

# Scrutiny

## 19 January 2015

### Budget for 2015/6

**Cabinet Member** Cllr Peter Hare-Scott  
**Responsible Officer** Head of Finance

**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 reviews the draft 2015/6 budget and makes any necessary comments/recommendations to the Cabinet to be considered at its meeting on the 5 February 2015.

**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 is the generic draft budget report that was considered by all three of the PDG meetings and the Cabinet in November and December. In addition, the draft Housing Revenue Account (HRA) considered at the Decent & Affordable Homes PDG is also attached. These reports were compiled in the absence of finalised information with regard to Formula Grant, the Council Tax Freeze and housing benefit limits relating to rent increases.

## **2.0 January PDGs and Cabinet – Budget Update**

- 2.1 Due to the late timing of this key information a verbal update of the draft budget position will be tabled at PDG and Cabinet meetings in January and a final draft HRA budget will be discussed at the Decent & Affordable Homes PDG on the 20 January 2015. In order for the Scrutiny Committee to have a formal position on the draft budget at its most current position Appendix 1 has been included which provides the information being verbally updated to the PDGs.

## **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 5 February 2015, prior to recommendation to Full Council.

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**Background Papers:** None

**File Reference:** None

**Circulation of the Report:** Management Team

**GENERAL FUND REVENUE ACCOUNT  
DRAFT BUDGET SUMMARY 2015/16**

	Net Direct Costs Budget 2014/15 £	Budget Changes £	Draft Net Direct Costs Budget 2015/16 £
Managing the Environment	3,384,230	36,880	3,421,110
Decent & Affordable Homes	420,360	(72,210)	348,150
Community Well Being	2,755,730	48,131	2,803,861
Cabinet	3,743,760	122,250	3,866,010
<b>TOTAL NET DIRECT COST OF SERVICES</b>	<b>10,304,080</b>	<b>135,051</b>	<b>10,439,131</b>
Net recharge to HRA	(1,211,320)	(12,113)	(1,223,433)
<b>NET COST OF SERVICES</b>	<b>9,092,760</b>	<b>122,938</b>	<b>9,215,698</b>
Provision for the financing of capital spending	122,520	28,440	150,960
Finance Lease interest	8,110	(8,110)	0
Interest from Funding provided for HRA	(110,000)	40,910	(69,090)
Interest Received on Investments	(65,000)	0	(65,000)
Contribution to Capital Programme	125,000	0	125,000
<b>TOTAL BUDGETED EXPENDITURE</b>	<b>9,173,390</b>	<b>184,178</b>	<b>9,357,568</b>
<b>Funded by:-</b>			
Formula Grant	(4,230,060)	656,000	(3,574,060)
NNDR revenue based on last year actuals + 54K		(54,000)	(54,000)
Council Tax freeze - for 2014/15	(49,000)	0	(49,000)
CTS Funding Parishes	98,000	(33,000)	65,000
Collection Fund Surplus	(75,000)	25,000	(50,000)
Council Tax - 27,289.8 x £184.88	(4,917,330)	(128,000)	(5,045,330)
<b>TOTAL FUNDING</b>	<b>(9,173,390)</b>	<b>466,000</b>	<b>(8,707,390)</b>
<b>REQUIREMENT TO BALANCE THE BUDGET</b>	<b>0</b>	<b>650,178</b>	<b>650,178</b>

**Current Assumptions :**

- 1 Formula Grant reduced by £656k based on provisional figure rec'd 12 months ago.
- 2 A Council Tax income based on a 1.5% rise for illustrative purposes only. A 1% rise in Council Tax will generate circa £50k. It is assumed any Council Tax freeze grant given in 2014/15 will be added into the final settlement for 2015/16.
- 3 Most of the savings and cost pressures proposed in the budget review meetings have been included.
- 4 2015/16 salary budgets include an increase of 1%.
- 5 All income flows have been reviewed and adjusted for changes in demand and unit price.
- 6 Investment income has been based upon the existing lending criteria now in force.
- 7 Nil transfer from the General Fund Balance .
- 8 Support services have been inflated in accordance with the pay award.
- 9 Budget for car parking income based on fee structure currently on place and 14/15 level of usage.
- 10 Budget for refuse and recycling is based on 14/15 scheme and reviewed for known budget pressures.
- 11 The grants budget has been left at the 2014/15 level prior to the special Community Well Being PDG meeting.

**Summary of Cabinet**

Service Unit	2013/14 Actuals	2014/15 Budget	2015/16 Budget	Movement £
SCM01 Chief Executive	149,976	159,080	163,160	4,080
SCM03 Corporate Fees/Charges	233,540	153,110	162,030	8,920
SCM06 Pension Backfunding	796,628	731,790	788,070	56,280
SFP01 Accountancy Services	413,212	400,930	399,390	(1,540)
SFP02 Internal Audit	99,198	98,870	97,380	(1,490)
SFP03 Procurement	74,465	51,910	52,280	370
SFP04 Purchase Ledger	45,760	45,100	45,570	470
SFP05 Sales Ledger	33,558	34,710	40,280	5,570
SHR01 Human Resources	228,409	203,160	217,990	14,830
SHR02 Mddc Staff Training	2,883	119,730	94,770	(24,960)
SHR03 Payroll	60,879	58,950	65,280	6,330
SHR04 Learning And Development	54,346	39,850	32,760	(7,090)
SIT01 It Gazetteer Management	58,198	63,810	64,200	390
SIT02 It Information Management	28,171	27,450	28,050	600
SIT03 It Information Technology	821,914	822,400	839,500	17,100
SLD01A Election Costs	(23,280)	20,000	20,000	0
SLD01 Electoral Registration	120,751	111,040	159,740	48,700
SLD02 Democratic Rep And Management	400,182	414,720	416,620	1,900
SLD04 Legal Services	193,868	187,150	178,940	(8,210)
<b>TOTALS</b>	<b>3,792,658</b>	<b>3,743,760</b>	<b>3,866,010</b>	<b>122,250</b>

