

Taunton Deane Borough Council

Executive – 6 February 2013

Draft General Fund Revenue Estimates 2013/2014

Report of the Financial Services Manager (Southwest One)

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

IMPORTANT – PLEASE NOTE:

In order for this item to be debated in the most efficient manner at the Executive meeting, Members who have queries with any aspect of the report are requested to contact the appropriate officer(s) named at the end of this report before the meeting.

1 Executive Summary

This report presents the Executive's 2013/14 Draft Budget for recommendation to Full Council for approval on 26 February 2013.

The preliminary Draft Budget was shared with Corporate Scrutiny committee on 24 January. Subsequently the Executive has finalised its budget proposals, and included some changes to the previous draft, as summarised below.

The Executive is proposing to **freeze Council Tax in 2013/14**. This will freeze tax for the third year in succession, and recognises the financial pressures on the community during difficult economic times. The Council will receive a two-year Freeze Grant of £57k per year (see Para 5.5 – 5.14).

By using New Homes Bonus funding, the Executive is proposing to allocate **£2.4m to boost economic growth and regeneration projects** locally. (see Para 4.15).

The Executive is proposing to allocate £91k of new resources to **support the community through Welfare Reform** changes (see Para 6.10 – 6.11).

The Executive is putting £35k **additional funding into weed control** to improve the quality of place for the community and help improve the image of Taunton Deane for inward investment (see Para 6.12).

The Executive are setting aside an **extreme weather contingency** sum of £16k to provide for emergency response to such conditions, for example additional sand bags in case of severe flooding (see Para 6.13).

The Executive is proposing to implement **Service Options** which will provide **budget savings of £197k**. This includes the deletion of one vacant post, but no staff redundancies are proposed, and has limited impact on services (see Section 7).

Incorporating the above changes, the Executive's Draft Budget is balanced overall with no transfers from reserves.

As previously reported, the Provisional Settlement for the Council's funding from central government has again seen a cut in general funding. The formula grant element of the settlement reports a 5.4% reduction in 2013/14. The funding from Government is projected to reduce by a further 12.7% in 2014/15, and is likely to continue to fall in subsequent years. **Delivering a sustainable financial position for the Council over the medium term will be extremely challenging** (see Section 4).

As part of her Robustness Statement, the S151 Officer has reviewed the minimum level of reserves and is recommending this is increased from £1.25m to £1.5m. The statement also concludes that the draft budget proposals are robust (see Appendix A).

2 Background

- 2.1 The purpose of this report is for the Executive to present, for comment and scrutiny, their updated draft budget proposals for 2013/14.
- 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, which means that less has to be funded from local taxpayers and central Government. The expenditure that remains is funded by central government via the Revenue Support Grant and Business Rates, other non-ringfenced grants, and the Council Taxpayer.
- 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 the Medium Term Financial Plan (MTFP) – which provides more of a forward look to resource planning and encourages Council's to plan it's finances further forward than just one year. The MTFP includes the 2013/14 proposals within a 5-year rolling forecast.
- 2.5 Full Council agreed a Budget Strategy on 5 October 2010. It described the need to set a four year balanced budget for the period 2012/13 to 2015/16 in light of unprecedented funding cuts and funding uncertainty for local government. The savings target over this period based on our estimated financial projections is 40%. In essence this means that the

Council's General Fund net expenditure budget to provide services to the public will be approximately 40% less by 2015/16. An update on the Budget Strategy was reported to Corporate Scrutiny on 21 July 2011 confirming the strategy remained relevant and this is still the case.

- 2.6 Updates on the Medium Term Financial Plan and latest Budget Gap estimates have been reported to Corporate Scrutiny this year in June, September and November. The latest report in November confirmed that the estimated budget gap had reduced to £0.5m for 2013/14. This took into account a number of changes such as savings from the new parking services contract, the new car leasing scheme, the waste services contract, interest income, etc.
- 2.7 Building on the Budget Review undertaken in 2011, CMT has prepared a range of Service Options for Members to consider in order to reduce the Budget Gap further. The report to Corporate Scrutiny on 29 November identified the Initial Service Options, totalling £0.3m, being considered by the Executive, and also identified a number of options that are not supported by the Executive.
- 2.8 In order to allow for consultation and consideration of budget options, the 'traditional' Budget Consultation Pack was issued to all Members on 21 December 2012. This included the Initial Service Options and other updated information related to 2013/14 budget requirements. The Budget Gap at that stage had reduced to £44,000, although the pack made it clear that there were still some details to be finalised for the final budget proposals.

Corporate Scrutiny Comments

- 2.9 The Draft Budget was presented to Corporate Scrutiny on 24 January for review and comment, and for the committee to suggest any recommended amendments to the Executive's Draft Budget.
- 2.10 There was one specific amendment proposed in relation to the Unparished Area Fund, where it was proposed that the fund is not split into specific ring-fenced 'pots' and that all expenditure is subject to the bidding process through the Unparished Area Panel.
- 2.11 The committee also recognised the ongoing financial challenge faced beyond 2013/14 and the need for the strategic review of services that will be driven through the implementation of the new Corporate Business Plan.

3 The Robustness of the Budget Process

- 3.1 The Local Government Act 2003 (Clause 25) requires a report on the adequacy of the Council's financial reserves; this Act also introduces a requirement for the S151 Officer to report on the robustness of the budget plans. Both of these elements are included in the Strategic Director's/S151 Officers Statement which is included in Appendix A of this report.

4 Funding From Central Government

Provisional Finance Settlement

- 4.1 As reported previously the last Comprehensive Spending Review (CSR) headlines, announced on 20 October 2010, indicated **real terms reductions of 28% (26% in real terms) across local authority “spending powers”** over the four year period starting in 2011/12. This reduction represents the national average, and our experience suggests the reduction for district councils will be above the national average.
- 4.2 The funding settlement for the past two years has seen the Council’s formula grant reduce by £1,580k in cash terms (22.9%) cumulatively. The historic formula grant income for 2012/13 is £5,310k. **The formula grant for 2013/14 is £5,024k, which is a reduction of 5.4%.** A number of grants have been ‘rolled in’ to the main funding formula to provide an updated ‘base’ position. In addition, grant funding towards the cost of Council Tax Support has been incorporated into the funding formula allocation from 2013/14 (replacing the previous Council Tax Benefit Subsidy funding system). The relevant rolled in grants for TDBC are Council Tax Freeze 2011/12 Grant, Homelessness Prevention Grant, and Council Tax Support Funding.
- 4.3 From 2013/14, funding for local authorities is changing with the introduction of a new Business Rates Retention system. General grant funding from Government will be received in the form of Retained Business Rates and Revenue Support Grant.
- 4.4 Details of the Provisional Finance Settlement were issued by CLG on Wednesday 19 December 2012 (much later than in previous years). This settlement information has been used for the draft budget. The final settlement is not likely to be received until February and there is a risk that final figures will be different – details will be reported to Members as soon as they become available. This provisional settlement included a 2-year ‘funding baseline’ which is effectively the grant settlement before local adjustments for Business Rates Retention, as summarised below.

	2012/13 £k	2013/14 £k	2014/15 £k
Formula Funding	5,310	5,024	4,910
Council Tax Support Funding	n/a	638	
Council Tax Freeze 2011/12 Grant	138	138	138
Homelessness Prevention Grant	141	122	122
Total Funding Baseline	5,589	5,922	5,170

- 4.5 The Funding Baseline provides the ‘pot’ for TDBC’s funding, which is then split into two distinct headings:

	2013/14 £k	2014/15 £k	Change
Revenue Support Grant	3,556	2,731	-23.2%
Business Rates Funding Baseline	2,366	2,439	3.1%
Total Funding Baseline	5,922	5,170	-12.7%

- 4.6 The NNDR1 for 2013/14 was approved by Full Council on 24 January 2013. The projected business rates income from the NNDR1 must be used alongside the "Total Funding Baseline" in the above table to produce the net funding position for budgeting purposes. Taking the NNDR1 into account the Council's funding under Business Rates Retention is projected to be £102k below the Baseline for 2013/14:

	2013/14 £k	2014/15 £k
Net Business Rates Yield per NNDR1	38,395	39,890
Share passed to Government, County and Fire authorities	-22,917	-23,934
Share retained by TDBC	15,478	15,956
Tariff paid to Government	-13,214	-13,619
2013/14 Budget - Retained Business Rates Income	2,264	2,337
TDBC Business Rates Baseline (see previous table)	2,366	2,438
Impact of forecast Business Rates Yield on Funding	-102	-101

- 4.7 Unlike the current grant system, where our formula grant is fixed for the year, retained income from Business Rates funding will ultimately be based on the Business Rates outturn for the year. This introduces a new financial risk to the Council's budget. The figures as set out above will be used for budgeting purposes, and business rates funding will need to be incorporated into budget monitoring arrangements from 2013/14 onwards. The S151 Officer has allowed for this risk as reported in her Robustness Statement in Appendix A.

- 4.8 The Tariff and Business Rates Baseline for 2014/15 have been included within the Provisional Settlement. The forecast of yield etc for 2014/15 has been deduced to arrive at a similar funding impact for 2014/15 for financial planning purposes. This is effectively based on an extrapolation and should be treated as indicative only.

- 4.9 The Budget for Funding is therefore proposed as follows:

	2013/14 £k	2014/15 £k	Change %
Revenue Support Grant	3,556	2,731	-23.2%
Business Rates Retained Income	2,264	2,337	3.2%
Total Funding Estimate	5,820	5,068	-12.9%

- 4.10 Over the longer term, the Revenue support grant is expected to reduce as the government continues to address the national debt position

through reductions in public sector funding. The Business Rates retained income is more likely to be influenced by local business growth. However there is a risk that rateable value appeals by businesses, which are beyond the control of TDBC, will diminish the impact of growth in real terms. For the MTFP this is estimated to increase on line with inflation, such that the impact of growth is projected to be offset by appeals, giving 0% growth in business rates funding in real terms.

