</b>	
<b>Environment PDG</b>										
SES02	Cemeteries	1.5	(47,610)	(4,761)	(9,522)	1.5	(34,850)	12,760	-26.8%	
SES05	Open Spaces	1.2	54,800	5,480	10,960	1.2	82,410	27,610	50.4%	
SGM01	Grounds Maintenance	20.0	562,130	56,213	112,426	20.0	560,950	(1,180)	-0.2%	
SPS03	Flood Defence And Land Drain	0.0	26,430	2,643	5,286	0.0	26,430	0	0.0%	
SPS04	Street Naming & Numbering	0.2	7,910	791	1,582	0.2	7,220	(690)	-8.7%	
SPS07	Public Transport	0.0	(15,080)	(1,508)	(3,016)	0.0	(15,110)	(30)	0.2%	
SPS11	Public Conveniences	1.3	49,300	4,930	9,860	1.3	43,230	(6,070)	-12.3%	
SWS01	Street Cleansing	7.4	322,770	32,277	64,554	7.4	334,720	11,950	3.7%	
SWS02	Waste Collection	29.6	546,720	54,672	109,344	30.6	352,880	(193,840)	-35.5%	
SWS03	Recycling	30.8	730,150	73,015	146,030	30.8	699,380	(30,770)	-4.2%	
SWS04	Waste Management	5.7	175,870	17,587	35,174	4.7	170,790	(5,080)	-2.9%	
		<b>97.7</b>	<b>2,413,390</b>	<b>241,339</b>	<b>482,678</b>	<b>98</b>	<b>2,228,050</b>	<b>(185,340)</b>	<b>-7.7%</b>	
<b>Housing PDG</b>										
SES15	Private Sector Housing Grants	4.6	165,720	16,572	33,144	4.1	163,900	(1,820)	-1.1%	
SHG03	Homelessness Accommodation	6.5	232,470	23,247	46,494	7.4	271,340	38,870	16.7%	
SPS05	Administration Buildings	0.0	260,260	26,026	52,052	0.0	271,090	10,830	4.2%	
SPS06	Mddc Depots	0.0	57,960	5,796	11,592	0.0	62,680	4,720	8.1%	
SPS08	Office Building Cleaning	3.1	59,880	5,988	11,976	3.0	59,750	(130)	-0.2%	
SPS09	Property Services Staff Unit	10.9	339,830	33,983	67,966	10.9	381,010	41,180	12.1%	
		<b>25.1</b>	<b>1,116,120</b>	<b>111,612</b>	<b>223,224</b>	<b>25.4</b>	<b>1,209,770</b>	<b>93,650</b>	<b>0.4</b>	
<b>GRAND TOTAL</b>		<b>356.3</b>	<b>9,174,720</b>	<b>917,472</b>	<b>1,834,944</b>	<b>358.1</b>	<b>9,555,420</b>	<b>380,700</b>	<b>0.2</b>	
<b>Net recharge to HRA</b>			(1,265,490)				(1,276,490)	(11,000)	0.9%	
	PWLB Bank Loan Interest Payable		112,030				106,920	(5,110)	-4.6%	
	Finance Lease Interest Payable		34,000				36,760	2,760	8.1%	
	Provision for the Financing of Capital Spending		400,720				398,370	(2,350)	-0.6%	
	Interest Received on Investments		(171,000)				(209,000)	(38,000)	22.2%	
	Interest from Funding provided for HRA		(54,000)				(54,000)	0	0.0%	
	Revenue Contribution to Capital Programme		0				0	0	#DIV/0!	
	New Homes Bonus		(1,831,460)				(1,831,460)	0	0.0%	
	Transfers into Earmarked Reserves	APP 3	2,745,770				2,523,430	(222,340)	-8.1%	
	Transfers from Earmarked Reserves	APP 4	(575,780)				(582,590)	(6,810)	1.2%	
<b>Funded by:-</b>										
	Revenue Support Grant		(1,017,260)				(497,550)	519,710	-51.1%	
	Rural Services Delivery Grant		(463,810)				(374,510)	89,300	-19.3%	
	Transitional Grant		(31,630)				(31,510)	120	-0.4%	
	NNDR		(2,055,890)				(2,065,210)	(9,320)	0.5%	
	NNDR Appeals		100,000				50,000	(50,000)	-50.0%	
	CTS Funding Parishes		55,250				46,960	(8,290)	-15.0%	
	Collection Fund Surplus		(8,230)				(52,860)	(44,630)	542.3%	
	Council Tax (27,707.03 x £192.15)		(5,147,940)				(5,323,910)	(175,970)	3.4%	
	<b>Total Budget</b>		<b>0</b>				<b>418,770</b>	<b>418,770</b>	<b>#DIV/0!</b>	
<b>Projected Budget Overspend 2016/17</b>			<b>296,892</b>							
<b>GF Balance B/F</b>			(2,211,036)				(1,914,144)			
<b>GF Balance C/F</b>			(1,914,144)				(1,495,374)			

