

Taunton Deane Borough Council Executive – 5 February 2015

Draft General Fund Revenue Estimates 2015/16

Report of the Assistant Director Resources

(This matter is the responsibility of the Leader of the Council, Councillor John Williams)

IMPORTANT NOTICE FOR MEMBERS

In order for this item to be debated in the most efficient manner at the Executive meeting, Members are requested to contact the named officers in advance of the meeting with queries regarding points of detail or requests for further supporting information.

1 Executive Summary

This report presents the Executive's 2015/16 Budget for the General Fund for recommendation to Full Council for approval on 24 February 2015.

The Budget was previously presented to Members at Corporate Scrutiny on 22 January 2015. Subsequently, Executive Councillors have finalised its budget proposals, which includes some updates to the previous draft as set out in this report and significantly a change in Council Tax proposal.

The Executive is proposing to **freeze Council Tax in 2015/16**. Significant progress has been made to implement the new JMASS structure which has delivered savings, contributing to the 2015/16 provisional budget position reported in December which showed a potential surplus, pending confirmation of the final settlement; finalisation of Executive proposals and completion of detailed budget analysis. This has enabled Executive to propose additional budget provision for growth and other key services **totalling £315k** which have been prioritised, some of which were funded on a one-off basis in 2014/15 from the 2013/14 underspend. Details are included in this report.

Since reporting to Corporate Scrutiny in December, the Provisional Settlement for the Council's funding from Central Government has been announced. This has confirmed the continuation of significant cuts to general funding as the Government implements measures to address the national deficit. The Provisional Settlement Funding Assessment has resulted in a 15.5% cut in the funding baseline in 2015/16, further to the 13.4% reduction in 14/15. It has been well reported that **delivering a sustainable financial position for the Council over the medium term will**

continue to be extremely challenging. The Council has made significant progress in tackling the financial pressures faced. The implementation of joint management and shared services with West Somerset Council provides important efficiency savings, however further savings will be needed over the medium term to deliver a balanced budget in future years.

The Proposals, if approved by Full Council on 24 February 2015, will enable the Council to set a balanced budget for 2015/16, which is essential for the ongoing financial resilience of the authority.

2 Background

- 2.1 The purpose of this report is for the Executive to consider and finalise its Budget proposals for 2015/16, for recommendation to Full Council on 24 February 2015.
- 2.2 The General Fund Revenue Account is the Council's main fund and shows the income and expenditure relating to the provision of services which residents, visitors and businesses all have access to including Planning, Environmental Services, Car Parks, Leisure Services, certain Housing functions, Community Services and Corporate Services.
- 2.3 The Council charges individual consumers for some of its services through fees and charges. The expenditure that remains is mainly funded through a combination of local taxation (including Council Tax and a proportion of business rates) and through grant funding from Central Government (including Revenue Support Grant, New Homes Bonus and other non-ringfenced and specific grants/subsidy).
- 2.4 Each year the Council sets an annual budget which details the resources needed to meet operational requirements. The annual budget is prepared within the context of priorities identified by Members which are embedded in the Council's Corporate Business Plan.
- 2.5 It has been well reported that the Council faces significant and ongoing financial challenges, with a continuation of the annual reductions in Government funding for local council services as the Government seeks to reduce the national deficit.
- 2.6 The framework and approach for budget setting have previously been reported to Members in the following reports:
- Corporate Scrutiny 18 September 2014: Medium Term Financial Plan Update & Approach to Budget Setting 2015/16
 - Corporate Scrutiny 20 November 2014: 2015/16 Budget Progress Update
 - Corporate Scrutiny 11 December 2014: 2015/16 Initial Draft Budget Proposals
 - Corporate Scrutiny 22 January 2015: Draft budgets shared for review and comment
- 2.7 Executive Councillors have reviewed the initial draft budget proposals with recent updated information from the Provisional Finance Settlement, and have

also considered feedback from Members including comments from Corporate Scrutiny in December. Initial changes to the Draft Budget proposals by the Executive are set out within this report.

3 Corporate Scrutiny Comments

3.1 The Draft budget was presented to Corporate Scrutiny on 22 January 2015 for review and comment. The Committee reviewed the draft budget proposals and the following comments arose:

- Various comments and requests for clarification regarding public toilet provision, including the rationale for the arrangements with town and parish councils and related asset transfers;
- The savings proposal regarding the removal of the temporary climate change officer post was discussed with suggestion this is reviewed;
- The budget position was noted in respect of Christmas lights, including the proposal to review funding through use of end of year underspend. There was some disappointment that no formal provision was included within the 2015/16 budget for this purpose;
- The committee queried the latest position regarding the Deane Helpline review and has requested an update.

3.2 Specific recommendations from the Committee were:

- a) Request that further information is provided in relation to public toilets and the process surrounding community asset transfers and arrangements with town and parish councils.

Members are advised that a report in respect of public toilet provision was presented to Community Scrutiny on 6 January 2015 which may address the queries raised by the Corporate Scrutiny Committee. A copy of the report is on the Council's website and can be provided to Members upon request to the Democratic Services Manager.

- b) The Committee resolved to request the previous decision, made during the 2014/15 budget setting process, to remove the funding for the fixed-term climate change officer role be reconsidered.

The Executive has considered this request from Corporate Scrutiny, however is minded to maintain the proposal for the budget saving in 2015/16 as previously approved by Full Council. The rationale for this takes into account:

- The Council has in place a carbon management and local resilience strategy
- The temporary post was not appointed, and the funds have been redirected to provide solar PV panels at the Blackbrook Pavilion sports centre, contributing to renewable energy and carbon reduction
- The Council's accommodation review means there would be little value in investing in corporate buildings

- The biggest opportunity for making a difference is through the investment in the HRA housing stock, which is happening without a designated Climate Change Officer
- The money raised through feed in tariffs and reduced energy costs from solar PVs is budgeted to be reinvested in climate change initiatives

4 The Robustness of the Budget Process

- 4.1 The Local Government Act 2003 requires a report on the adequacy of the Council's financial reserves and for the S151 Officer to report on the robustness of the budget plans. The statement in respect of the Draft Budget is included in Appendix A.

5 Funding From Central Government

Provisional Finance Settlement

- 5.1 The MTFP has previously been updated for indicative estimates of potential funding from Government. Details of the Provisional "Settlement Funding Assessment" for 2015 were announced by CLG on 18 December 2014.
- 5.2 The funding settlement for the past three years (to 2015/16) has seen the Council's main general funding reduce by £1,605k in cash terms (26.8%). 2013/14 saw the introduction of changes to the main method of general funding, with core funding now received via Revenue Support Grant plus Retained Business Rates. A number of previously separate grants were 'rolled in' to the funding base including the 2011/12 and 2013/14 Council Tax Freeze Grant, Homelessness Prevention Grant, and Council Tax Support Funding.
- 5.3 Details of the Provisional Settlement Funding Assessment were issued by CLG on Thursday 18 December 2014. This settlement information has been used for the draft budget included in this report. In summary, the headlines are:
- The net Settlement Funding cut by 15.5% in 2015/16, further to the 13.4% reduction in 2014/15. This comprises combined funding targets for Revenue Support Grant (RSG) and Business Rates (BR) Baseline.
 - RSG reduced by £850k (30.7%) compared to 2014/15, from £2,766k to £1,916k.
 - BR Baseline has increased by 1.9%, from £2,412k to £2,458k.
 - New Homes Bonus (provisional) grant increased by £876k, to £3,178k
 - Council Tax Freeze Grant of £62k available for 2015/16 tax setting. This grant, if taken, will be rolled into the base for RSG in future and therefore be included in future settlement beyond 2015/16 (subject to future Spending Reviews).

5.4 The following table summarises updated funding baseline:

Table 1 – Provisional Settlement Funding Assessment headline figures

	2013/14	2014/15	Change		2015/16	Change	
	£k	£k	£k	%	£k	£k	%
Updated RSG Baseline	3,613	2,766	-847	-23.4%	1,916	-850	-30.7%
Business Rates Baseline	2,366	2,412	46	1.9%	2,458	46	1.9%
Total Funding Baseline	5,979	5,178	-801	-13.4%	4,374	-804	-15.5%

5.5 The final Settlement has been received and there has been no change to the figures reported.

Revenue Support Grant (RSG)

5.6 As previously reported, it is anticipated that RSG will be the main area of funding the Government will target to achieve the reduction in national spending on local government. In addition to the above figures in Table 1, we are forecasting that RSG will be subject to further reductions in future years. Our projections in the MTFP assume that RSG will reduce to nil by 2020. However details beyond 2015/16 will be subject to future periodic Spending Reviews and annual Funding Assessments, and our financial strategy will be updated as further information becomes available.

Retained Business Rates

5.7 Our budget figures for business rates will be based on local estimates of business rates income, which may be different from the Baseline figures shown in the table above.

5.8 The estimates for the 2015/16 retained business rates funding have been updated to reflect the “NNDR1” rates income forecast, completed late January 2015. The figures have changed compared to the provisional estimates included in previous reports.

5.9 The indicative estimates included with the Draft Budget in this report is summarised as follows:

Table 2 – Business Rates Indicative Funding Estimates

	Budget 2014/15 £k	Estimate 2015/16 £k	Change £k
Standard Share of business rates income	15,754	15,923	169
Add: S31 Grant Income (government-funded reliefs)	0	678	678
Add: Renewal Energy Business Rates retained	63	120	57
Share of business rates income	15,817	16,721	904
Less: Tariff payable to Government	-13,471	-13,729	-258
Less: Levy Payment to Government	0	-243	-243
Add: Safety Net payment from Government	0	0	0
Net Retained Business Rates Funding	2,346	2,749	403

- 5.10 The budget forecast for retained business rates income has increased by £403k in 2015/16. However, Members will note that our local forecast of business rates funding, which will be used for budgeting purposes, is above the Business Rates Baseline included in 5.4 above. As our projected income is significantly above the baseline there is a risk in terms of the gap between our budget and safety net, therefore we propose to set aside £298k as a contingency within the Business Rates Smoothing Reserve. The balance of the increased funding (105k) will be used to support the budget plans for 2015/16.
- 5.11 We received confirmation on 16 December from the Secretary of State for Communities and Local Government that we have been successful in our application to form a Pool of Authorities for Non-Domestic Rates with BANES; Mendip; North Somerset; Sedgemoor; Somerset County; and South Somerset Councils. This arrangement will come into effect from 1 April 2015 and will be reviewed on an annual basis. The figures above are based on our individual retention forecast. We will work through the implications of the Pool taking into account the 15/16 forecast and anticipate any dividend in 2015/16 will be added to the Business Rates Smoothing Reserve to reflect increased risk but anticipate it will provide a positive impact for the budget in 2016/17. Other councils with a relevant geographic presence will be considered for inclusion in the future (specifically WSC) subject to there being no significant adverse impact on the financial viability of the pool.
- 5.12 Further supporting information for the business rates funding system was provided to all Members as part of the Budget Consultation Pack.