- 4.11 The net funding position is projected to reduce by a further c10% per year from 2015/16. The next Spending Review in spring 2013 is likely to provide further indications of potential cuts beyond 2014/15. Our financial strategy will be updated then.

New Homes Bonus Grant (NHB)

- 4.12 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 how to use it.

- 4.13 Each year's Grant allocation will be payable for a 6 year period, so that from the 6th year of the scheme (2016/17) onwards the council should receive total annual NHB grant funding based on 6 years' grant allocations. This provides an incentive to continue supporting housing growth to maintain and increase this funding stream.

- 4.14 In December 2012 the Government announced the Provisional NHB Grant allocation of **£1,726,671** for 2013/14. Of this sum, £391,980 has been included in the draft budget for 2013/14, allowing the Council to continue to support service delivery and ensure that the benefits of growth are maximized for Taunton Deane and its communities.

- 4.15 Within the Executive's final budget proposals, it is **recommended that £2,375k of New Homes Bonus funding is allocated to infrastructure projects to support economic growth and regeneration**. Promoting growth is a top priority for the Executive and this funding is envisaged as a vital catalyst to help to achieve the full potential of Taunton and the Borough as a quality destination within the region for business, retail, leisure and culture. Individual schemes to be supported through this funding will be worked up in full with key partners and be subject to approval through the Council's normal decision making process. Types of scheme that are likely to fall into the following categories:

- Additional flood prevention to enable the future growth of Taunton
- Improvement to transport infrastructure and access.
- Investment in key sites to improve their readiness for development for business, retail and leisure.

- 4.16 This allocation will commit the totality of NHB Grant received up to

2013/14, and will include the use of the £1,040k currently held in the NHB Reserve. .

4.17 The following table summarises the income projections and budget estimates for the draft budget based on actual allocations to date:

	11/12 Actual £k	12/13 Actual £k	13/14 Est £k	14/15 Est £k	15/16 Est £k	16/17 Est £k	17/18 Est £k
2011/12 Grant	392	392	392	392	392	392	-
2012/13 Grant	-	648	648	648	648	648	648
2013/14 Grant	-	-	687	687	687	687	687
2014/15 Grant	-	-	-	tbc	tbc	tbc	tbc
2015/16 Grant	-	-	-	-	tbc	tbc	tbc
2016/17 Grant	-	-	-	-	-	tbc	tbc
2017/18 Grant	-	-	-	-	-	-	tbc
Total Income	392	1,040	1,727	1,727 + tbc	1,727 + tbc	1,727 + tbc	1,335 + tbc
Annual Budget		392	392	392	392	392	392
Earmarked Reserve	392	648	-1,040	1,335 +tbc	1,335 +tbc	1,335 +tbc	943 +tbc
Funding for Growth			2,375				
Total Use of Grant	392	1,040	1,727	1,727	1,727	1,727	1,335
Projected Reserve balance	392	1,040	0	1,335 +tbc	2,670 +tbc	4,005 +tbc	4,948 +tbc

4.18 Figures in the above table from 2014/15 onwards will be higher than shown, but at this stage are not known with certainty. If the current trend continues the grant could increase by £600k+ per year up to 2016/17.

Housing Benefit & Council Tax Admin Grant

4.19 This Grant is separate to the general funding provided through Revenue Support Grant and Business Rates. The provisional grant allocation for 2013/14 is £692k which is £41k (5.6%) less than the grant for 2012/13. This reduction has been taken into account within the MTFP and therefore doesn't affect the Budget Gap figures included in this report. At this point we are unclear on the funding levels for future years, but feel this is an area of funding that may reduce further beyond 2013/14.

5 Funding from Council Tax

Council Tax Base

5.1 The Government has recently issued new legislation, The Local Authorities (Calculation of Council Tax Base) (England) Regulations 2012, effective from 30 November 2012. These regulations update the rules for calculating the tax base for the district as a whole, and for

each town/parish area within it, reflecting:

- technical changes in council tax charges
- the introduction of the localised Council Tax Support (CTS) scheme (replacing the subsidised Council Tax Benefit system from April 2013)

- 5.2 Council Tax Support will be applied as a local discount on the amount of tax due, rather than be awarded as a benefit. This is included as a “Council Tax Support Adjustment” within the calculation of the tax base, and has the result of reducing the amount of Council Tax income due to the Council. As reported above the Government has included a new Council Tax Support Grant within the Provisional Settlement) in 2013/14, which is intended to help fund this council tax reduction.
- 5.3 The Council Tax Base of 37,280.60 Band D Equivalents, including the adjustment for Council Tax Support, was approved at Full Council on 24 January 2013.

Powers for the Public to Stop Excessive Council Tax Rises

- 5.4 Although the Localism Act abolishes central government power to cap tax increases, under new powers introduced last year, the Local Government Secretary announced on 19 December 2012 that the threshold for “excessive” tax rises in 2013/14 has been set at either 2% or for smaller authorities with relatively low tax charges – which includes TDBC - £5. The local electorate has the right to a referendum to consider any tax increase above these thresholds. A £5 limit equates to approximately 3.6% for TDBC.
- 5.5 The Government has confirmed that these principles and thresholds do not apply to parish councils for 2013/14. However, the Secretary of State has indicated he intends to revisit this issue in respect of 2014/15, having considered the extent to which parishes have “exercised restraint” in relation to Council in 2013/14.

Council Tax for 2013/14

Proposed Council Tax Increase = 0%

- 5.6 The Executive is minded to implement a **Council Tax Freeze** in 2013/14.
- 5.7 The council tax calculation and formal setting resolution is in a separate report later on this agenda.
- 5.8 The proposed tax rate charged will therefore remain at **£135.19 per year (£2.59 per week) per Band D Property**.
- 5.9 The Council Tax Base for 2013/14 is 37,280.60 Band D Equivalents. The draft budget estimate for council tax income is therefore 37,280.60 x £135.19 = £5,039,960 (excluding parishes and special expenses).

Council Tax Freeze Grant

- 5.10 The Council Tax Freeze Grant related to 2011/12 of £137k per year has been rolled into the main Finance Settlement – see section 4 above. The Council Tax Freeze Grant related to 2012/13 was £140k, based on the additional income a 2.5% Tax Increase would have generated for the Council, and is receivable for one year only.
- 5.11 Within the Provisional Finance Settlement announced on 19 December 2012, the Government confirmed its intention to offer a further Tax Freeze incentive scheme for 2013/14, by offering councils a grant equivalent to a 1% tax increase in lieu of a tax freeze. As the Executive is recommending a tax freeze, the estimated **Council Tax Freeze grant of £57k has been included within the Draft Budget**. The Grant will be paid for two years only. The impact on the Budget Gap of the tax freeze is:

	2013/14 £k
Reduction in estimated Council Tax Income – ongoing	-101
Freeze Grant – for two years only	57
Impact on funding	-44

- 5.12 The impact on underlying funding in the medium term will need to be managed through Budget Setting in future years, and it is advisable to use the fixed term Freeze Grant to fund one-off spending only.
- 5.13 The following table shows the total Freeze Grant funding within the Draft Budget, based on the recommended tax freeze in 2013/14.

	2011/12 £k	2012/13 £k	2013/14 £k	2014/15 £k	2015/16 £k
2011/12 Freeze Grant	138	138	138	138	0
2012/13 Freeze Grant	0	140	0	0	0
2013/14 Freeze Grant	0	0	57	57	0
Total Freeze Grant	138	278	189	189	0

- 5.14 The Government has confirmed 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.

Special Expenses / Unparished Area Budget

- 5.15 Special Expenses represent costs specifically arising in the unparished area of Taunton. The Special Expenses budget in 2012/13 is £47,380, which is a Band D Equivalent charge per year of £2.92 for the unparished area of Taunton.

- 5.16 The Draft Budget for 2013/14 includes a Tax Freeze for the unparished area – the same as the Council’s basic tax rate. The Band D charge for the unparished area is therefore proposed to remain at £2.92 per year.
- 5.17 The tax base for the unparished area of Taunton in 2013/14 is 14,115.83 Band D Equivalents. The draft budget for Special Expenses in 2013/14 is therefore 14,115.83 x £2.92 = £41,220.
- 5.18 The estimated funding raised from tax payers for Special Expenses has reduced in 2013/14 as a result of the Council Tax Support scheme and related reduction in the tax base. Full Council on 24 January approved an allocation of £6,500 as a share of the Council Tax Support Grant Funding included in the Finance Settlement (in the same way as proposed for town/parish councils – see below).
- 5.19 The total draft budget and funding for the Unparished Area is therefore as follows:

	2013/14 £
Expenditure:	
Various Projects and Works, subject to bids to Unparished Area Panel	47,720
Total	47,720
Funded By:	
Special Expenses (Council tax)	41,220
TDBC Budget (notional share of CTS Grant Funding)	6,500
Total	47,720

- 5.20 Access to the Fund is subject to a bid process during the year. The previous ring-fence of a sum of £15,000 for Youth Grants has been removed. It is proposed that the Unparished Area Panel receives bids (which can include bids related to youth initiatives) and considers these against the total budget. Details of the allocation of funds will be included as part of the year end outturn reporting to Executive in June each year.