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2017/18 BUDGETS

Appendix 3

Transfers into Earmarked Reserves

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SERVICE	MAINT 17/18 BUDGET	PLANT 17/18 BUDGET	EQUIPMENT 17/18 BUDGET	VEHICLES 17/18 BUDGET	OTHER 17/18	NEW HOMES BONUS	Market Walk /Fore Street Surplus	
CS500				1,440				
CS900			5,000					
CS902			2,500					
CS910			250					
CS932			5,000					
ES100	25,000							
ES450	25,000							
ES450				1,200				
ES580				4,320				
ES730				2,950				
GM960				38,050				
GM960		14,360						
IT800			9,700					
LD201					20,000			
LD300			5,000					
PS350				1,120				
PS980				7,400				
WS650				56,470				
WS700				213,980				
WS710				21,720				
WS725				158,810				
WS725			20,000					
WS770	2,700							
							50,000.00	
NHB						1,831,460.00		
<b>TOTAL</b>	<b>52,700.00</b>	<b>14,360.00</b>	<b>47,450.00</b>	<b>507,460.00</b>	<b>20,000.00</b>	<b>1,831,460.00</b>	<b>50,000.00</b>	<b>2,523,430.00</b>
<b>2016/17</b>	<b>80,000.00</b>	<b>14,360.00</b>	<b>46,640.00</b>	<b>550,900.00</b>	<b>20,000.00</b>	<b>1,831,460.00</b>	<b>202,410.00</b>	<b>2,745,770.00</b>
<b>Movement</b>	<b>(27,300)</b>	<b>-</b>	<b>810</b>	<b>(43,440)</b>	<b>-</b>	<b>-</b>	<b>(152,410)</b>	<b>(222,340)</b>

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**2017/18 BUDGETS**

**Appendix 4**

**Transfers from Earmarked Reserves**

<b>SERVICE</b>	<b>UTILISE NHB</b>	<b>OTHER</b>	
CD200	(45,000)		
CS938	(23,180)		
LD600	(16,180)		
PR200	(294,000)		
PR400	(21,730)		
PR400	(40,700)		
PR400	(100,000)		
ES361		(19,700)	
EQ638		(4,170)	
EQ640		(1,950)	
EQ641		(1,630)	
EQ642		(4,620)	
EQ643		(6,650)	
EQ644		(3,080)	
<b>TOTAL</b>	<b>(540,790)</b>	<b>(41,800)</b>	<b>(582,590)</b>
<b>2016/17</b>	<b>(325,780)</b>	<b>(250,000)</b>	<b>(575,780)</b>
<b>Movement</b>	<b>(215,010)</b>	<b>208,200</b>	<b>(6,810)</b>

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£k

**Estates Management**

**Exe Valley Leisure Centre**

Exe Valley Leisure Centre - Replenish sand filters 25

**Culm Valley sports centre**

CVSC replace end of life AC for fitness Gym 30

**Total 55**

**Other MDDC Buildings**

**Pannier Market**

Pannier Market- Improvement Project back log maintenance 60

**MDDC Shops/industrial Units**

Energy Assessment works - new legislation - Indust Units/Shops/Mkt Walk 50

**Play Areas**

Play area refurbishment District wide - Amory Park Tiverton 50

**Other Projects**

Crediton Office - Structural improvement work 30

**General Fund Development Schemes**

Rear of Town Hall development site (6 Houses, 24 Apartments) 5,114

**Total 5,304**

**Economic Development Schemes**

Tiverton Pannier Market awnings & canopy 150

Harlequin Valley Project 200

Tiverton Town Centre improvements 40

**Total 390**

**ICT Projects**

Replacement PC estate

Unified Comms/telephony 107

Digital Transformation replacement of CRM 50

Secure Wifi replacement 50

Parking System Replacement 40

Replacement Queue System 30

Core System Refreshes - Revs/Bens 20

Replacement Estates/Property Systems 50

**Total 347**

### Affordable Housing Projects

Grants to housing associations to provide houses (covered by Commuted Sums) 115  
Affordable Housing initiative

**Total 115**

### Private Sector Housing Grants

Empty homes and enforcement 104  
Disabled Facilities Grants–P/Sector 490

**Total 594**

### Street Cleansing

Medium Sweeper (Street Cleansing) 70

### Grounds Maintenance

Van Tipper 26  
Ransomes Mower 35

**Total 131**

**TOTAL GF PROJECTS 6,936**

### HRA Projects

#### Existing Housing Stock

Major repairs to Housing Stock 2,275  
Renewable Energy Fund 100  
Disabled Facilities Grants - Council Houses 299

#### Housing Development Schemes

Land Banking for Affordable Housing 2,100

#### HRA ICT Projects

Repairs - mobile replacement (HRA) 30  
Tenancy Mobile (HRA) 40

**Total 4,844**

#### HRA Replacement Vehicles

Van Tipper 4.5T (Responsive Repairs) 32

**Total 32**

**TOTAL HRA PROJECTS 4,876**

**GRAND TOTAL GF + HRA 11,812**

### MDDC Funding Summary

	2017-18
	£k
<b>EXISTING FUNDS</b>	
Capital Grants Unapplied Reserve	605
Capital Receipts Reserve	1,091
Earmarked Reserves	2484
Miscellaneous Funding	2,518
<b>Subtotal</b>	<b>6,698</b>
<b>NEW FUNDS</b>	
Borrowing	5,114
Revenue Contributions	0
<b>Subtotal</b>	<b>5,114</b>
<b>TOTAL FUNDING</b>	<b>11,812</b>

# Cabinet & Policy Development Groups

## 5 January 2017

### Budget 2017/18 - Update

<b>Portfolio Holder</b>	Cllr Peter Hare-Scott
<b>Responsible Officer</b>	Director of Finance, Assets and Resources Andrew Jarrett
<b>Reason for Report:</b>	To consider options available in order for the Council to move towards a balanced budget for 2017/18.
<b>RECOMMENDATION:</b>	To consider and agree the updated budget proposals for 2017/18 included in Appendix 1.
<b>Relationship to Corporate Plan:</b>	To deliver our Corporate Plan's priorities within existing financial resources.
<b>Financial Implications:</b>	Now the Council has received notification of its Formula Grant Settlement it is imperative that it matches current and ongoing expenditure plans to estimated sources of income/funding.
<b>Legal Implications:</b>	It is a statutory requirement for the Local Authority to set a balanced budget.
<b>Risk Assessment:</b>	Service managers and Finance staff have assessed volatility in income and large contractor budgets, taking account of current and estimated future demand patterns. This position has been revised based on an additional two months of financial monitoring information. In addition prudent levels of reserves will also continue to be maintained.