New Homes Bonus Grant (NHB)

- 5.13 The New Homes Bonus (NHB) Grant has been in place since 2011/12. It is funding allocated by Government, separate to Revenue Support Grant and Business Rates, which incentivises or rewards housing growth. The NHB grant is non-ringfenced which means the Council is free to decide on its use.
- 5.14 The scheme design sets out that each year's Grant allocation will be payable for six years. Assuming this funding mechanism remains consistent in future, the Council should receive six years' grant allocations in each financial year from 2016/17 onwards.
- 5.15 The Government has very recently announced the Provisional NHB Grant allocation of £3,179k for 2015/16. The total grant is an increase of £876k compared to the grant for 2014/15 and it is assumed this extra amount will be transferred to the NHB Reserve to provide additional funding towards the Council's key corporate priority of growth and regeneration. The following table summarises the grant income to date and future estimates currently included in the MTFP. The projections for 2016/17 onwards are potentially modest and likely to be higher based on planned housing growth.

Table 3 – New Homes Bonus Grant Funding

	11/12 £k	12/13 £k	13/14 £k	14/15 £k	15/16 £k	16/17 £k	17/18 £k	18/19 £k	19/20 £k	Cumulative £k
2011/12 Grant	392	392	392	392	392	392				2,352
2012/13 Grant		648	648	648	648	648	648			3,888
2013/14 Grant			687	687	687	687	687	687		4,122
2014/15 Grant				576	576	576	576	576	576	3,456
2015/16 Estimate					876	876	876	876	876	4,380
Subtotal	392	1,040	1,727	2,303	3,179	3,179	2,787	2,139	1,452	18,198
2016/17 Estimate						589	589	589	589	2,356
2017/18 Estimate							516	516	516	1,548
2018/19 Estimate								516	516	1,032
2019/20 Estimate									516	516
Total	392	1,040	1,727	2,303	3,179	3,768	3,892	3,760	3,589	23,650

5.16 The current draft budget for 2015/16 (and longer term projections in the MTFP) assumes that £392k of this grant will be used as ‘mainstream funding’ to support the annual budget. This allows the Council to continue to support functions such as Regeneration, Economic Development, Planning Policy, Housing etc which will ensure that the benefits of growth are maximised for Taunton Deane and its communities.

5.17 The strategic principle set out in the Budget Approach (Corporate Scrutiny, 19 September 2013) is that all unallocated NHB will be set aside for investment in growth and regeneration – with a caveat that this may need to be revisited based on affordability. On this basis the current draft budget for 2015/16 and the MTFP forecasts assume that the balance of the grant (after deducting £392k) is to be allocated to support investment in growth and regeneration projects.

Housing Benefit & Council Tax Admin Grant

5.18 This grant is separate to the general funding provided through Revenue Support Grant and Business Rates. The national budgets that provide the source of this grant has being split – with a proportion being transferred to the Department for Works and Pensions (DWP) for Housing Benefit element, with the balance retained by CLG for Council Tax Support admin. The combined Provisional Grant allocation for 2015/16 is £565k which is £65k (10%) less than the grant for 2014/15. This reduction has been taken into account within the previously reported MTFP.

Funding from Council Tax

6.1 The Council Tax Base of 38,348.55 Band D Equivalent has been approved under delegated powers by the Section 151 Officer.

Powers for the Public to Stop Excessive Council Tax Rises

- 6.2 Although the Localism Act abolishes Central Government power to cap tax increases, the Local Government Secretary has the power to set a threshold for “excessive” tax rises. In the recent Provisional Local Government Finance Settlement, the Government re-confirmed its Council Tax referendum threshold of 2% and this is our current assumption for financial planning purposes.
- 6.3 Members are also advised – for information only – that the Government has previously indicated it is considering extending the Council Tax referendum provisions to parish councils. There are no changes for 2015/16, but it is conceivable that parishes with larger precepts will need a referendum to support “excessive” tax rises in future years.

Council Tax for 2015/16

- 6.4 The Executive is minded to recommend a **Council Tax freeze** in 2015/16.
- 6.5 The proposed tax rate will therefore remain unchanged at **£137.88** per year (£2.64 per week) based on a Band D property.
- 6.6 Using the Council Tax Base for 2015/16 the draft budget estimate for Council Tax income is therefore $38,348.55 \times £137.88 = £5,287,498$ (excluding parish precepts). This represents a total increase in budgeted income of £94,528, as shown below:

	£
Council Tax Income Budget 2014/15	5,192,970
Increase due to change in Tax Base (Band D equivalents)	<u>94,528</u>
Estimated Balance as at 31 March 2016	<u>5,287,498</u>

Council Tax Freeze Grant

- 6.7 In 2014/15 the Council approved a 1.99% increase. The details of potential Council Tax Freeze Grant for 2015/16 have been announced in the Provisional Funding Assessment. It is anticipated that a Council Tax Freeze in 2015/16 will attract a grant worth approximately £62k. This is broadly equivalent to a 1% tax increase (adjusted to exclude CTS impact). Ministers have agreed that the funding for 2015/16 freeze grant scheme will be included in the spending review baseline for future years. However, the Baseline will be subject to changes in future Government decision making.
- 6.8 The current budget estimates and MTFP forecasts assume that Council Tax will be frozen in 2015/16 but increased by 1.99% in 2016/17. The Government’s trigger for a referendum for “excessive Council Tax increases” for 2016/17 and beyond is not known at this point.
- 6.9 The following table shows indicative Freeze Grant funding, **if** Council approve the recommended tax freeze in 2015/16. The Freeze Grant related to 2011/12 and 2013/14 tax setting has been rolled into the funding baseline for Revenue

Support Grant and Business Rates, however it should be noted that these are affected by net funding reductions year on year.

Council Tax Freeze Grant Estimates	2011/12 £k	2012/13 £k	2013/14 £k	2014/15 £k	2015/16 £k	2016/17 £k
2011/12 Tax Freeze Grant	138	138	Rolled into RSG and Business Rates Baseline			
2012/13 Tax Freeze Grant		140	Grant given for one year only			
2013/14 Tax Freeze Grant			57	Rolled into Revenue Support Grant		
2014/15 Tax Freeze Grant				Tax increased by 1.99%		
2015/16 Tax Freeze Grant					62	Rolled into RSG
Totals	138	278	57	0	62	0

6.10 It is anticipated that parish councils will continue to be excluded from the Council Tax Freeze scheme, but any increase in Special Expenses levied by TDBC for the unparished area of Taunton would count against an option to claim the Council Tax Freeze Grant for TDBC.

6.11 By way of comparison, the following table provides Members with an indication of the impact of tax setting for the next three years on the Council's ongoing funding base. This scenario is based on the 2015/16 tax base, and shows that a tax freeze compared to possible 1.99% tax increase each year and assumed freeze grant each year, would reduce the ongoing funding base potential by approximately £220k per year from 2017/18.

Tax Base – Band D Equivalentents		37,662.97	38,348.55	38,348.55	38,348.55
		2014/15 Actual £k	2015/16 Forecast £k	2016/17 Forecast £k	2017/18 Forecast £k
A	Council Tax Forecast with 1.99% increase in 2015/16	5,193	5,393	5,541	5,694
	Council Tax Forecast with 0% increase in 2015/16, 2016/17, and 2017/18	5,193	5,288	5,288	5,288
	Tax Freeze Grant	-	62	124*	186*
B	Net Funding		5,350	5,412	5,474
C	Difference - A minus B	0	43	129	220

* includes amounts assumed to be rolled in to RSG baseline

Special Expenses / Unparished Area Budget

6.12 In line with budget approach in previous years, and the inherent link with the calculations for tax freeze grant eligibility and referendum thresholds, the Executive proposes the Special Expenses Rate (SER) will be remain the same in 2015/16, i.e. a freeze alongside the TDBC Basic Council Tax. The Special Expenses income raised through Council Tax in 2014/15 is £42,330 which is a Band D Equivalent charge per year of £2.98 for the Unparished area of Taunton. In addition, the Unparished Area Budget has received a notional CTS Grant of £6,690 in 2014/15 giving a total budget for the year of

£49,020.

- 6.13 In order to provide Members with an indication of possible tax charges and income projections, the following table provides indicative figures for what TDBC's Council Tax income would be, based on a range of percentages.

Tax Base for 2014/15 14,206.17 Band D Equivalents
Provisional Tax Base for 2015/16 14,395.62 Band D Equivalents
2014/15 Band D Annual Council Tax Charge £2.98

Council Tax Increase	Band D Tax Per Year £	Council Tax Income £	CTS Grant Allocation £	Unparished Area Budget £
0.0%	2.98	42,900	6,030	48,930
1.0%	3.01	43,330	6,030	49,360
1.99%	3.04	43,760	6,030	49,790

- 6.14 The proposed Unparished Area Budget for 2015/16 is £48,930 as shown below. The slight reduction compared to 2014/15 is due to reduced demand and therefore reduced cost of CTS within the unparished area. The Unparished Area Panel will continue to prioritise the allocation of these funds through the agreed governance arrangements.

Special Expenses [14,395.62 x £2.98] £42,900
Grant for CTS £ 6,030
Total Unparished Area Budget 2015/16 £48,930

Council Tax Support (CTS) Grant and Funding for Parishes

- 6.15 The Government included funding for the Council's share of the cost of CTS within the baselines for Revenue Support Grant and retained Business Rates in 2014/15. As this funding is included in the baseline it is not transparent as to how much funding will be received for CTS in 2015/16.
- 6.16 At Full Council on 9 December 2014, Members approved the revision of the Local Council Tax Support Scheme from 1 April 2015. Included within the approvals was the preferred option to pass on funding for CTS to parish councils and the unparished area. This has resulted in the following total estimated grant funding from TDBC in 2015/16:

	£
Grants payable to Town and Parish Councils	38,970
Notional grant allocated to Unparished Area Budget	<u>6,030</u>
Total funding to be passed on for CTS	<u>45,000</u>

- 6.17 There is no statutory requirement or prescribed basis to allocate a proportion of the funding to parishes; it is for TDBC as billing authority to agree an appropriate allocation with parish councils.

7 The 2015/16 Budget Gap

- 7.1 In September 2014 we reported a small gap of £22k in our budget for 2015/16.

The gap had been kept to a minimum by the implementation of the JMASS Business Case, which identified significant savings for both TDBC and WSC. The updated position is detailed below.

- 7.2 As reported to Corporate Scrutiny 11 December 2014, the estimated Budget Gap for 2015/16 was showing a 'work in progress' surplus of £362k. A further projection following the Provisional Settlement was a surplus of £379k, but with areas of the budget to be finalised.