**Summary of Community Well Being PDG**

Service Unit	2013/14 Actuals	2014/15 Budget	2015/16 Budget	Movement £
SCD01 Community Development	393,071	419,900	431,720	11,820
SCD02 Economic Development	(2,820)	(21,910)	1,810	23,720
SCS20 Customer Services Admin	136,532	154,910	117,380	(37,530)
SCS22 Customer First	509,319	642,450	686,670	44,220
SES01 Emergency Planning	1,245	0	0	0
SES03 Community Safety - C.C.T.V.	(873)	3,100	2,880	(220)
SES11 Pool Cars	(8,794)	6,480	6,480	0
SES16 Es Staff Units/Recharges	561,764	609,390	532,490	(76,900)
SES17 Community Safety	53,716	55,440	55,980	540
SES18 Food Safety	(3,120)	(1,530)	1,330	2,860
SES19 Health And Safety At Work	23,181	22,710	42,350	19,640
SES20 Health Education	(740)	0	0	0
SES21 Licensing	25,020	(12,500)	(20,339)	(7,839)
SES22 Pest Control	5,006	5,500	5,000	(500)
SES23 Pollution Reduction	(6,231)	2,710	2,840	130
SPR01 Building Regulations	86,118	11,640	(5,250)	(16,890)
SPR02 Enforcement	152,664	97,800	97,270	(530)
SPR03 Development Control	(256,433)	75,160	178,270	103,110
SPR04 Local Land Charges	(41,450)	(20,450)	(20,450)	0
SPR06 Economic Development	88,381	(60,360)	62,960	123,320
SPR07 Tourism Pol, Marketing & Devel	606	0	0	0
SPR09 Forward Planning	325,774	249,310	183,320	(65,990)
SPR11 Regional Planning	42,581	62,520	76,500	13,980
SRB01 Collection Of Council Tax	293,757	275,020	237,870	(37,150)
SRB02 Collection Of Business Rates	(105,052)	(58,400)	(76,640)	(18,240)
SRB03 Housing Benefit Admin & Fraud	(102,582)	56,760	103,890	47,130
SRB04 Housing Benefit Subsidy	(95,659)	0	0	0
SRB06 Debt Recovery	39,625	38,170	39,170	1,000
SRS01 Recreation And Sport	340,615	141,910	60,360	(81,550)
<b>TOTALS</b>	<b>2,455,220</b>	<b>2,755,730</b>	<b>2,803,861</b>	<b>48,131</b>

### Summary of Decent and Affordable Homes PDG

Service Unit	2013/14 Actuals	2014/15 Budget	2015/16 Budget	Movement £
SES15 Private Sector Housing Grants	(165,152)	110,460	129,590	19,130
SHG02 Housing Advice	97,601	103,710	0	(103,710)
SHG03 Homelessness Accommodation	105,498	206,190	218,560	12,370
<b>TOTALS</b>	<b>37,947</b>	<b>420,360</b>	<b>348,150</b>	<b>(72,210)</b>

### Summary of Managing the Environment PDG

Service Unit	2013/14 Actuals	2014/15 Budget	2015/16 Budget	Movement £
SCP01 Parking Services	(519,196)	(434,000)	(365,920)	68,080
SES02 Cemeteries	(30,219)	(39,670)	(16,250)	23,420
SES04 Public Health	(22,207)	2,160	2,260	100
SES05 Open Spaces	207,898	156,900	163,710	6,810
SGM01 Grounds Maintenance	513,601	542,680	537,390	(5,290)
SPS01 Asset Management	8,174	8,750	8,750	0
SPS03 Flood Defence And Land Drain	24,812	26,430	26,430	0
SPS04 Street Naming & Numbering	6,834	8,280	8,450	170
SPS05 Administration Buildings	234,267	243,500	242,340	(1,160)
SPS06 Mddc Depots	74,459	58,610	54,260	(4,350)
SPS07 Public Transport	(12,116)	(17,440)	(15,150)	2,290
SPS08 Office Building Cleaning	53,848	54,930	55,710	780
SPS09 Property Services Staff Unit	246,887	256,860	271,550	14,690
SPS11 Public Conveniences	122,884	122,870	90,420	(32,450)
SPS12 Gf Properties Shops/Flats	2,086	(7,360)	(135,630)	(128,270)
SWS01 Street Cleansing	250,026	342,880	402,020	59,140
SWS02 Waste Collection	1,215,685	1,203,760	1,312,560	108,800
SWS03 Recycling	512,337	623,400	599,830	(23,570)
SWS04 Waste Management	201,272	230,690	178,380	(52,310)
<b>TOTALS</b>	<b>3,091,333</b>	<b>3,384,230</b>	<b>3,421,110</b>	<b>36,880</b>