Council Tax Support (CTS) Grant and Funding for Parishes

- 5.21 As referred above, the Government has included grant funding towards the cost of Council Tax Support (CTS) within the Provisional Finance Settlement. There is an expectation, albeit non-statutory, that a proportion of this funding will be passed down to parishes to reflect their reduction in Council Tax income as a result of the CTS Adjustment to their tax bases.
- 5.22 The timing of the announcement from Government in respect of this tax base adjustment and funding position meant that officers needed to very quickly produce a basis for passing on this funding, to enable parish council’s to ‘safely’ set their precept for 2013/14. A grant amount has been notified to each Parish, and has been calculated based on

their tax base reduction attributable to Council Tax Support multiplied by their 2012/13 Band D Charge. The total 'funding' for Council Tax Support to be passed on to Parishes, including the unparished area, has been included in the draft budget as follows:

	£k
Total Funding within Provisional Settlement	638.3
Allocation to Parish and Town Councils	42.3
Allocation to Unparished Area Budget	6.5
Amount retained by TDBC to offset Council Tax reduction	589.5

- 5.23 Full Council approved the allocation of this funding to parishes and the unparished area at its meeting on 24 January 2013.

6 The Executive's Draft Budget Proposals 2013/14

- 6.1 The Draft Budget Proposals for 2013/14 incorporate the Provisional Settlement information and the measures that are proposed to address the overall budget gap in line with the approved Budget Strategy.
- 6.2 The Draft Budget closes the Budget Gap in full. This is a significant achievement in the face of continuing financial challenges and reductions in funding. The previous Budget Gap reported to Corporate Scrutiny on 29 November 2012 was £0.5m. Further updates are summarised in the table below to reflect the latest budget estimates (where detailed estimates work has been finalised and certain areas of uncertainty have been clarified since the November Corporate Scrutiny report) and the final proposals from the Executive. This includes a small number of updates to the draft budget reported to Corporate Scrutiny on 24 January 2013. A reconciliation of the Budget Gap is shown in the table below.
- 6.3 The draft budget includes the implementation of a range of Service Options that reduce the underlying Base Budget position. The final adjustments to the Draft Budget include one-off spending proposals in recognition of the short term nature of the Freeze Grant for 2013/14 and the need to address the Budget Gap for 2014/15 and beyond.

Updated 2013/14 Budget Gap

Ref			£k
2013/14 Budget Gap (Corporate Scrutiny 29 November 2012)			496
	<i>Less: Initial Risk Allowance (29 Nov 2012) removed</i>		-160
	<i>Add:</i>		
1	Land Charges net budget update	Para 6.4	40
2	DLO Net Direct Costs – inflation and base updates	Para 6.5	56
			96
	<i>Less:</i>		
3	Provisional Finance Settlement	Para 6.6	-184
4	Revenues and Benefits	Para 6.7	-100
5	DLO Transformation Savings	Para 6.5	-90
6	Other minor changes		-14
			-388
			44
2013/14 Budget Gap as at 21 December 2012 Per Members' Budget Consultation Pack			
7	Support Service Recharges	Para 6.8	-65
8	Final move to detailed estimates	Para 6.9	65
9	Updated Business Rates NNDR1 forecast	Para 6.6	33
10	Service Options	Section 7	-197
			-164
			-120
2013/14 Budget Gap at 24 January 2013 Corporate Scrutiny			
11	Council Tax Freeze	Section 5	101
12	Council Tax Freeze Grant (for 2 years only)	Section 5	-57
13	Welfare support (one-off in 2013/14)	Para 6.10	25
14	Weed control	Para 6.12	35
15	Extreme Weather contingency (one-off in 2013/14)	Para 6.13	16
			Nil

6.4 **Land Charges:** The initial budget estimates have been updated to allow for one-off costs associated with implementation of new arrangements for customers to access property searches online. In addition, the level of estimated total income has been reduced compared to earlier estimates. The Net Budget for Land Charges is balanced to zero in line with Regulations.

6.5 **DLO:** The detailed estimates for the DLO trading account have now been completed. There is an increase in net direct costs of £56k, which is mainly due to inflationary costs on pay (pay award, increments, etc) and purchases; and updates to reflect restructuring of operations between the trading account and direct service budgets. This is offset however, by the conclusion of the latest DLO Transformation action, where a change to the main workforce working hours from 39 to 37 per week has been agreed with staff/UNISON. This will deliver financial savings and increase the efficiency of the service. The savings are projected to be approximately £170k per year, and the General Fund

'share' of these savings is £90k (with £80k benefit to the HRA). The DLO Trading Account overall is still reporting a projected Surplus of £101k for 2013/14, as support service costs within the trading account have reduced. There are also Service Options included within this Pack that will reduce costs for the DLO if approved.

- 6.6 **Provisional Settlement:** Details of the Provisional Settlement are included in Section 4 above. The initial calculation of the impact – as included in the Members' Budget Consultation Pack – was based on a provisional NNDR1 (business rates forecast). This estimate and the impact on the budget have been revised slightly to reflect the final NNDR1 submitted for approval by Full Council on 24 January 2013. This updated version has been used to formulate the Draft Budget position as set out in Section 4, and is a change of £33k from the initial estimates within the Consultation Pack.
- 6.7 **Revenues and Benefits:** Full Council on 11 December 2012 approved in principle the termination of the Revenues and Benefits service element of the Southwest One contract, and delegated authority to Group Leaders and senior officers to conclude negotiations with Southwest One and agree the transfer back to TDBC. The financial implications of this change are subject to commercial negotiations but an indicative estimate of £100k has been included in the draft budget at this stage for financial planning purposes.
- 6.8 **Support Services:** The extensive exercise to update and recalculate the allocation of support services and other recharged costs has been completed, and includes the impact on recharges of the Revenues and Benefits service returning to TDBC from Southwest One. The net result is a net increase of recharges income to the General Fund from the HRA of £65k in 2013/14. The model for calculating recharges is highly complex, and the movement reflects changes such as: updated net budgets for recharged services; changes on proportion of headcount between General Fund and HRA (e.g. GF staffing numbers reduced following transfer of Parking Services to SCC); and up to date usage data for recharged services.
- 6.9 **Move to detailed estimates:** As in previous years, the finance team have worked with budget holders to ensure the final details of the budget estimates are checked and completed and these various minor adjustments have together updated the budget gap by £65k.
- 6.10 **Welfare Support:** An information report was issued to all Councillors on 23 January "New Burdens Funding – Welfare Reform", which provides some background to this budget proposal. The Executive proposes to provide a budget of £91k to fund a range of measures to support citizens through welfare reform. This will be funded from £66k New Burdens Grant plus £25k of the Council's own revenue resources. It is proposed to use this one-off funding to provide a temporary additional Revenues & Benefits Officer post for one year to enable:
- Working with "first time" council tax payers to educate and inform them on prompt payment

- Additional support to vulnerable people through home visits
- 6.11 It is also proposed to provide one-year funding to the CAB towards the cost of a debt supervisor and debt caseworker, to help citizens with money advice and debt management. There will also be funding used by the Council to support a further range of initiatives and costs in response to welfare reform.
- 6.12 **Weed control:** The Executive proposes to invest funding into weed control of adopted highways within the urban areas and housing estates. This decision will make direct improvements to the visual impact of the Borough. Whilst the responsibility for this function remains with the County Council, this proposal supports the quality of place and inward investment into the Borough. The sum of £35k has been set within the budget to perform 3 rounds of weed spraying per year.
- 6.13 **Extreme Weather Contingency:** A new Extreme Weather Contingency is proposed, to provide funding for emergency response to the impact of extreme weather conditions (e.g. increased demand for sand bags in the event of severe flooding).

7 Service Options

- 7.1 As referred earlier in this report, and as reported to Corporate Scrutiny on 24 January 2013, the Executive **is minded** to implement savings from a range of Service Options totalling £197k, as summarised in the table below. Further details are included in Appendix E, and related Equalities Impact Assessments are included in Appendix F.

	£
Retained Finance Training	3,000
ICT Client and System Costs	11,000
Parking Services Staffing	30,000
Strategy Unit - Operating Costs	6,500
Public Relations - Operating Costs	5,500
Nature Reserves funding	2,000
Christmas Lights funding	10,000
Grounds Maintenance Budget not required	47,600
Public Conveniences	4,500
Open Spaces - Hanging Baskets	4,000
Housing Options funded by Homelessness Prevention Grant	43,760
External Audit fee savings	25,000
CEO/Directors - Operating Costs	3,810
SUBTOTAL	196,670

8 Fees and Charges

- 8.1 Fees and Charges for 2013/14 were approved by Full Council on 11 December 2012, and the impact of these is included in the Draft Budget.

9 DLO Trading Account

- 9.1 Members will be aware that the timetable for transformation had a number of proposed financial simplifications. These have been completed for the street cleansing and public toilet services during 2012/13. This, in conjunction with the removal of fleet maintenance as an in house function, and the movement of some employees and functions within the DLO, has led to a reduction in the number of individual DLO trading accounts.
- 9.2 The changes to the normal week pattern, with a planned reduction of working hours from 39 to 37 per week, have created financial savings estimated at £170k (£90k General Fund, £80K HRA). This change is not expected to affect the productivity of the DLO services with the reduction in hours made up through operating efficiencies.
- 9.3 Taking these factors into account the DLO Trading Account continues to budget for a net surplus of £101,000. The General Fund budget includes this surplus so that the DLO is contributing 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 2013/14</i>	Costs £k	Income £k	Net £k
Grounds	2,371	(2,488)	(117)
Building	3,521	(3,490)	31
Nursery	100	(115)	(15)
Grand Totals	5,992	(6,093)	(101)

- 9.4 Due to the restructure of the DLO during 2012/13 a larger percentage of works now reports under Building Services, including some budgets from the 'old' Highways Services Unit that was making a loss. Although this loss-making work has ceased, the section is currently budgeting to make a small loss overall of around £31k. This will be covered by the stores income and increased profit expectation of the other two DLO units, so that the DLO continues to make a profit overall.
- 9.5 The forecast reserves position for 2013/14 remains positive, and provides some resilience to volatility in trading performance and future investment needs.