Table 4: 2015/16 Budget Gap Position – December Consultation Pack

	Options £k	Gap £k
2015/16 Budget Gap September 2014		22
Pay award offer	13	
Fees & charges proposals	-54	
Initial Savings proposals	-121	
Forecast Budget Gap as at November 2014		-140
Forecast Increase in New Homes Bonus Grant	-396	
Forecast Increase in Transfer to Earmarked Reserves (NHB)	396	
Council Tax Base increase	-70	
Collection Fund Surplus / Deficit (provisional estimate)	-154	
HB and Council Tax Support Admin Grant confirmed	2	
Budget Gap Estimate 11 December 2014		-362
Provisional Settlement increase in RSG	-15	
Provisional Forecast increase Business Rates Retention	-359	
Proposed transfer to Business Rates Smoothing Reserve	359	
Add back – Arts Grants savings not taken	2	
New saving - Postage	-4	
Budget Gap Latest Estimate		-379

8 Draft Budget Proposals 2015/16

- 8.1 The Draft Budget has been prepared to deliver, as a minimum, a balanced budget for 2015/16. This is in the context of the over-arching objective in the Corporate Business Plan to achieve financial sustainability. It is assumed that the new Council will address budget priorities beyond 2015/16, and develop and agree the next Budget Strategy.
- 8.2 The Executive have worked with the Management Team to prepare options in line with 3-year savings targets set last year, weighted in line with priorities indicated by Members through the preparation of the Corporate Business Plan. Whilst a primary focus has been to identify proposals that deliver the priorities and ambitions of the Corporate Business Plan and minimise the impact of budget reductions, it is inevitable that some proposals will affect frontline services in future although minimal impact is expected for 2015/16.
- 8.3 The total savings from the Budget Proposals are £123k (see Appendix B):

Table 5 – Summary Total of Budget Proposals and Options

	Proposals 2015/16 £k
Postage	-3,500
Shopmobility	-20,000
Planning	-27,500
Housing	-6,500
Climate Change	-42,000
Internal Audit	-23,330
TOTALS	-122,830

- 8.4 If Members support the 2015/16 proposals through the Budget Approval process in February, then the Budget Gap will have been closed.
- 8.5 Following work to develop the Draft Budget further, a number of proposals have been put forward which the Executive is minded to support to invest in services that improve the area and support growth and regeneration. The details and impact are as follows in Table 6:

Table 6 – Summary Total of Budget Proposals and Options

Budget Gap Reconciliation	£k	£k
Budget Gap working balance Per Consultation Pack		-379
Proposals:		
Waste management – enforcement and support for events	10	-369
Asset management – additional capacity to support commercial arrangements	30	-339
Marketing	25	-314
Town centre wifi – set up (one-off)	30	-284
Town centre wifi – ongoing costs	15	-269
PR support – Asst Media Officer 3 days/wk	20	-249
Street cleansing – additional caretaker and cleaning	42	-207
Grass cutting	50	-157
Weed spraying	10	-147
Corporate Fraud – match funding	20	-127
<i>Budget impact of Motions to Council: (See section 8)</i>		
Reopen Hamilton Park public conveniences	8	-119
Full-time cleaning operative to remove needles etc	25	-94
Specialist provision to support users in looking to break the addiction	25	-69
Match funding for education programme re dangers of Legal Highs	5	-64
Support for growth – finance resources	95	31

Budget Gap Reconciliation	£k	£k
Reduction in transfer to New Homes Bonus Reserve	-95	-64
RCCO – Revenue funding for TIC relocation	120	56
Transfer from Growth and Regeneration reserve	-120	-64
Council Tax - initial estimate at 1.99% - Removed	105	41
Council Tax Freeze grant – assume one-off	-62	-21
Collection Fund Surplus – final estimate adjustment	19	-2
Completion of detailed estimates	77	75
Business Rates – Final NNDR1 Adjustment	-75	0
Capacity Funding Grant	-240	-240
Planning spend re Capacity grant	240	0
Reduction in transfer to BRR based on final NNDR1	-42	-42
Revision of estimated Levy payment to Government	42	0
Budget Gap for 2015/16		0

8.6 As the Table shows the proposed budget brings the Gap to zero, thus providing a balanced budget for 2015/16. The proposals above are explained as follows:

- Waste Management – this is to support the clear up following events in the town centre. The funds will be used to implement more effective clear up of large scale waste, examples to be explored are the use of large scale bins and waste removal for big events such as the carnival and Christmas switch on etc. This will be optimised and could be invested in a variety of ways, for example through staffing, purchase of event bins, or to place the infrastructure to support removable event bins.
- Asset Management – Additional capacity is needed to support our commercial arrangements with external partners and further advance asset related projects that will improve asset utilisation.
- Marketing – this will provide additional resources to further promote the Borough in line with the growth and regeneration priority.
- Wifi – The business development team is currently considering proposals to provide free wi-fi internet access in the Town centres of Taunton and Wellington. If implemented this would enable residents and visitors to both towns to quickly access the internet with the intention of improving this element of digital connectivity within the town. An initial evaluation of the benefits of both proposals is currently being undertaken to determine whether they present value for money. The budget requested is to cover the costs made in those proposals although there are a number of issues that need to be resolved before we progress with this solution.
- PR support from Assistant Media Officer - The primary function of the role would be to support the work of the Media and Communications Officer in promoting the Council within the community.
- Street Cleansing – This is an extension of the full time town centre caretaker role for the full year 2015/16. This role sweeps the streets, empties the litter bins and supports the work with commercial waste in the town centre (including Castle Green) this money also continues the roll out of new bins for Wellington, Milverton and Wiveliscombe. The investment

from TDBC continues the enhanced work funded in the current year through use of previous underspend.

- Grass Cutting – This is an increase of the highways verge cutting taking the services from an assumed 2 cuts to 7. SCC have yet to confirm their request to fund 2 cuts, however the investment from TDBC continues the enhanced work funded in the current year through use of previous underspend.
- Weed spraying - This is to supplement the current 2 weed sprays that are funded by TDBC. The investment from TDBC continues the enhanced work funded in the current year through use of previous underspend.
- Corporate Fraud – we are required to “match fund” grant that is awarded from CLG/DWP to combat fraud. We have been allocated grant funding of £30k in 2014/15 and £80k in 2015/16 to set up a shared counter-fraud function, with match funding of £40k from TDBC, WSC and SSDC. It is anticipated TDBC will contribute £20k of the £40k match funding.
- Hamilton Gault toilets – this is to reopen these toilets to the public.
- Cleaning Operative – This funding will support measures proposed in the motion to Council as reported in section 9 below. This is a new post to support the cleanliness of the town with a specific focus on the proactive collection of needles, having considered an appropriate level of resources following the trial in December in response to problems related to ‘legal highs’ issues
- Specialist Provision – This funding will support measures proposed in the motion to Council as reported in section 9 below, and provide a grant funding pot to support bids that support those with addictions.
- Education Programme match funding - This funding will support measures proposed in the motion to Council as reported in section 9 below. This budget will enable the Council to contribute to schemes that seek to educate and raise awareness of dangers with legal highs.
- Support for growth – finance resources – The Council has an ambitious growth agenda and has approved the allocation of specialist resources in order to deliver a range of projects, including commercial property expertise, legal advice, etc. It is also important that we have sufficient capacity within the Council’s Finance service to provide the necessary financial expertise, advice, and support to key projects. It is proposed to establish a specialist finance role for two years to support the growth programme, at an estimated cost of £95k for the period, to be funded from Growth and Regeneration (New Homes Bonus) funding.
- TIC Relocation – the proposal to relocate the TIC is included in the draft capital programme for 2015/16. This is to be financed from revenue resources (RCCO), to be funded from an uncommitted balance in the Growth and Regeneration Reserve.
- Council Tax freeze and freeze grant – see section 6 above
- Collection Fund Surplus – the Council Tax collection fund surplus is formally calculated on 15 January each year. The final budget requirement for our share of the surplus is £135k, which is £19k lower than previous initial estimates.
- Detailed estimates – in finalising the detailed budget estimates a number of final adjustments have been required to reflect projected costs for 2015/16. This relates to costs of ongoing services rather than any changes to service levels.

- Business Rates – the final NNDR1 has now been completed (statutory deadline is 31 January each year), and provides an increased estimate of retained funding under Business Rates Retention – see 5.9 above.
- Capacity Funding – the payment of a further £240k grant was confirmed in late January and is reflected in the Planning income and expenditure budget. Any funds not spent at the end of 2015/16 will be carried forward in an earmarked reserve.

9 Motions to Council

Unparished Area (September 2014)

- 9.1 On 30 September there was a motion put to Council by Councillor Lisgo, seconded by Councillor Coles, in respect of services in the unparished area:

“This Council recognises that there is an ongoing and increasing concern being expressed within our community about the democratic deficit at the heart of our County Town due to its unparished status.

This Council therefore resolves to ensure that services provided within the Unparished Area are not reduced and furthermore, services previously deleted such as public conveniences, are reinstated until an appropriate body or bodies, with precepting powers, is in place to properly undertake such responsibilities.”

- 9.2 The motion was supported by the Council, and further information was needed to support formal decision making in respect of budget implications implied by the motion. To this end, information has been included with the various Initial Savings proposals to identify any potential impact on the unparished area – there are no service reductions identified for 2015/16. In addition, further detail was provided to Corporate Scrutiny Committee on 11 December 2014 regarding the cost of reinstating services. It has been determined that the services that were deleted from the budget in 2014/15 that affects the unparished area are:

- a) Closure of public conveniences
- b) Reduction in frequency of play equipment inspections

- 9.3 The public conveniences that were removed from the General Fund budget are: Priorswood, Wilton Lands – The Sandwedge, Station Road, High St (Disabled) and Hamilton Park. In respect of these facilities:

- the Priorswood toilets remain open, funded by the HRA
- the Wilton lands (Sand wedge café) toilets remain open, maintained by Tone Leisure
- High St Disabled toilets have been converted to alternative use as storage for town centre caretakers’ equipment and the Green Machine.

- 9.4 The toilets at Station Road and Hamilton Park remain closed. The cost of reinstating these two facilities would be £22k and £8k respectively.

- 9.5 The Executive is minded to recommend to Council that the toilets at Hamilton Park are reopened and proposes to keep Station Road toilets closed.
- 9.6 The inspection regime for all council-owned/maintained play equipment was reduced from weekly to monthly inspections from April 2014, reducing annual costs across the borough by £24k. The cost of reverting to a weekly inspection for the parks within the unparished area is estimated to be £12k, covering 53 sets of facilities (as detailed in the Corporate Scrutiny report). The feedback from Corporate Scrutiny in December included a range of comments from supporting reinstatement to satisfaction that the current inspection regime is satisfying the council's responsibilities in this area.
- 9.7 The Executive is minded to propose keeping the existing programme of monthly inspections across the borough and therefore not to reinstate the budget provision. Following consultation with our insurance provider we have confirmed that the monthly inspection regime does not affect our obligations or costs in respect of insured risks related to play equipment.

Motions to Council – Legal Highs (December 2014)

- 9.8 On 9 December there was a motion put to Council by Councillor Federica Smith, seconded by Councillor Coles, in respect of Legal Highs.

The following table summarises the points raised in the motion and an update on progress together with budget proposals for recommendation.