GENERAL FUND SUMMARY		FTE	Budget Direct Cost	+ - %	Budget Meeting Savings	Target Savings	Target Savings	
(Direct costs)		2015/16	2014/15		2015/16	2016/17	2017/18	Comments
<b>Cabinet</b>								
SCM01	Chief Executive	2.0	159,080	0.0%				
SCM03	Corporate Fees/Charges	0.1	153,110	0.0%				
SCM06	Pension Backfunding	1.0	738,310	0.0%				
SFP01	Accountancy Services	8.5	400,930	-1.5%	-6,000			0.21 FTE staff saving
SFP02	Internal Audit	2.7	98,870	-3.5%	-3,500			Reduced hours in team
SFP03	Procurement	1.6	51,910	0.0%				
SFP04	Purchase Ledger	1.5	45,100	0.0%				
SFP05	Sales Ledger	1.5	34,710	0.0%				
SHR01	Human Resources	4.8	203,160	0.0%				
SHR02	Mddc Staff Training	0.0	119,730	-20.9%	-25,000			Reduced based on last yrs actuals and commitment to new system by L&D
SHR03	Payroll	2.0	58,950	0.0%				
SHR04	Learning And Development	0.8	39,850	0.0%				
SIT01	It Gazetteer Management	2.0	63,810	0.0%				
SIT02	It Information Management	1.0	27,450	0.0%				
SIT03	It Information Technology	12.7	822,400	-5.3%	-43,900	-5000		Phone lines, IDOX licences, taken out vacant post, allowing for trainee, paper
SLD01	Electoral Registration	4.0	111,040	0.0%				
SLD01A	Election Costs	0.0	20,000	0.0%				
SLD02	Democratic Rep And Management	2.8	414,720	0.0%				
SLD04	Legal Services	5.0	187,150	-4.3%	-8,000			New fee structure to be implemented 1/10/14
		<b>54</b>	<b>3,750,280</b>	<b>-2.3%</b>	<b>-86,400</b>	<b>-5,000</b>	<b>0</b>	
<b>Community Well Being PDG</b>								
SCD01	Community Development	5.2	419,900	-6.8%	-28,500	-20000		Reduce grants by £20k. Reduction staff hrs £6k. Citizen panel (£2.5k)
SCD02	Economic Development	2.0	-21,910	18.3%	-4,000			Agreed to recruit Market Officer for 30 hrs pw not 37hrs as budgeted.
SCS20	Customer Services Admin	3.5	154,910	0.0%				
SCS22	Customer First	23.0	642,450	-1.9%	-12,000			Not renewing MD Talk -£12k. Push comms through web site
SES01	Emergency Planning	0.0	0					
SES03	Community Safety - C.C.T.V.	0.2	3,100	0.0%				
SES11	Pool Cars	0.0	6,480	0.0%				
SES16	Es Staff Units/Recharges	14.1	609,390	-13.0%	-79,000			Restructure
SES17	Community Safety	1.7	55,440	0.0%				
SES18	Food Safety	0.0	-1,530	0.0%				
SES19	Health And Safety At Work	1.0	22,710	0.0%				
SES20	Health Education	0.0	0					
SES21	Licensing	2.8	-12,500	0.0%				
SES22	Pest Control	0.0	5,500	0.0%				
SES23	Pollution Reduction	0.0	2,710	0.0%				
SPR01	Building Regulations	5.0	11,640	-618.6%	-72,000			Restructure
SPR02	Enforcement	2.5	97,800	0.0%				
SPR03	Development Control	23.2	75,160	-33.3%	-25,000			Restructure and increase in income (incl pre app advice)
SPR04	Local Land Charges	1.8	-20,450	0.0%				
SPR06	Economic Development	2.5	-60,360	39.8%	-24,000			Member of staff going part time - see cost pressures - staff restructure
SPR07	Tourism Pol, Marketing & Devel	0.0	0					
SPR09	Forward Planning	7.2	249,310	0.0%				
SPR11	Regional Planning	0.0	62,520	0.0%				
SRB01	Collection Of Council Tax	8.8	275,020	-4.4%	-12,000			Additional Court Costs Income from £73k to £85k - JC to work on forecast
SRB02	Collection Of Business Rates	1.0	-58,400	77.1%	-45,000			NNDR Charity Rate Relief no longer required under new NNDR Scheme
SRB03	Housing Benefit Admin & Fraud	13.5	56,760	0.0%				
SRB04	Housing Benefit Subsidy	0.0	0					
SRB06	Debt Recovery	1.5	38,170	0.0%				
SRB08	Council Tax Benefit Subsidy	0.0	0					
SRS01	Recreation And Sport	53.9	141,910	-211.4%	-300,000			Target for service (EV enhancement?, pricing policy, increase off peak activity & corp members)
		<b>174</b>	<b>2,755,730</b>	<b>-21.8%</b>	<b>-601,500</b>	<b>-20,000</b>	<b>0</b>	
<b>Decent and Affordable Housing PDG</b>								
SES15	Private Sector Housing Grants	4.1	110,460	0.0%				
SHG02	Housing Advice	0.0	103,710	0.0%				
SHG03	Homelessness Accommodation	6.5	206,190	-12.1%	-25,000			20k DCC grant for Yth Homelessness post, 5k cut Dom Violence grant.
		<b>11</b>	<b>420,360</b>	<b>-5.9%</b>	<b>-25,000</b>		<b>0</b>	
<b>Managing the Environment PDG</b>								
SCP01	Parking Services	0.0	-434,000	0.0%				Consider including amenity car parks on charging order? Review of current year income from P and D and overnight charging.
SES02	Cemeteries	1.1	-39,670	0.0%				
SES04	Public Health	0.0	2,160	0.0%				
SES05	Open Spaces	2.2	156,900	0.0%				
SGM01	Grounds Maintenance	18.5	542,680	0.0%				
SPS01	Asset Management	0.0	8,750	0.0%				
SPS03	Flood Defence And Land Drain	0.0	26,430	0.0%				
SPS04	Street Naming & Numbering	0.2	8,280	0.0%				
SPS05	Administration Buildings	0.1	243,500	-4.1%	-10,000			Rates reduction P/House, increase rent from Prospect
SPS06	Mddc Depots	0.0	58,610	-10.2%	-6,000			Rent from leasing Lords Meadow Depot
SPS07	Public Transport	0.0	-17,440	0.0%				
SPS08	Office Building Cleaning	3.1	54,930	0.0%				
SPS09	Property Services Staff Unit	8.9	256,860	0.0%				
SPS10	Tourist Information Centre	0.0	-7,360	40.8%	-3,000			Rent for 1 Phoenix Lane more than budgeted for
SPS11	Public Conveniences	1.7	122,870	-41.8%	-51,340	-16340		PDG report on PC provision
SWS01	Street Cleansing	8.2	342,880	-2.2%	-7,500			Recharge for sweeping Market Walk
SWS02	Waste Collection	30.8	1,203,760	-3.6%	-43,000	-500000		Estimated income for charging for Garden Waste
SWS03	Recycling	25.8	623,400	-24.0%	-149,500			Sinking fund savings, glass income, rates at 16 shop, est saving on vehicle maint
SWS04	Waste Management	5.3	230,220	0.0%				
		<b>106</b>	<b>3,383,760</b>	<b>-8.0%</b>	<b>-270,340</b>	<b>-516,340</b>	<b>0</b>	
<b>GRAND TOTAL</b>		<b>345</b>	<b>10,310,130</b>	<b>-9.5%</b>	<b>-983,240</b>	<b>-541,340</b>	<b>0</b>	