#### 1.0 Introduction

- 1.1 On the 15 December 2016 the Council received formal confirmation of its Formula Grant Settlement. Our provisional formula grant award for 2017/18 amounts to **£2.6m**. This is unlikely to change significantly and is exactly what we first estimated based upon the indicative four year settlement provided last December by Central Government.
- 1.2 As a direct consequence this increased the draft 2017/18 General Fund budget deficit. However it is both prudent and a legal obligation that we set a balanced budget and therefore further savings will be required.

#### 2.0 2017/18 General Fund Budget - Revised Position

- 2.1 Since the first round of PDGs and Cabinet meetings the Finance team and service managers have been revisiting a range of budgets to deliver more savings or increase income levels.

- 2.2 Further review identified a further **£510k** of cost pressures since November, but the Finance team and service managers have worked very hard to identify a further **£697k** of savings, together with further potential savings for members to consider.
- 2.3 This process has improved the General Fund budget by a net **187k** (see **Appendix 1**) and now only leaves a budget gap of **£231k**. This reflects a lot of hard work and constructive negotiation over the past 2 months. The changes made to the budget are summarised at **Appendix 6**. **Appendices 2, 3 and 4** show the current position for the general fund and the transfers to and from earmarked reserves.
- 2.4 Given the deficit of £231k further budgetary savings are required to balance the budget and further potential savings are outlined at **Appendix 7**.
- 2.5 There are some further considerations, both cost pressures and potential savings which as yet have not been quantified and these are identified at **Appendix 8**.

### **3.0 Conclusion**

- 3.1 The Council still has approximately one month until the Cabinet will meet on the 2 February 2017 to formally recommend the overall budget and level of Council Tax for 2017/18 and officers will continue to work towards delivering a balanced budget position.
- 3.2 To date we have used the New Homes Bonus grant to fund economic development projects, help fund our capital programme and to fund certain “one off” revenue projects. Some other local authorities are already using the New Homes Bonus grant to various degrees to help fund their day to day spending (revenue expenditure).
- 3.3 Unfortunately in the draft local government settlement the government announced that in future the New Homes Bonus will no longer continue to be awarded for six years, it will gradually taper to five and then four years.

In addition the government have introduced a baseline whereby Councils must build a de minimis number of properties before they become eligible to receive New Homes Bonus, referring to this as a “baseline” set at 0.4% of the property base. The money saved will be used to help fund social care in the higher tier authorities. In our 2017/18 settlement it appears our baseline has been set at 148 properties. As a result our provisional New Homes Bonus award for 2017/18 is **£1.72m**, £110k lower than that received in 2016/17.

- 3.4 We could fund some of the budget deficit from this grant. However if the reserve is utilised in this manner there will be less monies available to fund future capital and economic projects and we will ultimately need to potentially manage with circa £1m less New Homes Bonus funding from 2018/19 onwards.
- 3.5 It is also worth mentioning that as a district we are comparatively poor in terms of assets with much of the capital programme funded from “Right to Buy”



receipts and the New Homes Bonus grant. We do not have a large portfolio of surplus assets which we could sell and use for new capital projects, some of which could reduce our annual running costs.

- 3.6 Members have now approved a draft Corporate plan with key defined focus areas, the question is how those aspirations can be met with a *sustainable* budget base, ideally with as much as possible under our own control. Going forward difficult and challenging decisions on the scope and extent of service delivery will be required to meet this objective.

**Contact for more information:** Andrew Jarrett – Director of Finance, Assets and Resources  
**Background Papers:** Draft 2017/18 Budget Papers  
Grant Settlement Email  
**File Reference:**  
**Circulation of the Report:** Management Team, Members & Relevant Service Managers