<i>DLO Trading Account Reserves</i>	2012/13 £k	2013/14 £k
Estimated Balance Brought Forward	222	166
Forecast outturn	(56)	0
Estimated Balance Carried Forward	166	166

10 Deane Helpline Trading Account

- 10.1 The Deane Helpline is a stand-alone trading account service. In 2013/14 the estimated deficit is £65k, a reduction of £12k compared to the budget for 2012/13. This deficit will need to be funded by the General Fund.
- 10.2 The draft budget is based on charges increasing by 2.6% as approved by Full Council on 11 December 2012, and which is in line with the increases applied to service charges under the direction of the Government. This increases the weekly charges for existing clients as at November 2010 by 25p to £4.40. Weekly charges for new clients (new since November 2010) are increased by 11p to £4.54.
- 10.3 The income budget is based on a prudent projection of income due for the year, and makes an allowance for income collection risks.
- 10.4 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.
- 10.5 The price increase for new clients introduced in November 2010 will continue to adjust the financial position and correct the loss making problems in the service over the next few years as the ratio of customers on the old charges reduces and those on the new charges increase.
- 10.6 The summary trading account is as follows. There are no uncommitted reserves brought forward on this account.

Deane Helpline Trading Unit Estimates	2012/13 £k	2013/14 £k
Direct Operating Costs	915	972
Recharges	94	77
Income	(932)	(984)
Estimated Deficit	77	65

11 Minimum Revenue Provision Policy

- 11.1 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.

- 11.2 In 2008, the Government became less prescriptive offering Councils a number of options for calculating MRP. For the financial year 2012/13, the Council determined to calculate MRP as follows:-
- for supported borrowing, 4% on outstanding debt;
 - for unsupported borrowing, the debt associated with 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.
- 11.3 It is proposed the above policy remains for 2013/14.

12 Draft General Fund Budget Summary 2013/14

- 12.1 The following table compares the draft proposed budget with the original budget for the current year. The table provides a reconciliation to the Council's Basic Council Tax Requirement of £5,039,960. The figures therefore do not include parish precepts or special expenses. The full budget including these two items is included in Appendix C.

	Original Estimate 2012/13 £	Draft Estimate 2013/14 £
Total Spending on Services	13,276,860	13,372,730
Capital Charges Credit	(2,434,180)	(2,537,430)
Revenue Contribution to Capital	330,410	524,590
Interest payable on Loans	264,430	0
Minimum Revenue Provision	663,970	452,950
Interest Income	(67,440)	(317,750)
Transfers to/from Earmarked Reserves	309,480	1,171,220
Transfer to General Reserves – Previous Years commitments	39,900	0
AUTHORITY EXPENDITURE	12,383,430	12,666,310
Less: New Homes Bonus	(1,039,720)	(1,726,670)
Less: Revenue Support Grant (RSG)	(103,600)	(3,556,140)
Less: Retained Business Rates (RBR)	(5,206,870)	(2,263,980)
Less: Council Tax Freeze Grant*	(277,000)	(57,000)
(Surplus)/Deficit on Collection Fund	(184,200)	(22,560)
Expenditure to be financed by District	5,572,040	5,039,960
Council Tax		
Divided by Council Tax Base	41,216.39	37,280.60
Council Tax @ Band D	£135.19	£135.19
Cost per week per Band D equivalent	£2.59	£2.59

* Council Tax Freeze Grant for 13/14 is the grant related only to the recommended Freeze in 2013/14. The Grant for the 2011/12 Freeze has been rolled into RSG and RBR. The Grant for 2012/13 budget included a one-year grant for the Freeze in 2012/13.

13 Medium Term Financial Plan Summary

13.1 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.

	2013/14 £k	2014/15 £k	2015/16 £k	2016/17 £k	2017/18 £k
Net Expenditure	11,464	11,994	12,724	13,237	13,594
<i>Financed By:</i>					
Retained Business Rates	(2,264)	(2,337)	(2,396)	(2,457)	(2,519)
Revenue Support Grant	(3,556)	(2,731)	(2,047)	(1,610)	(1,260)
Tax Freeze Grant	(57)	(57)	0	0	0
Council Tax	(5,587)	(5,676)	(5,791)	(5,908)	(6,027)
Predicted Budget Gap	0	1,193	2,490	3,262	3,788

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

- Revenue Support Grant for 2013/14 and 2014/15 are as set out in the Provisional Finance Settlement. Retained Business Rates for 2013/14 is based on the NNDR1 for the year. Estimated funding in subsequent years is projected to increase in line with inflation. Net funding from the two elements combined is estimated to reduce by c.10% year-on-year for the subsequent three years. In addition it is assumed that the £137k Freeze Grant related to 2011/12 will be removed in 2015/16.
- Council Tax increases by 0% in 2013/14, then by 2% per year thereafter.

13.3 Beyond 2013/14, 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. The MTFP also assumes a number of fees and charges will increase each year in line with inflation.

14 General Reserves

14.1 The Council considers its reserves position as part of the overall financial framework that underpins the Budget Strategy. The S151 Officer has reviewed the acceptable minimum reserves position in light of the prospective changes to local government funding reform, welfare reform, and other risks which are likely to require a higher minimum reserves balance be maintained in future.

- 14.2 The S151 Officer has completed her review of the financial risks and is recommending that the minimum acceptable reserves position is increased to £1.5m (from £1.25m), or £1.25m if funds are allocated to 'invest to save' initiatives. The Draft Budget for 2013/14 will maintain reserves well above this minimum, but the MTFP shows that the Council is expected to face significant financial pressures in the medium term as shown in the following table.
- 14.3 Based on the draft MTFP position set out above the General Reserves forecast is summarised as follows:

General Reserves Forecast

	2013/14 £k	2014/15 £k	2015/16 £k	2016/17 £k	2017/18 £k
Estimated Balance B/F	3,079	3,079	1,886	(604)	(3,866)
Predicted Budget Gap	0	(1,193)	(2,490)	(3,262)	(3,788)
Estimated Balance C/F	3,079	1,886	(604)	(3,866)	(7,654)

- 14.4 Clearly the Council will not end up with the financial deficit as shown in this forecast, but this exemplifies the scale of the financial challenge over the medium term. The Council will need to plan to deliver a sustainable financial position as part of the Corporate Business Plan and supporting financial strategy.

15 Finance Comments

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

16 Legal Comments

- 16.1 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.
- 16.2 Managers have considered legal implications in arriving at the draft proposed budget.

17 Links to Corporate Aims

- 17.1 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.

18 Environmental and Community Safety Implications

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

19 Equalities Impact

- 19.1 Equalities Impact Assessments have been undertaken on proposed budget savings items where appropriate, in line with the Council's statutory obligations. See Appendix B.

20 Risk Management

- 20.1 The risks associated with the various budget proposals and Service Options have been considered. In addition, the overall assumptions, risks and uncertainties are considered and reported on within the S151 Officer's Robustness Statement as shown in Appendix A of this report.

21 Partnership Implications

- 21.1 The Council operates many key partnerships included 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.

22 Recommendations

- 22.1 The Executive recommends to Full Council the approval of the Draft General Fund Revenue Budget for 2013/14 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, and approve the recommended increase to minimum acceptable level of reserves to £1.5m, or £1.25m if funds are allocated to invest to save initiatives.
 - b) Approve the Draft General Fund Revenue Budget 2013/14 as summarised in Appendix B, including a Basic Council Tax Requirement budget of £5,039,960 and Special Expenses of £41,220 (noting formal resolution of Council Tax Requirement is included in a separate report).
 - c) Approve the transfer of any under-/overspend in the 2012/13 General Fund Revenue Account Outturn to/from the General Fund reserves.
 - d) Approve the Service Options included in Appendix D and notes the equalities impact assessments provided in the report and appendices as part of the budget decision process.
 - e) Approve the Minimum Revenue Provision (MRP) Policy with MRP calculated as follows:
 - for supported borrowing, 4% on outstanding debt; and

- 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.
- f) Note the General Reserves position and Medium Term Financial Plan projections, and the ongoing financial challenge to address the Budget Gap for future years.

Background Papers

Full Council 5 October 2010 – Budget Strategy

Executive 11 December 2012 – 2013/14 Budget Gap Update and Initial Service Options; Fees & Charges 2013/14

Corporate Scrutiny 24 January 2013 – Draft General Fund Revenue Estimates 2013/14

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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, Strategic Director

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 2013/14 (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 Strategy, and the Profile of Services (for priorities) remains unchanged for 2013/14.
- 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 2012/13 budget
Section 13	Key risk issues in future budgets
Section 14	Adequacy of Reserves
Section 15	Conclusions

3. Government Funding

- 3.1 This is the first financial settlement that reflects the entirely new financial relationship between central and local government. From 1st April 2013, a

system of Business Rates Retention will be in place to part fund local authority services. The Financial Services Manager has set out the detail on this in this report.

