

Taunton Deane Borough Council

Executive – 9 February 2012

Draft General Fund Revenue Estimates 2012/2013

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 below before the meeting.

1 Executive Summary

This report presents the Executive's final 2012/13 budget proposals. These are submitted for approval for recommendation to Full Council on 21 February 2011. The report contains details of:

- i) The General Fund Revenue Budget proposals for 2012/13
- ii) A proposed Council Tax increase of 3.45% in 2011/12
- iii) Draft figures on the projected financial position of the Council for the subsequent four years within the Medium Term Financial Plan to 2016/17.

2 Background

- 2.1 The purpose of this report is for the Executive to consider and agree its final budget proposals for 2012/13.
- 2.2 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 the Council to plan its finances further forward than just one year. The MTFP includes the 2012/13 proposals within a 5-year rolling forecast.
- 2.3 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 the face of unprecedented funding cuts and funding uncertainty for local government. The savings target over this period

based on our estimated financial projections is in the region of 40%.

- 2.4 An update on the Budget Strategy was reported to Corporate Scrutiny on 21 July 2011 confirming the strategy remained relevant, and provided updated financial projections included an estimated budget gap of £1.2m for 2012/13. Subsequent updates of budget estimates and assumptions for the MTFP have further increased the projected budget gap to around £2.1m for 2012/13, as reported to Corporate Scrutiny on 27 October 2011.
- 2.5 The Council has undertaken a significant Budget Review Project to identify options for achieving the savings target over the medium term. Further to this the Executive on 24 September 2011 approved the High Level Principles to support the Project moving forward.
- 2.6 Initial Savings Plans for 2012/13 were formulated taking into account feedback from all Groups and incorporating proposals where Members indicated a general consensus to accept them. These were presented to Corporate Scrutiny on 24 November and the Executive on 7 December 2011.
- 2.7 In order to allow for consultation and consideration of budget options, the 'traditional' Budget Consultation Pack was issued to all Members on 21 December 2011. This included the Initial Savings Plans and other updated information related to 2012/13 budget requirements. The Budget Gap at that stage had reduced to £63,000, although the pack made it clear that there were still some areas of uncertainty and that Further Savings Plans would be shared in January 2012.
- 2.8 A Further Savings Plan was produced and issued to Corporate Scrutiny for consultation on 11 January 2012, for consideration at its meeting of 26 January 2012. The Further Savings Plans are included in a separate report earlier on the agenda for this meeting. The report to Scrutiny was issued in advance of the main budget reports in order to provide additional time for consideration of the proposals by Members.

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

- 4.1 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.

- 4.2 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.

Revenue Formula Grant Funding

- 4.3 Following the Comprehensive Spending Review (CSR) last year, the Government announced details of the local government funding settlement for two years - 2011/12 and 2012/13. The CSR set out **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 based on the current settlement information, it is evident that district councils will face much deeper cuts than this.
- 4.4 The 2012/13 provisional settlement announced on 8 December 2011 has confirmed that the grant amount announced as part of the 2011/12 settlement is unchanged. It is anticipated that the final settlement will be announced on 8 February. Although no change is expected, if this is the case Members will be updated at this meeting.
- 4.5 Based on the provisional settlement, the general revenue grant funding from central government will reduce by £671k (11.2%) in 2012/13, in line with our estimate within the MTFP. The following table sets out a summary of the current 2-year settlement:

	2011/12 Actual £'000	% Change	2012/13 Provisional £'000	% Change
Base	6,890		5,981	
Funding Cut	-909	-13.2%	-671	-11.2%
Funding 2011/12 & 2012/13	<u>5,981</u>		<u>5,310</u>	

- 4.6 It is possible to see a link in the Government’s funding policy, with reducing ‘need-based’ formula grant and increased funding based on housing growth through the New Homes Bonus (NHB) – see below. Formula grant has reduced cumulatively by £1.58m over 2011/12 and 2012/13, whereas the Council is receiving £1.04m in “new” funding through the NHB Grant.
- 4.7 In terms of later years, the Government has indicated its intention to implement changes to the way local council’s are funded through a system of Business Rates Retention from April 2013. The Government’s response to the consultation in this regard has been released and officers will be analysing the implications the coming weeks, and report to Members in due course. Pending this analysis, we are confident that our estimates of further reductions in funding of around 10% per annum remain robust.

- 4.8 The following table provides a summary of the provisional settlement to other local councils within Somerset, for comparative purposes.

Somerset Council's Provisional Formula Grant

	2011/12 £m	2012/13 £m	Decrease %	12/13 £ Per Population
Mendip	6.260	5.459	12.79%	£49.37
Sedgemoor	7.798	6.886	11.70%	£59.51
South Somerset	7.730	6.812	11.88%	£41.75
Taunton Deane	5.981	5.310	11.22%	£47.72
West Somerset	2.530	2.236	11.61%	£62.42
Somerset CC	130.158	120.471	7.44%	£224.53
Districts Average			11.84%	£52.16

Housing Benefit & Council Tax Admin Grant

- 4.9 The provisional grant allocation for 2012/13 is £732,805. This represents a reduction of £50k (6.4%) compared to the grant for 2011/12. This reduction has been taken into account within the MTFP and therefore doesn't affect the Budget Gap figures included in this report.

New Homes Bonus Grant (NHB)

- 4.10 The New Homes Bonus (NHB) Scheme is a grant from the Government which incentivises or 'rewards' housing growth. The NHB grant is non-ringfenced and this was reinforced by Government's stated commitment "... to ensuring that the Bonus remains a flexible, non-ringfenced fund, for local communities to spend as they see fit - from reinvesting it in housing or infrastructure, supporting local services or local facilities, or using the funds to keep council tax down".
- 4.11 The NHB allocation for "Year 1" (2011/12) was £391,980. The scheme design sets out that each year's Grant allocation will be payable for 6 years, therefore the 2011/12 allocation will be received by the Council each year until 2016/17. For the purposes of budgeting over the medium term, the Year 1 (2011/12) NHB Grant (which was notified to the Council after the 2011/12 budget was set) is proposed to be built into the Base Budget for 2012/13 onwards (i.e. from the second year of the Year 1 annual grant). By retaining NHB within the Council's general fund budget it will allow the Council to continue to support service delivery and ensure that the benefits of growth are maximised for Taunton Deane and its communities.
- 4.12 The provisional "Year 2" allocation is £647,745. This funding takes into account a net increase of 510 occupied homes between October 2010 and October 2011 including 465 net increase in housing stock and 45 empty homes brought into use. The funding is also based on there being 238 additional affordable homes in the year to March 2011. It is proposed to set this funding aside as a transfer into an earmarked reserve along with the £392k received in 2011/12, giving members maximum flexibility to make choices for investment in service priorities in the coming and future years.

4.13 The total New Homes Bonus receivable in 2012/13 (Year 1 + Year 2) is £1,039,725, of which (as stated above) £391,980 has been included in the draft budget for 2012/13. The following table summarises the income and budget proposals for the first 2 years' allocations:

	2011/12 Actual £'000	2012/13 Proposed £'000	2013/14 Estimate £'000	2014/15 Estimate £'000	2015/16 Estimate £'000	2016/17 Estimate £'000	2017/18 Estimate £'000
Year 1 Grant	392	392	392	392	392	392	-
Year 2 Grant	-	648	648	648	648	648	648
Total Income	392	1,040	1,040	1,040	1,040	1,040	648
Annual Budget		392	392	392	392	392	392
Earmarked Reserve	392	648					
<i>To be determined</i>			648	648	648	648	256
Total Use of Grant	392	1,040	1,040	1,040	1,040	1,040	648

5 Council Tax

Proposed Council Tax Increase = 3.45%
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5.1 The Executive is minded to propose a Council Tax increase of 3.45% for 2012/13.

5.2 The council tax calculation and formal setting resolution is included in a separate report on the agenda for tonight's Executive. An increase of 3.45% would mean that the **Band D Council Tax** would increase by £4.66 per year / 9p per week, to a total annual charge of **£139.85**. The Band D taxpayer would therefore receive all the services provided by the Borough Council in 2012/13 at a cost of £2.68 per week (2011/12 = £2.59 per week).

Council Tax Freeze Grant

5.3 In 2011/12 the Council approved a 0% tax increase. As a consequence, the Council receives Council Tax Freeze Grant of £137k per year, based on the additional income a 2.5% Tax Increase would have generated for the Council. Our current understanding is that this grant is receivable for the duration of the current Spending Review period, up to 2014/15.

5.4 The Government has announced that a similar scheme is offered to councils to incentivise a tax freeze in 2012/13, with a grant for the equivalent of a 2.5% Council Tax increase (estimated at £139k for TDBC) except payable for one year only.

5.5 Freezing Council Tax and only receiving grant for one year means services could be harder hit in the future as the council would not be able to recover the loss of potential income in future years. It would

have the impact of increasing the gap from 2013/14 by £139k a year. The compound impact of this over 10 years would be lost revenue of almost £2.1m compared with the proposed tax increase of 3.45% in 2012/13. In view of the ongoing financial pressures this Council faces beyond 2012/13 it is important to maintain funding levels to protect services.

Special Expenses

- 5.6 Special Expenses represent costs specifically arising in the unparished area of Taunton. The proposed Special Expenses Rate (SER) will increase by 3.45% in 2012/13, i.e. at the same rate as the Council's basic council tax. The Special Expenses budget in 2011/12 is £46,820, which is a Band D Equivalent charge of £2.92 per year (5.6p per week) for the unparished area of Taunton.
- 5.7 The Tax Base for the unparished area in 2012/13 is 16,226.62 Band D Equivalents. A 3.45% increase gives a Band D Equivalent of £3.02 per year (5.8p per week) and a total draft SER budget for 2012/13 of £49,000 (an increase of £2,180). Estimated use of the funding is:
- £15,000 for Youth Initiatives
 - £34,000 for minor works and capital projects
- 5.8 The use of this budget is subject to a bid process during the year, and details of the allocation of funds will be included as part of the year end outturn reporting to Executive in June each year.

New Powers for the Public to Stop Excessive Council Tax Rises

- 5.9 Local Government Secretary Eric Pickles announced on 8 December 2011 new powers for the local electorate to stop excessive council tax rises this year. Although the Localism Act abolishes central government power to cap tax increases, the Secretary has set local powers so that a council tax increase above 3.5% will trigger a referendum. If the local electorate votes against that increase the Council would have to revert to a council tax level that is compliant i.e. no more than a 3.5% increase.

6 The Executive's Budget Proposals 2012/13

- 6.1 The Draft Budget Proposals for 2012/13 incorporate the impact of cuts in government funding and the measures that are proposed to address the overall budget gap in line with the approved Budget Strategy. A reconciliation of the Draft Budget Requirement is included in Appendix B, with a Draft Budget Summary and Cost Centre Summary included in Appendix C and D respectively.
- 6.2 The Draft Budget closes the Budget Gap in full. It is a significant achievement to reach a proposed balanced budget for 2012/13 given the scale of the Budget Gap on October. The extensive work undertaken to progress the Budget Review Programme, DLO Transformation, and Core Council Review for Theme 5 / Growth &

Regeneration has been important in this respect. The latest Budget Gap reported to Corporate Scrutiny on 14 November 2011 was £0.699m. 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 latest proposals from the Executive. Explanations for the changes follow the table.

See Para		Change £000	Gap £000
	Budget Gap Corporate Scrutiny 24 November 2011		699
	<i>New Income & Savings</i>		
6.3	Council Tax Base: additional tax raised through population changes	-32	
6.4	Collection Fund Surplus From Previous Year (One-off in 2012/13)	-184	
6.5	Provision for repayment of Capital Debt	-90	
6.6	Planning Income increased demand estimate per current trend	-70	
6.7	Southwest One Contract update (price indexation/contract changes)	-34	
6.8	Net Movement in Recharges to the HRA (draft)	-148	
6.9	Corporate Business Unit (CCR) updated savings	-10	
6.10	DLO Transformation updated savings estimate	-16	
6.11	License Fees (per Executive 7 December)	-12	
6.12	Deane Helpline net costs reduced	-23	
6.13	Various minor changes moving to detailed estimates	-42	
	<i>New Costs</i>		
6.14	Pension provision	25	
		636	
	Estimated Budget Gap as at 21 December 2011 (Per Members' Budget Consultation Pack)		63
	<i>New Income & Savings</i>		
6.15	Further Savings Plans (see separate report)	-198	
6.13	Other final detailed estimates changes	-160	
5.1	Council Tax at 3.45%	-53	
	<i>New Costs</i>		
6.16	Youth Initiatives – add to Base Budget	5	
6.17	Economic Development Funding	30	
6.8	Final Net Movement in Recharges to the HRA	96	
6.18	RCCO One-off in 2012/13 for unfunded Capital Priorities	217	
		-63	
	Proposed Budget Gap		0

6.3 **Council Tax Base:** The Council Tax Base, approved by the Executive on 7 December 2011, is 41,216.39 'Band D Equivalentents', and increase of 825.79 (2.04%) compared to the previous year. This adds an

addition Council Tax Income of £32k compared to early estimates for the tax base increase that had already been included within the MTFP (using the MTFP assumption of a 2.5% tax increase for 2012/13). The increase in Tax Base has increased estimated Council Tax income by £114k in total.

- 6.4 **Collection Fund Surplus:** The Collection Fund is the fund through which Council Tax is collected and then distributed to the local authorities (Taunton Deane, and the County, Police and Fire authorities) and parish councils within the district. A provisional estimate has been undertaken which indicates the Fund is projected to be in surplus at the end of 2011/12. This surplus will be repaid to the major precepting authorities in 2012/13 (County, District, Police and Fire), and Taunton Deane's share is projected to be £184,000. This is included as a one-off saving in the draft budget.
- 6.5 **Repayment of Capital Debt:** The Council makes an annual charge to the revenue account for the repayment of capital borrowing. This is called a "Minimum Revenue Provision" – MRP. A review of this budget through the detailed estimates process has identified that the assumption included in the MTFP can be reduced by £90,000 in 2012/13. This is largely due to the re-phasing of the estimated borrowing required towards funding the replacement of the cremators at the Taunton Crematorium. It is now anticipated that repayment of borrowing for this scheme will not be required to start until 2013/14, deferring this cost within the MTFP.
- 6.6 **Planning Service Income:** The service estimates that the level of planning application fees income is expected to exceed the current MTFP assumption, which had been adjusted downwards due to the delay on the Government's proposals to move the service to operate on a 'self-financing' basis. The level of planning activity volumes is projected to be broadly similar to the current year, therefore based on the current fee structure an additional £70,000 can be included within the budget for 2012/13.
- 6.7 **Southwest One Unitary Charge:** The MTFP includes inflation assumptions for the Southwest One contract. The detailed estimates for the cost of this contract have identified a saving of £34,000 compared to the high level MTFP assumptions.
- 6.8 **Support Service and Other Service Recharges:** The finance team have been working with services to ensure that the allocation of support services and other recharged service costs reflect the most recently available data for their usage and the most appropriate basis for calculating the recharge amounts. The net impact of draft calculations in December led to an increase of recharges to the Housing Revenue Account (HRA) of £148,000. This has subsequently been reduced by £96,000 through final detailed calculations undertaken in January; the net movement to the HRA is therefore £52,000 in 2012/13. This reflects, for example, where there are fewer staff delivering General Fund services, and a greater share of officer

time is focused on HRA activity.