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## GENERAL FUND REVENUE ACCOUNT DRAFT BUDGET SUMMARY 2017/18

	Notes	Net Direct Costs Budget 2016/17 £	Nov Draft Net Direct Costs Budget 2017/18 £	Budget Changes from Nov £	New Draft Net Direct Costs Budget 2017/18 £
Cabinet	2,4	3,974,760	4,252,890	88,350	4,341,240
Community	2,4,7	2,593,410	2,600,830	30,510	2,631,340
Economy	2,4,8	(922,960)	(736,120)	35,290	(700,830)
Environment	2,4	2,413,390	2,228,050	(26,090)	2,201,960
Housing	2,4	1,116,120	1,209,770	(74,600)	1,135,170
<b>TOTAL NET DIRECT COST OF SERVICES</b>		<b>9,174,720</b>	<b>9,555,420</b>	<b>53,460</b>	<b>9,608,880</b>
Net recharge to HRA	6	(1,265,490)	(1,276,490)	32,550	(1,243,940)
<b>NET COST OF SERVICES</b>		<b>7,909,230</b>	<b>8,278,930</b>	<b>86,010</b>	<b>8,364,940</b>
PWLB Bank loan interest payable		112,030	106,920	0	106,920
Finance Lease interest payable		34,000	36,760	0	36,760
Provision for the financing of capital spending		400,720	398,370	0	398,370
Interest from Funding provided for HRA		(54,000)	(54,000)	0	(54,000)
Interest Received on Investments	5	(171,000)	(209,000)	(45,000)	(254,000)
Revenue contribution to capital programme		0	0	0	0
New Homes Bonus		(1,831,460)	(1,831,460)	109,480	(1,721,980)
Transfers into earmarked reserves	3	2,745,770	2,523,430	(105,480)	2,417,950
Transfers from earmarked reserves	3	(575,780)	(582,590)	(50,000)	(632,590)
<b>TOTAL BUDGETED EXPENDITURE</b>		<b>8,569,510</b>	<b>8,667,360</b>	<b>(4,990)</b>	<b>8,662,370</b>
<b>Funded by:-</b>					
Revenue Support Grant		(1,017,260)	(497,550)	0	(497,550)
Rural Services Delivery Grant		(463,810)	(374,510)	0	(374,510)
Transition Grant		(31,630)	(31,510)	0	(31,510)
NNDR revenue		(2,055,890)	(2,065,210)	(150,000)	(2,215,210)
NNDR appeals		100,000	50,000	0	50,000
CTS Funding Parishes		55,250	46,960	0	46,960
Collection Fund Surplus		(8,230)	(52,860)	0	(52,860)
Council Tax - (27,876.12 x £192.15)	1	(5,147,940)	(5,323,910)	(32,480)	(5,356,390)
<b>TOTAL FUNDING</b>		<b>(8,569,510)</b>	<b>(8,248,590)</b>	<b>(182,480)</b>	<b>(8,431,070)</b>
<b>REQUIREMENT TO BALANCE THE BUDGET</b>		<b>0</b>	<b>418,770</b>	<b>(187,470)</b>	<b>231,300</b>

**Current Assumptions :**

1. Council Tax has been increased by £5 as an illustration with an increased property growth of 169.
2. 2017/18 salary budgets include an increase of 1%.
3. All earmarked reserves have been reviewed and adjustment made based upon existing need.
4. All income flows have been reviewed and adjusted for changes in demand and unit price.
5. Investment income has been based upon the existing lending criteria now in force.
6. Support services have been inflated in accordance with the pay award.
7. No reductions to grant budgets have been made.
8. Car parking fees are based upon 2016/17 fees and vends.

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2017/18 BUDGETS

Appendix 3

Transfers into Earmarked Reserves

SERVICE	MAINT 17/18 BUDGET	PLANT 17/18 BUDGET	EQUIPMENT 17/18 BUDGET	VEHICLES 17/18 BUDGET	OTHER 17/18	NEW HOMES BONUS	Market Walk /Fore Street Surplus
CS500				1,440			
CS900			5,000				
CS902			2,500				
CS910			250				
CS932			5,000				
ES100	25,000						
ES450	25,000						
ES450				1,200			
ES580				4,320			
ES660			4000				
ES730				2,950			
GM960				38,050			
GM960		14,360					
IT800			9,700				
LD201					20,000		
LD300			5,000				
PS350				1,120			
PS980				7,400			
WS650				56,470			
WS700				213,980			
WS710				21,720			
WS725				158,810			
WS725			20,000				
WS770	2,700						50,000.00
NHB						1,721,980.00	
<b>TOTAL</b>	<b>52,700.00</b>	<b>14,360.00</b>	<b>51,450.00</b>	<b>507,460.00</b>	<b>20,000.00</b>	<b>1,721,980.00</b>	<b>50,000.00</b>

2,417,950.00

2,745,770.00

2016/17

80,000.00 14,360.00 46,640.00 550,900.00 20,000.00 1,831,460.00 202,410.00

Movement

(27,300) - 4,810 (43,440) - (109,480) (152,410) (327,820)

**2017/18 BUDGETS**

**Appendix 4**

**Transfers from Earmarked Reserves**

SERVICE	UTILISE NHB	OTHER
CD200	(45,000)	
CS938	(23,180)	
LD600	(16,180)	
PR200	(294,000)	
PR400	(21,730)	
PR400	(40,700)	
PR400	(100,000)	
PR800	(30,000)	
RB600		(20,000)
ES361		(19,700)
EQ638		(4,170)
EQ640		(1,950)
EQ641		(1,630)
EQ642		(4,620)
EQ643		(6,650)
EQ644		(3,080)
<b>TOTAL</b>	<b>(570,790)</b>	<b>(61,800)</b>