Motion	Comments	Budget Requirement £k
<p>Stop the over the counter sales of NPS (Legal Highs) in Taunton Deane owned premises by a restrictive covenant. This covenant should forbid the sale/distribution of NPS in premises owned or leased by the Council. We also need to contact all local/national commercial landlords within Taunton Deane to ask them to include a covenant in all new lettings within the area.</p>	<p>Legal comments – It is possible in situations in which new leases are granted to include a covenant prohibiting the sale of “legal highs”. It would not be possible to unilaterally inset the clause into existing leases. By way of reassurance, The Council only lets a very small number of retail premises and the standard lease includes a user clause which would primarily regard the sale of legal highs as being incompatible with general retail purposes.</p> <p>Asset Management comments – Covenants will be included for new lettings specifically prohibiting the sale of “legal highs”.</p> <p>The Council will need to work with private landlords to encourage them to take a similar stance.</p>	<p>Nil</p>
<p>Call on the Council to immediately make use of the new powers available under Anti-Social Behaviour (ASB) legislation which includes ensuring that a community trigger is put in place by the end of December 2014.</p>	<p>Community trigger is for when things are not dealt with in a timely fashion and should be called by a community member(s). It was therefore not appropriate here. However, the new legislation was used to shut down Hush through a Community Protection Order – and, prior to this, there was a voluntary stop at Wicked. The Community and Client Services Manager is not aware of legal highs on sale elsewhere in Taunton.</p>	<p>Nil</p>
<p>Ensure that a multi-agency team with the Police, NHS and other third parties meets on a regular basis to discuss ASB within the town and look to make remedies.</p>	<p>Such meetings are already in place and have been in operation for many years.</p>	<p>Nil</p>

Motion	Comments	Budget Requirement £k
Taunton Deane to fund a new post for a full-time cleaning operative, building on the December trial, with a brief of assisting in the collection of reported needles, cleaning known hotspots on a daily basis and additional cleaning of our public toilets and park areas.	The Executive proposes the inclusion of a full-time post for one year within the 2015/16 budget to meet the recommendation.	25
Taunton Deane to fund specialist help provision to the maximum of £25,000 per annum to support users in looking to break the addiction through Taunton Association for the Homeless, Citizens Advice Bureau, Turning Point and others.	The Executive proposes to recommend a budget of £25,000 in 2015/16, to enable options for the delivery to be identified and provide funding to other bodies subject to business case etc	25
Work with SCC to ensure the introduction of an educational programme for schools, colleges and youth provision providers to ensure impacts and dangers of Legal Highs are addressed.	The Executive proposes to allocate a sum of £5,000 within the 2015/16 budget to provide match funding to support any investment by SCC in delivering an educational programme. Officers are requested to liaise with SCC to progress.	5

9.9 If supported these options would result in £55,000 being added to the budget in 2015/16 (see Table 6 in section 7 above).

Motions to Council – Christmas Lights (December 2014)

9.10 On 9 December there was a motion put to Council by Councillor Horsley, seconded by Councillor Farbahi, in respect of Christmas Lights:

“Taunton Deane Borough Council has a proud record of supporting its town centre and has always acknowledged the importance of the Christmas period in providing the retailers with the best opportunity of being commercially successfully in the calendar year. In recent years it has expanded the customer offer by extending its reach to Somerset Square, Castle Green and further up the High Street with it’s renting of stalls to market holders on those days when it puts on events for the traders such as the Christmas Lights switch on.

It further acknowledges the role played by the Events Organisers which has raised money towards the lights and ensuring that all visitors are welcome. It notes that the figures provided by the Economic Development Team and by the Manager of the Orchard Centre also show a year on year increase in numbers in the town centre. Taunton can be also proud that its current level of void sites is down to 4% compared with the national average of 14%.

It is disappointing to note however that for the past two years the extent of the Christmas Lights only reach nearly as far as Debenhams to the north on North Street and to well short of Primark on East Street and does not include much of High Street to the south. This means that Bridge Street and Station Road to the north, the eastern part of East Street and the whole of East Reach has no Christmas Lights nor does Corporation Street to the West. These important secondary shopping areas are getting no benefit from the Christmas Lights “project”.

Business Rates have not come down in the recession whilst market rents have halved for even the premium sites. This has led to a high volume of appeals against the Rateable Values by many owners in their attempts to reduce their outgoings. The future of Christmas Lights is going to remain a “will we, won’t we” battle every year which only creates uncertainty for the retailers and traders.

Taunton Deane Liberal Democrats note that the recent Traders Survey identified that 77% of the traders believe that Christmas Lights should be “safeguarded”. They also believe that with the demise of the Town Centre Company, the responsibility for supporting a fair and longer lasting strategy for making Taunton Sparkle is for the Council to agree to (a) extend the Christmas lights to the secondary areas mentioned above and (b) to agree to provide funding until Christmas 2018.

Accordingly it asks the DLO or other such organisation to cost out a programme to cover the extended area for 2015 onwards and to examine whether to hire or purchase. The funding for this should come from any under spend in the previous year.”

- 9.11 At the time of preparing this report, further work is required to complete the costing of a programme for extended coverage of Christmas Lights. However, to provide an indicative estimate to assist members in considering financial implications as part of the budget process, it is considered that the cost of acquiring, storing, erecting/dismantling and utilities to cover the provision of lights in proposed area would potentially cost in the range £20k - £25k. This does not include the full cost of supporting events. The Assistant Director Business Development is in the process of arranging discussions with key business organisations and this year’s event organiser to develop fully-funded plans for future years.
- 9.12 At present the draft budget does not include an allocation in respect of Christmas Lights on the basis that the motion proposes to review funding potential from any year end underspend.

10 HR Implications

- 10.1 There are no specific HR implications in respect of this report. In addressing the future financial challenge it is likely in future years that some staff will be affected by proposed budget savings, given the scale of the Budget Gap over the medium term. Managers will be supported by the HR Service, and consultation will be undertaken with staff and UNISON as the budget ideas are

developed. HR implications in respect of JMASS restructuring is reported separately.

- 10.2 The Assistant Director Resources provided an update on the Council's MTFP position and budget proposals to the UNISON Change Forum on 6 January 2015.

11 Fees and Charges

- 11.1 Fees and Charges for 2015/16 were approved by Full Council on 9 December 2014, and the impact of these is included in the Draft Budget.
- 11.2 Further to representations to Corporate Scrutiny and the Executive by a member of the public, the Council has committed to continue to review the method applied to calculating fees in respect of taxi licensing. Work has progressed and minor amendments are now considered appropriate to some of the 2015/16 fees previously approved. Details are shown below. The overall impact on the budget is forecast to be a cost of £2,400 and this will be addressed through the licensing earmarked reserve.

Taxi Licensing	Approved 2015/16 Fees	Revised 2015/16 Fees
Hackney Carriage/Private Hire Vehicle Licence	£155.00	£149.00
Hackney Carriage/Private Hire Vehicle Licence - Renewal	£153.00	£148.00
Private Hire Operator Licence	£147.00	£132.00
Private Hire Operator Licence - Renewal	£112.00	£97.00
Application for new drivers licence	£152.00	£147.00
Application for new drivers licence 3 years	£260.00	£243.00
Driver licence renewal – 1 year	£101.00	£95.00
Driver licence renewal – 3 years	£245.00	£228.00

12 DLO Trading Account

- 12.1 The implementation of the new ICT system during 2014/15 will allow for the production of a more detailed analysis of spend and income within the DLO, as well as a more streamlined working pattern enhancing productivity. Consequently expenditure and income budgets have been realigned accordingly and will enable the budgets within each of the DLO services to be more accurately managed. The impact of this has been included within the 2015/16 budget setting process.
- 12.2 During recent months the DLO service has obtained new business which has increased the income expectations in 2015/16; however due to inflation,

changes within the pension contribution budgets and increased charges on capital assets the net surplus remains the same. This ensures that DLO has maintained its contribution towards the General Fund however, recharge rates will be higher due to these unavoidable cost pressures. In addition, the DLO is making an additional contribution to fund its vehicles and equipment reserve to provide flexibility to support new business opportunities.

- 12.3 The General Fund budget includes the trading surplus of £101k providing a contribution to the net income for the Council. Efficiency savings within the DLO have also been passed on to the General Fund and HRA, making DLO services better value for money. Any additional surplus would be transferred to the DLO Trading Account reserve.

<i>DLO Trading Account 2015/16*</i>	Costs £k	Income £k	Net £k
Grounds	2,973	(3,050)	(77)
Building	5,343	(5,360)	(17)
Nursery	203	(210)	(7)
Grand Totals	8,519	(8,620)	(101)

* Please note these figures are provisional at this time.

- 12.4 The forecast reserves position for 2015/16 remains positive, and provides some resilience to volatility in trading performance and future investment needs.

<i>DLO Trading Account Reserves</i>	2014/15 £k	2015/16 £k
Estimated Balance Brought Forward	205	205
Forecast outturn	0	0
Estimated Balance Carried Forward	205	205

13 Deane Helpline Trading Account

- 13.1 The Deane Helpline is a stand-alone trading account service. In 2015/16 the forecast deficit is £80k, a reduction of £6k compared to the original budget for 2014/15. This deficit will need to be funded by the General Fund.
- 13.2 The draft budget is based on a freeze for both private customers and Council Tenants with regards to the weekly charge, however installation fees for private customers will increase from £25 to £35. There will also be a 1.84% increase in charge for Corporate Contracts. This was approved by Full Council on 9 December 2014. The previous price cap for long-standing clients has been removed and all private customers are now paying for the service at the same rate. This is generating an important increase in income.
- 13.3 The income budget is based on a prudent projection of income due for the year, and makes an allowance for income collection risks.
- 13.4 The nature of the service means that staff costs are susceptible to increase in

order to maintain services through unplanned staffing absences. Some provision has been included within the expenditure budget to provide for essential cover arrangements, although the service manager has reviewed staffing rota arrangements to minimise costs in this area.

- 13.5 The summary trading account is as follows. There are no uncommitted reserves brought forward on this account.

Deane Helpline Trading Unit Estimates	2014/15 £k	2015/16 £k
Direct Operating Costs	995	1,018
Recharges and Capital Charges	78	61
Income	(987)	(999)
Estimated Deficit	86	80

14 Minimum Revenue Provision Policy

- 14.1 Before the start of each financial year, the Council is required to determine the basis on which it will provide for the repayment of borrowing undertaken for the purpose of financing capital expenditure. This annual provision, known as Minimum Revenue Provision (MRP), is designed to ensure that authorities make prudent provision to cover the ongoing costs of their borrowing.
- 14.2 In 2008, the Government became less prescriptive offering Councils a number of options for calculating MRP. For the financial year 2014/15, the Council determined to calculate MRP as follows:-
- for supported borrowing, 4% on outstanding debt;
 - for unsupported borrowing, the debt associated with the asset divided by the estimated useful life of the asset;
 - for capital grants and contributions to third parties, 4% (or 1/25th) per year on a straight line basis.
- 14.3 It is proposed the above policy remains for 2015/16.