- 3.2 This new regime brings with it additional risks for the authority to consider (see my thoughts on this in section 12 below) but also the potential for some reward (albeit a small share!).
- 3.3 The provisional settlement was published in December 2012 and set out the provisional funding position for 2013/14 and the indicative funding position for 2014/15.
- 3.4 The headline reduction in Taunton Deane's government funding is 5.5% for 2013/14 (excluding the impact of the council tax reduction scheme). The indicative position for 2014/15 shows a further reduction of 12.7%.
- 3.5 The final grant settlement position will be announced in late January.
- 3.6 The Executive's draft budget takes advantage of the new Government "incentive" scheme – introduced to encourage local authorities to freeze council tax for 2013/14. This means the council tax increase for 2013/14 will be 0.00%.

4. Capital Programme Funding

- 4.1 In earlier years, the Council has relied on significant sums of Government Grant and Supported Borrowing to fund its capital programme. As with last years budget, neither is available to Taunton Deane looking forward.
- 4.2 The Executive's draft budget proposals for the capital programme are set out in a separate agenda Item at this meeting.
- 4.3 To support the spending plans, Councils are required to publish and monitor a set of Prudential Indicators (see Appendix B of the Treasury Management Strategy Statement report on this agenda).
- 4.4 The Executive's draft General Fund and HRA capital programmes follow the principles of the Prudential Code. Both programmes do include borrowing requirement which are within affordable limits.

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 – 1% for 2013/14, then 2% thereafter.</p> <p>Utilities - based upon estimated contract increases</p> <p>Pension Contributions – 18.4%</p> <p>Major Contracts – as per the legal documents supporting the contracts</p>
Income Levels	Income projections are based on <u>realistic</u> assumptions, current usage levels and the most recent Government guidance on fee levels. 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	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. These have been discussed in detail and agreed with individual Service Managers.
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 revised slightly upwards based on best information on likely local growth.

Area of Budget	How is this addressed within the TDBC budget process?
Efficiency Initiatives	Where initiatives are sufficiently well developed, they are included in savings plans. In addition, the Council has benefited from a further savings of £84k in 2013/14 from the Southwest One services contract. The Procurement project with Southwest One is disappointingly, not delivering savings at a level to assist the revenue budget position.
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.
Choices available to Members	All Members have been presented with options for closing the budget gap through the Service Options process. The Initial Service Options have been considered by Corporate Scrutiny on 29 November 2012, and were included in the Budget Consultation Pack issued to all Councillors before Christmas.
Changes in Legislation	Legislative changes are analysed by officers and their effect built into the MTFP and budget.
Sustainability	<p>The proposed budget takes into account the future financial pressures faced by the Council. Effective financial planning for the medium term is in place, although there is some risk around the future grant levels. I am comfortable that best estimates have been used.</p> <p><u>The Corporate Business Plan review has helped clarify the Council's vision and objectives moving forward. The next stage of this – the prioritisation work – is crucial to the Council having a sustainable financial position moving forward. This work is due to be completed in Spring 2013 and any delay will impact on the robustness of our financial standing.</u></p>

Area of Budget	How is this addressed within the TDBC budget process?
Sensitivity Analysis	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.
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 All Managers are responsible for ensuring the savings ideas presented to Members are realistic and deliverable in terms of the level of savings and the timing. All savings proposals have been reviewed for robustness – and will be monitored closely during 2013/14 to ensure the benefits are realised. 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 several key partnership arrangements in place to support our ambitions and deliver key services. These are supported by contractual arrangements. There are performance management 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. All Council spending will be subject to review (as part of the Budget Review Programme) – including that within partnerships and contracts.

8 Financial Standing of the Council

- 8.1 The Council fully complies with the Prudential Code.
- 8.2 The Council is operating within the agreed parameters of the Financial Strategy.
- 8.3 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 £94.998m of outstanding debt (which is within our maximum borrowing level of £139.2m). The Council currently has £26.6m of investments placed in the markets in accordance with our policies.
- 8.4 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.
- 8.5 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
2004/05	(£163,000)	(1.49%)
2005/06	(£45,000)	(0.39%)
2006/07	£242,000	1.9%
2007/08	£49,000	0.37%
2008/09	£46,000	0.09%
2009/10	£10,000	0.06%
2010/11	(£263,000)	(2%)
2011/12	(£535,000)	(4.4%)
2012/13 * Estimate	(£295,000)	(2.6%)

9.2 In the context of a gross expenditure budget of £71m, the above results are reasonable. Members are provided with regular in-year updates on key budget variances (Corporate Scrutiny and Executive).

9.3 The outturn position for 12/13 was a “surprise” and we have improved our budget monitoring arrangements this year to hopefully offer a more confident forecasting tool. As with all forecasting tools, there is always room for improvement and we hope to continue to improve this during 2013/14.

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 last updated its Financial Regulations during 2008. They were 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 currently undergoing a fundamental rewrite. The new Procedure Rules will be issued to services in Spring 2013.

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.

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 Equalities Impact Assessments (EIA) Reviews have been undertaken on all Service Options, and where required full EIAs have been developed. Copies are set out in Appendix F of this budget report.

12 Key Risk Issues In 2012/13 Budget

12.1 There are some areas of the proposed budget for 2013/14 that I do not have full confidence in at this moment in time. They are detailed below for Members attention. The figures in the proposed budget for 2013/14 are based on our best estimates. 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 **Council Tax Reduction Scheme.** The new scheme (replacing the Council Tax Benefit Scheme) comes into place on 1st April 2013. The local scheme approved by Taunton Deane aims to be cost neutral – ie the support paid to the community will roughly match the reduced funding we have received from Government. We have made certain assumptions on the level of take-up that will need to be monitored closely during the year to assess the impact on our finances. This risk is significant and will impact on our reserves position.

The Government funding for this in future years is likely to reduce and the Council will need to fundamentally review the new scheme during 2013 if the currently “break-even” policy is to remain in place.

12.3 **Business Rates Retention Scheme.** The new scheme comes into place on 1st April 2013. The Council has put in place sound arrangements to monitor the impact of changes throughout the year but the shift of risk from central government to local government has been significant. The key risks associated with this 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 £34m and this is clearly a high risk area for us moving forward.

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.

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 Safety Net. The safety net for TDBC has been set – meaning that any reduction above £178k would be funded by the Govt. Clearly the £178k would need to be funded from this Councils resources and impacts on our reserves position.

12.3.5 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.

12.4 Housing Benefits / Subsidy. The Revenues and Benefits Service will be managed directly by Taunton Deane during 2013/14. As with any change in contractual arrangement, best estimates have been used to set the budget position for next year, but we will need to monitor this closely throughout the year.

The administration grant we receive from Government to support this function has been reduced by £41k for 2013/14 (on top of the £59k reduction in (2012/13).

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 2013/14 will be greater than normal due to the expected growth in claims arising from the current economic slump and the complexity of the further changes in the benefit regime coming into force on 1st April 2013. The total benefit subsidy budget is approx of £30m – 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.

12.5 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.

12.6 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.

12.7 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.

12.8 Car Park Fee Income – the latest projections for car park income in the current year (2012/13) show a continuing downward trend. For budgeting purposes, this is assumed to flat-line but continue in 2013/14. This will be reviewed closely during the year to ensure the budget estimates remain robust.

12.9 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 £65k in 2013/14). As reported to Members in 2011, the service delivered to the public is excellent, and this will continue in 2013/14, but the underlying financial position is not sustainable in the longer term.

12.10 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 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 2012/13 – returning a total of £62k 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 2013/14 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 2013/14 does not require the used of any General Fund Reserves. The predicted balance on this reserve, having set the 2013/14 budget is £3.079m. This will increase should the predicted underspend in 2012/13 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 current Financial Strategy states that General Fund Reserves should be maintained at a minimum of £1.25m (or £1m if being replenished via invest to save initiatives). The Financial Strategy will be completely rewritten to support the final Corporate Business Plan (expected summer 2013) and a fundamental review of the reserves will be

undertaken then. Meantime, it seems appropriate to update the minimum level of £1.25m to reflect the new risks as follows:-

- Business Rates Retention (funding to safety net) = £178k
- CTax Reduction Scheme (assume increase in take-up) = £15k
- Impact on Above On Collection (further 1% dip) = £50k

Based on this simple review, I recommend that the minimum level of GFd Reserves is increased to £1.5m (or reduced to £1.25m on an invest to save basis).

- 13.9 The level of reserves may appear high in comparison with earlier years, and the parameters of the Financial Strategy. When taken in the context of the medium term financial plan forecasts though, it is clear that reserves need to be at this level to support the Council through the difficult choices it will need to make.

Housing Revenue Account Reserve

- 13.10 The housing Revenue Account balance is forecast to be £2m at 31 March 2013. The self-financing regime has been in place nearly one year now and the 30 Year Business Plan (refreshed in late 2012) is being delivered. The minimum level of reserves for the HRA is £300 per property (approx £1.8m). The business plan, and detailed budget for next year work within this parameter.

Earmarked Reserves

- 13.11 At 31 March 2013, the Council expects to have in the region of £6.5m in earmarked reserves. The main reserves include the self-insurance fund, asset maintenance, and the DLO trading reserve.

14. CONCLUSION

- 14.1 This Council has 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 The medium term financial plan shows we have a gap of around £1m for 2014/15 and this continues to grow thereafter. Members recognise this is not sustainable and will need to address this and agree a Financial Strategy in 2013. The prioritisation work (re the Corporate Business Plan) in the Spring is crucial to moving this forward.

- 14.3 The Executive has presented for approval a budget for 2013/14 which does not rely on reserves.

- 14.4 **The Council must now focus on dealing with the longer term challenges of dealing with the underlying financial position.**

- 14.5 The Core Council Review, and Budget Review Project have made a good start but there is still a very long way to go. Members must now focus on the big challenge of tackling the budget deficit over the medium term. Through the

Business Plan work, the Council needs to be really clear about what it can afford to do in future years (and equally clear about what it cannot afford to do).