**2016/17** (325,780) (250,000) (575,780)

**Movement** (245,010) 188,200 (56,810)



£k

**Estates Management**

**Exe Valley Leisure Centre**

Exe Valley Leisure Centre - Replenish sand filters 25

**Culm Valley sports centre**

CVSC replace end of life AC for fitness Gym 30

**Total 55**

**Other MDDC Buildings**

**Pannier Market**

Pannier Market - Improvement Project back log maintenance 60

**MDDC Shops/industrial Units**

Energy Assessment works - new legislation - Indust Units/Shops/Mkt Walk 50

**Play Areas**

Play area refurbishment District wide - Amory Park Tiverton 50

**Other Projects**

Crediton Office - Structural improvement work 30

**General Fund Development Schemes**

Rear of Town Hall development site (6 Houses, 24 Apartments) 5,114

**Total 5,304**

**Economic Development Schemes**

Tiverton Pannier Market awnings & canopy (Note 1 ) 0

Harlequin Valley Project (Note 1) 0

Tiverton Town Centre improvements (Note 1) 0

**Total 0**

**ICT Projects**

Replacement PC estate

Unified Comms/telephony 107

Digital Transformation replacement of CRM 50

Secure Wifi replacement 50

Parking System Replacement 40

Replacement Queue System 30

Core System Refreshes - Revs/Bens 20

Replacement Estates/Property Systems 50

**Total 347**

**Affordable Housing Projects**

Grants to housing associations to provide houses (covered by Commuted Sums) 115

Affordable Housing initiative

**Total 115**

**Private Sector Housing Grants**

Empty homes and enforcement 104

Disabled Facilities Grants–P/Sector 490

**Total 594**

### Street Cleansing

Medium Sweeper (Street Cleansing) 70

### Grounds Maintenance

Van Tipper 26

Ransomes Mower 35

**Total 131**

### Miscellaneous

A361 junction to facilitate Eastern Urban Extension (funded by s106) **1,750**

**TOTAL GF PROJECTS 8,296**

### HRA Projects

#### Existing Housing Stock

Major repairs to Housing Stock 2,278

Renewable Energy Fund 100

Disabled Facilities Grants - Council Houses 299

#### Housing Development Schemes

Land Banking for Affordable Housing 0

#### HRA ICT Projects

Repairs - mobile replacement (HRA) 30

Tenancy Mobile (HRA) 40

**Total 2,747**

#### HRA Replacement Vehicles

Van Tipper 4.5T (Responsive Repairs) 32

**Total 32**

**TOTAL HRA PROJECTS 2,779**

**GRAND TOTAL GF + HRA 11,075**

### MDDC Funding Summary

	2017-18
	£k
<b>EXISTING FUNDS</b>	
Capital Grants Unapplied Reserve	605
Capital Receipts Reserve	1,091
Earmarked Reserves	2,487
Miscellaneous Funding	3,878
<b>Subtotal</b>	<b>8,061</b>
<b>NEW FUNDS</b>	
Borrowing	3,014
Revenue Contributions	0
<b>Subtotal</b>	<b>3,014</b>
<b>TOTAL FUNDING</b>	<b>11,075</b>

### Notes

1. These projects are subject to satisfactory business cases being produced.

**2017/18 Budget Movements from Budget 5 to Budget 6**

**Appendix 6**

Ref	Code	Code Description	Description of change	Cost Pressures	Savings	2017/18 Draft Budget
			<b>ORIGINAL NOVEMBER PDG BUDGET - Budget 5</b>			<b>418,770.0</b>
1			Business rates - Solar and Pool Benefit		(150,000)	
2	TREMIR		Decrease in New Homes Bonus		(109,480)	
3	W5725 various	Recycling	Increase in price and tonnages		(81,290)	
4	IE2907440	Treasury	Another £1m with CCLA		(45,000)	
5	PS860	Station Yard	Rental income and removal of operational budget		(34,560)	
6			Council tax Base Increase (27,876.12-27,707.03) x £192.15		(32,480)	
7	TREMIR	Planning	Exeter Strategic post funded from New Homes Bonus		(30,000)	
8	FP100	Accountancy	A post reducing hrs & revised membership costs		(21,280)	
9	TREMIR (IE930-	Revenues Recovery Team	Re RB600 Post to be made permanent - £20k taken from EMR		(20,000)	
10	HG320	Homelessness	Discretionary rent allowances		(20,000)	
11	PS990	Property Services	Rent from Coggans Well House (PwLB loan instalments shown below)		(20,000)	
12	GM960	Grounds Maintenance	Reduction in the Tree Works budget as looking to do more in-house		(17,000)	
13			Development control fees		(15,000)	
14	RB100-7442	Council Tax recovery	Single Occupancy Discount Penalties £14k (200 * £70)		(14,000)	
15	RB350-7415	HB DWP UCDP	Funding from DWP for MDDC assistance in supporting Universal Credit		(13,000)	
16			Remove an apprentice budget		(12,050)	
17	RB100-7406	Council Tax recovery	Change to charging for court costs £12k - no longer remit £20 if paid between summons & court date (200 * £60)		(12,000)	
18	PS830	Town Hall	Reduction in costs if Town Council take over		(8,780)	
19	IT300	Central Telephones	Review potential telephony savings		(8,500)	
20	IT400	ICT	Cheaper internet provider 17-18		(8,000)	
21	PS970	Town Hall	Post no longer required as transfer of building to Town Council		(6,260)	
22			Additional cont. from Cull TC & DCC for Cull grass cutting - £5k		(5,000)	
23	PS8102301	Phoenix House	Reduced electricity budget to take account for the spend to save exercise on LED lighting which increased £121 in 17/18 by 20k pay back period 5 years.		(5,000)	
24			Savings from skip budget (£6.5 - £1.7 TW & £2k adhoc skips)		(2,800)	
25	CM600	Grounds Maint	Legacy payment made to widow has ceased		(2,600)	
26	PR400	Backfunding	Community engagement budget not required		(2,500)	
27	ES733	E/Health	Decrease in pension job sharing		(730)	
			<b>Total Savings</b>		<b>(697,310)</b>	<b>(697,310)</b>
28	IE		Decrease in New Homes Bonus	109,480		
29	W5700	Refuse	Adjust Garden Waste Income budget in line with take up	50,000		
30			Review of 17/18 forecast	50,000		
31	CM600	Backfunding	Pension backfunding increase	44,100		
32	HR200	Training Budgets	Increase to training budget	35,000		
33	CD300	Markets	Reviewed Market budget. Mainly income. Any plans to increase? Pig Pens + Events	34,000		
34			Adjustment to net HRA recharges	32,550		