- 6.9 **Corporate Business Unit:** As part of the Core Council Review for Theme 5, a savings 'target' of £50,000 was included in the initial savings estimates related to the creation of a Corporate Business Unit. The proposals for this restructuring will deliver savings estimated at approximately £60,500, giving an additional saving of £10,500 above the target.
- 6.10 **DLO Transformation:** The estimated savings generated through the restructuring of management and supervision within the DLO has been revised, which provides an additional £16,000 savings in the General Fund.
- 6.11 **License Fees:** Proposals for revisions to fees and charges were considered by Corporate Scrutiny on 24 November and the Executive on 7 December before being approved by Full Council on 13 December 2011. Further to feedback from Corporate Scrutiny, the Fees & Charges recommended by the Executive included an inflationary increase on license fees, generating an additional £12k income per year.
- 6.12 **Deane Helpline:** As part of the 2011/12 Budget, the Deane Helpline Trading Account was expected to produce a net cost to the General Fund of £100,000. As in previous years, the Council has agreed to increase income charges in line with inflation (RPI). Service costs have increased, mainly due to the updated calculation of Recharges, but the net impact is a reduction in the General Fund "subsidy" required for the trading account, reducing by £23,000 to £77,000 for 2012/13.
- 6.13 **Moving from MTFP to Detailed Estimates:** The MTFP is necessarily built on a 'top down' set of assumptions and estimates on the budget position and proposals. Managers and their accountants have been working on the 'bottom up' detailed estimates calculations, and this has resulted in a handful of changes to budget requirements which combine to give a net decrease to the Budget Gap of £202,000. This includes finalising a significant review of budget allocations and update of the MTFP assumptions related to repayment of capital debt and reserve transfers from accrued procurement savings.
- 6.14 **Pension Costs:** The impact of the reduction in funding for the Council and the related requirement to reduce costs means that the number of staff employed by the Council is inevitably reduced. This will have an impact in future years on the rate at which the deficit on the Somerset Local Government Pension Fund will be recovered, as the total annual employer's contributions to the fund reduces compared to current assumptions. It is therefore prudent to create a provision for the cost of increasing pension contribution as the size of payroll reduces. It is proposed to set aside a provision of £25,000 within the 2012/13 budget.
- 6.15 **Further Savings Plans:** A separate report is included earlier on the

agenda for this meeting, detailing Further Savings Plans for consideration and comment by Corporate Scrutiny. The additional savings total £198,000.

- 6.16 **Youth Initiatives:** For the past two years, the budget has contained one-off funding for Youth Initiatives from the General Fund budget, of £15,000 in 2010/11 and £10,000 in 2011/12. The Executive is minded to include an ongoing Base Budget provision of £5,000 in 2012/13. This is separate to funding allocated through the Taunton Unparished Fund (£15,000). (For information, a further £18,000 is also allocated within the HRA Budget via the Tenants Forum to aid the social environment in the areas that the HRA has properties, which may also be allocated to youth initiatives if the Forum chooses).
- 6.17 **Economic Development:** The Executive is minded to increase the budget for Economic Development by £30,000 to support local business growth. This recognises that previous one-off LABGI grant funding is now virtually fully committed in supporting the Growth & Regeneration priorities agreed as part of the Core Council Review of Theme 5 in 2011.
- 6.18 **Capital Priorities:** As well as cuts to revenue funding, the Council has also seen drastic cuts in available external funding for capital projects. The Executive is minded to set aside a one-off revenue contribution (RCCO) as part of the 2012/13 budget to help fund capital priorities. This could include, if necessary, further investment in capital works to car parks, Deane House, the crematorium, or other future year commitments as set out in the Capital Programme Report included on the agenda for this meeting. There is significant uncertainty and risk that capital priorities are currently under-funded there it prudent to recommend the Executive set aside a further £217,000 from the revenue budget in 2012/13 for capital purposes. The details of how this will be allocated to individual projects will be recommended to Members once the detailed technical reports on car parks are received.

7 Initial Savings Plans

- 7.1 On 7 December the Executive received comments from Corporate Scrutiny regarding the Initial Savings Plans, which totalled £453,000. No firm proposals to vary the plans were made at that stage. The Initial Savings Plans are now included in the draft proposed Budget for 2012/13. The details are provided in Appendix E and Confidential Appendix J.
- 7.2 Further information in respect of the proposals in the form of Equalities Impact Assessments and feedback from UNISON and staff are included in Appendices F, G, H and Confidential Appendices M, N, O.

8 Fees and Charges

- 8.1 On 13 December 2011, Full Council approved changes to Fees & Charges for a number of services that would generate an increase to

income budgets of £72,000 in total. The budgeted increases apply to cemeteries and cremation, pre-planning advice and licensing. Proposals regarding parking fees are referred in the Further Savings Plan report earlier on the agenda for this meeting, and are currently being finalised with a view to submission for consultation to Traffic Regulation Order (TRO) Panels in February and March. For budget purposes, it is estimated an additional £75,000 income will be raised through the anticipated changes in 2012/13. In addition, proposals to increase Pest Control fees are included in the same report, which would enable an additional £4,000 income to be added to the Budget in 2012/13.

9 DLO Trading Account

- 9.1 Members are aware that the DLO internal transformation programme continues to make good progress. The restructuring undertaken during 2011 has enabled the DLO to reduce management and supervision costs by some £246,000 within the 2012/13 budget. The General Fund impact of this reduction is a net saving of £173,000 per year, as these efficiencies result in lower costs within client budgets.
- 9.2 The DLO has also updated its underlying cost budgets to take account of inflation and other ongoing cost commitments, and reflecting a lower staffing cost base due to pay awards and increments being less than allowed for within previous budget.
- 9.3 The DLO has also introduced efficiency within its vehicle fleet arrangements, reducing fleet numbers, and saving a further £39,000 per year on running costs. A proportion of the DLO trading reserve is earmarked for vehicle replacement in the next 1-2 years, but in addition to this the DLO is creating an annual budget of £202,000 for a capital replacement fund (vehicles, plant and equipment). This should provide the DLO with a sustainable funding position for its vehicle stock and other capital equipment requirements for the foreseeable future, which is clearly essential in the delivery of its services.
- 9.4 Taking these factors into account the DLO Trading Account continues to budget for a net surplus of £101,000.

<i>DLO Trading Unit Estimates for 2012/13</i>	Costs £000	Income £000	Net £000
Highways	652	(693)	(41)
Grounds	2,625	(2,675)	(50)
Building	4,208	(4,170)	38
Cleansing	754	(795)	(41)
Nursery	111	(118)	(7)
Grand Totals	8,350	(8,451)	(101)

- 9.5 The forecast reserves position for 2012/13 is positive, and provides some resilience to volatility in trading performance and future investment needs.

DLO Trading Account Reserves	2011/12 £000	2011/12 £000
Estimated Reserve Balance Brought Forward	569	149
Restructuring Costs	-120	0
Transfer to DLO Capital Replacement Fund	-300	0
Estimated Balance Carried Forward	149	149

10 Deane Helpline Trading Account

- 10.1 The Deane Helpline is a stand-alone trading account service. In 2012/13 the estimated deficit, which will need to be funded by the General Fund, is £77,000. See para 6.12 above.
- 10.2 The draft budget is based on charges increasing by 5.6% as approved by Full Council on 13 December 2011, 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 by 22 pence to £4.15. Weekly charges for new clients are increased by 24 pence to £4.43.
- 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 service has made good progress in improving its business processes and financial controls in the current year, enabling more robust arrangements for collecting income and managing costs. Improvements to the business' model have been made which will encourage its long term sustainability.
- 10.6 The price increase in November 2010 will continue to adjust the financial position and correct the loss making problems in the service over the next 3 years as the ratio of customers on the old charges reduces and those on the new charges increase.
- 10.7 The summary trading account is as follows. There are no reserves brought forward on this account.

Deane Helpline Trading Unit Estimates	2011/12 £000	2012/13 £000
Direct Operating Costs	909	915
Recharges	71	94
Income	(880)	(932)
Estimated Deficit	100	77

11 Draft Proposed General Fund Budget Summary 2012/13

11.1 The following table compares the draft proposed budget with the original budget for the current year. The table has been completed based on the proposed 3.45% Council Tax increase as recommended above.

	Original Estimate 2011/12 £	Draft Estimate 2012/13 £
Total Spending on Services	12,810,950	13,275,660
Capital Charges Credit	(1,930,000)	(2,434,180)
Interest payable on Loans	226,430	264,430
Minimum Revenue Provision	370,500	319,650
Interest Income	(69,000)	(69,000)
Transfer to Reserves – Previous Years commitments	300,700	39,900
Transfer from Reserves – One off for 2011/12 (RCCO, Deane Helpline)	(203,000)	0
AUTHORITY EXPENDITURE	11,506,580	11,396,460
Less: Revenue Support Grant	(1,412,330)	(103,600)
Less: Contribution from NNDR Pool	(4,569,120)	(5,206,870)
Less: 2011/12 Council Tax Freeze Grant	(136,520)	(137,680)
(Surplus)/Deficit on Collection Fund	71,800	(184,200)
Expenditure to be financed by District Council Tax	5,460,410	5,764,110
Divided by Council Tax Base	40,390.60	41,216.39
Council Tax @ Band D	£135.19	£139.85
Cost per week per Band D equivalent	£2.59	£2.68

12 Medium Term Financial Plan Summary

12.1 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.

	2012/13 £000	2013/14 £000	2014/15 £000	2015/16 £000	2016/17 £000
Net Expenditure	11,395	12,561	14,145	15,042	15,728
<i>Financed By:</i>					
External Government Support	5,310	4,779	4,301	4,301	4,301
Council Tax Freeze Grant	137	137	137	0	0
Council Tax	5,948	5,938	6,117	6,301	6,491
Predicted Budget Gap	0	1,707	3,590	4,440	4,936

- 12.2 The above estimates include the following **assumptions** related to funding:
- Government Grant is reduced by the following rates: 12/13 by 11.2%, 13/14 by 10% and 14/15 by 10%. No change is currently assumed for 2015/16 onwards.
 - Council Tax Freeze Grant relating to 2011/12 will be receivable for four years.
 - Council Tax increases by 2.5% each year from 2013/14.
- 12.3 The Council considers its reserves position as part of the overall financial framework that underpins the Budget Strategy. This framework includes an acceptable minimum reserves position of £1.25m, or £1.0m if funds are allocated to 'invest to save' initiatives. The Proposed Budget for 2012/13 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.
- 12.4 In addition, the S151 Officer will be reviewing 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 (see Appendix A).

General Reserves Forecast

	2012/13 £000	2013/14 £000	2014/15 £000	2015/16 £000	2016/17 £000
Estimated Balance B/F	2,793	2,833	1,126	(2,464)	(6,904)
Transfers – Previous Years commitments	40	0	0	0	0
Predicted Budget Gap	0	(1,707)	(3,590)	(4,440)	(4,936)
Estimated Balance C/F	2,833	1,126	(2,464)	(6,904)	(11,840)

- 12.5 Beyond 2012/13, the MTFP includes anticipated inflationary pressures related to staffing pay awards, price inflation on services and major contracts, and possible further cuts in government funding (per 4.5, 4.7 above). There is also a significant estimated reduction in government funding for Council Tax Benefit (£0.7m), in 2013/14, and a potential reduction of parking income (£0.9m) in 2014/15 linked to Project Taunton town centre developments. The MTFP does not currently include any assumptions for future income generation from new or increased fees and charges, or savings in service budgets, beyond those proposed for 2012/13.
- 12.6 The following table provides a summary of the MTFP for the next five years. The estimated reserve balance brought forward in 2012/13 includes estimated costs of redundancy in 2011/12, but does not take into account any potential 2011/12 outturn variance.

General Reserves Forecast

	2012/13 £000	2013/14 £000	2014/15 £000	2015/16 £000	2016/17 £000
Estimated Balance B/F	2,793	2,833	1,126	(2,464)	(6,904)
Transfers – Previous Years commitments	40	0	0	0	0
Predicted Budget Gap	0	(1,707)	(3,590)	(4,440)	(4,936)
Estimated Balance C/F	2,833	1,126	(2,464)	(6,904)	(11,840)

- 12.7 Clearly the Council will not end up with a financial deficit of almost £12m in 2016/17. In view of the ongoing financial pressures, the Council will need to consider how to address the estimated budget gap in future years. A significant amount of work was undertaken as part of the Budget Review Programme in 2011, and it is anticipated this will help to inform future budget proposals in order to address the financial challenges ahead. The Council will continue to work to deliver a sustainable financial position, in order to sustain a robust budget in future (see Appendix A).

13 Comments from Corporate Scrutiny

- 13.1 Corporate Scrutiny Committee considered the draft budget at its meeting of 26 January 2012. In addition to the comments specifically related to the Further Savings Plans (see previous report on this agenda) the following areas were debated.

- Proposal to set aside revenue funding for capital purposes, recognising that officers are in the process of collecting information that will not be available until after the budget is set, and consideration of the prioritisation of this funding and whether funding might be made available from reserves.
- Concerns were raised about the impact of the Confidential Savings Plan Item B1 (see Confidential Appendix K of this report in Item 18 of this agenda), with clarification provided by officers at the meeting.

- 13.2 There were no formal recommendations from the Committee to change the Draft Budget.

14 Minimum Revenue Provision Policy

- 14.1 Before the start of each financial year, the Council is required to determine the basis on which it will provision from revenue for the repayment of borrowing undertaken for the purpose of financing capital expenditure. This annual provision, known as Minimum Revenue Provision (MRP), is designed to ensure that authorities make prudent provision to cover the ongoing costs of their borrowing.

- 14.2 In 2008, the Government became less prescriptive offering Councils a number of options for calculating MRP. For the financial year 2011/12, the Council determined to calculate MRP as follows:

- for supported borrowing, 4% on outstanding debt; and
- for unsupported borrowing, the debt associated with asset divided by the estimated useful life of the asset.

14.3 The proposed Policy for 2012/13 is for the calculation of MRP to be fundamentally the same, but for added clarity is slightly amended 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.

15 Prudential Indicators

15.1 In 2011 the Chartered Institute of Public Finance and Accountancy (CIPFA) has updated the Prudential Code for Capital Finance in Local Authorities (the Prudential Code), which underpins the system of capital finance.

15.2 Local authorities determine their own programmes for capital investment in long term assets that are central to the delivery of quality public services. The Prudential Code has been developed as a professional code of practice to support local decision making. Authorities are required by Regulation to have regard to the Prudential Code when carrying out their duties under Part 1 of the Local Government Act 2003 (Capital Finance Etc and Accounts).

15.3 Prudential Indicators required by the Prudential Code are designed to support and record local decision making in a manner that is publicly accountable. They are required to be set through the process established for setting and revising the budget, and are proposed taking into account their affordability (e.g. so that external debt is kept within sustainable, prudent limits).

15.4 The Prudential Indicators are included in Appendix J, and the Executive is requested to recommend approval by Full Council as part of the Budget. The indicators have been updated this year to reflect the move to Self Financing for the Housing Revenue Account (HRA), so that indicators for affordability etc are split between costs that fall on council tax and those that fall on rental income.

16 Finance Comments

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

17 Legal Comments

17.1 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 (see Appendix A).

- 17.2 Managers have considered legal implications in arriving at the draft proposed budget for 2012/13.

18 Links to Corporate Aims

- 18.1 The draft budget proposals for 2012/13 have been prepared with consideration to links with the Corporate Aims.

19 Environmental and Community Safety Implications

- 19.1 Environmental and community safety implications have been considered in arriving at the draft budget proposals for 2012/13.