GENERAL FUND SUMMARY SAVINGS SCHEDULE		FTE	Budget Direct Cost	+ - %	Budget Meeting Savings / Cost Pressures	Target Savings / Cost Pressures	Target Savings / Cost Pressures	Comments
(Direct costs)		2015/16	2014/15		2015/16	2016/17	2017/18	
<b>Cabinet</b>								
SCM01	Chief Executive	2.0	159,080	0.0%				
SCM03	Corporate Fees/Charges	0.1	153,110	0.0%				
SCM06	Pension Backfunding	1.0	738,310	5.4%	40,000	45,000	50,000	New pension contribution rates/LEP contribution of £5k ongoing/ Review other corp fees
SFP01	Accountancy Services	8.5	400,930	0.0%				
SFP02	Internal Audit	2.7	98,870	0.0%				
SFP03	Procurement	1.6	51,910	0.0%				
SFP04	Purchase Ledger	1.5	45,100	0.0%				
SFP05	Sales Ledger	1.5	34,710	0.0%				
SHR01	Human Resources	4.8	203,160	7.4%	15,000			Selling services income reduced
SHR02	Mddc Staff Training	0.0	119,730	0.0%				
SHR03	Payroll	2.0	58,950	8.5%	5,000			Impact of JE
SHR04	Learning And Development	0.8	39,850	0.0%				
SIT01	It Gazetteer Management	2.0	63,810	0.0%				
SIT02	It Information Management	1.0	27,450	0.0%				
SIT03	It Information Technology	12.7	822,400	0.0%				
SLD01	Electoral Registration	4.0	111,040	0.0%				
SLD01A	Election Costs	0.0	20,000	5.0%	1,000			Impact of JE
SLD02	Democratic Rep And Management	2.8	414,720	2.4%	10,000			£2.5k for members transport, £7k for Mod.Gov but this should be cost neutral although savings will show against print budget in ICT
SLD04	Legal Services	5.0	187,150	4.0%	7,500			Appointment of higher grade solicitor
	<b>54</b>	<b>3,750,280</b>	<b>2.1%</b>	<b>78,500</b>	<b>45,000</b>	<b>50,000</b>		
<b>Community Well Being PDG</b>								
SCD01	Community Development	5.2	419,900	0.5%	2,300			JE Regrade
SCD02	Economic Development	2.0	-21,910	-109.5%	24,000			Not achieving increased income budget at market. JE regrades.
SCS20	Customer Services Admin	3.5	154,910	0.0%				
SCS22	Customer First	23.0	642,450	3.0%	19,500			Maintenance for new Kiosk 1.5k & 5k new EMR for replacement fund. Impact of JE and staff transfer
SES01	Emergency Planning	0.0	0					
SES03	Community Safety - C.C.T.V.	0.2	3,100	0.0%				
SES11	Pool Cars	0.0	6,480	0.0%				
SES16	Es Staff Units/Recharges	14.1	609,390	0.0%				
SES17	Community Safety	1.7	55,440	0.0%				
SES18	Food Safety	0.0	-1,530	0.0%				
SES19	Health And Safety At Work	1.0	22,710	0.0%				
SES20	Health Education	0.0	0					
SES21	Licensing	2.8	-12,500	-72.0%	9,000			Increase in staff hrs -agreed 13-14 wasn't included in budget. LW still to review fees
SES22	Pest Control	0.0	5,500	0.0%				
SES23	Pollution Reduction	0.0	2,710	0.0%				
SPR01	Building Regulations	5.0	11,640	515.5%	60,000			Review income during year to check performance vs budget
SPR02	Enforcement	2.5	97,800	0.0%				
SPR03	Development Control	23.2	75,160	0.0%				
SPR04	Local Land Charges	1.8	-20,450	0.0%				
SPR06	Economic Development	2.5	-60,360	-164.0%	99,000			Economic Dev Post. Town Centre Manager £41k and Economic development officer £21k- poss fund from NHB?
SPR07	Tourism Pol, Marketing & Devel	0.0	0					
SPR09	Forward Planning	7.2	249,310	0.0%				
SPR11	Regional Planning	0.0	62,520	0.0%				
SRB01	Collection Of Council Tax	8.8	275,020	0.0%				
SRB02	Collection Of Business Rates	1.0	-58,400	0.0%				Assumed 10% cut on DWP Admin grant. Info at this time DWP will not remove fraud element as planned transfer of May 15 is after 1/5/15 - note if view changes this grant reduction could be up to 20% circa £62k.
SRB03	Housing Benefit Admin & Fraud	13.5	56,760	54.6%	31,000			
SRB04	Housing Benefit Subsidy	0.0	0					
SRB06	Debt Recovery	1.5	38,170	0.0%				
SRB08	Council Tax Benefit Subsidy	0.0	0					
SRS01	Recreation And Sport	53.9	141,910	0.0%				
	<b>174</b>	<b>2,755,730</b>	<b>8.9%</b>	<b>244,800</b>	<b>0</b>	<b>0</b>		
<b>Decent and Affordable Housing PDG</b>								
SES15	Private Sector Housing Grants	4.1	110,460	16.2%	17,900			Half post not budgeted for in E/health Restructure
SHG02	Housing Advice	0.0	103,710	0.0%				
SHG03	Homelessness Accommodation	6.5	206,190	0.0%				
	<b>11</b>	<b>420,360</b>	<b>4.3%</b>	<b>17,900</b>	<b>0</b>	<b>0</b>		
<b>Managing the Environment PDG</b>								
SCP01	Parking Services	0.0	-434,000	-10.1%	44,000			Income below profile and not looking to achieve additional £44k - review vs budget
SES02	Cemeteries	1.1	-39,670	-28.3%	11,220			Additional salary costs
SES04	Public Health	0.0	2,160	0.0%				
SES05	Open Spaces	2.2	156,900	0.0%				
SGM01	Grounds Maintenance	18.5	542,680	1.1%	6,000			Sinking fund of new Tractor.
SPS01	Asset Management	0.0	8,750	0.0%				
SPS03	Flood Defence And Land Drain	0.0	26,430	0.0%				
SPS04	Street Naming & Numbering	0.2	8,280	0.0%				
SPS05	Administration Buildings	0.1	243,500	0.0%				
SPS06	Mddc Depots	0.0	58,610	0.0%				
SPS07	Public Transport	0.0	-17,440	0.0%				
SPS08	Office Building Cleaning	3.1	54,930	0.0%				
SPS09	Property Services Staff Unit	8.9	256,860	2.0%	5,100			Apprentice to work along side Technical officer. Could be more depending on cost of Agency for the Technical Officer
SPS10	Tourist Information Centre	0.0	-7,360	0.0%				
SPS11	Public Conveniences	1.7	122,870	0.0%				
SWS01	Street Cleansing	8.2	342,880	0.0%				
SWS02	Waste Collection	30.8	1,203,760	1.8%	21,500			1 additional member of staff
SWS03	Recycling	25.8	623,400	11.5%	71,980			Rent, forklifts, 1 add staff, baler loan+fund+annual maint
SWS03	Recycling - OCT 15 NEW SCHEME				158,000	95,000		Pwlb loan recycling receptacles + estimated cost of administrating new scheme
SWS04	Waste Management	5.3	230,220	0.0%				Funding for new recycling vehicles??
	<b>106</b>	<b>3,383,760</b>	<b>9.4%</b>	<b>317,800</b>	<b>95,000</b>	<b>0</b>		
<b>GRAND TOTAL</b>		<b>345</b>	<b>10,310,130</b>	<b>6.4%</b>	<b>659,000</b>	<b>140,000</b>	<b>50,000</b>	