15 Draft General Fund Budget Summary 2015/16

- 15.1 The following table compares the draft proposed budget with the original budget for the current year. The table has been completed assuming a Council Tax freeze as per the current draft budget assumptions.

	Original Budget 2014/15 £	Draft Estimate 2015/16 £
Total Spending on TDBC Services	12,496,710	12,047,560
Capital Charges Credit	-2,702,150	-2,513,080
Revenue Contribution to Capital	528,590	648,590
Interest payable	0	0
Parish Precepts	503,460	531,720
Grants to Parishes for CTS	40,940	38,970
Special Expenses	42,330	42,900
Grants to Unparished Area	6,180	6,030
Capital Debt Repayment Provision (MRP)	692,640	562,270
Interest Income	-313,750	-314,000
Transfers to/from Earmarked Reserves	1,910,560	2,142,500
Transfer to General Reserves	-17,200	0
AUTHORITY EXPENDITURE	13,188,310	13,193,460
Less: New Homes Bonus	-2,302,850	-3,178,650
Less: Revenue Support Grant	-2,766,310	-1,916,420
Less: Retained Business Rates	-2,345,800	-2,749,000
Collection Fund Deficit – Business Rates	0	709,660
Less: Council Tax Freeze Grant	0	-62,400
Collection Fund Surplus – Council Tax	-34,630	-134,530
Demand on Collection Fund – Parishes & SER	-545,750	-574,620
Expenditure to be financed by District Council Tax	5,192,970	5,287,500
Divided by Council Tax Base	37,662.97	38,348.55
Council Tax @ Band D	£137.88	£137.88
Cost per week per Band D equivalent	£2.64	£2.64

16 Medium Term Financial Plan Summary

- 16.1 The Council prepares its annual budget within the context of the Medium Term Financial Plan. This provides estimates of the budget requirement and budget gap into future years. The following table provides a summary of the current indicative MTFP based on the current draft budget estimates including savings proposals.

	2015/16 £k	2016/17 £k	2017/18 £k	2018/19 £k	2019/20 £k
Net Expenditure on Services	12,067	12,744	13,332	13,934	14,493
Other Operating Costs & Income	(287)	(278)	(268)	(258)	(247)
Parish precepts and Special expenses	574	575	576	577	578
Transfers to/from Earmarked Reserves	2,141	3,358	3,482	3,351	3,180
Transfers to/from General Reserves	0	0	0	0	0
Capital Financing Adjustments	(1,302)	(1,422)	(1,548)	(1,548)	(1,548)
Net Expenditure	13,193	14,977	15,574	16,056	16,456
<i>Financed By:</i>					
New Homes Bonus	(3,179)	(3,768)	(3,892)	(3,761)	(3,590)
Retained Business Rates	(2,749)	(2,869)	(2,972)	(3,035)	(3,122)
Revenue Support Grant	(1,916)	(1,319)	(726)	(327)	(114)
Council Tax Freeze Grant	(62)	0	0	0	0
Demand on Collection Fund - TDBC	(5,288)	(5,433)	(5,583)	(5,736)	(5,894)
Demand on Collection Fund - Parishes & SER	(574)	(575)	(576)	(577)	(578)
Previous Years Collection Fund Deficit Share - NNDR	710	0	0	0	0
Previous Years Collection Fund Surplus Share - Council Tax	(135)	0	0	0	0
Predicted Budget Gap	0	1,013	1,825	2,620	3,158

16.2 The above estimates include the following main **assumptions** related to funding:

- Revenue Support Grant for 2015/16 is as set out in the Provisional Finance Settlement. It is then projected to diminish to nil by 2020/21.
- The updated estimates for Business Rates funding for 2015/16 take into account the cap on the RPI increase to Rates at 1.91%.
- Council Tax is assumed to be frozen in 2015/16 and increased by 1.99% in 2016/17.

16.3 Beyond 2015/16, the MTFP includes anticipated inflationary pressures related to staffing pay awards, price inflation on services and major contracts, as well as the estimated funding position over the next five years.

17 **General Reserves**

17.1 The Council considers its reserves position as part of the overall financial framework that underpins the Budget Strategy. This framework includes an acceptable minimum reserves position of £1.5m, or £1.25m if funds are allocated to 'invest to save' initiatives. The current Draft Budget for 2015/16 will maintain reserves above this minimum, but following a number of allocations from reserves agreed during 2014/15 there is limited 'headroom' in the current estimated balance. This will significantly limit the Council's ability to fund 'up front' service and transformation investment from revenue reserves. From a financial strategy perspective it will be sensible to take advantage of any opportunities to increase reserves, to increase flexibility and resilience to the challenges ahead.

- 17.2 Based on the draft MTFP position set out above the General Reserves forecast is summarised as follows:

General Reserves Forecast

	2015/16 £k	2016/17 £k	2017/18 £k	2018/19 £k	2019/20 £k
Estimated Balance B/F	1,897	1,897	884	-942	-3,562
Predicted Budget Gap	0	-1,013	-1,825	-2,620	-3,158
Estimated Balance C/F	1,897	884	-942	-3,562	-6,721

- 17.3 Clearly the Council will need to ensure action is taken to ensure the projected financial deficit over the medium term as shown in this forecast is avoided and (at least) minimum balances are maintained. This is essential for the ongoing financial resilience and sustainability of the Council. The Budget Proposals and Options presented for consideration provide opportunities to make significant progress towards addressing the financial challenge.

18 Next Steps

- 18.1 The Executive's recommended budget is due to be considered for approval by Full Council on 24 February 2015.

19 Finance Comments

- 19.1 This is a finance report and there are no additional comments.

20 Legal Comments

- 20.1 S.32 of the Local Government Finance Act 1992 sets out in detail how the Council must calculate its budget by estimating gross revenue expenditure, net income, and the Council Tax needed to balance the budget; S.25 of the Local Government Act 2003 requires the Chief Finance Officer (Strategic Director/S151 Officer for this Council) to report on the robustness of the budget-setting estimates and the adequacy of the proposed financial reserves.
- 20.2 Managers have considered legal implications in arriving at the draft proposed budget.

21 Links to Corporate Aims

- 21.1 The draft budget proposals have been prepared with consideration to links with the Corporate Aims. Further development of the MTFP will need to reflect the agreed priorities within the new Corporate Business Plan.

22 Environmental and Community Safety Implications

- 22.1 Environmental and community safety implications have been considered in arriving at the draft budget proposals.

23 Equalities Impact

- 23.1 Equalities Impact Assessments (EIA) are undertaken when appropriate. None are required for the savings proposals included in this report.

24 Risk Management

- 24.1 The risks associated with the various budget proposals and options have been considered, with assessment details included in the Business Case documents provided with the Corporate Scrutiny Report on 11 December 2014. In addition, the overall assumptions, risks and uncertainties are reported within the S151 Officer's Robustness Statement which accompanies this report.

25 Partnership Implications

- 25.1 The Council operates many key partnerships including but not limited to: Southwest One, Tone Leisure, and Somerset Waste Partnership. Engagement with partners will continue to be an important factor in addressing the funding gaps in the medium term financial plan, to help the council deliver a sustainable and affordable financial position.
- 25.2 In addition, the successful delivery of the Joint Management and Shared Services arrangements for Taunton Deane and West Somerset Councils is one of the key elements to achieving financial sustainability for both Councils. The significant efficiency savings of c£1.6m for Taunton Deane over the next two years has been incorporated into the Council's Budget and MTFP.

26 Recommendations

- 26.1 The Executive recommends to Full Council the approval of the General Fund Revenue Budget for 2015/16 as outlined above. In particular the Executive recommends to Full Council to:
- a) Note the S151 Officer Statement of Robustness in Appendix A, which applies to the whole budget including General Fund, Housing Revenue Account and Capital Budget proposals.
 - b) Approve the General Fund Revenue Budget 2015/16 as summarised in Appendix C, including a Basic Council Tax Requirement budget of £5,287,500 and Special Expenses of £42,900 (noting formal resolution of Council Tax Requirement is included in a separate report).
 - c) Approve the transfer of any unallocated year end under-/overspend in the 2014/15 General Fund Revenue Account Outturn to/from the General Fund reserves.
 - d) Approve the Budget Savings Proposals for 2015/16 as set out in this report and summarised in Appendix B and note that Equalities Impact Assessments are not required for the savings detailed in this report.

- e) Note the General Reserves position and Medium Term Financial Plan projections, and the ongoing financial challenge to address the Budget Gap for future years.
- f) Approve the Minimum Revenue Provision Policy for 2015/16 as set out in section 14 of this report.
- g) Approve the revised Licensing fees as detailed in 11.2.

Background Papers

Corporate Business Plan

HRA 30-Year Business Plan

Corporate Scrutiny 18 September 2014: Medium Term Financial Plan Update & Approach to Budget Setting 2015/16

Corporate Scrutiny 20 November 2014: 2015/16 Budget Progress Update

Council 9 December 2014 – 2015/16 Fees and Charges

Corporate Scrutiny 11 December 2014: 2015/16 Initial Draft Budget Proposals

Corporate Scrutiny 22 January 2015: Medium Term Financial Plan Update & Approach to Budget Setting 2015/16

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APPENDIX A

ROBUSTNESS OF BUDGET ESTIMATES AND THE ADEQUACY OF THE COUNCIL'S RESERVES

STATEMENT BY S151 OFFICER (CHIEF FINANCE OFFICER)

– Shirlene Adam, Director - Operations

1.0 Introduction

1.1 The purpose of this appendix is to outline and meet the statutory requirements contained in the Local Government Finance Act 2003 which requires the Council's Section 151 Officer to report to Members on:

- The robustness of budget estimates; and
- The adequacy of proposed reserves.

1.2 The conclusion of my review is set out at the end of this appendix. The remainder of this appendix provides detailed evidence of my assessments.

2. ROBUSTNESS OF BUDGET ESTIMATES

2.1 The proposed budget for 2015/16 (and the forecast position for future years) is the financial interpretation of the Council's strategic priorities and, as such, has implications for every citizen of Taunton Deane together with all other stakeholders.