20 Equalities Impact

- 20.1 Equalities Impact Assessments have been undertaken on proposed budget savings items where appropriate, in line with the Council's statutory obligations. See Appendix F and Confidential Appendix L.

21 Risk Management

- 21.1 The risks associated with the proposed budget have been considered. Extensive information was provided to all Members as part of the Budget Review pack. In addition, the overall assumptions, risks and uncertainties are considered and reported on within the S151 Officer's Robustness Statement (see Appendix A) which will be included in the final Proposed Budget to the Executive on 9 February 2012.

22 Partnership Implications

- 22.1 The Council operates many key partnerships included but not limited to: Southwest One, Tone Leisure, and Somerset Waste Partnership. Engagement with partners has been an important factor in pulling together the options for the Budget Review Project and for the proposed Draft Budget 2012/13.

23 Recommendations

- 23.1 The Executive recommend to Full Council the Draft General Fund Revenue Budget for 2012/13 as outlined above. In particular the Executive recommends to Full Council to:

- a) Note the S151 Officer Statement of Robustness in Appendix A, which applies to the whole budget including General Fund, Housing Revenue Account and Capital Budget proposals.

- b) Approve the transfer of any under-/overspend in the 2011/12 General Fund Revenue Account Outturn to/from the General Fund reserves.
- c) Consider the equalities impact assessments provided in the report and appendices as part of the budget decision process.
- d) Approve the Draft General Fund Revenue Budget 2012/13, including a Basic Council Tax Requirement budget of £5,764,110 and Special Expenses of £49,000 (noting formal resolution of Council Tax Requirement is included in a separate report).
- 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) Approve the Prudential Indicators for 2012/13, as set out in Appendix J.
- g) Note the projected General Fund Reserve balance of £2.8m in 2012/13, which is above the recommended minimum balance within the S151 Officers Statement of Robustness in Appendix A.
- h) Note the forecast budget position within the Medium Term Financial Plan.

Background Papers

Full Council 5 October 2010 – Budget Strategy

Corporate Scrutiny 21 July 2011 – Budget Strategy and the Way Forward

Executive 14 September 2011 – Budget Review Project: High Level Principles

Corporate Scrutiny 27 October 2011 – Budget Setting 2012/13

Corporate Scrutiny 24 November 2011 – 2012/13 Budget Gap Update and Budget Savings Plans; Fees & Charges

Executive 7 December 2011 – 2012/13 Budget Gap Update and Budget Savings Plans; Fees & Charges

Corporate Scrutiny 26 January 2012 – Further Savings Plans 2012/13, Draft General Fund Revenue Estimates 2012/13

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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 2012/13 (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 2012/13.

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 The draft Government grant settlement, published in December 2011, set out the indicative grant position for 2012/13 (which was as per the Govt estimates shared in 2010). The headline grant cut for Taunton Deane is 11.2% for 2012/13.
- 3.2 The final grant settlement position will be announced in late January.
- 3.3 As reported last year, this level of reduction in grant funding is unprecedented and forces the Council to make some difficult decisions on what services it will be able to deliver, and how they will be delivered. The Budget Review Project was launched this year with the aim of developing a 4 year funding plan for the Council. This was unachievable in 2011 and more work will be done with Councillors towards this aim in 2012.
- 3.4 The Executive's draft budget increases council tax by 3.45% for 2012/13. The proposal therefore does not take advantage of the new Government "incentive" scheme – introduced to encourage local authorities to freeze council tax for 2012/13. This means the base council tax position will be higher for future years which will put the Council on a stronger financial footing than had it accepted the grant.

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. Neither is available to Taunton Deane this year. The programme has been restructured to target our limited resources at priority schemes.
- 4.2 The Executive's draft budget proposals for the capital programme are set out in Agenda Item 14 at this meeting.
- 4.3 To support the spending plans, Councils are required to publish and monitor a set of Prudential Indicators (see Appendix J of this report). The Executive's draft General Fund capital programme does follow the principles of the Prudential Code, and does not require any new prudential borrowing.
- 4.4 The traditional, subsidy based funding regime for the Housing Revenue Account (HRA) is about to change. From 1st April 2012, Taunton Deane, like all other landlord authorities will embark on a self-financing regime for the HRA. In simple terms, this means we no longer have to pay a sum of over £7m per annum to the Government in "negative" subsidy, and instead, can use this resource to borrow funds to buy our way out of the subsidy regime with Government. The "cost" of buy-out for Taunton Deane is £85.7m. There are robust budgets in place to support the HRA in 2012/13 and beyond, and delivery of the business plan objectives (financial and otherwise) will be monitored closely.

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 2012/13, then 2% thereafter.</p> <p>Utilities - based upon estimated contract increases</p> <p>Pension Contributions – 16.1%</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 2011/12.
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.

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 £87k in 2012/13 from the Southwest One services contract. The Procurement project with Southwest One is disappointingly, not yet 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 Savings Plan process. The Initial Savings Plans have been considered by Corporate Scrutiny on 24 November 2011 and the Executive on 7 December 2011. Further Savings Plans were issued for consultation on 11 January 2012 for consideration alongside the Executives Budget Proposals at Corporate Scrutiny on 26 January 2012.
Changes in Legislation	Legislative changes are analysed by officers and their effect built into the MTFP and budget.
Sustainability	The proposed budget takes into account the future financial pressures faced by the Council. Effective financial 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. <u>The review of the Corporate Strategy – scheduled for 2012 – will need to fundamentally challenge existing priorities and levels of service if the Council is to have a sustainable financial position moving forward.</u>
Sensitivity Analysis	The financial planning model allows the Authority to predict the likely outcomes of

	changes to key data ie inflation, council tax, government grant 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 2012/13 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 £15m of outstanding debt (which is within our maximum borrowing level of £30m). The Council currently has £23.3m 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 Est Q2	316,000	2.7%

9.2 In the context of a gross expenditure budget of £54m, the above results are reasonable. Members are provided with regular in-year updates on key budget variances (Corporate Scrutiny and Executive). There is always room for improvement and we hope to further streamline our systems during 2012/13.

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 updated its Financial Regulations during 2008, and they will be refreshed again during 2012. The Financial Regulations are being complied with throughout the organisation.

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 have been undertaken on all savings plan issues proposed in this budget, and other budget changes where required. Copies are set out in Appendix F and M.

12 Key Risk Issues In 2012/13 Budget

12.1 There are some areas of the proposed budget for 2012/13 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 2012/13 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:-

- **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.
- **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.
- **Housing & Council Tax Benefit Subsidy** - The funding regime for housing benefit and council tax benefit subsidy has remained constant for 2012/13. However, the administration grant we receive to support this function has been reduced by £59k. This service is delivered by our partners Southwest One. 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 2012/13 will be greater than normal due to the expected growth in claims arising from the current economic slump and the complexity of the changes in the benefit regime coming into force on 1st January 2012. The total benefit subsidy budget is in excess 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 is at a prudent level.
- **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 potentially 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.

- **Car Park Fee Income** – the latest projections for car park income in the current year (2011/12) show a significant downward trend. For budgeting purposes, this is assumed to continue in 2012/13. The Car Parking Strategy approved by Members in 2011 will introduce some changes to car park charges, and a prudent estimate has been made of the financial impact of this in 2012/13. This will be reviewed closely during the year to ensure the budget estimates remain robust.
- **Trading Account – Deane Helpline.** The Executive’s draft budget recognises the latest information on the expected financial position of the Deane Helpline (a trading loss of £77k in 2012/13). As reported to Members in 2011, the service delivered to the public is excellent, and this will continue in 2012/13, but the underlying financial position is not sustainable in the longer term. This is being reviewed by senior managers.

13. The Future – New Financial Risks

13.1 In addition to the issues set out above, there are several **new financial risks** facing the Council from April 2013 that we need to be mindful of for our future financial planning:-

13.2 Localisation of Council Tax Benefit

The Finance Bill (published December 2011) sets out the Government’s intention to localise the support for Council Tax Benefit from 1st April 2013 (consultation paper shared with Scrutiny in autumn 2011 refers). The Council will therefore be responsible for assisting those on low incomes to help meet their council tax liability. The new local scheme will be “agreed” by Members, and administered and funded locally. The existing central government funding will be passed down to Councils (less 10%). Councils are also being given some clear guidance from Government on how this saving can be met.

A project team has been set up to progress this – and Members will be involved in the development of the new scheme before it is presented to Scrutiny and the Executive for approval in 2012.

The financial risks associated with this proposal are extremely high, and the minimum level of General Fund Reserves will be reviewed during 2012 to reflect this.

13.3 Business Rates Retention

The Finance Bill (published December 2012) sets out the Government’s intention to progress the principle of retention of business rates locally (consultation paper shared with Scrutiny in autumn 2011 refers). This significantly changes the current regime of local authority funding via the Revenue Support Grant.

Future funding for core services will be reliant on the authority achieving a certain level of growth. Although there will be some protections in place, there is a risk that we lose some core funding. Additionally, the risk on collection will now rest with the local authorities, and not central government.

The financial risks associated with this proposal are extremely high, and the minimum level of General Fund Reserves will be reviewed during 2012 to reflect this.

13.4 **Universal Credit**

The Government plans that Councils, from October 2013, will no longer be responsible for the administration of Housing Benefit payments. Instead, they will form part of the new Universal Credit regime which will be administered directly by the Department of Works and Pensions (DWP).

The detail on how this will actually work has yet to be shared. The changes will clearly impact on our customers and staff, and bring some financial uncertainties to our future plans.

14. **ADEQUACY OF RESERVES**

14.1 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.

14.2 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 2011/12 – returning a total of £159k from earmarked reserves to the General Fund Reserve.

14.3 The Executives draft budget for 2012/13 does not rely on the use of General Fund Reserves.

14.4 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.

14.5 The headlines of my findings on each key reserve are set out in the remainder of section 14 below.

14.5 My conclusions / opinion is set out in section 15 below.

General Fund Reserve

14.6 The predicted General Fund Reserve position is set out in section 14 of the main report. The Executive's proposed budget for 2012/13 does not require the used of any General Fund Reserves.

- 14.7 The predicted balance on this reserve, having set the 2012/13 budget is £2.9m. This will reduce should the predicted overspend in 2011/12 materialise.
- 14.8 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. This has been done and is clearly set out in the Council's Financial Strategy.
- 14.9 The 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).
- 14.10 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 than reserves need to be at this level to support the Council through the difficult choices it will need to make.

Housing Revenue Account Reserve

- 14.11 The housing Revenue Account balance is forecast to be £1.3m at 31 March 2012. The move to self-financing is now imminent, and we are preparing to execute the transaction on 28th March 2012. The draft 30 year business plan has been shared with Members and Tenants and will be presented for formal approval alongside the budget. The financial summary for the next few years is as follows:-

	2011/12 £000	2012/13 £000	2013/14 £000	2014/15 £000
Total Income	22,606	24,200	24,595	25,201
Expenditure	22,886	23,712	24,595	25,201
(Surplus)/Deficit	280	(488)	0	0
Working Balance b/f	1,592	1,312	1,800	1,800
Working Balance c/f	1,312	1,800	1,800	1,800

- 14.12 Traditionally the Council has aimed to preserve the HRA Reserve at no lower than £150 per dwelling (which would be the equivalent of £0.9m). The move to self-financing brings new financial risks to the Council and it is therefore appropriate to review the minimum level of reserve at this point.

It is considered sensible to increase the minimum level of the HRA Reserve to double its current level – to cope with the increased risks of the self-financing regime (equating to £300 per property – approximately £1.8m).

Earmarked Reserves

14.13 At 31 March 2012, the Council expects to have £4.9m in earmarked reserves. The main reserves include the self-insurance fund, asset maintenance, and the DLO trading reserve.

15. CONCLUSION

15.1 All Councils are facing financial challenges. 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.

15.2 The medium term financial plan shows we have some serious funding gaps to close in future years. The Executive has presented for approval a budget for 2012/13 which does not rely on reserves. The Council must now focus on dealing with the longer term challenges of dealing with the underlying financial position.

15.3 The Budget Review Project made a start on this during 2011, and Member must now focus on the big challenge of tackling the budget deficit over the medium term. Hopefully the forthcoming review of the Corporate Strategy will help the Council be really clear about what it can afford to do in future years (and equally clear about what it cannot afford to do).

15.4 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 will face new financial risks from April 2013 and the minimum level of reserves will be reviewed upwards to reflect this for 2013/14.

15.5 The Council's budgeting controls will also need to be improved to ensure that information is available earlier in the budget process.

15.6 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 2012/13 to be robust.

Shirlene Adam
Strategic Director
January 2012

ANALYSIS OF GENERAL FUND BUDGET REQUIREMENT 2012/13

	£'000
Budget Requirement 2011/12	11,872
Inflation	528
Other Cost Increases	
Car Parking Income Usage	600
Housing Benefit and Council Tax Benefit Subsidy	59
RCCO – Remove one-off net reduction for 2011/12	36
Reduction in HB and Council Tax Admin Grant	49
Licensing Income (demand)	50
RCCO – One-off for Capital Priorities Provision in 2012/13	217
TIC historic budget gap	50
Remove One-off Use of HPDG in 11/12 for Director costs	78
Pension Provision (stable payroll)	25
Grounds Maintenance (Cotford St Luke/Longrun)	35
Youth Initiatives (create Base Budget)	5
Economic Development	30
Savings	
Initial Savings Plans	-453
Fees & Charges (approved December 2011)	-72
Further Savings Plans / Fees & Charges	-198
Southwest One Efficiency	-87
Repayment of capital debt (MRP)	-51
Reduced Contribution to Deane Helpline	-23
DLO Transformation Savings	-173
Core Council Review Theme 5, Regeneration and Corp Support	-311
Other Changes	
New Homes Bonus Grant (2011/12 housing growth)	-392
New Homes Bonus Grant (2012/13 housing growth)	-648
Transfer to Earmarked Reserve – New Homes Bonus	648
Movement in Support Service Recharges to HRA (excluding Savings Plans recharge movements)	-65
Transfer to Reserves – Previous Years Commitments	-58
Move to detailed estimates and other net changes	11
Parish Precepts increase	26
Budget Requirement 2012/13	11,788
Grants and Taxation Budget 2011/12	-11,872
Increase in Council Tax Base	-112
Council Tax at 3.45%	-191
Increase in Special Expenses	-2
Increase in Parish Precepts	-26
Formula Grant Cut at 11.2%	671
Collection Fund Surplus/Deficit	-256
Grants and Taxation Budget 2012/13	-11,788