- 14.6 Equally important through these difficult times, is the level of reserves held by the Council. The Council will need to invest to make savings, and will potentially need to, in future years, support ongoing spend from reserves whilst savings are being implemented. The Council is facing new financial risks from April 2013 (set out above) and it is appropriate to review the minimum level of reserves that is appropriate for this Council. **The recommendation above is that the minimum level is increased to £1.5m and this is reflected in the formal recommendations of the report.**
- 14.7 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 2013/14 to be robust.

Shirlene Adam
Strategic Director
January 2013

ANALYSIS OF GENERAL FUND BUDGET REQUIREMENT 2013/14

	£'000
Budget Requirement 2012/13	11,873
Inflation	415
Other Cost Increases	
Remove 2012/13 One-off items	538
Car parking income (tickets and fines)	393
Reduction in HB and Council Tax Admin Grant	41
Projected reduction in Garden Waste recycling income	54
RCCO for Capital improvement to Orchard Car Park	126
Crime and Disorder Partnership Grant from SCC ceased	30
Insurance Premiums	47
Demographic growth demand for services	36
Pest Control Income	10
Repayment of capital debt (MRP)	14
Weed control	35
Support for Welfare Projects	25
Extreme Weather Contingency	16
Savings	
Service Options	-197
Interest income from Housing Revenue Account	-430
Interest income return on investments	-79
Increase in Planning Fees (15%)	-60
Southwest One Efficiency	-84
Waste Services contract efficiency	-143
Reduction in Contribution to HRA for estates maintenance	-70
Parking Services new contract / transfer off-street to SCC	-174
Car Leasing Scheme updated	-57
Audit Fees	-27
Southwest One contract changes	-136
DLO Transformation Savings	-90
Salaries savings – staff turnover, increments, 12/13 0% pay award	-83
Housing enabling partnership funding	-15
Land Charges reduction in net costs	-14
Procurement costs true-up	-68
Housing Benefit and Council Tax Benefit Subsidy	-39
RCCO no longer required for recurring schemes	-20
Pension auto-enrolment deferred budget impact	-21
Other Changes	
Council Tax Benefit Scheme ceased	-6,900
Council Tax Benefit Subsidy Income ceased	6,900
New Homes Bonus (NHB) Grant increase in 2013/14	-687
Transfer to Earmarked Reserve – New Homes Bonus (Growth)	687
Use of Earmarked Reserves – Growth and Regeneration service	-275
Movement in Support Service Recharges to HRA	-65

	£'000
Move to detailed estimates and other net changes	-59
Transfer to Reserves – Invest to Save repayments ceased	-40
Council Tax Support Grant for Parishes	42
Parish Precepts decrease	-3
Budget Requirement 2013/14	11,460
Funding and Taxation 2012/13	-11,873
Funding	
Formula Funding reduction of 5.4%	286
Council Tax Support Grant	-638
Homelessness Prevention Grant “rolled in”	-122
Business Rates Retention NNDR1 adjustment	102
Council Tax Freeze Grant 2012/13 ceased	139
Council Tax Freeze Grant 2013/14	-57
Council Tax	
Tax Base – Council Tax Support Scheme	583
Tax Base – Other Movements	-51
Tax Base – Special Expenses	6
Decrease in Parish Precepts	3
Collection Fund Surplus reduction	162
Funding and Taxation Budget 2013/14	-11,460

APPENDIX C

DRAFT GENERAL FUND REVENUE BUDGET SUMMARY 2013/14

	Original Budget 2012/13 £	Draft Budget 2013/14 £
Service Portfolios		
Community Leadership	1,103,130	1,068,130
Corporate Resources	1,238,470	2,164,940
Economic Development, Asset Management, Arts & Tourism	1,161,780	990,860
Environmental Services	4,509,440	4,229,070
General Services	1,226,970	1,235,480
Housing Services	2,572,040	2,541,110
Planning, Transportation & Communications	(1,094,980)	(1,351,090)
Sports, Parks & Leisure	2,584,130	2,481,650
Net Cost of Services	13,300,980	13,360,150
Other Operating Costs and Income		
Interest Payable and Debt Management Costs	264,430	0
Interest and Investment Income	(67,440)	(317,750)
<i>Funding for Parishes:</i>		
Parish Precepts	482,310	479,590*
Council Tax Support Grant	0	42,260
<i>Funding for Unparished Area:</i>		
Special Expenses	47,380	41,220
Council Tax Support Grant	0	6,500
DLO Trading Account	(101,000)	(101,000)
Deane Helpline Trading Account	76,880	64,820
Total Other Operating Costs and Income	702,560	215,640
Transfers To/(From) Reserves		
Transfers to Capital Adjustment Account	(2,434,180)	(2,537,430)
Capital Financing from GF Revenue (RCCO)	330,410	524,590
Repayment of Capital Borrowing (MRP)	663,970	452,950
Transfers To/(From) Earmarked Reserves	309,480	1,171,220
Transfer to (from) General Fund Reserves	39,900	0
Total Transfers To/(From) Reserves	(1,090,420)	(388,670)
NET EXPENDITURE BEFORE GRANTS AND TAXATION	12,913,120	13,187,120
Grants & Local Taxation		
Revenue Support Grant	(103,600)	(3,556,140)
Business Rates retained	(5,206,870)	(2,263,980)
New Homes Bonus	(1,039,720)	(1,726,670)
Council Tax Freeze Grant	(277,000)	(57,000)
Local Services Support Grant	0	0
Previous Year's Collection Fund Deficit/(Surplus)	(184,200)	(22,560)
Council Tax (Demand on Collection Fund)	(6,101,730)	(5,560,770)
Total Grants & Local Taxation	(12,913,120)	(13,187,120)

* Not all Parish Precept demands have been received at the time of issue of this report.

APPENDIX D

**DRAFT GENERAL FUND REVENUE BUDGET SUMMARY 2013/14
COST CENTRE SUMMARY BY PORTFOLIO**

Cost Centre	Heading	Original Budget 2012/13 £	Current Budget 2012/13 £	Forward Estimate 2013/14 £
	COMMUNITY LEADERSHIP			
101570	Community Safety	223,290	224,380	279,310
102100	LDF	326,520	377,740	369,440
102129	Shopmobility	76,660	76,620	66,900
103518	Strategy	0	53,490	0
109257	Community Grants	200,070	200,070	201,800
109509	Climate Change	64,310	72,920	65,300
109643	Community Development	99,940	73,630	30,950
110320	Youth Homeless Fund	0	0	0
110448	Taunton Deane Partnership	(5,000)	(5,000)	(4,870)
110787	Pool Cars	0	1,080	1,410
		985,790	1,074,930	1,010,240
	CORPORATE RESOURCES			
101070	Council Tax Collection	570,030	567,030	596,580
101117	Council Tax Benefit Admin	180,560	180,560	238,230
101148	Council Tax Benefit	0	0	0
101149	NNDR Collection	80,900	80,900	120,650
101192	Register of Electors	102,350	139,070	161,830
101203	Conducting of Elections	29,910	8,380	23,930
101273	Local Land Charges	18,800	4,370	0
102019	Rent Allowances	0	0	304,650
102029	Rent Rebates	(136,000)	(136,000)	205,850
102038	HB Admin	451,230	451,230	0
102155	TDBC Assets	(59,310)	(96,330)	451,710
102276	ICT	0	3,210	0
102281	Retained ICT	0	20,000	15,000
102310	Facilities Management	0	(250)	0
102312	Property Management	0	(1,730)	0
102329	Retained Property	0	0	0
102417	Wellington Office	0	(750)	0
102418	Deane House	0	26,730	0
102459	Flock House	0	670	0
102461	Procurement	0	(82,400)	0
102535	Design and Print	0	0	0
102567	Legal Services	0	15,820	0
102571	Democratic Services	0	0	0
102580	Customer Contact	0	0	0
102588	HR	0	50,170	0
102606	Retained HR	0	16,300	0
102627	Finance	0	304,650	0
102649	Retained Finance	0	(3,650)	30
102679	Insurance	0	28,120	0

Cost Centre	Heading	Original Budget 2012/13 £	Current Budget 2012/13 £	Forward Estimate 2013/14 £
102686	Treasury Management	0	0	0
102693	CTAX	0	(305,870)	0
102754	Benefits	0	2,890	0
102755	Performance & Client	0	33,970	0
102797	Training and OD	0	(11,390)	0
102803	CEO	0	(17,950)	0
102807	Director BC	0	(13,920)	0
102819	Director KT	0	0	0
102832	Director SA	0	(10,510)	0
102834	Director JW	0	(9,230)	0
102839	PAs	0	0	0
109439	SW1 Transformation	0	(88,000)	0
109853	Client Contractual Issues	0	0	0
109859	SAP Relaunch	0	0	0
110849	Corporate Support Unit	0	(20,920)	21,480
110989	Welfare & Finance Reform	0	(5,500)	25,000
111074	CEO & Directors	0	0	0
		1,238,470	1,129,670	2,164,940

ECONOMIC DEVELOPMENT & THE ARTS

101159	Support to BID	0	0	0
101281	General Grants	65,230	24,980	21,290
102152	Market Undertakings	12,330	35,890	(11,650)
102157	Project Taunton (TDBC)	367,100	0	0
102188	Art Development & Support	20,000	12,010	15,390
102190	Theatre & Public Entertainment	152,000	152,000	153,260
102265	Town Centre Management	14,010	95,090	69,500
102267	Visitor Information	36,080	0	0
102270	Visitor Centres (TIC)	115,490	115,020	122,120
102407	Priory Depot	0	(600)	0
103524	Project Taunton	29,000	0	0
103532	Economic development	287,870	39,460	680
109491	Project Taunton Our Place	0	0	0
109948	Economic Development Specialist	62,670	0	0
111009	Economic Development & Regeneration	0	740,560	620,270
111010	Eco Towns Project	0	0	0
		1,161,780	1,214,410	990,860