2.2 The proposed budget reflects the Council's agreed Corporate Business Plan and the priorities allocated therein.

2.3 In commenting on the robustness of the budget and level of reserves and balances, the following factors have been taken into consideration and are considered in the remainder of this appendix:

Section 3	Government funding
Section 4	Capital programme funding & HRA changes
Section 5	Inflation and other key assumptions
Section 6	Delivery of savings
Section 7	Risks and opportunities with partnerships
Section 8	Financial standing of the Council (level of borrowing, debt outstanding)
Section 9	Track record in budget management
Section 10	Virement and control procedures
Section 11	Risk management procedures
Section 12	Key risk issues in 2015/16 budget
Section 13	Adequacy of Reserves
Section 14	Conclusions

3. Government Funding

- 3.1 We are now in our third budget setting exercise under the “new” system of funding for local government services (Business Rates Retention Scheme).
- 3.2 Although we are becoming more familiar with the new regime, and more guidance on the accounting arrangements has been issued, the risks flagged to Members previously remain. We have used best endeavours (as all authorities have) to ensure the forecasts are robust and the Finance Manager has set out the detail on this in this report.
- 3.3 The provisional settlement was published, as last year, fairly late in the process (December 2014). This set out the provisional funding position for 2015/16 only. There will no doubt be a Spending Review later this year setting out the Governments intentions re public sector reductions for future years.
- 3.4 The headline cash reduction in Taunton Deane’s government funding is 15.5% for 2015/16. This is a further significant reduction in financial support and means the messages given to Members in earlier MTFP reports are more relevant than ever.
- 3.5 The Government has announced the referendum trigger level for 2015/16 at 2%. Councils increasing tax by 2% or above will be required to hold a local referendum. Parish Councils have not been subject to the referendum limit previously and are not for 2015/16.
- 3.6 Local authorities freezing or lowering their council tax level in 2015/16 will receive a Council Tax Freeze Grant equivalent to a 1% increase in council tax.
- 3.7 The final grant settlement position will hopefully be announced in late January / early February.
- 3.8 The Executive’s draft budget proposes a tax freeze. Although the Council will receive a tax freeze grant, which will be built into future Government Grant settlements, the compound impact of not maximising the tax increases is important to note. From a pure financial planning perspective, faced with the financial challenges ahead, it would be sensible to maximise the income generating potential available. However, tax setting decisions are based on more than simple financial projections and Councillors need to take a wider view and consider the impact on our communities.

4. Capital Programme Funding

- 4.1 The Executive’s draft budget proposals for the capital programme are set out in a separate agenda Item at this meeting.

- 4.2 To support the spending plans, Councils are required to publish and monitor a set of Prudential Indicators. These will be set out in full in the Treasury Management Strategy Statement – which will be shared in March for approval.
- 4.3 The Executive’s draft General Fund and HRA capital programmes follow the principles of the Prudential Code.

5 Inflation and Other Key Budget Assumptions

- 5.1 I have reviewed the budget proposals and confirm the following key assumptions:-

Area of Budget	How is this addressed within the TDBC budget process?
Inflation assumptions	<p>General – inflation has <u>not</u> been applied to budgets unless there is direct justification ie as a contract condition.</p> <p>Salaries – 2% for 2015/16, then 2% thereafter.</p> <p>Utilities - based upon estimated contract increases</p> <p>Pension Contributions – We will be paying 13.5% plus a lump sum of £990k per annum.)</p> <p>Major Contracts – as per the legal documents supporting the contracts</p>
Income Levels	Income projections are based on <u>realistic</u> assumptions on usage, and the most recent Government guidance on fee levels when appropriate. They also take into account historic trends and current year variations against budget.
Economic assumptions	Investment interest assumptions are based on independent economic forecasts and include the impact of Treasury Management decisions made in earlier years.
Salaries Budgets	<p>As one of the largest areas of spend, the salaries budgets have been reviewed in detail. They have been built up by costing each individual post and cross-checked to the JMASS proposals.</p> <p>The cost sharing arrangement in place to</p>

	ensure both Taunton Deane Borough Council and West Somerset Council are picking up their fair share of costs will be further reviewed and tested during 15/16 to ensure continued robustness.
Growth in service requirements	The MTFP identifies service growth areas eg refuse collection. This is then firmed up by detailed discussions with Managers during the budget process. Growth assumptions for future years in the Council Tax base have been held at 0.75% per year on a prudent estimate of the net effect of local growth, council tax support and other discounts.
Efficiency Initiatives	Where initiatives are sufficiently well developed, they are included in savings plans.
Significant Budget areas which are subject to change during the year	The high risk/high value budgets of the Council are rigorously examined and only prudent increases built into them. In addition when forecasting, the performance in both previous and current years is taken into account.
Member engagement in budget development	Corporate Scrutiny have been updated on the MTFP position 3 times during the budget setting process. The savings proposals were also shared for discussion and, as usual, all Members were issued with a Budget Consultation Pack just before Christmas. All Councillors have had the opportunity to be briefed on the proposals during their Group Meetings in January 15.
Changes in Legislation	Legislative changes are analysed by officers and their effect built into the MTFP and budget.
Sustainability	The proposed budget takes into account the future financial pressures faced by the Council. Effective financial modelling for the medium term is in place, although there is some risk around the speed of reduction in Government funding. I am comfortable that best estimates have been used, but accept we need to update our

	<p>MTFP and Financial Strategy in the summer to reflect any shifts in Government or local policy.</p> <p>Any delay in delivering the savings required will impact on the robustness of our financial plans. This will be monitored closely during the year.</p>
Sensitivity Analysis	<p>The financial planning model allows the Authority to predict the likely outcomes of changes to key data ie inflation, council tax, government funding etc. This is helpful in sharing “what if...” scenarios internally and with partners and members.</p> <p>The Budget Consultation Packs issued to Members also provides data on tax choices – showing the impact on the Council of this important decision.</p>
The impact of the Capital Programme on the Revenue Budget	The MTFP identifies changes to the base budget as a result of the capital programme.

6 Delivery of Savings

- 6.1 The savings proposals presented in this budget proposal have been reviewed for robustness, and are realistic and deliverable in terms of the level of saving and the timing. The major element of the savings for 2015/16 are those resulting from the delivery of the JMASS Business Case.
- 6.2 Delivery of the other proposals, when approved, will be the responsibility of the Management Team and progress on this will be monitored during the year. Should there be any risk to the delivery of the identified savings, this will be reported to Members via the budget monitoring regime.

7 Partnership Risks & Opportunities

- 7.1 The Council has now almost completed the implementation of the Business Case for Joint Management and Shared Services with West Somerset Council. Robust governance arrangements have ensured the headline targets have been met, and the Joint Partnership Advisory Group (JPAG) have been fully informed and engaged in progress throughout the year. The focus will now be to develop and engage a programme of transformation that can deliver further savings –

essential to this future financial sustainability of Taunton Deane Borough Council.

- 7.2 The Council has several other key partnership arrangements in place to support our ambitions and deliver key services. These are supported by contractual arrangements. There are performance management and governance arrangements in place on each partnership to ensure the Council's interests are protected, and that the expected benefits are fully realised. Risk registers are kept for each key partnership and are regularly reviewed by lead officers.
- 7.3 The most significant arrangement, our Joint Venture with Southwest One is 7 years into a 10 year contract and the Council needs to ensure it has robust plans in place to deal with contract end. Decisions will need to be made over the coming months on the key issues around this.
- 7.4 Southwest One deliver some of the Councils key corporate services (including Financial Services (AP & AR), Customer Services, Procurement and IT Services) - all of which are core to the transformation ambitions of our Council. Ensuring that we have the right arrangements in place for these services to support the delivery of our transformation vision, and not delay or hinder our ambitions is key. This is a priority area for our management team over the coming months and Members will be briefed on progress as this develops.

8 Financial Standing of the Council

- 8.1 The Council fully complies with the Prudential Code.
- 8.2 The Council has an up to date Treasury Management Policy and Strategy in place and is operating within the agreed parameters. The Council currently has £92.198m of outstanding debt (which is within our maximum borrowing level of £166.9m). The Council currently has £32.8m of investments placed in the markets in accordance with our policies.
- 8.3 The Council's Treasury Management Practices are prudent and robust, ensuring the Council is not exposed to unnecessary risk in terms of its investment policies. This does mean lower interest rates, but the first priority must be to protect the capital invested.
- 8.4 The adequacy of the Council's reserves is discussed later in the appendix.

9 Track Record in Budget Management

- 9.1 The Council has an excellent track record in budget management. The most recent years have resulted in the following outturn positions:-

Year	£Variance	%Variance of Approved Budget
2010/11	(£263,000)	(2%)
2011/12	(£535,000)	(4.4%)
2012/13	(£707,000)	(5.4%)
2013/14	(£964,000)	(6.7%)

9.2 In the context of a gross expenditure budget of £89m, the above results are acceptable. I would like to be in a stronger position than we have been in recent years, and hope the new ONE Team arrangements will improve forecasting and allow reporting of variances in a more timely manner – giving Members the maximum flexibility to use resources “in year” to achieve ambitions.

9.3 Members are currently provided with regular in-year updates on key budget variances (Corporate Scrutiny and Executive), but again, I hope we can further improve these for 15/16 onwards.

10 Virement & Control Procedures

10.1 The Financial Regulations contain formal rules governing financial processes and approvals (virements are simply transfers of budget between departments). The Council fundamentally reviewed its Financial Regulations during 2008 to reflect the latest guidance and good practice from CIPFA. They were further reviewed in 2012 and no updates were necessary. The detailed Financial Procedure Rules that sit underneath the Financial Regulations are out of date and are will be rewritten during 2015/16.

10.2 The Financial Regulations are being complied with throughout the organisation. Any deviations from this flagged through audit reports are dealt with appropriately.

11 Risk Management

11.1 I am satisfied that the Council has adequate insurance arrangements in place, and that the cover is structured appropriately to protect the Council.

11.2 The Council operates a self-insurance fund and this is operating effectively. In recent years, we commissioned external advice on the minimum level of reserves that should be set-aside to support self-insurance. Following this we reduced our earmarked reserve from £750k to £500k.

11.3 The Council has a Risk Management Policy in place which defines how risk is managed at different levels in the organisation. It defines roles, responsibilities, processes and procedures to ensure we are managing risk effectively. This matter is reviewed regularly by the Corporate Governance Committee.

- 11.4 Full Equalities Impact Assessments (EIA) Reviews have not been required for the savings proposals included in the budget report.

12 Key Risk Issues In 2015/16 Budget

- 12.1 There are some areas of the proposed budget for 2015/16 that pose a significant financial risk moving forward. They are detailed below for Members attention. The figures in the proposed budget for 2015/16 are based on our best estimates, which I am comfortable are as robust as possible – but they can never be 100% guaranteed. These will require intensive monitoring throughout the year, and swift corrective action taken should they vary from budget. The issues I need to bring to Members attention are:-

- 12.2 **Business Rates Retention Scheme.** I am satisfied that the Council has put in place sound arrangements to monitor the flow of Business Rates income and valuation changes throughout the year. The information coming from our Revenues team is robust, and we need to continue to improve our modelling approach to ensure we are forecasting with as much accuracy as possible. We need to engage services across the Council to work with us on ensuring all chargeable premises are notified and billed, and this will be a focus of improvement during 15/16.

- 12.3 The key risks associated with Business Rates Retention for Taunton Deane are:

- 12.3.1 **Level of Appeals.** These were previously funded by the National Pool but all appeals approved post 1/4/13 (regardless of how far they go back) will be funded 50:50 (Central Govt : Local Govt). The list of outstanding appeals for TDBC totals some £33m and this is clearly a high risk area for us moving forward. We have built good working relationships with the Valuation Office, but this is a huge area of uncertainty that directly impacts on our financial sustainability.