	Provisional Capital Programme 2015/16 £k	Estimated Capital Programme 2016/17 £k	Estimated Capital Programme 2017/18 £k	Estimated Capital Programme 2018/19 £k	Total £k
<b>Estates Management</b>					
<b>Leisure - Site Specific</b>					
<b>Lords Meadow leisure centre</b>					
Main car park resurfacing	50				50
Replace main filters -including access arrangements		70			70
Tennis Court resurfacing and lining (subject to need)		25			25
Swimming pool tiling and balance tank fabrication			50		50
Squash Court roof -valleys steps	20				20
<b>Exe Valley leisure centre</b>					
* Fitness gym extension	500				500
Inflatable dome for tennis courts (subject to business case)	0			80	80
<b>Culm Valley sports centre</b>					
* Fitness gym extension	0			500	500
<b>Total</b>	<b>570</b>	<b>95</b>	<b>50</b>	<b>580</b>	<b>1,295</b>
0					
* Figures included per Leisure consultants report - further work required & subject to Business Case demonstrating acceptable payback period					
<b>Other MDDC Buildings</b>					
<b>Pannier Market</b>					
Pannier Market paving resurfacing (subject to planning)		150			150
Pannier Market decoration -whole building out of hours				60	60
<b>Town Hall</b>					
Secondary means of escape-improved use of chamber			30		30
High level maintenance on the structure -repointing etc			50		50
<b>General Car parks</b>					
<b>Pay and Display and Amenity Car Parks</b>					
Beck Square car park -resurface and lining			50		50
William Street Car Park-resurface and reline		50			50
<b>MSCP Improvements</b>					
Planned replacement expansion joint replacement	40		40		80
Surfacing Road past M & S to MSCP		50			50
<b>MDDC Depot sites</b>					
Lords Meadow Depot -Replace/repair asbestos roof				50	50
Old Road Depot -Yard resurfacing and lining (subject to move)		35			35
Station Yard- Yard resurfacing and lining (subject to move)			35		35
Old Road roof - permanent repairs				50	50
Depot relocation land purchase and fit out		2,500			2,500
<b>Play Areas</b>					
Play area refurbishment district wide	50	50	50	50	200
<b>Cemeteries</b>					
Chapel roofs Tiverton and Crediton			40		40
<b>Other Projects</b>					
Land drainage flood defence schemes	50	50	50	50	200
Sewage Pumping Stations (HRA)	50	50	50	50	200
<b>Total</b>	<b>190</b>	<b>2,935</b>	<b>395</b>	<b>310</b>	<b>3,830</b>
0					
<b>HRA Projects</b>					
Housing Maintenance Fund	3,500	3,500	3,500	3,500	14,000
Disabled Facilities Grants - Council Houses	291	297	303	309	1,200
Palmerston Park Tiverton - affordable dwellings	4,000				4,000
Culmstock	700				700
Conversion of Shapland Place garages Tiverton - dwellings or starter units		1,000			1,000
Round Hill Tiverton site development			3,000		3,000
<b>Total</b>	<b>8,491</b>	<b>4,797</b>	<b>6,803</b>	<b>3,809</b>	<b>23,900</b>
0					
<b>ICT Projects</b>					
Replacement of PC estate 330s	40	0	40	0	80
Server farm expansion/upgrades	20	0	20	0	40
Unified Comms/telephony	50	25			75
Digital Transformation		50	100	100	250
Mobile Working NDL MX	30				30
Members Mobile	25				25
SQL/Oracles refreshes	20	50			70
HRA Digital Transformation (HRA)	30				30
InCab	60				60
E-Financials Technical refresh	20				20
Uniform Technical refresh	20				20
Misc items in future years		175	140	200	515
<b>Total</b>	<b>315</b>	<b>300</b>	<b>300</b>	<b>300</b>	<b>1,215</b>
0					