**2017/18 Budget Movements from Budget 5 to Budget 6**

**Appendix 6**

Ref	Code	Code Description	Description of change	Cost Pressures	Savings	2017/18 Draft Budget
35	PR8104507	Statutory Planning	Strategic Partnership Exeter Post (Fixed term 18m) - now only E30k			
36	WS710	TW	Increase disposal cost budget	30,000		
37	CM300	Corporate	Superannuation - Current year (14.4% to 14.8%)	27,000		
38	PS992	Market Walk	Rent review assuming 2 vacant unit	24,620		
39	LD600	Legal	Restructure with new Legal services Manager and Monitoring Officer	12,870		
40			PWLB Loan repayment - Coggans Well (Rent shown above)	12,050		
41				10,920		
41		ICT	Mobile phone contract - purchase of mobiles across general fund services only	10,000		
42	CM100	Leadership team	Apprentice - was this included in Planning budget	7,810		
43	HR100	Human Resources	Increase in HR/Payroll Licence fee	6,200		
44	PR600		Income budget for introduction of CIL reduced	5,000		
45	ES660	Control of Pollution	Set up sinking fund for replacement noise equipment.	4,000		
46	ES450	Play Areas	Reduction in Play Area income contributions from Towns & Parishes	3,000		
47		Economic Development	what about other 3 grants that are reviewed? GWC, Mus & TIC	1,000		
48	PR1004698	Bldg. Control	Lone Working Support - Taunton Deane Call Centre	240		
			<b>Total Cost Pressures</b>	<b>509,840</b>		<b>509,840</b>
			<b>REVISED 2017/18 GENERAL FUND BUDGET DEFICIT</b>			<b>231,300.0</b>

**Capital Programme 17/18 Changes since MTFP (Cabinet 27/10/16)**

**Total Capital Programme Budgeted Spend 17/18 per MTFP report 27/10/16 Cabinet**

11,812,000

**Changes**

A361 Junction to facilitate EUE development (funded from future s106 receipts as development occurs)

1,750,000

Removal of 3 Economic Development Projects - Reports/Business Cases to be considered by Cabinet during 17/18 to consider commercially viable:

- Tiverton Pannier Market Awnings/Canopy
- Harlequin Valley Project
- Tiverton Town Centre Improvements

(150,000)  
(200,000)  
(40,000)

Removal of Land banking for Affordable Housing - to be considered when site becomes available

(2,100,000)

Major Repairs to Housing Stock - Budget adjusted from £2,275k to £2,278k

3,000

**Revised Capital Programme Budgeted Spend 17/18**

**11,075,000**

Ref Code	Code description	Description of change	Increase/Decrease
1			
2	Various	Car park charging options - Pay and Display options, new machines, free parking and amenity car parks	-50,000
3	CD200/PR400	Potential business rate increases - but what about Transitional Relief?	-15,000
4	IT400	Review of grants - reduce in line with government funding reductions 15% - don't forget grants moved to Econ/leisure heading	-16,000
5	ES100	Cease contract with external Disaster Recovery.	-9,600
6	ES100	Changes to CTR scheme - major preceptors contribution to recovery	-12,000
7	PS994	Review of cemetery fees	-11,800
8	ES460	Budget for Solar Income	-5,000
9	ES460	Income from Electric charging points	-5,000
10		Review of facilities	-4,000
		Air quality equip in Crediton	-3,500
		<b>TOTAL</b>	<b>-131,900</b>

2017/18 Undefined Savings/Cost Pressures/Items for Consideration

Appendix 8

Ref	Code	Code description	Description of change
1			With loss of NHB to underpin capital
2			Handyman/small works team?
3	WS770	Carlu Close	Annual rent from DCC for Waste Transfer Station
4	CP520	MSCP	Consideration of potential lost revenue due to Premier Inn works ?
5			Govt Housing White Paper - DC to increase charges to break even?
6			Business Transformation savings?
7			Profit re-invested from SPV - not until 17/18
8			Revised Housing Benefit admin subsidy received 21/12/16
9	WS725	Recycling	Review shredding grant

## **Draft 2017/18 Housing Revenue Account (HRA) Budget**

**Cabinet Member** Cllr Peter Hare-Scott  
**Responsible Officer** Andrew Jarrett Director of Finance, Assets & Resources

**Reason for the report:** To consider options available in order for the Council to set a balanced budget for 2017/18 and agree a future strategy for further budgetary planning for 2018/19 onwards.

**RECOMMENDATION:** To consider the draft budget proposals for 2017/18 and note the proposed balanced position at this time.

**Relationship to the Corporate Plan:** To deliver our Corporate Plan's priorities within existing financial resources.

**Financial Implications:** The Housing Revenue Account currently has a balanced budget for 2017/18.

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

**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 HRA is a ring-fenced account within Mid Devon's financial accounting system. This means that a balanced budget must be set each year including all income and expenditure pertinent to the Council's landlord function and excluding all other income and expenditure (since this would be captured as part of the General Fund budget).
- 1.2 This report will set out management's proposals for a draft HRA budget for 2017/18 and members will see from Appendix 1 that, as it stands, the budget has been balanced and so nets to nil. The report will outline the key issues affecting the HRA today, along with how they impact on the setting of a budget for 2017/18. The report will go on to make recommendations to members to note its content and to highlight issues expected to affect the HRA in the future.