DRAFT GENERAL FUND REVENUE BUDGET SUMMARY 2012/13

	Original Budget 2011/12 £	Current Budget 2011/12 £	Forward Estimate 2012/13 £
Service Portfolios			
Community Leadership	1,121,150	1,349,830	1,103,130
Corporate Resources	1,729,930	1,935,870	1,238,470
Economic Development, Asset Management, Arts & Tourism	836,870	939,110	1,161,780
Environmental Services	4,284,450	4,237,310	4,509,440
General Services	1,413,330	1,457,180	1,226,970
Housing Services	2,264,300	2,330,310	2,572,040
Planning, Transportation & Communications	(1,365,540)	(1,316,560)	(1,094,980)
Sports, Parks & Leisure	2,545,960	2,506,680	2,584,130
Net Cost of Services	12,830,450	13,439,730	13,300,980
Other Operating Costs and Income			
Interest Payable and Debt Management Costs	226,430	226,430	264,430
Interest and Investment Income	(69,000)	(69,000)	(67,440)
Parish Precepts	456,450	456,450	482,310
Special Expenses	46,820	46,820	49,000
DLO	(101,000)	(101,000)	(101,000)
Deane Helpline	100,000	121,500	76,880
Total Other Operating Costs and Income	659,700	681,200	704,180
Transfers To/(From) Reserves			
Transfers To/(From) Earmarked Reserves	(148,500)	(591,400)	309,480
Capital Financing from GF Revenue (RCCO)	130,000	175,000	383,160
Repayment of Capital Borrowing (MRP)	370,500	370,500	663,970
Transfers to Capital Adjustment Account	(1,930,000)	(1,930,000)	(2,434,180)
Total Transfers To/(From) Reserves	(1,578,000)	(1,975,900)	(1,077,570)
NET EXPENDITURE BEFORE GRANTS AND TAXATION	11,912,150	12,145,030	12,927,590
Grants & Local Taxation			
Revenue Support Grant	(1,412,330)	(1,412,330)	(103,600)
Contribution from NNDR Pool	(4,569,120)	(4,569,120)	(5,206,870)
New Homes Bonus	0	(391,980)	(1,039,720)
Council Tax Freeze Grant	(136,520)	(136,520)	(137,680)
Previous Year's Collection Fund Deficit/(Surplus)	71,800	71,800	(184,200)
Council Tax (Demand on Collection Fund)	(5,963,680)	(5,963,680)	(6,295,420)
Total Grants & Local Taxation	(12,009,850)	(12,401,830)	(12,967,490)
NET (SURPLUS)/DEFICIT FOR THE YEAR	(97,700)	(256,800)	(39,900)
Transfer to (from) General Fund Balance	97,700	256,800	39,900
Budget Gap	0	0	0

**PROPOSED GENERAL FUND REVENUE BUDGET SUMMARY 2012/13
COST CENTRE SUMMARY BY PORTFOLIO**

Cost Centre	Heading	Original Budget 2011/12 £	Current Budget 2011/12 £	Forward Estimate 2012/13 £
COMMUNITY LEADERSHIP				
101570	Community Safety	234,360	260,500	223,290
101819	Housing Strategy	182,430	182,430	117,340
102100	LDF	231,720	329,720	326,520
102129	Shopmobility	73,040	73,040	76,660
103518	Strategy	60	10,900	0
109257	Community Grants	235,070	225,070	200,070
109509	Climate Change	62,830	90,730	64,310
109643	Community Development	101,640	102,440	99,940
110320	Youth Homeless Fund	0	75,000	0
110448	Taunton Deane Partnership	0	0	(5,000)
		1,121,150	1,349,830	1,103,130
CORPORATE RESOURCES				
101070	Council Tax Collection	618,860	618,860	570,030
101117	Council Tax Benefit Admin	167,330	167,330	180,560
101148	Council Tax Benefit	(55,000)	(55,000)	0
101149	NNDR Collection	93,790	93,790	80,900
101192	Register of Electors	139,740	129,740	102,350
101203	Conducting of Elections	21,530	84,800	29,910
101273	Local Land Charges	22,440	22,440	18,800
101825	Housing Advances	0	0	0
102019	Rent Allowances	350,000	350,000	0
102029	Rent Rebates	146,160	146,160	(136,000)
102038	HB Admin	0	0	451,230
102155	TDBC Assets	(100,120)	(100,120)	(59,310)
102276	ICT	0	0	0
102281	Retained ICT	0	15,000	0
102310	Facilities Management	0	0	0
102312	Property Management	17,390	43,500	0
102329	Retained Property	0	5,000	0
102417	Wellington Office	2,090	2,090	0
102418	Deane House	0	49,000	0
102459	Flook House	0	0	0
102461	Procurement	0	0	0
102535	Design and Print	0	0	0
102567	Legal Services	0	6,000	0
102571	Democratic Services	0	6,000	0
102580	Customer Contact	0	0	0
102588	HR	0	0	0
102606	Retained HR	0	40,000	0
102627	Finance	0	7,500	0

Cost Centre	Heading	Original Budget 2011/12	Current Budget 2011/12	Forward Estimate 2012/13
		£	£	£
102649	Retained Finance	0	0	0
102679	Insurance	0	0	0
102686	Treasury Management	0	0	0
102693	CTAX	0	(330)	0
102754	Benefits	0	330	0
102755	Performance & Client	0	1,750	0
102797	Training and OD	0	0	0
102803	CEO	0	22,620	0
102807	Director BC	0	(13,010)	0
102819	Director KT	0	(13,750)	0
102832	Director SA	0	(9,980)	0
102834	Director JW	73,400	63,830	0
102839	PAs	0	0	0
109439	SW1 Transformation	232,320	232,320	0
109853	Client Contractual Issues	0	7,890	0
109859	SAP Relaunch	0	12,110	0
		1,729,930	1,935,870	1,238,470

ECONOMIC DEVELOPMENT & THE ARTS

101159	Support to BID	0	0	0
101281	General Grants	69,270	69,270	65,230
102152	Market Undertakings	13,240	13,240	12,330
102157	Project Taunton (TDBC)	121,650	221,650	367,100
102188	Art Development & Support	20,000	20,000	20,000
102190	Theatre & Public Entertainment	152,000	152,000	152,000
102265	Tourism Policy Marke (STP)	7,030	7,030	14,010
102267	Visitor Centres	81,460	81,460	36,080
102270	Visitor Centre (TIC)	48,890	49,910	115,490
102407	Priory Depot	0	0	0
103524	Project Taunton	0	0	29,000
103532	Economic development	267,740	268,960	287,870
109491	Project Taunton Our Place	0	0	0
109948	Economic Development Specialist	55,590	55,590	62,670
		836,870	939,110	1,161,780

Cost Centre	Heading	Original Budget 2011/12	Current Budget 2011/12	Forward Estimate 2012/13
		£	£	£
ENVIRONMENTAL SERVICES				
101328	Cleansing	(10)	(10)	0
101431	Cemeteries	193,670	191,670	176,030
101451	Crematoria	(755,860)	(753,860)	(793,990)
101458	Food Safety	252,990	277,140	384,290
101464	Pollution Reduction	331,220	319,710	329,500
101478	Health & Safety	24,950	0	58,170
101495	Pest Control	30,730	30,730	41,320
101533	Dog Wardens	72,230	72,230	80,080
101542	Licensing	(40,600)	(49,090)	22,820
101563	Public Conveniences	305,730	305,730	281,200
101640	Flood Defences	194,810	194,810	265,070
101648	Street Cleaning	664,290	664,290	680,340
101689	Household Waste	1,287,690	773,690	1,108,180
101726	Recycling	1,332,870	1,796,870	1,836,930
109642	Business Support Theme 4	0	100	0
109644	Environmental Health Management	370,240	373,800	0
109669	Drainage Board	19,500	19,500	19,500
110591	Welfare Funerals	0	20,000	20,000
		4,284,450	4,237,310	4,509,440
GENERAL SERVICES				
101015	Democratic Representation & Management	868,790	882,140	750,780
101017	Corporate Management	306,870	306,870	444,350
101055	Non Distributed Costs	125,650	140,650	140,650
101232	Emergency Planning	60,000	60,000	51,800
101287	Precepts and Levies	(14,010)	(14,010)	44,130
102791	Internal Audit	10	10	0
109236	Appropriations	(4,740)	(4,740)	(204,740)
109237	Core Council Review	70,760	86,260	0
		1,413,330	1,457,180	1,226,970
HOUSING SERVICES				
101291	Building Maintenance	(10)	6,790	0
101468	Housing Standards	123,470	529,010	829,010
101822	Housing Advice	594,850	598,750	730,270
101838	Cont. to HRA re: Shared Items	283,390	283,390	265,920
101944	Admin of Ren & Imp Grants	814,160	367,760	31,000
101974	Control & Closing Orders	4,140	0	0
101978	Hostels (non HRA support)	0	0	0
101987	B&B Accommodation	277,100	277,100	277,100
101993	Leasehold Dwellings	38,000	38,000	20,000
102007	Homelessness Admin	35,460	89,270	33,290
109226	Housing Enabled	0	0	0
109227	Housing Enabling	93,740	95,240	385,450
109645	HIA	0	45,000	0
		2,264,300	2,330,310	2,572,040

Cost Centre	Heading	Original Budget 2011/12 £	Current Budget 2011/12 £	Forward Estimate 2012/13 £
PLANNING, TRANSPORTATION & COMMUNICATIONS				
101371	Transport	0	0	0
101734	On Street Parking	236,680	126,630	254,550
101779	Off Street Parking	(3,111,710)	(2,991,660)	(2,621,760)
101785	Concessionary Fares	34,000	34,000	3,670
101809	Co-ordination	113,970	113,970	102,890
102045	Building Control - Fee Earning	(89,980)	(135,740)	0
102053	Building Control - Non Fee Earning	188,720	122,140	110,310
102058	Planning Advice	741,310	743,310	829,710
102059	Dealing with Applications	(193,160)	(206,240)	(286,240)
102083	Enforcement	125,330	128,360	127,710
102093	Regional Planning	238,290	238,290	47,290
102103	Conservation & Listed Buildings	296,160	337,360	283,480
102104	Sustainable Development	11,260	11,260	8,880
102783	Public Relations	0	0	0
109553	Business Support Theme 2	0	5,830	0
109979	Building Control - Services	43,590	155,930	44,530
		(1,365,540)	(1,316,560)	(1,094,980)
SPORTS PARKS AND LEISURE				
101301	Nursery	0	0	0
101317	Grounds Maintenance	0	4,020	0
101338	Highways	4,020	5,720	0
101384	Vivary Park Trading Account	22,480	22,480	15,490
101818	Environmental Maintenance	44,950	44,950	29,430
102196	Sports Development	470,030	228,450	209,440
102212	Indoor Sports	419,480	343,710	388,620
102216	Outdoor Sports	113,870	113,870	329,700
102243	Golf Courses	13,660	13,660	3,800
102246	Community Open Spaces & Parks	928,460	928,460	849,800
102248	Countryside Recreation & Management	0	0	0
102256	Allotments	830	830	(310)
109639	Tone Leisure	528,180	800,530	758,160
		2,545,960	2,506,680	2,584,130
OTHER OPERATING COSTS & INCOME				
109229	Interest Payable	226,430	226,430	264,430
109230	Interest Receivable	(69,000)	(69,000)	(67,440)
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
109749	Parish Precepts	455,650	456,450	482,310
109998	Special Expenses	46,820	46,820	49,000
		659,900	660,700	728,300

Cost Centre	Heading	Original Budget 2011/12	Current Budget 2011/12	Forward Estimate 2012/13
		£	£	£
TRANSFERS TO/FROM RESERVES				
109768	Transfer GF Depreciation to CAA	(1,049,900)	(1,049,900)	(1,374,180)
109769	Transfer GF REFCUS to CAA	(880,100)	(880,100)	(1,060,000)
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)	370,500	370,500	663,970
109775	Capital Financing from GF Revenue (RCCO)	130,000	175,000	383,160
109777	Transfer to Pension Reserve - Ers Conts	0	0	0
109779	Transfers To/From Earmarked Reserves	(148,500)	(591,400)	309,480
109999	Transfer GF Capital Receipts to CRR	0	0	0
		(1,578,000)	(1,975,900)	(1,077,570)
GOVERNMENT FUNDING & LOCAL TAXATION				
109233	Demand on Collection Fund	(5,962,880)	(5,963,680)	(6,295,420)
109234	Central Government Grants	(1,412,330)	(1,412,330)	(103,600)
109235	Business Rates Grants	(4,569,120)	(4,569,120)	(5,206,870)
110000	Area Based Grant	0	0	0
110001	Collection Fund (Surplus)/Deficit Share	71,800	71,800	(184,200)
110260	Council Tax Freeze Grant	(136,520)	(136,520)	(137,680)
110693	New Homes Bonus Grant	0	(391,980)	(1,039,720)
		(12,009,050)	(12,401,830)	(12,967,490)
TRADING ACCOUNTS				
	Deane Helpline	100,000	121,500	76,880
	DLO	(101,000)	(101,000)	(101,000)
		(1,000)	20,500	(24,120)
(SURPLUS)/DEFICIT FOR THE YEAR		(97,700)	(256,800)	(39,900)
Transfer to (from) General Fund Balance		97,700	256,800	39,900

Appendix E

TAUNTON DEANE BOROUGH COUNCIL - INITIAL SAVINGS PLANS 2012/13 (NOVEMBER 2011)

Ref	Description of Saving	Lead Officer	Amount Ongoing £'000	Amount One Off £'000	Comments	How	Impact	Equalities Impact
A1	Staff Car Parking	Martin Griffin	32		Increase in charges for staff car parking at Deane House. Change to be introduced with effect from 1 April 2012.	Collective Agreement with UNISON and discussions with affected employees. Charge from 1 April 2012 to be £1 per day.		A detailed Impact Assessment is included in Appendix F
A2	Child Care Subsidy	Martin Griffin	3		Childcare Subsidy Scheme to be closed with effect from 1 April 2012 (other than for staff who have already commenced maternity leave) with savings to be gained over the next four years and eventually reaching £21500 per annum	Decision by Council and discussion with UNISON		A detailed Impact Assessment is included in Appendix F
A3	Housing Partnership Grants Administration Delete vacant Grants Co-ordinator post	Simon Lewis	13		Post was a seconded TDBC employee and TDBC will benefit from these savings	Reorganisation within the team	N/A. This has been put in place in 2011/12 and is working well	See Note 1 below - No negative impact
A4	Income for officer input on county-wide GIS work for Somerset West Private Sector Housing Partnership	Simon Lewis		10	We will supply GIS capacity from within our team to support asset mapping. We will receive income in 2012/13 to cover this.	We have arranged some backfill arrangements and rearranged work to accommodate this. The £10k saving is net of costs	N/A	See Note 1 below - No negative impact
A5	Planning Reserve Contribution	Simon Lewis	10		The LDF Examination Reserve is built up annually to cover the costs of examination for the Core Strategy and other development planning documents	Reduce the annual contribution from £32k to £22k. The reserve is healthy enough to withstand this and we have modelled it against expected expenditure	N/A	See Note 1 below - No negative impact
A6	RIEP Funding (One-Off) Transfer from Earmarked Reserves in 2012/13	Simon Lewis		35	Officer to work full-time on Youth Homelessness work (agreed priority across County Housing Strategy)	Payment from RIEP funding. We have invoiced Mendip DC for full payment.	Loss of capacity for other Housing Strategy work whilst Homelessness work is the priority, however this is one of a set of county-wide projects on housing strategy being done and shared across Districts	See Note 1 below - No negative impact
A7	Taunton Deane Partnership	Simon Lewis	5		This is the contribution from the other TDP partners for admin support and there is a minuted commitment to continue to support this contribution as a minimum	We will invoice them annually	N/A. Fairer sharing of admin costs	See Note 1 below - No negative impact
A8	Voluntary & Community Grants	Simon Lewis	30		A separate report will be taken to Community Scrutiny on 6th December with proposals showing how these savings can be realised and the affected organisations and impact. This saving is based on 12.5% reduction on current £235k budget.	A range of options will be presented at Community Scrutiny.	An outline equalities impact assessment is attached. A more detailed assessment will be included with the Scrutiny report.	A detailed Impact Assessment is included in Appendix F

TAUNTON DEANE BOROUGH COUNCIL - INITIAL SAVINGS PLANS 2012/13 (NOVEMBER 2011)