- 12.3.2 **Collection Rates.** The continuing “challenge” of collecting tax from businesses who do not have funds remains. Previously the national pool funded any reduction in collection rates. Again this will now be an issue to be funded locally. Although we haven’t noticed a massive impact during 2014/15, we continue to monitor this closely and work with businesses to ensure they are sighted on all the assistance available.

- 12.3.3 **Reliefs.** All mandatory reliefs were previously funded nationally by the pool. Whilst this has been taken care of in the initial funding calculations, any new mandatory reliefs introduced by the Government would have to be funded 50 : 50 (Central : Local).

- 12.3.4 **Pooling.** The Council has decided to join the new Business Rates Pool covering BANES, North Somerset, Somerset County Council, Mendip, Sedgemoor, and South Somerset.
- 12.3.5 The risks and opportunities this brings were set out in the report to all Members in November 2014. In summary, the pooling option provides an opportunity to create bonus which can be shared between authorities. There is a risk however that the pool could create a loss which may be larger than the 'excess' created by the Government safety net in the status quo option. Robust monitoring arrangements are in place across the pooling area and regular updates will be shared with Members on progress during 2015/16.
- 12.3.6 **Levy / Growth.** The "opportunity" is there for local authorities to benefit financially from growth. In simple terms, for every £1 of additional business rates generated (above the Govt set baseline) then TDBC will keep £0.20.
- 12.3.7 **Accounting Arrangements:** To mitigate the risk on this large income stream the Council created a Business Rates Smoothing Reserve last year. Additional funding of £298k is being transferred to this as part of the 2015/16 budget – which helps provide additional mitigation against fluctuations mid-year (which if not provided for could hit the taxpayer significantly).
- 12.4 **Council Tax Reduction Scheme.** The new scheme (replacing the Council Tax Benefit Scheme) came into place on 1st April 2013. Councillors agreed, following consultation, to implement some changes to the scheme for 2015/16. We are working with other authorities in Somerset on the potential to review and simplify the scheme for our communities for future years. The key risks on this item remain as last year – on the level of take-up. To date we are managing this within approved budgets, but it is something that we monitor very closely.
- 12.5 **Housing Benefits / Subsidy.** The administration grant we receive from Government to support this function has been reduced by £65k for 2015/16 (on top of the £61k reduction in 2014/15). Subsidy budgets are always very difficult to estimate due to the fluctuating volume of claims received and the different levels of subsidy payable of types of claimant error. The challenge in 2015/16 continues to be great. The total benefit subsidy budget is approx of £33m – and therefore small fluctuations in this budget can have a big impact on the budget of the Council. Systems are in place to ensure this is monitored on a monthly basis. In addition assumptions on the level of subsidy payable on Local Authority overpayments are at a prudent level.
- 12.6 **Interest Rates** – Interest rates have been at a very low level for a long time. The Executive's draft budget has been based on cautious and prudent assumptions on interest rate movements taken from forecasts issued by our Treasury Management advisors, Arlingclose. The

Treasury Management Strategy for 2015/16 is currently being reviewed by Councillors and sets out a different approach for our investments moving forward. This is to reflect the changing markets and regulations – effectively removing the current government protection on bank investments. We need to respond to this new risk, and ensure our portfolio is spread widely and thinly to protect the public resource.

- 12.7 **Impact of Economic Changes** – the Council’s budgets reflect our best estimates of the impact of current economic conditions. This is an issue we need to continually monitor through the budget monitoring process – particularly on income streams from car parking, land charges, building control and development control, and expenditure on issues such as homelessness.
- 12.8 **Procurement Savings** - The funding of the Southwest One transformation projects has been initially financed by prudential borrowing. The strategy is that this debt will be repaid once the procurement strategy of the Council, in partnership with Southwest One, begins to deliver savings. Recent updates from Southwest One indicate lower levels of savings than originally forecast. Members have agreed to delay the repayment of this borrowing to allow greater time for the procurement savings to materialise. There is still some risk on the level of savings to be delivered, and the timing of their delivery.
- 12.9 **Car Park Fee Income** – as with last year this is a risk area for the Council that will need to be monitored closely during the year.
- 12.10 **Trading Account – Deane Helpline.** The Executive’s draft budget recognises the latest information on the expected financial position of the Deane Helpline (an anticipated trading loss of £80k in 2014/15). As reported to Members in 2011, the service delivered to the public is excellent, and this will continue in 2015/16, but the underlying financial position is not sustainable in the longer term.
- 12.11 **Joint Management & Shared Services** – The budget has been prepared based on the JMASS Business Case approved in 2013, and the latest information on the potential costs and savings across the two Councils, and early views on transformation plans. We continue to develop robust cost sharing mechanisms to ensure costs are shared on a fair and reasonable and evidenced basis.
- 12.12 **Overall Funding & Capacity Risk** – the level of Government revenue grants has reduced again for 2015/16. The organisation has made significant savings over recent years, and as the Council reduces in size this brings risk in terms of capacity (to deliver new savings ideas and to deliver significant service change). Investment in our “transformation” agenda will be key to ensuring this risk is mitigated.
- 12.13 Finally, the Council must continue to monitor the impact of the Welfare Reform agenda on our community and the resultant demand for

service and support. The move towards Universal Credit in 2015/16 will be challenging and will no doubt impact on both the General Fund and HRA.

13. ADEQUACY OF RESERVES

- 13.1 With the existing statutory and regulatory framework, it is my responsibility as s151 Officer to advise the Council about the adequacy of the Council's reserves position.
- 13.2 All reserves are reviewed at least annually and my opinion updated during the budget setting process each year. The annual review considers not only the adequacy but the necessity of the reserves. Reserves are not held without a clear purpose. There has been a report on this during 2014/15 – returning a total of £65k from earmarked reserves to the General Fund Reserve. There will be further scrutiny of key remaining earmarked reserves over the coming months.
- 13.3 The Executives draft budget for 2015/16 does not rely on the use of General Fund Reserves.
- 13.4 My opinion is given in the knowledge that known risks (strategic, operational and financial) are managed and mitigated appropriately in line with the Council's policies and strategies.
- 13.5 The headlines of my findings on each key reserve are set out in the remainder of section 13 below. My conclusions / opinion is set out in section 14 below.

General Fund Reserve

- 13.6 The predicted General Fund Reserve position is set out in section 14 of the main report. The Executive's proposed budget for 2015/16 does not require the used of any General Fund Reserves. The predicted balance on this reserve, having set the 2015/16 budget is £1.897m. This will increase should the predicted underspend in 2014/15 materialise.
- 13.7 CIPFA make it clear that the level of reserves for each Authority cannot be decided by the application of a standard formula and each authority must assess their own reserve levels based on the specific risks and pressures which they face.
- 13.8 **The Council agreed with my recommendation to increase the minimum level of reserves in 2013/14 (to reflect the new risks re Business Rates Retention and Council Tax Reduction and the impact on collection rates). The General Fund Reserves should**

be maintained at a minimum of £1.5m (or £1.25m if being replenished via invest to save initiatives). Having reviewed this again I feel this remains appropriate in light of the challenges ahead.

Housing Revenue Account Reserve

- 13.9 The Housing Revenue Account balance is forecast to be £2.17m at 31 March 2015. The self-financing regime has been in place for nearly three years now and the 30 Year Business Plan is being delivered. The recent changes to the rent setting calculation mean the overall Business Plan has suffered a potential loss of income of around £5.485m. The 30 year plan will need to be fully reviewed during 2015/16 to ensure priorities and treasury ambitions are still relevant. The minimum level of reserves for the HRA is £300 per property (approx £1.8m). The detailed budget for next year work within this parameter.

Earmarked Reserves

- 13.10 At 31 March 2015, the Council expects to have in the region of £2.7m in earmarked reserves. The main reserves include the self-insurance fund, asset maintenance, and the DLO trading reserve.

14 CONCLUSION

- 14.1 Although the budget for 2015/16 is balanced with clear savings plans in place, this Council continues to have a serious financial challenge ahead. The difficult economic conditions are forcing more of our community into circumstances where they require more support, and we simply don't have the resources to do this anymore.
- 14.2 My clear message to all Councillors in September 2013 was that we needed to take action. Since then, the Council has taken significant steps towards achieving financial sustainability with the approval and implementation of the Joint Management and Shared Services project with West Somerset Council. The ambition is to go further and transform our organisation and services to deliver further savings. This is a huge task and some early work has been done to share "learning" from other authorities with Members. This will need to be progressed at pace during 2015/16 to ensure we have plans for delivering further savings.
- 14.3 The Executive has presented for approval a budget for 2015/16 which does not rely on reserves. The medium term financial plan shows that we have a gap of £1.013m for 2016/17 and this continues to grow thereafter. Members are fully aware that difficult decisions lie ahead and need to work together to progress this in the best interests of our community.
- 14.4 The Councils level of reserves is at the lower end of the acceptable range. Whilst adequate in terms of our day to day operations, we have

some tough challenges ahead and having sufficient reserves to facilitate that change (which will cost) is important. I would encourage Members to consider boosting the level in reserves to support the changes ahead.

14.5 Based on all the information above, I am pleased to report that I believe the Council's reserves to be adequate, and the Executive's draft budget proposals for 2015/16 to be sufficiently robust.

Shirlene Adam
Director – Operations (s151 Officer)
January 2015

TDBC BUDGET SETTING 2015/16 - MTFP SAVINGS OPTIONS (GENERAL FUND)

APPENDIX B

Assistant Director	Portfolio Holder	Service Area	Description of the Service Option	Category	2015/16 £	2016/17 £	2017/18 £	Cumulative Value £	Business Case: Service Impact Explained	Risk Management	Public Impact	Operational Impact	Confidence	Impact on unparished area	Equalities Impact	Partnership Implications	Health and Wellbeing Implications
					122,830	10,000	5,000	137,830									
Richard Sealy	Cllr Stock-Williams	Postage	Savings resulting from the cancellation of the timed delivery service.	Cuts	3,500			3,500	The timed delivery service, in theory, guarantees the delivery of our post first thing in the morning. In practice we get some post first thing, in order to fulfil the contractual obligation, but the majority during the day. Consequently the removal of this service will have little impact in practice. We will put in place arrangements for Revs & Bens to ensure we correctly identify the date of receipt of benefits claims etc.		Low	Low	High	None	N/A	None	None
Chris Hall	Cllr Edwards	Parking Services	Shopmobility business plan - change in service provider leading to a reduction in council costs	Partner/Outsource	20,000	10,000	5,000	35,000	This is a change to the grant payment made by the council for the delivery of the shopmobility business case.		Low	Low	High	The new service delivery model is not expected to result in a reduction in service, but will reduce the level of subsidy needed from the Council.	N/A. Change of provider only.	None	None
Tim Burton	Cllr Edwards	Planning	Based on current income it is safe to increase the projected income for future years	Income increase	27,500			27,500	Demand for pre-application advice together with volumes of planning condition discharges is projected to exceed current budget expectations. This would appear to be the ongoing trend.	Provided that adequate resources are targeted at the work there is little or no risk involved	Low	Low	High	None	N/A	None	None
Simon Lewis	Cllr Adkins	Housing	Use of housing reception indicates that "Pathway to Independence" has led to a drop in demand for advice. Greater proportion now being attributable to HRA services.	Reallocation	6,500			6,500	Reapportion costing of housing advice reception desk from 33:67 to 50:50 on the basis that P2I has led to drop in demand for advice for housing options for under 20 year olds		Low	Low	High	None	N/A	None	None
Simon Lewis	Cllr Hunt	Climate Change	The Climate Change Officer post was approved as a 12 month contract, to be deleted in 15/16, with a further reduction in climate change initiatives budget.	Cuts	42,000			42,000	There was a decision in 14/15 to reduce the Climate Change budget which will take effect in 15/16.		Low	Low	High	None	EIA was provided as part of the 2014/15 budget process.	None	None
Richard Sealy	Cllr Stock-Williams	Internal Audit	Updated audit plan resulting in reduced contract costs	Cuts	23,330			23,330	This is simply reducing the number of audit days bought by TDBC.	The key risk to consider is whether there is sufficient remaining audit days in the annual plan to safely cover off key internal control issues. This will need to be managed more carefully than previously, and robust "control" of the internal audit plan put in place.	Low	Low	High	Not applicable	No impact identified. Full EIA not required.	Internal audit services are provided by the South West Audit Partnership (SWAP). The Plan reduction has been agreed with SWAP.	None