### **2.0 Key Issues**

#### Right to Buy Property Sales

- 2.1 Central government have imposed a Right to Buy (RTB) policy on local authority landlords which is extremely generous to the tenant but which is detrimental to the running of an HRA. The result of this is of course that

tenants are incentivised to exercise their right to buy and each time they do, our rent income reduces and the sale proceeds received are small.

- 2.2 At present, a tenant could pay as little as £30,000 for a £100,000 house. In such a case as this, the Council would retain only a portion of this as some of the money has to be returned to central government. If we then fail to spend sufficient funds on building new homes during the subsequent three years, still more of the sales proceeds have to be returned to central government.

#### Rent decrease

- 2.3 In 2015 central government announced that social and affordable rents would decrease by 1% each year for the four years from 2016/17 to 2019/20. The budget being set for 2017/18 is the second year of this policy and so there are two further years to run beyond this one. What rent policy will be thereafter is not known at this time.
- 2.4 The difficulty this gives Mid Devon is that, whilst we currently have sufficient funds to carry out the day-to-day running of the service, we are not generating sufficient funds to build new homes at the rate that central government demands of us.

#### Other income

- 2.5 Management have proposed to increase garage rents slightly by ten pence per week (0.9%) to £11.10. It is considered sensible to maintain such a minor increase since a larger one is likely to lead to a reduction in customer numbers.
- 2.6 Community alarms are set to be frozen a £3.76 per week since this is considered to be on a par with what competitors are charging. However, it is proposed to increase the charge made to former sheltered properties from £3.00 to £3.30 (10.0%) since this is essentially the same service being offered at a lower rate. Ultimately, we would seek to synchronise these charges so that all customers are paying a single rate.

#### Direct Labour Operation (DLO) carrying out non-DLO works

- 2.7 Each year any low demand periods experienced by our operatives are put to good use by carrying works that might otherwise require Mid Devon to use an external contractor and so incur additional cost. In doing so, the Repairs team are able to transfer a significant amount of their costs to the relevant area and thus reducing the overall DLO budget.
- 2.8 For 2017/18, the DLO have budgeted to transfer £1,042k of their costs to other areas as well as £400k of disabled adaptations work. This is a huge achievement as well as the obviously demanding task of maintaining an excellent repairs service.

### **3.0 Recommendation**

- 3.1 It is recommended that members of the group consider the proposals for this draft HRA budget along with the details laid out in this report. It is also recommended that members note that this report proposes a balanced budget for 2017/18. This is positive in that it means that there are no savings yet to be found to balance the budget.



3.2 However, it should be noted that some items within the budget may change between now and the final budget being agreed by Full Council and these changes could come as a result of members suggestions, management proposals or central government instructions.

#### **4.0 Future Issues**

4.1 Universal Credit has been the biggest uncertainty in social housing for the last few years and continues to be so. It is not clear exactly what the impact of full transition will be for Mid Devon's landlord function and nor is it clear when we can expect to see this impact.

4.2 Following 2017/18, there will be two further years of rent decreases at 1.0% per year. After that, it is unclear what rent policy central government will set out for us to follow. Clearly, the costs of running the service will increase with inflation over the coming years and so it is hoped that a sensible rent policy will be set to reflect the funding required to meet this cost.

#### **5.0 Conclusion**

5.1 This report has set out a proposed balanced budget for the HRA for 2017/18, with appendices attached showing the following.

1. The overall makeup of the budget at summary level
2. The proposed rent for 2017/18
3. The proposed fees and charges for 2017/18
4. An extract from the Planned & Cyclical Maintenance budget

5.2 It has been recommended above that members note the contents of this report and details of the proposed budget. A further set of proposals will be brought before this group in January 2017 prior to approval by Full Council in February 2017.

**Contact for more information:**

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**Circulation of the Report:**

Management Team, Members and relevant Service Managers

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## Appendix 1

### Analysis by service

Code	Service unit	Previous Year Outturn	Current Year Budget	Movement	Proposed Budget 2017/18
<b>Income</b>					
SHO01	Dwelling Rents Inc	(12,779,940)	(12,593,760)	225,170	(12,368,590)
SHO04	Non Dwelling Rents Inc	(549,947)	(554,070)	(17,350)	(571,420)
SHO06	Tenant'S Ch For Services	(46,313)	(42,360)	42,010	(350)
SHO07	Leaseholders' Ch For Serv	(21,952)	(23,540)	1,900	(21,640)
SHO08	Contributions Towards Exp	(44,518)	(33,720)	0	(33,720)
SHO09	Alarm Income - Non Tenants	(194,509)	(194,660)	(14,860)	(209,520)
SHO10	H.R.A. Investment Income	(42,103)	(40,000)	0	(40,000)
SHO11	Misc. Income	(142,628)	(19,000)	0	(19,000)
<b>Services</b>					
SHO13A	Repairs & Maintenance	2,892,640	3,214,780	(8,970)	3,205,810
SHO17A	Housing & Tenancy Services	1,243,870	1,354,750	(59,470)	1,295,280
SHO22	Alarms & L.D. Wardens	127,540	152,200	(30,500)	121,700
<b>Accounting entries 'below the line'</b>					
SHO29	Bad Debt Provision	(3,034)	25,000	0	25,000
SHO30	Share Of Corp And Dem	222,429	177,400	8,000	185,400
SHO32	H.R.A. Interest Payable	1,300,619	1,268,030	(53,530)	1,214,500
SHO34	H.R.A. Trf To/From Emr	3,006,048	2,393,010	418,800	2,811,810
SHO36	H.R.A. R.C.C.O.	590,196	24,000	8,000	32,000
SHO37	Capital Receipts Res Adj	(24,700)	(20,800)	(5,200)	(26,000)
SHO38	Major Repairs Allowance	2,390,468	2,800,000	(525,000)	2,275,000
SHO45	Renewable Energy Transactions	(136,027)	(130,000)	0	(130,000)
<b>NET DIRECT TOTAL</b>		<b>(2,216,729)</b>	<b>(2,242,740)</b>	<b>(11,000)</b>	<b>(2,253,740)</b>