	Provisional Capital Programme 2015/16 £k	Estimated Capital Programme 2016/17 £k	Estimated Capital Programme 2017/18 £k	Estimated Capital Programme 2018/19 £k	Total £k
<b>Affordable Housing Projects</b>					
Grants to housing associations to provide houses (covered by Commuted Sums)	0	300	300	300	900
Affordable Housing 0.67 FTE	26	26	26	26	104
Alexandra Lodge - contribution to Care Home Provision	300				300
<b>Total</b>	<b>326</b>	<b>326</b>	<b>326</b>	<b>326</b>	<b>1,304</b>
<b>Private Sector Housing Grants</b>					
Work in Default /Discretionary Grants	0	0	0	0	0
Loans Scheme (Wessex Reinvestment Trust)	0	0	0	0	0
Empty Homes	102	104	106	108	420
Disabled Facilities Grants-P/Sector	459	468	477	487	1,891
<b>Total</b>	<b>561</b>	<b>572</b>	<b>583</b>	<b>595</b>	<b>2,311</b>
<b>Economic Development Projects</b>					
Schemes as yet to be identified	100	100	100	100	400
<b>Total</b>	<b>100</b>	<b>100</b>	<b>100</b>	<b>100</b>	<b>400</b>
<b>Replacement Vehicles</b>					
Grounds Maintenance	58	0	30	35	123
Housing Repairs (HRA)	59	0	24	0	83
Street Cleansing	50	0	0	67	117
Refuse Collection	195	320	160	165	840
Trade Waste	160	0	0	0	160
Recycling	0	0	0	0	0
CCTV Initiatives	40	0	0	0	40
<b>Total</b>	<b>562</b>	<b>320</b>	<b>214</b>	<b>267</b>	<b>1,363</b>
<b>Waste &amp; Recycling</b>					
No Costs included for new Refuse & Recycling scheme Oct '15 prior to PDG recommendations					0
<b>Total</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>Grand Total</b>	<b>11,115</b>	<b>9,445</b>	<b>8,771</b>	<b>6,287</b>	<b>35,618</b>

	2015/16 £k	2016/17 £k	2017/18 £k	2018/19 £k	Total
<b>Funding</b>					
Council House sales	-300	-300	-300	-300	-1,200
Council House sales (1 for 1 receipts - replacement Homes)	-300	-300	-300	-300	-1,200
Misc Land/Property sales	-80	-80	-80	-80	-320
Disabled Facility Grants - Mandatory - Private Sector	-254	-254	-254	-254	-1,016
HRA Revenue Contribution	-139	-50	-74	-50	-313
HRA Revenue Contribution - Council House Building	-4,400	-700	-2,700		-7,800
Housing Maintenance Fund	-3,500	-3,500	-3,500	-3,500	-14,000
Decent Homes Backlog Funding					0
Affordable Housing S106s - matched to spend	-326	-326	-326	-326	-1,304
General Capital Reserve	-65	-65	-65	-65	-260
2014/15 capital programme forecast net u/spends	0	0	0	0	0
Regional Housing Pot Reserve	-12	-12	-11	-11	-46
Revenue Contribution from General Fund	-125	-125	-125	-125	-500
Amounts req'd from New Homes Bonus	-1,039	-732	-606	-822	-3,199
Contribution from UCR	-25	-25	-25	-25	-100
Contribution from sinking funds	-161	-190	-120	-144	-615
Contribution from Private Sector Housing Grant EMR	-311	-286	-285	-285	-1,167
Contribution from CGU non specific reserve	-78				-78
PWLB Borrowing	0	-1,500			-1,500
Capital Receipt for Town Hall & depot Rationalisation		-1,000			-1,000
<b>Total Funding</b>	<b>-11,115</b>	<b>-9,445</b>	<b>-8,771</b>	<b>-6,287</b>	<b>-35,618</b>
<b>Funding Gap</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>

**HRA BUDGET 2015/16**

**Cabinet Member** Cllr Peter Hare-Scott, Cllr Ray Stanley  
**Responsible Officer** Head of Finance, Head of Housing

**Reason for Report:** This report provides an estimate of the budget required for the operation of the Housing Revenue Account (HRA) in 2015/16. The remaining uncertainties are the specifics of the rent increase and the ongoing effect that welfare reform will have.

**RECOMMENDATION:** That the PDG note the content of this report.

**Relationship to Corporate Plan:** The financial resources of the Council directly impact on its ability to deliver its Corporate Plan objectives/pledges.