Cost Centre	Heading	Original Budget 2012/13 £	Current Budget 2012/13 £	Forward Estimate 2013/14 £
ENVIRONMENTAL SERVICES				
101328	Cleansing	0	(370)	0
101431	Cemeteries	176,030	31,470	12,120
101451	Crematoria	(793,990)	(655,320)	(627,950)
101458	Food Safety	384,290	353,450	325,620
101464	Pollution Reduction	329,500	321,330	249,130
101478	Health & Safety	58,170	60,750	39,480
101495	Pest Control	41,320	40,450	50,320
101533	Dog Wardens	80,080	80,080	102,080
101542	Licensing	22,820	21,930	31,980
101563	Public Conveniences	281,200	265,240	291,100
101640	Flood Defences	265,070	265,070	201,710
101648	Street Cleaning	680,340	626,180	573,590
101689	Household Waste	1,108,180	1,087,480	1,095,240
101726	Recycling	1,836,930	1,807,630	1,803,620
109642	Business Support Theme 4	0	(4,830)	0
109644	Environmental Health Management	0	(2,410)	33,000
109669	Drainage Board	19,500	19,500	19,660
110591	Welfare Funerals	20,000	20,000	28,370
		4,509,440	4,337,630	4,229,070
GENERAL SERVICES				
101015	Democratic Representation & Management	750,780	747,690	730,870
101017	Corporate Management	444,350	638,220	386,980
101055	Non Distributed Costs	140,650	140,650	141,900
101232	Emergency Planning	51,800	56,640	67,580
101287	Precepts and Levies	44,130	43,900	38,810
102791	Internal Audit	0	0	0
109236	Appropriations	(204,740)	(437,910)	(130,660)
109237	Core Council Review	0	0	0
		1,226,970	1,189,190	1,235,480
HOUSING SERVICES				
101291	Building Maintenance	0	(2,850)	0
101468	Housing Standards	829,010	830,260	822,320
101819	Housing Strategy	117,340	119,000	57,890
101822	Housing Advice	730,270	708,930	657,420
101838	Cont. to HRA re: Shared Items	265,920	265,920	190,540
101944	Admin of Ren & Imp Grants	31,000	32,270	0
101974	Control & Closing Orders	0	0	0
101978	Hostels (non HRA support)	0	0	0
101987	B&B Accommodation	277,100	266,100	209,960
101993	Leasehold Dwellings	20,000	20,030	(6,940)
102007	Homelessness Admin	33,290	96,890	95,440
109227	Housing Enabling	385,450	386,330	448,740
109645	HIA	0	0	0
111097	Homelessness Prevention Grant	0	0	123,630
		2,689,380	2,722,880	2,599,000

Cost Centre	Heading	Original Budget 2012/13 £	Current Budget 2012/13 £	Forward Estimate 2013/14 £
	PLANNING, TRANSPORTATION & COMMUNICATIONS			
101734	On Street Parking	254,550	248,540	4,740
101779	Off Street Parking	(2,621,760)	(2,603,650)	(2,294,150)
101785	Concessionary Fares	3,670	3,630	0
101809	Public Transport Co-ordination	102,890	102,900	33,440
102045	Building Control - Fee Earning	0	(2,600)	(8,400)
102053	Building Control - Non Fee Earning	110,310	110,310	76,140
102058	Planning Advice	829,710	828,210	894,850
102059	Dealing with Applications	(286,240)	(284,980)	(516,100)
102083	Enforcement	127,710	125,450	164,580
102093	Regional Planning	47,290	47,450	0
102103	Conservation & Listed Buildings	283,480	300,150	245,720
102104	Sustainable Development	8,880	8,880	0
102783	Public Relations	0	3,360	0
109553	Business Support Theme 2	0	2,380	0
109979	Building Control - Services	44,530	49,550	48,090
		(1,094,980)	(1,060,420)	(1,351,090)
	SPORTS PARKS AND LEISURE			
101301	Nursery	0	0	0
101317	Grounds Maintenance	0	(5,440)	0
101338	Highways	0	110	0
101384	Vivary Park Trading Account	15,490	(310)	(19,600)
101818	Environmental Maintenance	29,430	29,430	0
102196	Sports Development	209,440	181,760	176,480
102212	Indoor Sports	388,620	41,830	28,040
102216	Outdoor Sports	329,700	329,700	360,290
102243	Golf Courses	3,800	210	350
102246	Community Open Spaces & Parks	849,800	864,150	849,390
102256	Allotments	(310)	(310)	(3,240)
109639	Tone Leisure	758,160	438,800	469,530
110369	Tone Leisure – Wellington Sports Centre	0	128,030	121,230
110370	Tone Leisure – Wellsprings	0	173,090	168,920
110371	Tone Leisure – Blackbrook Sports Centre	0	165,430	140,220
110372	Tone Leisure – Station Road Pool	0	137,330	141,090
110373	Tone Leisure – St James Street Pool	0	42,200	42,740
110590	Vivary Golf Course Club House	0	6,120	6,210
111038	Community Leisure	0	62,000	0
111119	New Swimming Pool	0	50,000	0
		2,584,130	2,644,130	2,481,650

OTHER OPERATING COSTS & INCOME

109229	Interest Payable	264,430	239,430	0
109230	Interest Receivable	(67,440)	(71,000)	(317,750)
101410	Pension Interest & Return on Assets	0	0	0
109228	Profit/Loss on Disposal of FA	0	0	0
109997	Housing Capital Receipts Pooling	0	0	0
109998	Special Expenses	47,380	47,380	47,720
109749	Parish Precepts	482,310	482,310	521,850
		726,680	698,120	251,820

TRANSFERS TO/FROM RESERVES

109768	Transfer GF Depreciation to CAA	(1,374,180)	(1,374,180)	(1,415,340)
109769	Transfer GF REFCUS to CAA	(1,060,000)	(1,060,000)	(1,122,090)
109770	Transfer GF Capital Grants to CAA	0	0	0
109772	Transfer to Financial Instruments Adj Acc	0	0	0
109773	Transfer to Pension Reserve - Reverse IAS19	0	0	0
109774	Repayment of Capital Debt (MRP)	663,970	910,430	452,950
109775	Capital Financing from GF Revenue (RCCO)	330,410	384,410	524,590
109777	Transfer to Pension Reserve Ers Conts (GF)	0	0	0
109778	Transfer to(from) General Reserves	0	279,719	0
109779	Transfer to/from Earmarked Reserves (GF)	309,480	(104,299)	1,171,220
109999	Transfer GF Capital Receipts to CRR	0	0	0
		(1,130,320)	(963,920)	(388,670)

GOVERNMENT FUNDING & LOCAL TAXATION

109233	Demand on Collection Fund	(6,101,730)	(6,101,730)	(5,560,770)
109234	Central Government Formula Grant	(103,600)	(103,600)	(3,556,140)
109235	Business Rates Grants	(5,206,870)	(5,206,870)	(2,263,980)
110001	Collection Fund (Surplus)/Deficit Share	(184,200)	(184,200)	(22,560)
110260	Council Tax Freeze Grant	(277,000)	(278,180)	(57,000)
110693	New Homes Bonus Grant	(1,039,720)	(1,039,720)	(1,726,670)
110697	Local Services Support Grant	0	(60,000)	0
		(12,913,120)	(12,974,300)	(13,187,120)

TRADING ACCOUNTS

	Deane Helpline	76,880	88,530	64,820
	DLO	(101,000)	(100,850)	(101,000)
		(24,120)	(12,320)	(36,180)

(SURPLUS)/DEFICIT FOR THE YEAR**(39,900) 0 0****Transfer to (from) General Fund Balance****39,900 0 0**