Ref	Description of Saving	Lead Officer	Amount Ongoing £'000	Amount One Off £'000	Comments	How	Impact	Equalities Impact
A9	Climate Change Initiatives	Simon Lewis		10	This is a one-off contribution from the Climate Change reserve. The remainder will be earmarked for a sustainable energy scheme	Money had been set aside for Solar PV on the Swimming Pool, which would have generated £10kpa. However the government has changed the scheme making it unlikely the business-case still stacks up. We will therefore use £10k of the climate change budget for savings	Reduction in Climate Change budget, however we should still have enough to propose other sustainable energy schemes.	See Note 1 below - No negative impact
A10	P&C Team Overheads & IT equipment	Richard Sealy	1		Reduces overheads (training, travel, stationery etc) to reflect the reduction in size of the team over past 2 years		None. This budget is no longer required.	See Note 1 below - No negative impact
A11	P&C Team IT Equipment	Richard Sealy	8		Surplus budget.		None. This budget is no longer required.	See Note 1 below - No negative impact
A12	Building Control Restructuring	Tim Burton	13		Staff reduction at both surveyor and admin support level. Part of larger saving from Building Control trading account	Likely to be achieved by natural turnover	Little impact as workload has reduced considerably due to wider economic conditions	See Note 1 below - No negative impact
A13	Listed Building Advice Income	Tim Burton	10		Already agreed additional support to Exmoor National Park Authority in form of consultation advice	Through amendments to local service level agreements	Will have some negative impact up on TDBC capacity and will slow down production of Conservation Area Appraisals	See Note 1 below - No negative impact
A14	Housing Enabling - Charge to Registered Providers	Tim Burton	25		Introduction of a partnership fee to be levied from main partners on an annual basis (£5k per partner)	Through report to Corporate Scrutiny on 24 November 2011	No impact. Fee reflects that already being charged by Sedgemoor, South Somerset and Mendip	See Note 1 below - No negative impact
A15	Public Conveniences Maintenance	Brian Gibbs	25		Efficiency through change to staff and working practices, not involving closures of any public toilets. This is an 8% reduction in budget.	It is proposed this saving is achieved by combining staffing arrangements with street cleansing section	Minimal impact as it relates to working practices rather than direct service reductions	See Note 1 below - No negative impact
A16	Hanging Baskets	Brian Gibbs	2		Removal of c36 hanging baskets in Taunton and Wellington. This is a 15% reduction of budget and a 10% reduction in the number of baskets provided by the Authority within the Deane.	Removal of hanging baskets from some of the less prominent positions which will also result in a lower maintenance cost	Minimal visual impact as locations will be carefully chosen. Not to be removed from the main town centres	See Note 1 below - No negative impact

TAUNTON DEANE BOROUGH COUNCIL - INITIAL SAVINGS PLANS 2012/13 (NOVEMBER 2011)

Ref	Description of Saving	Lead Officer	Amount Ongoing £'000	Amount One Off £'000	Comments	How	Impact	Equalities Impact
A17	Bedding Plants	Brian Gibbs	10		This forms part of the start of a change to more sustainable planting and the proposal is to remove a number of freestanding mostly cast iron planters and the reduction of the number of bedding plants used in other areas. This represents just over 15% of the total budget but will allow bigger reductions to be made in future years as the areas of bedding decrease. The areas where planters will be removed will be those such as East Reach, St James and Shuttern. The change to sustainable planting and reduced bedding plants will target at first the larger beds away from the town centres such as those in the front of Deane House.	Removal of some of the freestanding planters and start of a gradual change to more sustainable planting.	Minimal visual impact and some of the planters have proved to be high maintenance in recent years due to the height of the planting and ease of vandalism. There will be a reduction in the number of bedding plants produced at the nursery although for the initial period of change more sustainable planting will be produced.	See Note 1 below - No negative impact
A18	Business Support Team - Delete Vacant Post	James Barrah	24		This post is currently vacant.	Deletion of EH Support Assistant vacant post.	Potential for reduced responsiveness to public when contacting EH, placing greater burden on operational staff to provide initial response to customers. Reduced support service provided to officers. Reduced resilience to deal with leave, sickness and other staff absences, and additional pressure on the two remaining staff	See Note 1 below - No negative impact
A19	Licensing Service - Delete Vacant Post	James Barrah	33		Licensing has suffered a downturn in the number of applications due to the current economic climate. Income has dropped accordingly and the likely income for the next few years has been revised and fed in to the MTFP. For 2010/11 income was down £51K against budget. It is anticipated that income will drop by £50K against budget in 2011/12, and continue to decrease until economic recovery is more advanced and business confidence grows in the entertainment and hospitality trade.	Review Licensing staffing position in light of reduced income. There is little scope to reduce licensing costs, other than through a restructure where it is recommended that the number of Licensing Officers is reduced from 3.0FTE to 2.0FTE.	This change is considered manageable due to the fact that as income drops the work of the team in terms of processing applications and enforcement reduces, but it will put increased pressure on the remaining staff and potentially reduce response times and service standards. Resilience and cover for absences will be greatly reduced also. There will be a significant reduction in the amount of proactive enforcement work undertaken.	See Note 1 below - No negative impact

TAUNTON DEANE BOROUGH COUNCIL - INITIAL SAVINGS PLANS 2012/13 (NOVEMBER 2011)

Ref	Description of Saving	Lead Officer	Amount Ongoing £'000	Amount One Off £'000	Comments	How	Impact	Equalities Impact
A20	Environmental Health Staffing	James Barrah	25			Reduction in staffing in Environmental Health service by deleting a vacant part-time Scientific Officer post.	Reduced ability to deliver air quality work programme in particular. This saving in the current budget is used to support consultancy concerning air quality. Capacity will need to be found in-house to cover our air quality responsibilities.	See Note 1 below - No negative impact
A21	Recharges to HRA - Community Services Manager	James Barrah	12		Allocation of management costs currently based on headcount salary split 70:30 GF:HRA.	Revise allocation based on actual time spent on HRA matters to 50:50 GF:HRA.	No impact on service delivery. This more accurate HRA/GF allocation provides saving of 12.5K to GF, with consequent same additional cost to HRA.	See Note 1 below - No negative impact
A22	Recharges to HRA - Business Support Lead	James Barrah	8		Allocation of management costs currently based on headcount salary split 70:30 GF:HRA.	Revise allocation based on actual time spent on HRA matters to 50:50 GF:HRA.	No impact on service delivery. This more accurate HRA/GF allocation provides saving of 8K to GF, with consequent same additional cost to HRA.	See Note 1 below - No negative impact
A23	Civil Contingencies	James Barrah	9			Removal of small budget set aside for local initiatives, but leaving budget for TDBC contribution to County Wide Civil Contingencies partnership intact.	Reduces TDBC ability to undertake additional activities over and above that provided via the partnership, for example provision of training and purchase of relevant equipment.	See Note 1 below - No negative impact
A24	CCTV Reduce Coverage	James Barrah	20		Each of our 65 cameras has an approximate running cost of £4k per camera. This figure is comprised of a monitoring fee as per our contract with SDC and BT line connection.	Reduction in coverage by stopping monitoring of 6 of the lowest use cameras. For each camera we propose to retain the BT connections so that cameras can be switched back on if required but will not be maintaining these cameras. The BT element of the cost varies for each location. It is proposed to cease monitoring of 2 cameras in each of Kilkenny, Belvedere and Tower Street car parks.	Impact on Avon & Somerset Police and the potential for crime detection rates to decrease. Although not all of TDBC Car parks currently have CCTV, where present it provides reassurance and a level of protection for our parking enforcement staff whilst undertaking duties in these areas.	See Note 1 below - No negative impact
A25	Internal Audit Plan Reduction	Richard Sealy	14		Reduces costs of SWAP by 10% (£14k). This can be achieved without detrimentally impacting on level of assurance provided (See 'Impact')	Reduce purchased audit days from 470 to 420.	No significant impact. Due to audit process improvements and efficiencies through TDBC/SCC using the same back office software (SAP)	See Note 1 below - No negative impact
TOTALS			332	55				

Note

- 1 Equalities Impact: These options have been screened in relation to the elimination of discrimination, the advancement of equality or opportunity and promoting community relations. The outcome of the initial screening concluded that this option would not have a negative impact on those with the following protected characteristics, age, disability, gender reassignment, pregnancy and maternity, race, religion or belief, sex or sexual orientation, marriage or civil partnership, "No negative impact" has been shown above.

Appendix E

TAUNTON DEANE BOROUGH COUNCIL - INITIAL SAVINGS PLANS 2012/13 (NOVEMBER 2011)

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A2	Child Care Subsidy	Martin Griffin	3		Childcare Subsidy Scheme to be closed with effect from 1 April 2012 (other than for staff who have already commenced maternity leave) with savings to be gained over the next four years and eventually reaching £21500 per annum	Decision by Council and discussion with UNISON		A detailed Impact Assessment is included in Appendix F
A3	Housing Partnership Grants Administration Delete vacant Grants Co-ordinator post	Simon Lewis	13		Post was a seconded TDBC employee and TDBC will benefit from these savings	Reorganisation within the team	N/A. This has been put in place in 2011/12 and is working well	See Note 1 below - No negative impact
A4	Income for officer input on county-wide GIS work for Somerset West Private Sector Housing Partnership	Simon Lewis		10	We will supply GIS capacity from within our team to support asset mapping. We will receive income in 2012/13 to cover this.	We have arranged some backfill arrangements and rearranged work to accommodate this. The £10k saving is net of costs	N/A	See Note 1 below - No negative impact
A5	Planning Reserve Contribution	Simon Lewis	10		The LDF Examination Reserve is built up annually to cover the costs of examination for the Core Strategy and other development planning documents	Reduce the annual contribution from £32k to £22k. The reserve is healthy enough to withstand this and we have modelled it against expected expenditure	N/A	See Note 1 below - No negative impact
A6	RIEP Funding (One-Off) Transfer from Earmarked Reserves in 2012/13	Simon Lewis		35	Officer to work full-time on Youth Homelessness work (agreed priority across County Housing Strategy)	Payment from RIEP funding. We have invoiced Mendip DC for full payment.	Loss of capacity for other Housing Strategy work whilst Homelessness work is the priority, however this is one of a set of county-wide projects on housing strategy being done and shared across Districts	See Note 1 below - No negative impact
A7	Taunton Deane Partnership	Simon Lewis	5		This is the contribution from the other TDP partners for admin support and there is a minuted commitment to continue to support this contribution as a minimum	We will invoice them annually	N/A. Fairer sharing of admin costs	See Note 1 below - No negative impact
A8	Voluntary & Community Grants	Simon Lewis	30		A separate report will be taken to Community Scrutiny on 6th December with proposals showing how these savings can be realised and the affected organisations and impact. This saving is based on 12.5% reduction on current £235k budget.	A range of options will be presented at Community Scrutiny.	An outline equalities impact assessment is attached. A more detailed assessment will be included with the Scrutiny report.	A detailed Impact Assessment is included in Appendix F

TAUNTON DEANE BOROUGH COUNCIL - INITIAL SAVINGS PLANS 2012/13 (NOVEMBER 2011)

Ref	Description of Saving	Lead Officer	Amount Ongoing £'000	Amount One Off £'000	Comments	How	Impact	Equalities Impact
A9	Climate Change Initiatives	Simon Lewis		10	This is a one-off contribution from the Climate Change reserve. The remainder will be earmarked for a sustainable energy scheme	Money had been set aside for Solar PV on the Swimming Pool, which would have generated £10kpa. However the government has changed the scheme making it unlikely the business-case still stacks up. We will therefore use £10k of the climate change budget for savings	Reduction in Climate Change budget, however we should still have enough to propose other sustainable energy schemes.	See Note 1 below - No negative impact
A10	P&C Team Overheads & IT equipment	Richard Sealy	1		Reduces overheads (training, travel, stationery etc) to reflect the reduction in size of the team over past 2 years		None. This budget is no longer required.	See Note 1 below - No negative impact
A11	P&C Team IT Equipment	Richard Sealy	8		Surplus budget.		None. This budget is no longer required.	See Note 1 below - No negative impact
A12	Building Control Restructuring	Tim Burton	13		Staff reduction at both surveyor and admin support level. Part of larger saving from Building Control trading account	Likely to be achieved by natural turnover	Little impact as workload has reduced considerably due to wider economic conditions	See Note 1 below - No negative impact
A13	Listed Building Advice Income	Tim Burton	10		Already agreed additional support to Exmoor National Park Authority in form of consultation advice	Through amendments to local service level agreements	Will have some negative impact up on TDBC capacity and will slow down production of Conservation Area Appraisals	See Note 1 below - No negative impact
A14	Housing Enabling - Charge to Registered Providers	Tim Burton	25		Introduction of a partnership fee to be levied from main partners on an annual basis (£5k per partner)	Through report to Corporate Scrutiny on 24 November 2011	No impact. Fee reflects that already being charged by Sedgemoor, South Somerset and Mendip	See Note 1 below - No negative impact
A15	Public Conveniences Maintenance	Brian Gibbs	25		Efficiency through change to staff and working practices, not involving closures of any public toilets. This is an 8% reduction in budget.	It is proposed this saving is achieved by combining staffing arrangements with street cleansing section	Minimal impact as it relates to working practices rather than direct service reductions	See Note 1 below - No negative impact
A16	Hanging Baskets	Brian Gibbs	2		Removal of c36 hanging baskets in Taunton and Wellington. This is a 15% reduction of budget and a 10% reduction in the number of baskets provided by the Authority within the Deane.	Removal of hanging baskets from some of the less prominent positions which will also result in a lower maintenance cost	Minimal visual impact as locations will be carefully chosen. Not to be removed from the main town centres	See Note 1 below - No negative impact

TAUNTON DEANE BOROUGH COUNCIL - INITIAL SAVINGS PLANS 2012/13 (NOVEMBER 2011)

Ref	Description of Saving	Lead Officer	Amount Ongoing £'000	Amount One Off £'000	Comments	How	Impact	Equalities Impact
A17	Bedding Plants	Brian Gibbs	10		This forms part of the start of a change to more sustainable planting and the proposal is to remove a number of freestanding mostly cast iron planters and the reduction of the number of bedding plants used in other areas. This represents just over 15% of the total budget but will allow bigger reductions to be made in future years as the areas of bedding decrease. The areas where planters will be removed will be those such as East Reach, St James and Shuttern. The change to sustainable planting and reduced bedding plants will target at first the larger beds away from the town centres such as those in the front of Deane House.	Removal of some of the freestanding planters and start of a gradual change to more sustainable planting.	Minimal visual impact and some of the planters have proved to be high maintenance in recent years due to the height of the planting and ease of vandalism. There will be a reduction in the number of bedding plants produced at the nursery although for the initial period of change more sustainable planting will be produced.	See Note 1 below - No negative impact
A18	Business Support Team - Delete Vacant Post	James Barrah	24		This post is currently vacant.	Deletion of EH Support Assistant vacant post.	Potential for reduced responsiveness to public when contacting EH, placing greater burden on operational staff to provide initial response to customers. Reduced support service provided to officers. Reduced resilience to deal with leave, sickness and other staff absences, and additional pressure on the two remaining staff	See Note 1 below - No negative impact
A19	Licensing Service - Delete Vacant Post	James Barrah	33		Licensing has suffered a downturn in the number of applications due to the current economic climate. Income has dropped accordingly and the likely income for the next few years has been revised and fed in to the MTFP. For 2010/11 income was down £51K against budget. It is anticipated that income will drop by £50K against budget in 2011/12, and continue to decrease until economic recovery is more advanced and business confidence grows in the entertainment and hospitality trade.	Review Licensing staffing position in light of reduced income. There is little scope to reduce licensing costs, other than through a restructure where it is recommended that the number of Licensing Officers is reduced from 3.0FTE to 2.0FTE.	This change is considered manageable due to the fact that as income drops the work of the team in terms of processing applications and enforcement reduces, but it will put increased pressure on the remaining staff and potentially reduce response times and service standards. Resilience and cover for absences will be greatly reduced also. There will be a significant reduction in the amount of proactive enforcement work undertaken.	See Note 1 below - No negative impact