GENERAL FUND DRAFT BUDGET REQUIREMENT 2015/16

	£'000
Net Expenditure Base Budget 2014/15	13,188
Inflation	481
Other Cost Increases	
Remove 2014/15 one-off items	-170
Demographic growth demand on services	32
Insurance contract increase	56
DLO Staff inflation	65
Pension Deficit repayment increase	144
Crematorium income base reduction	200
Housing Benefit & Council Tax Support Admin Grant	65
Waste management - enforcement/support for events	10
PR Support – Media Officer	20
Additional street cleansing and grass cutting	102
Public Conveniences – Remove needles	25
Public Conveniences – Re-open Hamilton Park	8
Community Development – Support users to break addiction	30
Asset management – additional capacity	30
Finance – Support for growth initiatives/projects – one-off	95
Econ Development - Marketing	25
Econ Development – Town Centre Wi-fi	45
Corporate Fraud – match funding – One-off	20
Decrease in HRA contribution for BTS	176
Licensing Fees & Charges (new charges / price changes)	20
Other minor changes	9
Savings	
JMASS – Staff Savings	-791
JMASS – Non-Staff Savings	-400
Full year effect Climate change savings	-42
Cemeteries & Crematorium Fees & Charges price increase	-40
Parking Fees increase	-140
Garden Waste Sales Trend	-70
Garden Waste Fees & Charges price increase	-14
Deane Helpline Fees & Charges price increase	-15
Rotunda Fees & Charges price increase	-4
Pest Control Fees & Charges price increase	-1
HB Subsidy	-50
Unitary Charge Discount	-80
Planning income demand	-28
Budget Savings Proposals	-47
Other Changes	
Decrease Minimum Revenue Provision (MRP)	-130
Transfer from Business Rates Smoothing Account – Collection Fund Deficit	-710
Transfer to Business Rates Smoothing Account	298
Transfer to Growth & Regeneration Reserve (NHB grant funding)	876
Remove previous year transfer from General Reserve	17
Remove previous year one-off transfers to earmarked reserves	-233
Revenue Funding of Capital Expenditure	120
Net Expenditure Base Budget 2015/16	13,192

Funding, Taxation and New Homes Bonus 2014/15	-13,188
Revenue Support Grant	850
Retained Business Rates	-403
New Homes Bonus Grant increase	-876
Tax Base growth – TDBC Basic Council Tax	-95
Council Tax Freeze Grant	-62
Council Tax collected for Parish Precepts Increase	-28
Collection Fund Deficit - BRR	710
Collection Fund Surplus increase - CT	-100
Funding, Taxation and New Homes Bonus Budget 2015/16	-13,192

**GENERAL FUND REVENUE BUDGET SUMMARY 2015/16
SUMMARY BY PORTFOLIO**

Heading	Original Budget 2014/15 £	Forward Estimate 2015/16 £
SERVICE PORTFOLIOS		
Community Leadership	1,046,130	574,220
Corporate Resources	1,594,880	1,264,170
Economic Development, Asset Management, Arts & Tourism	1,127,360	1,324,770
Environmental Services	4,313,210	4,422,720
General Services	1,076,740	917,030
Housing Services	2,518,690	2,432,450
Planning, Transportation & Communications	(1,515,340)	(1,657,700)
Sports, Parks & Leisure	2,690,420	2,790,900
Joint Management Team Savings - to be allocated to specific services in a new code structure	(340,000)	0
	12,512,090	12,068,560
TRADING ACCOUNTS		
Deane Helpline	85,620	80,000
DLO	(101,000)	(101,000)
	(15,380)	(21,000)
OTHER OPERATING COSTS & INCOME		
Interest Payable	0	0
Interest Receivable	(313,750)	(314,000)
Special Expenses	48,510	48,930
Parish Precepts	544,400	570,690
	279,160	305,620
TRANSFERS TO/FROM RESERVES		
Revenue Reserves		
Transfers To/From Earmarked Reserves	1,910,560	2,142,500
Transfers To/From General Reserves	(17,200)	0
Capital Reserves		
Capital Financing from GF Revenue (RCCO)	528,590	648,590
Repayment of Capital Debt (MRP)	692,640	562,270
Other Transfer to Capital Adjustment Account	(2,702,150)	(2,513,080)
	412,440	840,280
NET EXPENDITURE BEFORE GRANTS AND TAXATION	13,188,310	13,193,460

Heading	Original Budget 2014/15 £	Forward Estimate 2015/16 £
GOVERNMENT FUNDING & LOCAL TAXATION		
<i>Government Funding</i>		
Revenue Support Grant	(2,766,310)	(1,916,420)
New Homes Bonus Grant	(2,302,850)	(3,178,650)
Council Tax Freeze Grant	0	(62,400)
<i>Council Tax</i>		
Demand on Collection Fund	(5,738,720)	(5,862,120)
Collection Fund (Surplus)/Deficit Share	(34,630)	(134,530)
<i>Business Rates</i>		
Business Rates Retained Funding	(2,345,800)	(2,749,000)
NNDR (Surplus)/Deficit	0	709,660
	(13,188,310)	(13,193,460)
(SURPLUS)/DEFICIT FOR THE YEAR	0	0

Appendix E

Earmarked Reserves for Revenue Purposes	Balance @ 31.03.2014	Movements 14/15	Predicted Balance @31.03.2015
Climate Change	(59,976.00)		(59,976.00)
Asset Management - Tone Leisure	(329,306.72)	108,880.00	(220,426.72)
Building Control Trading Balance	(17,540.00)	20,000.00	2,460.00
Bursary Account General Provisions	(4,229.34)		(4,229.34)
CEO Initiatives	(104,414.91)	26,100.00	(78,314.91)
Cordwest Invest. Bequest Accounts	(190.06)		(190.06)
Cordwest Revenue Bequest Accounts	(164.00)		(164.00)
Corporate Training	(71,338.09)	3,402.97	(67,935.12)
DLO Trading Account Reserve	(204,744.32)		(204,744.32)
DLO Vehicle Replacement Reserve GF	(240,540.00)	(100,000.00)	(340,540.00)
Elections	(51,460.00)	(13,130.00)	(64,590.00)
FE Colthurst Revenue Bequest Accounts	(390.74)		(390.74)
FE Colthurst Trust Bequest Accounts	(710.07)		(710.07)
General Fund General Carry Forwards	(474,838.33)	474,838.33	0.00
Healthy Workplace	(13,539.33)		(13,539.33)
Housing Enabling	(175,523.80)	6,688.30	(168,835.50)
Self Insurance Fund	(500,000.00)	(75,000.00)	(575,000.00)
Local Plan Enquiry General Provisions (LDF)	(403,875.38)	214,570.00	(189,305.38)
Planning Delivery Grant - Revenue (HPDG)	(152,474.91)	25,000.00	(127,474.91)
Strategic Director SA	(44,100.00)	(2,830.00)	(46,930.00)
Travel Plan	(55,453.80)	(8,950.00)	(64,403.80)
Works of Art and Public Arts Project	(15,000.00)		(15,000.00)
Habitat Regulations Research	(745.00)	745.00	0.00
Asset Management - General Services Non-HRA	(249,521.51)	78,000.00	(171,521.51)
TDBC share of NNDR Surplus/Deficit	(1,265,393.00)		(1,265,393.00)
Housing Loans to Private Sector Mortgagees	(18,841.00)	14,463.00	(4,378.00)
Youth Homelessness Fund	(3,936.40)		(3,936.40)
Corporate and Client Reserve	(211,474.00)	73,420.00	(138,054.00)
Eco Towns Projects Funding	(95,922.15)	(46,000.00)	(141,922.15)
New Homes Bonus	(794,410.00)	(91,030.00)	(885,440.00)
Strategy	(10,000.00)	10,000.00	0.00
CLG Preventing Repossessions Fund	(26,023.93)	24,751.70	(1,272.23)
Court Desk Funding	(18,500.00)	18,500.00	0.00
Housing Benefit Grant	(9,509.01)	5,493.91	(4,015.10)
Growth & Regeneration Service Costs	(222,425.60)	58,780.60	(163,645.00)
Troubled Families	(351,809.61)	230,000.00	(121,809.61)
Stable Payroll Pension	0.00	(25,000.00)	(25,000.00)
Corporate Projects Reserve	(5,746.10)	5,746.10	0.00
Food Inspections	(55,683.15)	11,990.00	(43,693.15)
Youth Fund Youth Project	(10,355.00)	8,400.00	(1,955.00)
Community Rights to Challenge	(21,967.00)		(21,967.00)
Homelessness Grant	(148,765.88)		(148,765.88)
Waste Earmarked Reserve	(31,000.00)	31,000.00	0.00
Debt Recovery	(68,620.00)	3,900.00	(64,720.00)
Legal Civica Hosting Costs EMR	(12,000.00)		(12,000.00)
Neighbourhood Planning Grant EMR	(78,446.20)		(78,446.20)
Designated Public Spaces Order	(10,000.00)		(10,000.00)
JM & SS Project EMR	(1,417,800.00)	767,800.00	(650,000.00)
Business Rates Risk EMR	(80,000.00)		(80,000.00)
Asset Strategy EMR	(90,000.00)	45,000.00	(45,000.00)
Land Charges Self Financing	(10,700.00)		(10,700.00)
Individual Registration	(19,330.29)		(19,330.29)
Customer Access & Accommodation Project EMR	(45,060.00)		(45,060.00)
Monkton Heathfield EMR	(300,000.00)	(82,970.00)	(382,970.00)
Specialised Planning legal	0.00	(115,000.00)	(115,000.00)
Licensing Self Financing	(16,990.00)		(16,990.00)

	(8,620,784.63)	1,707,559.91	(6,913,224.72)
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