DRAFT GENERAL FUND REVENUE BUDGET - SERVICE OPTIONS 2013/14

Port-folio	Manager	Ref	Description of the Service Option	Category	2013/14 £	Service Impact Explained	Risk Management	Public Impact	Operational Impact	Confidence	Full EIA Completed	Equalities Impact Screening: Reasons why change does not have an affect on service users, employees or wider community?
TOTALS OF PROPOSED BUDGET OPTIONS PER YEAR					196,670							
COR	Richard Sealy	T1a-02	Retained Finance Training Removal of a budget to fund additional training within the Retained Finance budget, which is no longer required.	Budget no longer required	3,000	This budget is no longer required and can be removed without detriment to the service.	No significant risks identified.	L	L	H	No	This reduction simply involves the removal of a budget that it is no longer required. Equalities have been considered and no implications for groups with protected characteristics have been identified.
COR	Richard Sealy	T1a-03a	ICT Client and System Costs Reduction in ICT system license costs, partly used to fund increased ICT Client capacity. budget which is no longer required (originally required to fund ICT system licenses)	Budget no longer required	11,000	This option enables part of the ICT budget to be refocussed to provide a permanent Full-time Retained ICT Client post, boosting capacity to monitor the ICT aspect of the SWONE Contract. There is a potential saving of £11k as residual ICT license budget no longer required.	No significant risks identified.	L	L	H	No	This reduction simply involves the removal of a budget that it is no longer required. Equalities have been considered and no implications for groups with protected characteristics have been identified.
PTC	Richard Sealy	T1a-05a	Parking Services Staffing The Parking Services Manager's post was excluded from the savings resulting from the Countywide CPE Project. The post will be deleted from the Establishment.	Efficiency	30,000	This is easy to implement as it is a straightforward saving resulting from the implementation of the new parking contract. A proportion of the budget for this post has been retained for support within the client function, producing a net saving of £30k.	No significant risks identified.	L	L	H	No	This option involves taking a saving from a vacant post, which is no longer required due to the implementation of the new Parking Enforcement Contract. Equalities have been considered and no implications for groups with protected characteristics have been identified.
COM	Simon Lewis	T1b-01	Strategy Unit - Operating Costs The Strategy Unit as a whole has a Fees and Hired Budget and 'Publicity and Promotions' budget which was a consolidation of a lot of historic budgets and is not needed at the current level.	Efficiency	6,500	This removes surplus budget for the service but leaves funding available across the theme for 'Fees and Hired' - often to top up conference expenses; best practice visits (e.g. Pendle); Localism events; H&W stakeholder events etc	Low risk	L	M	H	No	This reduction simply involves the removal of a budget that it is no longer required. Equalities have been considered and no implications for groups with protected characteristics have been identified.
PTC	Simon Lewis	T1b-02	Public Relations - Operating Costs The Strategy Unit as a whole has a Fees and Hired Budget and 'Publicity and Promotions' budget which was a consolidation of a lot of historic budgets and is not needed at the current level.	Efficiency	5,500	This removes surplus budget for the service but leaves funding available across the theme for 'Fees and Hired' - often to top up conference expenses; best practice visits (e.g. Pendle); Localism events; H&W stakeholder events etc	Low risk	L	M	H	No	This reduction simply involves the removal of a budget that it is no longer required. Equalities have been considered and no implications for groups with protected characteristics have been identified.
PTC	Tim Burton	T2-06	Nature Reserves Reduce Local Nature Reserves Budget by £2k	Savings	2,000	This cut could be accommodated but would restrict the team's potential to carry out a programme of more significant management works	Whilst a slowing down of environmental enhancement works must have an impact, it does not bring significant risks to the service	L	L	H	No	This is not a known area of inequality, and does not affect different people differently. There is no known impact for groups with protected characteristics and this doesn't disadvantage any group disproportionately.
ECD	Mark Green	T2-12	Christmas Lights Devolve responsibility for festive lighting to Wellington and Wiveliscombe town councils, with reduction in contributions from TDBC	Savings	10,000	TDBC has for many years funded festive lighting displays in the two towns - including costs of the lights, storage, installation and removal, and electricity. The Council gets limited recognition or credit for its contribution. It is proposed to reduce the Council's budget by £10k, to £10k, with any ownership of existing lights transferred to the Town Councils. The Council will contribute £7,000 to Wellington for new/replacement lights, and will also contribute to costs of installation, repairs, bulbs and electricity for the two Towns.	Risk to the Council's reputation.	M	L	H	No	This is not a known area of inequality, and does not affect different people differently. There is no known impact for groups with protected characteristics and this doesn't disadvantage any group disproportionately. TDBC does not directly support the provision of Christmas lights in Taunton so neither is there any issue of 'urban' vs 'rural' inequality.

DRAFT GENERAL FUND REVENUE BUDGET - SERVICE OPTIONS 2013/14

Portfolio	Manager	Ref	Description of the Service Option	Category	2013/14 £	Service Impact Explained	Risk Management	Public Impact	Operational Impact	Confidence	Full EIA Completed	Equalities Impact Screening: Reasons why change does not have an affect on service users, employees or wider community?
SPL	Chris Hall	T3-02/3	DLO - Grounds Maintenance Budget [Assumes 15% of saving to HRA] Budget for "Contractors not 3rd Party" and for "Payments to other LA's" not used last year or likely to be used this year and can therefore be removed.	Budget no longer required	47,600	This budget was not used last year or this year and there is no reason to think it will be required in years to come. Approximately 85% of this saving will benefit the General Fund, with 15% benefiting the HRA.	No risk to service or Authority	L	L	H	No	The removal of these budgets will have no impact on the delivery of the service or service users.
SPL	Chris Hall	T3-06	Public Conveniences Reduce public toilet budget	Savings	4,500	Transfer the responsibility of the Bus Station toilets to First Group. If facilities can not be transferred or income agreed they are to close.	This may lead to the closure of the facilities named if transfer or funding can not be agreed.	M	M	M	Yes	Full EIA undertaken
SPL	Chris Hall	T3-09	Open Spaces - Hanging Baskets Reduce the times that hanging baskets are placed on display, therefore reducing the maintenance costs	Efficiency	4,000	This option would see baskets put out two weeks later (2nd week in June) and brought in one week earlier (early Oct) and a reduction in watering from 3 to 2 times a week.	Slight reduction in the attractiveness of the town	L	M	H	No	The reduction in maintenance and time spent on display will affect all members of the community in the same way. As the baskets are a visual enhancement the reduction should not have any equalities effects for specific groups.
HSG	James Barrah	T4-06	Housing Options - Homelessness Prevention Grant Expenditure on related projects and the salary of a temporary post to be covered by HPG resulting in a GF saving of £43K. The projects and temporary staffing will only continue as long as the HPG is awarded.	Income	43,760	We have received confirmation that the Council will receive this grant (£122K) for at least the next 2 years and this is a higher award than expected, as we were budgeting on grant of only £60K. We had therefore expected some expenditure on related projects and the salary of a temporary post to be met from the base budget instead of grant. The HPG will now cover this so it results in a GF saving of £43K. The projects and temporary staffing will only continue as long as the HPG is awarded. Current commitments for the Grant funding are: £50K Night Stop Scheme Target group 16-24 yrs enables the provision of accommodation, mediation and prevention work in schools and colleges; £15K Rough Sleeper Co-ordinator post; £12K Grant to Open Door; £6000 Grant to CAB; £7.5K Taunton Association for the Homeless (TAH) out reach worker project; £4K TAH "crash Pad" scheme.	Low	L	L	H	No	Proposal does not create change in service provision.
COR	Penny James	T5-01	External Audit Reduction in Audit Fees budget requirement	Efficiency	25,000	Reduction in audit fees anticipated following transfer of external audit function from Audit Commission. The fees are not yet confirmed but a 40% reduction overall is the Government's aim by changing the audit model.	Low. However, contract prices still to be confirmed.	L	L	H	No	This change simply involves updating the budget to reflect new contract price. This does not affect different people differently and is not a known area of inequality.
COR	Penny James	T5-03	CEO/Directors Delete minor supplies and services budgets	Efficiency	3,810	Minor reduction on some supplies/services ie printing, refreshments	Low	L	L	L	No	This reduction simply involves the removal of a budget that it is no longer required. Equalities have been considered and no implications for groups with protected characteristics have been identified.
SUBTOTAL					196,670							

SUMMARY OF PUBLIC IMPACT RATING

Public Impact	H	0
Public Impact	M	14,500
Public Impact	L	182,170
		<u>196,670</u>

APPENDIX F

Equality Impact Assessment – Public Toilets Reduction

Responsible person	Chris Hall	Job Title: Community and Commercial Services Manager
Why are you completing the Equality Impact Assessment? (Please mark as appropriate)	Proposed new policy or service	
	Change to Policy or Service	Yes
	Budget/Financial decision – MTFP	Yes
	Part of timetable	
What are you completing the Equality Impact Assessment on (which policy, service, MTFP proposal)	The Council is considering reducing the number of public toilets that it manages	
Section One – Scope of the assessment		
What are the main purposes/aims of the policy?	The option being considered to transfer responsibility of Public Toilet provision to other user groups. Where this can not be agreed the toilet would be closed.	
Which protected groups are targeted by the policy?	The reduction in available facilities will affect all groups of people. The following groups are included: Age, Disability, Race, Sex, Sexual Orientation, Transgender and Faith. No groups are specifically targeted but some groups will be more affected by toilet closures than others. It is considered that this option will impact children and the elderly, as well as anyone who suffers from a condition that requires frequent or sudden need of facilities in a more adverse manner than other users.	
What evidence has been used in the assessment - data, engagement undertaken – please list each source that has been used The information can be found on....	Officer judgement has been applied to this proposal. At this stage no engagement or consultation with other user groups has taken place. It is possible that these groups may not be able to afford to take the long term responsibility and therefore the facilities would close.	

Equality Impact Assessment – Public Toilets Reduction

Section two – Conclusion drawn about the impact of service/policy/function/change on different groups highlighting negative impact, unequal outcomes or missed opportunities for promoting equality	
There are unequal outcome due to the considered profile of the toilet users.	
I have concluded that there is/should be:	
No major change - no adverse equality impact identified	There are adverse effects but these are unavoidable if facilities are to be closed.
Adjust the policy	
Continue with the policy	Yes
Stop and remove the policy	
Reasons and documentation to support conclusions Much of the equalities outcomes will be dependant on a successful transfer being achievable.	
Section four – Implementation – timescale for implementation	
The alteration if supported by Members will be implemented from 1 st April 2013	
Section Five – Sign off	
Responsible officer: Cyril Rowe Date: 22 nd November 2012	Management Team Date
Section six – Publication and monitoring	
Published on	
Next review date	Date logged on Covalent

Equality Impact Assessment – Public Toilets Reduction

Action Planning

The table should be completed with all actions identified to mitigate the effects concluded.

Service area	Community and Commercial Services		Date	21 December 2012		
Identified issue drawn from your conclusions	Actions needed	Who is responsible?	By when?	How will this be monitored?	Expected outcomes from carrying out actions	
Reduced public toilet provision	Pursue a possible transfer of responsibilities to other user groups	Chris Hall	Subject to member approval	Through negotiation and consultation	Preferred outcome will be that the responsibility will be transferred and the facilities will remain open.	