TAUNTON DEANE BOROUGH COUNCIL - INITIAL SAVINGS PLANS 2012/13 (NOVEMBER 2011)

Ref	Description of Saving	Lead Officer	Amount Ongoing £'000	Amount One Off £'000	Comments	How	Impact	Equalities Impact
A20	Environmental Health Staffing	James Barrah	25			Reduction in staffing in Environmental Health service by deleting a vacant part-time Scientific Officer post.	Reduced ability to deliver air quality work programme in particular. This saving in the current budget is used to support consultancy concerning air quality. Capacity will need to be found in-house to cover our air quality responsibilities.	See Note 1 below - No negative impact
A21	Recharges to HRA - Community Services Manager	James Barrah	12		Allocation of management costs currently based on headcount salary split 70:30 GF:HRA.	Revise allocation based on actual time spent on HRA matters to 50:50 GF:HRA.	No impact on service delivery. This more accurate HRA/GF allocation provides saving of 12.5K to GF, with consequent same additional cost to HRA.	See Note 1 below - No negative impact
A22	Recharges to HRA - Business Support Lead	James Barrah	8		Allocation of management costs currently based on headcount salary split 70:30 GF:HRA.	Revise allocation based on actual time spent on HRA matters to 50:50 GF:HRA.	No impact on service delivery. This more accurate HRA/GF allocation provides saving of 8K to GF, with consequent same additional cost to HRA.	See Note 1 below - No negative impact
A23	Civil Contingencies	James Barrah	9			Removal of small budget set aside for local initiatives, but leaving budget for TDBC contribution to County Wide Civil Contingencies partnership intact.	Reduces TDBC ability to undertake additional activities over and above that provided via the partnership, for example provision of training and purchase of relevant equipment.	See Note 1 below - No negative impact
A24	CCTV Reduce Coverage	James Barrah	20		Each of our 65 cameras has an approximate running cost of £4k per camera. This figure is comprised of a monitoring fee as per our contract with SDC and BT line connection.	Reduction in coverage by stopping monitoring of 6 of the lowest use cameras. For each camera we propose to retain the BT connections so that cameras can be switched back on if required but will not be maintaining these cameras. The BT element of the cost varies for each location. It is proposed to cease monitoring of 2 cameras in each of Kilkenny, Belvedere and Tower Street car parks.	Impact on Avon & Somerset Police and the potential for crime detection rates to decrease. Although not all of TDBC Car parks currently have CCTV, where present it provides reassurance and a level of protection for our parking enforcement staff whilst undertaking duties in these areas.	See Note 1 below - No negative impact
A25	Internal Audit Plan Reduction	Richard Sealy	14		Reduces costs of SWAP by 10% (£14k). This can be achieved without detrimentally impacting on level of assurance provided (See 'Impact')	Reduce purchased audit days from 470 to 420.	No significant impact. Due to audit process improvements and efficiencies through TDBC/SCC using the same back office software (SAP)	See Note 1 below - No negative impact
TOTALS			332	55				

Note

- 1 Equalities Impact: These options have been screened in relation to the elimination of discrimination, the advancement of equality or opportunity and promoting community relations. The outcome of the initial screening concluded that this option would not have a negative impact on those with the following protected characteristics, age, disability, gender reassignment, pregnancy and maternity, race, religion or belief, sex or sexual orientation, marriage or civil partnership, "No negative impact" has been shown above.

EQUALITY IMPACT ASSESSMENTS FOR SAVINGS PLANS

- **Staff terms and conditions review**
- **Reduction in Voluntary and Community Sector Grants Budget**

Equality Impact Assessment – Staff Terms and Conditions Review and Transport Arrangements

Responsible person	Martin Griffin	Job Title – Retained HR Manager
Why are you completing the Equality Impact Assessment? (Please mark as appropriate)	Proposed new policy or service	
	Change to Policy or Service	1. Review of Parking Charges for Staff; 2. Closure of Childcare Subsidy Scheme
	Budget/Financial decision – MTFP	Required as part of the Budget Strategy Project.
	Part of timetable	
What are you completing the Equality Impact Assessment on (which policy, service, MTFP proposal)	1. Review of Parking Charges for Staff; 2. Closure of Childcare Subsidy Scheme	
Section One – Scope of the assessment		
What are the main purposes/aims of the policy?	<ol style="list-style-type: none"> 1. To reflect the benefit that staff have in parking at Deane House and current agreement supports the use of income to develop travel plan initiatives. 2. Scheme was introduced as a recruitment and retention benefit. 	
Which protected groups are targeted by the policy?	<ol style="list-style-type: none"> 1. None 2. Pregnancy and Maternity, Sex 	
<p>What evidence has been used in the assessment - data, engagement undertaken – please list each source that has been used</p> <p>The information can be found on....</p>	<p>All of the above schemes/benefits are available to some groups of staff or all staff and an analysis has been compiled for each of the four schemes which shows which staff benefit from the scheme currently, may benefit from new schemes or will be affected by their withdrawal.</p> <p>Information gathered includes details of gender, disability, ethnicity, age, full time equivalent value and is available within HR and has been shared as part of the discussions with UNISON.</p>	
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		
1. The current scheme applies to all staff eligible for a permit and these proposals will increase the charges on the same basis which already include making pro		

rata reductions for part time staff. Low pay issues have been analysed.

2. The Scheme only applies to female employees who qualify through service and maternity; impending changes to maternity leave and the ability to benefit for Childcare Vouchers already supported by the Council mean there is an alternative available. The Scheme does not cover adoption.

I have concluded that there is/should be:

No major change - no adverse equality impact identified	
Adjust the policy	
Continue with the policy	Staff Parking Charges - That the charges should continue.
Stop and remove the policy	Childcare Subsidy - Continue with stopping the scheme but protect current members for the current payments and allow staff who are on maternity when the scheme ends to be allowed to join the scheme.

Reasons and documentation to support conclusions

Section four – Implementation – timescale for implementation

Subject to member approval during October to December 2011 and consultation/negotiation with UNISON to achieve a Collective Agreement for implementation of all scheme changes on 1 April 2012.

Section Five – Sign off

Responsible officer Martin Griffin
Date 28 September 2011

Management Team
Date

Section six – Publication and monitoring

Published on

Next review date

Date logged on Covalent

Action Planning

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

Actions table						
Service area	Retained HR			Date	28 September 2011	
Identified issue drawn from your conclusions	Actions needed	Who is responsible?	By when?	How will this be monitored?	Expected outcomes from carrying out actions	

Equality Impact Assessment – Reduction in Voluntary and Community Sector Grants Budget

Responsible person	Simon Lewis	Job Title: Strategy Manager
Why are you completing the Equality Impact Assessment? (Please mark as appropriate)	Proposed new policy or service	
	Change to Policy or Service	
	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 being asked to identify a 40% reduction in its budget. As a contribution to this, it is seeking to reduce the Voluntary and Community Sector Grants budget by 12.8% (£30k) in 2012/13	
Section One – Scope of the assessment		
What are the main purposes/aims of the policy?	<p>The budget allows the Council to support VCS organisations that support the Council’s corporate aims and provide services that help vulnerable communities. The VCS provides services, facilities, advice and activities for many people in the wider community and TDBC service users</p> <p>The aim is to reduce the grant budget by 12.8% which will equate to a £30k cut in 2012/13. Furthermore, there is a proposal to revisit all organisations receiving funding in Spring 2012 and ensure outcomes supports the Councils own objectives and provides value for money.</p> <p>A separate report will be taken to Community Scrutiny on 6th December with a range of proposals for making the budget reduction for 2012/13 and a proposed councillor/officer commissioning panel for determining allocations from 2013/14. This report will include a more detailed Equality Impact Assessment to show the impact of the 2012/13 reduction.</p> <p>The report will include proposals to undertake full consultation with affected organisations and identify mitigating measures to help organisations identify alternative funding / support where possible.</p> <p>The proposal falls within the guidance provided by Eric Pickles that reductions should be proportionate and reasonable to the Council’s own budget cuts.</p>	

Which protected groups are targeted by the policy?	The VCS budget funds organisations that support people that fall in the following protected groups: Age, Disability, Race, Sex, Sexual Orientation, Transgender. Cuts in funding could potentially affect one or more of these groups.	
<p>What evidence has been used in the assessment - data, engagement undertaken – please list each source that has been used</p> <p>The information can be found on....</p>	<p>We have data on:</p> <ol style="list-style-type: none"> 1. Characteristics of the district – clear numbers involved for each category 2. Number of applications made by each group over last 3 years 3. Reason for each application – clear idea of why organisations are applying for grants <p>The Council has a range of reports and evidence that identifies needs of different protected groups such as:</p> <ol style="list-style-type: none"> 1. Women’s Equality Network in Somerset research report – 2011 2. Somerset Black Development Agency research report – 2011 3. Quality of life survey (Disabled people) 4. SDC Disabled consultation - May 2010 <p>Further work will be required to engage and consult with grant recipients to understand the impact of funding reductions. This will take place if the Executive supports the detailed proposals report on 7th December 2011.</p>	
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		
This detail will be provided in the report to Community Scrutiny on 6 th December 2011.		
I have concluded that there is/should be:		
No major change - no adverse equality impact identified		
Adjust the policy		
Continue with the policy	This can be reviewed in more detail at Community Scrutiny 6 th December	
Stop and remove the policy		

Reasons and documentation to support conclusions

The engagement activity with the affected group will identify the impacts. The grant reduction has to take place in order to meet the budget deficit and the mitigation actions (see action planning below) will be put in place to limit the impact as much as possible

Section four – Implementation – timescale for implementation

Recommendation on budget reduction to Corporate Scrutiny: 6th December 2011
Decision required on organisations affected by funding reductions in 2012/13: 7th December 2011
Engagement with affected organisations: Dec to March 2012
Other grant SLAs to be rolled forward for 1 year for 2012/13: April 2012
Development of SLA's and agreement of grant allocations for 2013/14 (councillor / officer commissioning panel): July 2012.

Section Five – Sign off

Responsible officer: Simon Lewis	Management Team
Date: 27/10/11	Date

Section six – Publication and monitoring

Published on

Next review date	Date logged on Covalent

Action Planning

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

Service area	Voluntary and Community Sector Grants		Date	1 st November 2011		
Identified issue drawn from your conclusions	Actions needed	Who is responsible?	By when?	How will this be monitored?	Expected outcomes from carrying out actions	
Potential viability issues for VCS organisations	Work with all groups to identify additional funding sources they could utilise.	VCS Groups / Strategy Unit	March 2012	Officer / Councillor VCS Group	Alternative funding may potentially be available (see action below)	
Potential viability issues for VCS organisations	Continue to provide Grantfinder and GrantNet to support organisations and individuals identify and apply for alternative grants.	Strategy Unit	Funded from Dec 2011 to Dec 2012 and then will review again	Usage statistics and feedback from users	Understand how useful this tool is and whether it helps groups attract funding	
Potential viability issues for VCS organisations	Consider other means of supporting VCS organisations such as use of TDBC facilities at nominal rent	Strategy Lead & VCS organisations	March 2012	Officer / Councillor VCS group	Depending on interest from VCS orgs, we can build this into the review of our assets	
Potential viability issues for VCS organisations	Specific actions to be determined following decisions by Executive (more detail in Dec Executive report)					

2012/13 Budget Proposals

Potential Changes to Staff Benefits

Staff Car Parking, Lease Cars and Child Care Subsidy

Comments from UNISON

Staff car parking

UNISON notes the proposal to increase parking charges for staff at The Deane House to £1 per day from April 2012 and to review parking arrangements at other sites.

UNISON understands the financial difficulties facing the Council, and that the option of charging staff more to park is seen as one way to raise revenue to help reduce the budget deficit.

However, Members need to be aware that staff have had a two-year pay freeze, with the prospect of a further freeze in 2012-13 and below-inflation pay awards thereafter; plus for many there is the threat of higher pension contributions. Moreover, pay awards in local government have traditionally been lower than other parts of the public sector and are at present (at 0%) running below that for the private sector, yet annual inflation is currently around 5%.

The average salary for an employee of Taunton Deane is below the average for the UK economy as whole. In some cases, the Council offered free parking as part of terms and conditions to attract staff. Loss of access to the car park, or imposition of higher charges, are seen by some as unilateral changes by the Council to employees' contracts.

When parking charges for staff were introduced in 2006, the aim was to encourage alternative means of access other than car, with charges going into the Travel Plan to reinvest in showers for cyclists, subsidising the Co-Car etc. UNISON notes that the Council is proposing to ring fence a sum equivalent to that currently raised from parking to support travel plan initiative. However, for this to be effective, the Staff Travel Plan process needs to be reactivated – little currently appears to be being done to ensure that green travel options are available, or to support staff wishing to take advantage of these. For example, discussions should be held with bus and rail operators regarding discounted season tickets or extending bus routes to serve the north end of Taunton town centre.

Discussions between UNISON and the Council suggest that in future years, charges may rise further. Any increase towards the public commuter parking tariff would represent a very substantial cost to staff in an era of declining real wages.

In terms of more detailed points:

- That where a person is designated an essential car user (i.e. they are required to bring their car to work by the Council) they are given access to the car park 5 days per week. As the Council's car user policy states, 'being able to respond to urgent requests elsewhere can be an important factor in some jobs.' It could be questioned why essential users should have to pay to park given that it is at the bidding of the Council that they have to bring their car to work.
- Part-time staff should be able to pay on a proportional basis – thus someone who works 18.5 hours per week should pay 50% of the charge paid by a full-time employee. Staff should have some ability to increase/decrease payments if their circumstances change - perhaps being reviewed quarterly.
- That additional car share spaces be made available because once the charging changes more people are likely to car share.
- That the policy of allowing SCC car share people to use TDBC car share spaces be reviewed as the arrangement is not reciprocal - SCC will not allow TDBC car share people to use any of their SCC car share spaces.
- If someone opts out of the car park they should be able to opt back in at a later date. For instance if two people were casual car users and car shared, and then one left the authority or moved and they ceased to car share, could they choose to opt back into the scheme as they had once been entitled?
- That clarification is provided as to the provision of pool cars from April 2012 and how they will be allocated. It is understood that initially, 2 or possibly 3 additional vehicles will be made available. For emergency/ unplanned travel, it should be made clear that a person's own vehicle should be used in preference to a pool car.

UNISON also asks that it is represented on the body responsible for overseeing staff parking, pool cars and other travel arrangements, possibly a revived Travel Plan Working Group, and that this should be reconvened early in 2012.

PNKB/23.12.2011

2012/13 Budget Proposals

Potential Changes to Staff Benefits

Staff Car Parking, Lease Cars and Child Care Subsidy

Response to Comments from UNISON

UNISON are thanked for their comments and involvement in the consultation and negotiating process.

There are a couple of general points which should be noted before consideration of the specific points that were raised.