**Financial Implications:** A balanced and realistic budget must be set for 2015/16 in order that the HRA reserve is not threatened with unplanned expenditure. The rent convergence target of 2015/16 will need to be met in order that the 30 year business plan's need for much greater investment in the housing stock is achievable.

**Legal Implications:** It is a statutory requirement for the Council to set a balanced budget.

**Risk Assessment:** Service managers and Finance staff have assessed volatility in income and large contractor budgets. In addition, reserves will continue to be maintained at prudent levels and grown in some cases to meet future pressures.

**1.0 Introduction**

1.1 Finance and Housing officers have now collated a draft budget for 2015/16 which proposes a balanced budget position, shown here in Appendix 1. This means that we are able to predict with relative certainty the majority of the HRA budget areas.

**2.0 Draft Budget**

2.1 We are required to set an HRA budget where expenditure is balanced by income. The income is made up primarily of dwelling rents whereas the expenditure consists of day-to-day operations, corporate overheads and capital expenditure. The largest expenditure in the HRA is an annual debt repayment of £2,645k that is made to the Public Works Loan Board.

2.2 Our rent income (both dwelling and non-dwelling) is expected to generate in excess of £13m in 2015/16.

- 2.3 The major challenge for managers in setting next year's budget is to meet the significant demand for investment in property maintenance in the long term. It is proposed that £2,113k be budgeted as an annual contribution to the Housing Maintenance Fund to provide for any spikes in demand in future years. The Repairs budgets are showing an increase at present due to increased use of external contractors. However, officers intend to put plans in place to reduce this budget in time for the final budget report in January.
- 2.4 Recharges between the General Fund and HRA are yet to be finalised, but overall the position between the HRA and the General Fund has been assumed as increasing in line with estimated salary growth.

#### **Rent**

- 2.5 MDDC rents currently lag behind Formula Rent (the target that we are tasked with meeting by 2015/16). DCLG are increasing Formula Rent by 2.8%. This means that MDDC need to increase rent even more if the gap is to be closed in time.
- 2.6 By increasing the rents by an average of 3.4%, we will ensure that the vast majority of properties have reached the Formula Rent and those that lag further behind are moved towards Formula Rent as quickly as is possible.

#### **Other Fees & Charges**

- 2.7 It is proposed that garage plot ground rents are increased from £165 to £185 per annum. This move is designed to align them more closely with residential parking permits, which will cost £375 in the coming year. In addition, it is proposed that garage rents increase by 2.3% to £11.25 per week.

#### **HRA Reserve**

- 2.8 It is anticipated that the HRA reserve balance will stand at approximately £2m at the beginning of 2015/16. There is no plan to utilise the reserve to fund revenue expenditure. It seems sensible for members to revisit the level of reserve and agree upon a level appropriate to the situation that the HRA now finds itself in.
- 2.9 The work identified in the most recent stock condition survey means that there will be increased pressure on the HRA reserve over the coming years. Managers will need to invest time in business planning and strategy in order to meet the funding demands of the work identified.

#### **3.0 Future Issues**

- 3.1 The single biggest issue facing social housing is welfare reform. Great uncertainty exists about the details of new arrangements for the future. What is more, the implications of these changes are difficult to quantify. Once new arrangements have bedded in, it will be clearer what action MDDC need to take. For instance, it is not clear when Universal Credit will be introduced, if at all.

- 3.2 The Supported Housing service is changing hugely in 2015/16 in that the Warden service will cease to operate from April onwards. This will reduce both income and expenditure and will give MDDC more certainty about its future income and expenditure streams.
- 3.3 This budget has been set on the basis of agreed funding, with a much reduced operational structure, following the decision by Cabinet. The service will then comprise Community Alarms provided to tenants and non-tenants as well as a small Warden service provided to clients with Learning Disabilities.
- 3.4 The prospect of building new social housing raises the issue of significant financing requirements. It means that reserves may need to be built up or additional debt taken on (subject to the cap on debt) in the near future, increasing the pressure on the revenue budget each year.
- 3.5 Further reports will be set before members as and when there are developments on any of these issues.

#### **4.0 Conclusion**

- 4.1 The proposals from this meeting will be used to prepare the final budget proposals, to be brought before this group on 20/01/15.

**Contact for more information:** Andrew Jarrett  
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[ajarrett@middevon.gov.uk](mailto:ajarrett@middevon.gov.uk)

Roderick Hewson  
01884 234230  
[rhewson@middevon.gov.uk](mailto:rhewson@middevon.gov.uk)

**Background Papers:** None  
**File Reference:** None  
**Circulation of Report:** Management Team

## Appendix 1

## Housing Revenue Account Budget

Code	Best Value Unit	Previous Year Outturn	Current Year YTD Actuals	Current Year Budget	Movement	Proposed Budget 2015/16
BHO01	Dwelling Rents	(11,892,276)	(6,731,667)	(12,466,560)	(336,710)	(12,803,270)
BHO02	Non Dwelling Rents	(525,706)	(297,858)	(525,060)	(3,850)	(528,910)
BHO03	Warden Income	(330,507)	(101,156)	(329,080)	298,100	(30,980)
BHO04	Leaseholders' Service Charges	(12,712)	0	(13,500)	410	(13,090)
BHO05	Contributions Towards Expenditure	(37,860)	(18,530)	(35,300)	330	(34,970)
BHO06	Community Alarms Income	(133,637)	(115,110)	(133,930)	(4,240)	(138,170)
BHO06B	Miscellaneous & Solar Panel Income	(484,305)	(177,517)	(19,000)	(150,000)	(169,000)
BHO07	H.R.A. Investment Income	(27,108)	0	(41,000)	1,000	(40,000)
BHO09	Repairs And Maintenance	2,530,898	1,623,806	2,647,920	221,900	2,869,820
BHO10	Supervision & Management	1,437,182	966,022	1,800,000	160,580	1,960,580
BHO11	Special Services	394,796	190,165	382,970	(204,270)	178,700
BHO17	Bad Debt Provision Movement	(1,303)	0	25,000	0	25,000
BHO18	Share Of Corporate And Democratic	154,530	84,082	181,600	21,290	202,890
BHO20	Interest Payable	1,375,123	632,384	2,812,000	(1,344,210)	1,467,790
BHO22	H.R.A. Transfers between earmarked reserves	2,077,992	0	0	125,000	125,000
BHO23	Revenue Contribution to Capital	2,907,973	0	145,580	(17,180)	128,400
	<b>TOTAL</b>	<b>(2,606,355)</b>	<b>(3,945,380)</b>	<b>(5,568,360)</b>	<b>(1,231,850)</b>	<b>(6,800,210)</b>