### Subjective analysis

Code	Service unit	Previous Year Outturn	Current Year Budget	Movement	Proposed Budget 2017/18
1000	Employees	2,434,055	2,350,280	(70,420)	2,279,860
2000	Premises	143,308	166,070	(1,040)	165,030
3000	Transport	213,234	348,560	59,400	407,960
4000	Cost Of Goods And Services	10,620,712	9,056,480	(230,210)	8,826,270
7000	Income	(15,628,038)	(14,164,130)	231,270	(13,932,860)
<b>NET DIRECT TOTAL</b>		<b>(2,216,729)</b>	<b>(2,242,740)</b>	<b>(11,000)</b>	<b>(2,253,740)</b>
5000	RECHARGES		1,265,490	11,000	1,276,490
6000	CAPITAL CHARGES		977,250	0	977,250
<b>TOTAL</b>			<b>0</b>	<b>0</b>	<b>0</b>

**6000 CAPITAL CHARGES**

MRP for capital financing (Wells Park)	60,940
Depreciation	2,000,000
Depreciation reversal	(2,000,000)
PWLB loan MRP	916,310
	<b>977,250</b>

**Assumptions**

All rents to decrease by 1%, moving the actual average rent to £79.05 per week (over 52  
 Thirty properties sold during 2016/17  
 Twenty properties sold during 2017/18  
 Average of fifteen properties void at any one time  
 Six properties are excluded from rent setting as they are not available for re-let  
 Affordable Rents to decrease by 1%, moving the actual average rent to £111.27 per week  
 Garage rents to be increased from £11.00 to £11.10 per week  
 Occupancy in HRA retail units to remain at current levels  
 Community alarm customer numbers to remain at current levels  
 HRA cash balances to remain high in the short term and so generate investment income  
 of circa £40k  
 Debt repayments of £2,645k to PWLB  
 - including debt interest payments of £1,212k to PWLB and £54k to GF  
 £2,041k contribution to the Housing Maintenance Fund to be made  
 Recharges to grow by £11k

**SHO34 H.R.A. Trf To/From Emr**

	£
Surplus amount	2,040,564
Renewable energy surplus	130,000
Affordable Rent surplus	72,330
Loan premium deficit	568,916 (see below)
Total	<b><u>2,811,810</u></b>

**PWLB loan**

	£
Principal actually repaid	1,485,228
Principal accounted for	916,313
Loan premium deficit	<b><u>568,916</u></b>

## HRA Rent Budget 2017/18

Description	Average rent (52 week basis) £	Properties Apr 2016	Estimated sales 2016/17	Estimated sales 2017/18	Average properties 2017/18	Proposed Budget 2017/18
Social rent (in use)	79.05	3,011	30	20	2,972	12,155,050
Social rent (not in use)	79.05	6	0	0	6	0
Affordable rent properties	111.27	43	0	0	43	247,540
Rent written off						(35,000)
Write-offs recovered						1,000
<b>Dwelling Rents Income Budget</b>						<b>12,368,590</b>
Affordable rent surplus						72,330
<b>TOTAL</b>		<b>3,060</b>	<b>30</b>	<b>20</b>	<b>3,021</b>	
Formula Rent	79.10					

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## HRA: Proposed Fees and Charges 2017/18

	<u>2017/18</u>	<u>Increase</u>	<u>Increase %</u>	<u>2016/17</u>
<u>Community Alarm Charges per week per property</u> (48 week basis)				
Accessible Accommodation Support	£3.30	£0.30	10.0%	£3.00
Lifeline Base Unit	£3.76	£0.00	0.0%	£3.76
<u>Garage rents per week</u> (48 week basis) <i>It should be noted that council tenants receive a discount of £2.00 per week on any garage rent.</i>				
Garage rents per week	£11.10	£0.10	0.9%	£11.00
Garage ground rents (Annual charge)	£225	£0	0.0%	£225
<u>N.B.</u>				
MDDC Formula Rent on average (52 weeks)	2017/18: <b>£79.10</b>		2016/17: <b>£79.90</b>	

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**HO130**                      **Planned & Cyclical Maintenance (extract)**

Cost centre	Account	Account Description	Proposed Budget 2017/18
HO130	2311	Septic Tank Emptying	17,000
HO130	4110	Equipment Maintenance	2,500
HO130	4205	Planned Insulation	10,000
HO130	4213	Planned Asbestos Work	200,000
HO130	4215	External Contr - Legionella	3,500
HO130	4216	External Contr - Electrical	80,000
HO130	4225	Smoke Detectors	22,950
HO130	4230	External Contr -Gas Servicing	325,000
HO130	4232	External Contr - Paint & Reps	300,000
HO130	4233	Legionella Risk Assessment	20,000
HO130	4236	Air Source Heat Pump Servicing	25,000
HO130	4239	Carbon Monoxide Detectors	42,000
HO130	4245	Sanctuary Works - H.R.A Stock	8,500
HO130	4522	Solid Fuel Repairs	11,000
HO130	4524	Garage Repairs	30,000
HO130	4526	Cyclical Testing	68,000
		<b>TOTAL</b>	<b>1,165,450</b>

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