The Branch have compared salaries against the whole UK economy rather than public sector comparisons. However the following more relevant facts should be considered:

The average TDBC FTE salary is £24,638 (whilst the average TDBC earnings are £21,924) and the average salary by parliamentary constituency for TD is £24,556 and for the whole of the South West public sector only is £24,636.

With regard to the revision of the Staff Travel Plan the Council is happy to commit to its revision in 2012/13 and this review would be the appropriate place to consider all of the options for future years relating to staff car parking. The Council also believe that UNISON should be fully involved with this review.

SPECIFIC POINTS

Point 1

The current arrangements have been in place nearly six years and the Council see no reason why these should be altered. This arrangement supports the green travel agenda and removing it would go against the travel plan.

Point 2

We currently have 4 different rates paid by staff based on full days (1 day, 2 days, 3 days and maximum of 4 days) as the system does not allow for half or part day operation. These assist in reducing costs for part time staff, however a change to a significantly more cumbersome charging system cannot be introduced without significant investment which cannot be supported.

Where there are contractual changes to days worked it is agreed that these should then be used to adjust the car park charges.

Point 3

There is no information to support this point but the Council remains committed to reviewing this if it becomes a problem.

Point 4

This point has been clarified with the Branch and is no longer a point which requires a response.

Point 5

The Council are happy to commit to agreeing an acceptable set of circumstances where staff who have opted out could be allowed to re-enter the scheme.

Point 6

The Council have recently provided UNISON with details of a proposed 'pool car scheme' but the specific request in relation to emergency/unplanned use cannot be supported.

Summary of consultation responses on Budget Proposals 2012/2013

	Ref	Management response
<p>The letter says : To increase charges to £ 1 per day of use. Does this mean we only pay when we are using the car park – this is of interest to me as I try and use the bus a couple of times a week ‘for the environment etc !!’</p>	MS1	<p>There are no further changes to the car parking scheme other than an increase in charge. If you would like to voluntarily reduce the number of days you park at Deane House, you can. As is the case now you would need to nominate the days of the week you will not park at Deane House.</p>
<p>Obviously I will respond through the ballot and other mechanisms too. However, the letter also suggests any issues or questions can be raised with HR. At the time of my appointment my terms and conditions stated I received free staff parking. As we are all influenced by financial circumstances this influenced my choice of residence as parking fees were not an issue when calculating the family budget. Whilst I know from experience that the Council can and does push through changes to terms despite 'consultation' (eg current c£5 pcm parking charge) I believe that with no alternative means of getting to work (I live over 9 miles from Taunton and the nearest bus stop is over 2 miles away, down unlit and unpaved highways) a 400% increase in charging for a necessity is unfair and unreasonable. Local Government has had 2 years without a payrise (and previous years were at or below inflation). Food and other bills have risen and a child now at University with rising costs. I am happy to contribute towards the Councils deficit but a 400% increase in one go is unreasonable with no alternative access to work (unless I and others clog-up nearby residential streets with our cars, which the Council is also</p>	MS2a	<p>The proposal does not include a phased introduction of the £1 a day charge as this is based on the overall financial needs of the Council to reduce the budget gap and the fact that the current charges have not been increased since 2006.</p> <p>The charges are based on the same principles as the current scheme which does not differentiate the charges for those that do not have an alternative means of transport. There are no proposals to change the charging structure.</p>

<p>keen to avoid).</p> <p>It should be remembered that distance itself is not an issue; people commuting from Exeter or Bristol for example can use the train. Those in rural areas often have no realistic alternative. Whilst my choice of residence was influenced (but not totally based) on the Councils offer of free parking, there must equally be some fair mechanism that recognises different needs for access. This happened on the initiation of charges - removing car park passes for those residing within 1 mile (although it is interesting to note that certain higher paid staff seem to not have to comply with this). As it would be unreasonable for the Council to relocate me resulting from changing my terms and conditions without my agreement, so would it to my mind be equally unreasonable to hike a 400% parking increase in one go on those with no alternative means of getting to work. I therefore request that a). Any cost increase is phased in; b). That a sliding scale is formulated to ensure that those with no reasonable alternative means of accessing work are paying less; and c). That any response from CMT is transparent and properly reasoned.</p>		
<p>I am afraid this, like so many other consultations, sounds like a total brush-off. Again a tick-box consultation. What does it matter that the price has not risen since 2006? The aim in 2006 was to encourage alternative means of access other than car, with charges going into the Travel Plan to reinvest in showers for cyclists, subsidising the Co-Car etc.</p> <p>If the aim of this current exercise is to simply earn the Council money I would appreciate it if the Council didn't hide behind the "consultation" label, implying that the Council will listen to proposals arising there from. Your response implies it isn't and is quite inappropriate to label it as such.</p> <p>As for the fact that there is no proposal to either phase the scheme in or</p>	MS2b	<p>The proposals were formed following discussions with UNISON and discussions with UNISON will be ongoing. We have requested that UNISON give us a formal response to the proposals as part of the consultation process. As part of the discussions a range of issues were discussed and given due consideration such as differential charging based on grade.</p> <p>The fact that the charges haven't increased since 2006 is relevant as they were due to be reviewed on a regular basis and indeed the Council is in a completely different financial position now that it</p>

<p>to adopt a banding principle, varying the cost depending on whether alternatives actually exist, why not? (I have no alternative and thus you have me, and others totally over a barrel with what you seek to impose). Simply to state that the current scheme doesn't do this is again quite demeaning to staff . Why ask questions and label it a "consultation" when it sounds like there is no thought or discussion with those making the suggestions towards agreement or even actually answering the consultation response? If the Council knows what it wants why pretend to consult?</p> <p>The Council offered free parking as part of terms and conditions to attract staff. I have no problem in principle with playing my part in helping meet the deficit by amending these after consideration and an approach to seek agreement rather than simply imposing.</p> <p>I am sorry if this sounds rather terse but CMT often ask why the apathy from staff over responding to issues. Here is perhaps an answer. The Council should be honest to its staff. If the Council is going to do things anyway, why consult?</p>		<p>has been in the past.</p> <p>Another impetus to review the car parking scheme was that we received feedback from staff via the staff engagement sessions and 64.9% of staff thought that the staff car park should be reviewed.</p> <p>The Council has not hidden the fact that there is a substantial budget gap that needs to be addressed but has chosen to try to increase income rather than make even more cut backs.</p>
<p>All building control staff are essential users, therefore if the 600% increase goes ahead, I would like to request that monthly receipts are provided so the cost of providing the car to undertake our statutory duties on behalf of the Council can be claimed back as part of our travel claims each month.</p>	MS3	<p>There are no plans to make any other changes to the car parking scheme other than an increase in charge. So as is the case now essential car users pay to park at Deane House and are not provided with receipts to claim the money back.</p>
<p>With regard to the above, please can you advise whether or not, under the revised proposals, employees would pay for car parking on days when they are on annual/flexi leave? I see no reason why, having increased the charges, an employee should pay for parking on days</p>	MS4	<p>The current proposal is based on how the existing scheme operates and therefore it would apply as a set charge.</p>

when they are not at work with leave officially authorised by their line manager.		
I work just mornings – does that mean half price	MS5	The proposals at present are for £1 per day, this is not pro rata for the number of hours worked in the day, therefore, I'm afraid there is not a half price charge.
What does £1 per day of use mean? Does it mean assumed use as at present or if you park your car elsewhere on some days will you not be charged? In other words will it be Pay as you Go?	MS6	The intention would be to work the charges on the same basis as now rather than move to Pay As You Go.
<p>I am not an essential car user but I do need my car to get into work every day as do not live in Taunton.</p> <p>I feel very despondent at the moment as not only are there huge changes which everybody in the UK are having to live with but I feel like we at TDBC have a double whammy. We have not had an increase in the cost of living for quite some time, our services are being restructured and are currently feeling quite unsettled and will be for the next few months until a final decision is made and then we are being squeezed for more money to come to work and provide a service to the public.</p> <p>I am a single person and own my own property and I have recently been signed off with Depression from work and do not feel that Taunton Deane as an employer is being helpful with my recovery adding extra pressures to my work and personal life by wanting extra money from me that I am unable for afford to park my car to come to work.</p> <p>I feel that I am being penalised for working for a living.</p> <p>I do try to car share when possible (at least once a week), are there any concessions for car sharers?</p>	MS7	<p>Unfortunately, the economic climate the Council finds itself in has meant that it needs to explore all options to increase income and decrease costs.</p> <p>Another impetus to review the car parking scheme was that we received feedback from staff via the staff engagement sessions and 64.9% of staff thought that the staff car park should be reviewed.</p>

GENERAL FUND EARMARKED RESERVES FORECAST (MARCH 2012)

Description	Estimated Reserve Balance £'000
Earmarked Reserves for Capital Purposes	
Capital Financing Reserve - General Fund Projects	412
Total Earmarked Reserves for Capital Purposes	412
Earmarked Reserves for Revenue Purposes	
Asset Management - Leisure	632
Core Council Review (Property Services)	162
Land Charges/Planning	20
Head of Paid Service Advice	38
Corporate Training	43
CCR DLO Transformation	94
DCMS Scrutiny Grant	11
DLO Trading Account Reserve	226
Energy Efficiency Reserve	45
Environmental Services Staffing	5
Growth Point Funding (Revenue)	179
Habitat Regulations Research	18
Healthy Workplace	28
Housing Enabling	139
Self Insurance Fund	750
LABGI	325
Land Charges New Burdens Grant	34
Leasehold Schemes HRA Advanced Payments	10
Leisure Suspense Account	31
Local Plan Enquiry General Provisions	311
Market Closure Sales / Firepool	32
New Homes Bonus	392
Performance & Client Specialist Advice	144
Planning Delivery Grant - Revenue	295
Development Advice	35
S151 Advice	16
Taunton Deane Community Sports Network	12
Travel Plan	26
Unison	8
Vivary Park Trading Account	17
Works of Art and Public Arts Project	21
Asset Management - General Services Non-HRA	69
Civil Contingencies Fund	6
Housing Loans to Private Sector Mortgagees	32
Big Lottery Fund	10
Deprivation Fund (PCT Contribution)	42
Other minor reserves individually under £5k	16
Total Earmarked Reserves for Revenue Purposes	4,274
Total Forecast Earmarked Reserves March 2012	4,686

PRUDENTIAL INDICATORS

PRUDENTIAL INDICATOR	2010/11	2011/12	2012/13	2013/14	2014/15
	£'000	£'000	£'000	£'000	£'000
	outturn	estimate	estimate	estimate	estimate
Capital Expenditure					
General Fund	£4,884	£8,660	£1,847	£1,807	£2,014
HRA	£6,653	£4,300	£5,500	£7,316	£7,316
TOTAL	£11,537	£12,960	£7,347	£9,123	£9,330
Ratio of financing costs to net revenue stream					
General Fund	0.74%	0.67%	0.86%	0.89%	1.79%
HRA	2.85%	3.33%	17.05%	17.01%	16.60%
Net borrowing projection					
brought forward 1 April	£7,786	£3,670	£4,990	£4,990	£6,392
Carried forward 31 March	£3,670	£4,990	£4,990	£6,392	£8,001
in year borrowing requirement	-£4,116	£1,320	£0	£1,402	£1,609
Capital Financing Requirement as at 31 March					
General Fund	£8,240	£9,369	£9,181	£10,372	£11,741
HRA	£14,451	£14,451	£100,151	£100,151	£100,151
TOTAL	£22,691	£23,820	£109,332	£110,523	£111,892
Incremental impact of capital investment decisions	£ p	£ p	£ p	£ p	£ p
Increase in council tax (band D)	-1.36	5.47	-0.05	-0.05	0.19
Authorised limit for external debt -					
TOTAL	£40,000,000	£139,200,000	£139,200,000	£139,200,000	£141,200,000
Operational boundary for external debt -					
TOTAL	£30,000,000	£103,020,000	£103,020,000	£104,422,000	£106,031,000
Upper limit for fixed interest rate exposure					
Upper Limit for Fixed Interest Rate Exposure on Debt	100%	100%	100%	100%	100%
Upper Limit for Fixed Interest Rate Exposure on Investments	-100%	-100%	-100%	-100%	-100%
Upper limit for variable rate exposure					
Upper Limit for Variable Interest Rate Exposure on Debt	30%	30%	30%	30%	30%
Upper Limit for Variable Interest Rate Exposure on Investments	-50%	-50%	-50%	-50%	-50%
Maturity Structure of Fixed Rate Borrowing					
(Upper and lower limits)					
under 12 months	0% to 50%	0% to 50%	0% to 50%	0% to 50%	0% to 50%
12 months and within 24 months	0% to 50%	0% to 50%	0% to 50%	0% to 50%	0% to 50%
24 months and within 5 years	0% to 50%	0% to 50%	0% to 50%	0% to 50%	0% to 50%
5 years and within 10 years	0% to 50%	0% to 50%	0% to 50%	0% to 50%	0% to 50%
10 years and above	20% to 100%	20% to 100%	20% to 100%	20% to 100%	20% to 100%
Upper limit for total principal sums invested for over 364 days					
(per maturity date)	£2m or 20%	£3.5m or 20%	£3.5m or 20%	£3.5m or 20%	£3.5m or 20%
Gross and Net Debt					
Outstanding Borrowing (at nominal value)	15,973,000	96,993,000	96,993,000	98,395,000	100,004,000
Other Long-term Liabilities (at nominal value)	45,417,000	45,417,000	45,417,000	45,417,000	45,417,000
Gross Debt	61,390,000	142,410,000	142,410,000	143,812,000	145,421,000
Less: Investments	12,300,000	6,000,000	6,000,000	6,000,000	6,000,000
Net Debt	49,090,000	136,410,000	136,410,000	137,812,000	139,421,000

Credit Risk

Credit ratings remain an important element of assessing credit risk, but they are not a sole feature in the Council's assessment of counterparty credit risk.

The Council also considers alternative assessments of credit strength, and information on corporate developments of and market sentiment towards counterparties. The following key tools are used to assess credit risk:

- Published credit ratings of the financial institution
- Sovereign support mechanisms
- Credit default swaps (where quoted)
- Share prices (where available)
- Economic Fundamentals
- Corporate developments, news, articles, markets sentiment and momentum
- Subjective overlay

This report was produced after the Executive Meeting on 9th February 2012 to reflect the final decisions taken at the meeting. The figures have been updated to reflect the final budget proposals of the Executive.

Taunton Deane Borough Council

Executive – 9 February 2012 (UPDATED)

Draft General Fund Revenue Estimates 2012/13

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 below before the meeting.

1 Executive Summary

This report presents the Executive's final 2012/13 budget proposals as presented at the meeting (and therefore updates the formal agenda papers issued in advance of the meeting). These are now submitted for approval for recommendation to Full Council on 21 February 2011. The report contains details of:

- i) The General Fund Revenue Budget proposals for 2012/13
- ii) A proposed Council Tax increase of 0% in 2012/13
- iii) Draft figures on the projected financial position of the Council for the subsequent four years within the Medium Term Financial Plan to 2016/17.

2 Background

- 2.1 The purpose of this report is for the Executive to consider and agree its final budget proposals for 2012/13.
- 2.2 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 the Council to plan its finances further forward than just one year. The MTFP includes the 2012/13 proposals within a 5-year rolling forecast.