Recharges			1,205,890	12,060	1,217,950
Capital charges			4,362,470	1,219,790	5,582,260
<b>TOTAL</b>			<b>0</b>		<b>0</b>

**Assumptions**

Social Rents to increase by an average of 3.4% to give an average of £81.20  
 Formula Rent to increase by 2.8%  
 Affordable Rents to increase by 2.8%  
 Garage rents to increase from £11.00 to £11.25 per week  
 95% occupancy in HRA retail units  
 The Warden Service to cease operation  
 Community alarm customer numbers to remain high + 50 customers from within the tenant population  
 HRA cash balances to remain high in the short term  
 Debt repayments of £2,645k to PWLB and £125k to GF  
 £2,113k contribution to the Housing Maintenance Fund to be made  
 Recharges to grow with salary inflation

## 15/16 Budget Changes (since PDG's)

Cost Centre	Description	£
	Budget gap estimated at November/December PDGs and Cabinet	650,178
Housing Benefit	HB Admin Grant - Circa £10k reduction - awaiting confirmation	10,000 Revised figure from DWP
Corporate Fees/Charges	Sector fees overbudgeted in first draft	-9,050
Collection Fund	Projected C/Fund surplus (at 05/12/14) lower than budgeted	6,670
Community Development - Grants	Reduction in group 1 and 2 grants as agreed	-6,475
Community Development - Grants	Reduction in seed fund to offset savings not achieve on grants	-13,825
Car parks	Updated with current income levels	-10,000
RCCO reduce - as NHB funding capital shortfall		-125,000
Waste/recycling - new scheme savings	Agreed to set a global figure of £200k	-200,000 1/2 year savings + set up costs
Revised Formula Grant		-83,000
Rev'd leisure income/costs		-25,000
E/Health Riams Webbase Software	Web base software for Health	2,000
Feed in tariff (Leisure sites)		-30,000
Dev Control Fees	Note - JC recommended £40k further increase	-70,000
Pollution Licenses Income	Budget set too high in 14/15	2,500 £13.5 - Reduced to £11k
	<b>Total changes to be agreed</b>	<b>-551,180</b>
	<b>New budget gap after the above changes/revisions</b>	<b>98,998</b>

### Notes

Formula grant agreed on 18/12/14 - confirming a grant cut of £574k - which was £83k better than the provisional sum announced 12 months earlier  
Council tax freeze grant offered for 2015/16 @ 1% - so circa = £50k. Note - if Ctax freeze grant accepted budget gap increases by £25k  
Referendum limit agreed at 2% for 2015/16  
Nothing included at the moment for: shared ICT work, Mkt Walk or Fore St properties

## Cabinet 8 January 2015

### Budget 2015/16 - Update

<b>Portfolio Holder Responsible Officer</b>	Cllr Peter Hare-Scott Head of Finance
<b>Reason for Report:</b>	To consider options available in order for the Council to move towards a balanced budget for 2015/16.
<b>RECOMMENDATION:</b>	To consider and agree the updated budget proposals for 2015/16 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 2 months of financial monitoring information. In addition prudent levels of reserves will also continue to be maintained.

#### 1.0 Introduction

1.1 On the 18 December 2014 the Council received formal confirmation of its Formula Grant Settlement (but no provisional notification for 2016/17 – which clearly doesn't assist any future financial planning) and details relating to a Council Tax Freeze Grant and the Referendum Limit.

#### 2.0 2015/16 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 strive to deliver more savings or increased income levels.

2.2 This process (excluding the Formula Grant Settlement) has improved the General Fund budget by circa £468k (see Appendix 1) and now only leaves a budget gap of £99k. This reflects a lot of hard work and constructive negotiation over the past 2 months.

### **3.0 Conclusion**

- 3.1 The Council still has approximately 1 month until the Cabinet will meet on the 5 February 2015 to formally recommend the overall budget and level of Council Tax for 2015/16 and officers will continue to work towards delivering a balanced budget position.
- 3.2 As the Head of Finance has discussed on a number of occasions over the past few years, the Council's financial future is only going to become increasingly challenging, not helped by receiving no indicative grant figures for 2016/17 and it therefore remains apparent that difficult decisions will have to be made in the future where we attempt to balance the needs of our residents with the available funding at our disposal. This will be a very challenge for our new Council in May 2015 – but at least the Council is in a strong/healthy financial position at the current stage and has demonstrated a solid track record of delivering significant savings over the last 4-5 years and still delivers a wide range of high performing services.

**Contact for more information:** Andrew Jarrett – Head of Finance  
**Background Papers:** Draft 2015/16 Budget Papers  
Grant Settlement Email 18/12/14

**File Reference:**

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



**15/16 Budget Changes (since PDG's)**

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