- 2.3 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 the face of unprecedented funding cuts and funding uncertainty for local government. The savings target over this period based on our estimated financial projections is in the region of 40%.
- 2.4 An update on the Budget Strategy was reported to Corporate Scrutiny on 21 July 2011 confirming the strategy remained relevant, and provided updated financial projections included an estimated budget gap of £1.2m for 2012/13. Subsequent updates of budget estimates and assumptions for the MTFP have further increased the projected budget gap to around £2.1m for 2012/13, as reported to Corporate Scrutiny on 27 October 2011.
- 2.5 The Council has undertaken a significant Budget Review Project to identify options for achieving the savings target over the medium term. Further to this the Executive on 24 September 2011 approved the High Level Principles to support the Project moving forward.
- 2.6 Initial Savings Plans for 2012/13 were formulated taking into account feedback from all Groups and incorporating proposals where Members indicated a general consensus to accept them. These were presented to Corporate Scrutiny on 24 November and the Executive on 7 December 2011.
- 2.7 In order to allow for consultation and consideration of budget options, the 'traditional' Budget Consultation Pack was issued to all Members on 21 December 2011. This included the Initial Savings Plans and other updated information related to 2012/13 budget requirements. The Budget Gap at that stage had reduced to £63,000, although the pack made it clear that there were still some areas of uncertainty and that Further Savings Plans would be shared in January 2012.
- 2.8 A Further Savings Plan was produced and issued to Corporate Scrutiny for consultation on 11 January 2012, for consideration at its meeting of 26 January 2012. The Further Savings Plans are included in a separate report earlier on the agenda for this meeting – but the financial impact of them is included in this overall budget report. The report to Scrutiny was issued in advance of the main budget reports in order to provide additional time for consideration of the proposals by Members.

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

4.1 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.

4.2 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.

Revenue Formula Grant Funding

4.3 Following the Comprehensive Spending Review (CSR) last year, the Government announced details of the local government funding settlement for two years - 2011/12 and 2012/13. The CSR set out **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 based on the current settlement information, it is evident that district councils will face much deeper cuts than this.

4.4 The 2012/13 provisional settlement announced on 8 December 2011 has confirmed that the grant amount announced as part of the 2011/12 settlement is unchanged. It is anticipated that the final settlement will be announced on 8 February. Although no change is expected, if this is the case Members will be updated at this meeting.

4.5 Based on the provisional settlement, the general revenue grant funding from central government will reduce by £671k (11.2%) in 2012/13, in line with our estimate within the MTFP. The following table sets out a summary of the current 2-year settlement:

	2011/12 Actual £'000	% Change	2012/13 Provisional £'000	% Change
Base	6,890		5,981	
Funding Cut	-909	-13.2%	-671	-11.2%
Funding 2011/12 & 2012/13	<u>5,981</u>		<u>5,310</u>	

4.6 It is possible to see a link in the Government's funding policy, with reducing 'need-based' formula grant and increased funding based on housing growth through the New Homes Bonus (NHB) – see below.

Formula grant has reduced cumulatively by £1.58m over 2011/12 and 2012/13, whereas the Council is receiving £1.04m in “new” funding through the NHB Grant.

- 4.7 In terms of later years, the Government has indicated its intention to implement changes to the way local council’s are funded through a system of Business Rates Retention from April 2013. The Government’s response to the consultation in this regard has been released and officers will be analysing the implications the coming weeks, and report to Members in due course. Pending this analysis, we are confident that our estimates of further reductions in funding of around 10% per annum remain robust.
- 4.8 The following table provides a summary of the provisional settlement to other local councils within Somerset, for comparative purposes.

Somerset Council’s Provisional Formula Grant

	2011/12 £m	2012/13 £m	Decrease %	12/13 £ Per Population
Mendip	6.260	5.459	12.79%	£49.37
Sedgemoor	7.798	6.886	11.70%	£59.51
South Somerset	7.730	6.812	11.88%	£41.75
Taunton Deane	5.981	5.310	11.22%	£47.72
West Somerset	2.530	2.236	11.61%	£62.42
Somerset CC	130.158	120.471	7.44%	£224.53
Districts Average			11.84%	£52.16

Housing Benefit & Council Tax Admin Grant

- 4.9 The provisional grant allocation for 2012/13 is £732,805. This represents a reduction of £50k (6.4%) compared to the grant for 2011/12. This reduction has been taken into account within the MTFP and therefore doesn’t affect the Budget Gap figures included in this report.

New Homes Bonus Grant (NHB)

- 4.10 The New Homes Bonus (NHB) Scheme is a grant from the Government which incentivises or ‘rewards’ housing growth. The NHB grant is non-ringfenced and this was reinforced by Government’s stated commitment “... to ensuring that the Bonus remains a flexible, non-ringfenced fund, for local communities to spend as they see fit - from reinvesting it in housing or infrastructure, supporting local services or local facilities, or using the funds to keep council tax down”.
- 4.11 The NHB allocation for “Year 1” (2011/12) was £391,980. The scheme design sets out that each year’s Grant allocation will be payable for 6 years, therefore the 2011/12 allocation will be received by the Council each year until 2016/17. For the purposes of budgeting over the medium term, the Year 1 (2011/12) NHB Grant (which was notified to the Council after the 2011/12 budget was set) is proposed to be built into the Base Budget for 2012/13 onwards (i.e. from the second year of the Year 1 annual grant). By retaining NHB within the Council’s

general fund budget it will allow the Council to continue to support service delivery and ensure that the benefits of growth are maximised for Taunton Deane and its communities.

4.12 The provisional “Year 2” allocation is £647,745. This funding takes into account a net increase of 510 occupied homes between October 2010 and October 2011 including 465 net increase in housing stock and 45 empty homes brought into use. The funding is also based on there being 238 additional affordable homes in the year to March 2011. It is proposed to set this funding aside as a transfer into an earmarked reserve along with the £392k received in 2011/12, giving members maximum flexibility to make choices for investment in service priorities in the coming and future years.

4.13 The total New Homes Bonus receivable in 2012/13 (Year 1 + Year 2) is £1,039,725, of which (as stated above) £391,980 has been included in the draft budget for 2012/13. The following table summarises the income and budget proposals for the first 2 years’ allocations:

	2011/12 Actual £'000	2012/13 Proposed £'000	2013/14 Estimate £'000	2014/15 Estimate £'000	2015/16 Estimate £'000	2016/17 Estimate £'000	2017/18 Estimate £'000
Year 1 Grant	392	392	392	392	392	392	-
Year 2 Grant	-	648	648	648	648	648	648
Total Income	392	1,040	1,040	1,040	1,040	1,040	648
Annual Budget		392	392	392	392	392	392
Earmarked Reserve	392	648					
<i>To be determined</i>			648	648	648	648	256
Total Use of Grant	392	1,040	1,040	1,040	1,040	1,040	648

5 Council Tax

Proposed Council Tax Increase = 0.00%
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5.1 The Executive is minded to propose a Council Tax increase of 0.00% for 2012/13.

5.2 The council tax calculation and formal setting resolution is included in a separate report on the agenda for tonight’s Executive. This would mean that the **Band D Council Tax** would remain at an annual charge of **£135.19**. The Band D taxpayer would therefore receive all the services provided by the Borough Council in 2012/13 at a cost of £2.59 per week.

Council Tax Freeze Grant

5.3 In 2011/12 the Council approved a 0% tax increase. As a consequence, the Council receives Council Tax Freeze Grant of £137k per year, based on the additional income a 2.5% Tax Increase would

have generated for the Council. Our current understanding is that this grant is receivable for the duration of the current Spending Review period, up to 2014/15.

- 5.4 The Government has announced that a similar scheme is offered to councils to incentivise a tax freeze in 2012/13, with a grant for the equivalent of a 2.5% Council Tax increase (estimated at £139k for TDBC) except payable for one year only. The Executive propose to accept this grant offer and freeze the Council Tax for 2012/13.
- 5.5 It is recognised that freezing Council Tax and only receiving grant for one year means services could be harder hit in the future as the council would not be able to recover the loss of potential income in future years. It will have the impact of increasing the gap from 2013/14 by £139k a year, as the grant is only payable for one year (2012/13)

Special Expenses

- 5.6 Special Expenses represent costs specifically arising in the unparished area of Taunton. The proposed Special Expenses Rate (SER) will increase by 0.00% in 2012/13, i.e. at the same rate as the Council's basic council tax. The Special Expenses budget in 2011/12 is £46,820, which is a Band D Equivalent charge of £2.92 per year (5.6p per week) for the unparished area of Taunton.
- 5.7 The Tax Base for the unparished area in 2012/13 is 16,226.62 Band D Equivalents. A 0.00% increase gives a Band D Equivalent of £2.92 per year (5.6p per week) and a total draft SER budget for 2012/13 of £47,380. Estimated use of the funding is:
- £15,000 for Youth Initiatives
 - £32,380 for minor works and capital projects
- 5.8 The use of this budget is subject to a bid process during the year, and details of the allocation of funds will be included as part of the year end outturn reporting to Executive in June each year.

New Powers for the Public to Stop Excessive Council Tax Rises

- 5.9 Local Government Secretary Eric Pickles announced on 8 December 2011 new powers for the local electorate to stop excessive council tax rises this year. Although the Localism Act abolishes central government power to cap tax increases, the Secretary has set local powers so that a council tax increase above 3.5% will trigger a referendum. If the local electorate votes against that increase the Council would have to revert to a council tax level that is compliant i.e. no more than a 3.5% increase.

6 The Executive's Budget Proposals 2012/13

- 6.1 The Draft Budget Proposals for 2012/13 incorporate the impact of cuts in government funding and the measures that are proposed to address the overall budget gap in line with the approved Budget Strategy. A

reconciliation of the Draft Budget Requirement is included in Appendix B, with a Draft Budget Summary and Cost Centre Summary included in Appendix C and D respectively.

- 6.2 The Draft Budget closes the Budget Gap in full. It is a significant achievement to reach a proposed balanced budget for 2012/13 given the scale of the Budget Gap on October. The extensive work undertaken to progress the Budget Review Programme, DLO Transformation, and Core Council Review for Theme 5 / Growth & Regeneration has been important in this respect. The latest Budget Gap reported to Corporate Scrutiny on 14 November 2011 was £0.699m. 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 latest proposals from the Executive. Explanations for the changes follow the table.

See Para		Change £000	Gap £000
	Budget Gap Corporate Scrutiny 24 November 2011		699
	<i>New Income & Savings</i>		
6.3	Council Tax Base: additional tax raised through population changes	-32	
6.4	Collection Fund Surplus From Previous Year (One-off in 2012/13)	-184	
6.5	Provision for repayment of Capital Debt	-90	
6.6	Planning Income increased demand estimate per current trend	-70	
6.7	Southwest One Contract update (price indexation/contract changes)	-34	
6.8	Net Movement in Recharges to the HRA (draft)	-148	
6.9	Corporate Business Unit (CCR) updated savings	-10	
6.10	DLO Transformation updated savings estimate	-16	
6.11	License Fees (per Executive 7 December)	-12	
6.12	Deane Helpline net costs reduced	-23	
6.13	Various minor changes moving to detailed estimates	-42	
	<i>New Costs</i>		
6.14	Pension provision	25	
		636	
	Estimated Budget Gap as at 21 December 2011 (Per Members' Budget Consultation Pack)		63
	<i>New Income & Savings</i>		
6.15	Further Savings Plans (see separate report)	-198	
6.13	Other final detailed estimates changes	-160	
5.1	Council Tax at 0.00%	0	
	<i>New Costs</i>		
6.16	Youth Initiatives – add to Base Budget	5	
6.17	Economic Development Funding	30	
6.8	Final Net Movement in Recharges to the HRA	96	
6.18	RCCO One-off in 2012/13 for unfunded Capital Priorities	164	
		-63	
	Proposed Budget Gap		0

6.3 **Council Tax Base:** The Council Tax Base, approved by the Executive on 7 December 2011, is 41,216.39 'Band D Equivalents', and increase of 825.79 (2.04%) compared to the previous year. This adds an addition Council Tax Income of £32k compared to early estimates for the tax base increase that had already been included within the MTFP. The increase in Tax Base has increased estimated Council Tax income by £112k in total.

6.4 **Collection Fund Surplus:** The Collection Fund is the fund through which Council Tax is collected and then distributed to the local authorities (Taunton Deane, and the County, Police and Fire

authorities) and parish councils within the district. A provisional estimate has been undertaken which indicates the Fund is projected to be in surplus at the end of 2011/12. This surplus will be repaid to the major precepting authorities in 2012/13 (County, District, Police and Fire), and Taunton Deane's share is projected to be £184,000. This is included as a one-off saving in the draft budget.

- 6.5 **Repayment of Capital Debt:** The Council makes an annual charge to the revenue account for the repayment of capital borrowing. This is called a "Minimum Revenue Provision" – MRP. A review of this budget through the detailed estimates process has identified that the assumption included in the MTFP can be reduced by £90,000 in 2012/13. This is largely due to the re-phasing of the estimated borrowing required towards funding the replacement of the cremators at the Taunton Crematorium. It is now anticipated that repayment of borrowing for this scheme will not be required to start until 2013/14, deferring this cost within the MTFP.
- 6.6 **Planning Service Income:** The service estimates that the level of planning application fees income is expected to exceed the current MTFP assumption, which had been adjusted downwards due to the delay on the Government's proposals to move the service to operate on a 'self-financing' basis. The level of planning activity volumes is projected to be broadly similar to the current year, therefore based on the current fee structure an additional £70,000 can be included within the budget for 2012/13.
- 6.7 **Southwest One Unitary Charge:** The MTFP includes inflation assumptions for the Southwest One contract. The detailed estimates for the cost of this contract have identified a saving of £34,000 compared to the high level MTFP assumptions.
- 6.8 **Support Service and Other Service Recharges:** The finance team have been working with services to ensure that the allocation of support services and other recharged service costs reflect the most recently available data for their usage and the most appropriate basis for calculating the recharge amounts. The net impact of draft calculations in December led to an increase of recharges to the Housing Revenue Account (HRA) of £148,000. This has subsequently been reduced by £96,000 through final detailed calculations undertaken in January; the net movement to the HRA is therefore £52,000 in 2012/13. This reflects, for example, where there are fewer staff delivering General Fund services, and a greater share of officer time is focused on HRA activity.
- 6.9 **Corporate Business Unit:** As part of the Core Council Review for Theme 5, a savings 'target' of £50,000 was included in the initial savings estimates related to the creation of a Corporate Business Unit. The proposals for this restructuring will deliver savings estimated at approximately £60,500, giving an additional saving of £10,500 above the target.

- 6.10 **DLO Transformation:** The estimated savings generated through the restructuring of management and supervision within the DLO has been revised, which provides an additional £16,000 savings in the General Fund.
- 6.11 **License Fees:** Proposals for revisions to fees and charges were considered by Corporate Scrutiny on 24 November and the Executive on 7 December before being approved by Full Council on 13 December 2011. Further to feedback from Corporate Scrutiny, the Fees & Charges recommended by the Executive included an inflationary increase on license fees, generating an additional £12k income per year.
- 6.12 **Deane Helpline:** As part of the 2011/12 Budget, the Deane Helpline Trading Account was expected to produce a net cost to the General Fund of £100,000. As in previous years, the Council has agreed to increase income charges in line with inflation (RPI). Service costs have increased, mainly due to the updated calculation of Recharges, but the net impact is a reduction in the General Fund “subsidy” required for the trading account, reducing by £23,000 to £77,000 for 2012/13.
- 6.13 **Moving from MTFP to Detailed Estimates:** The MTFP is necessarily built on a ‘top down’ set of assumptions and estimates on the budget position and proposals. Managers and their accountants have been working on the ‘bottom up’ detailed estimates calculations, and this has resulted in a handful of changes to budget requirements which combine to give a net decrease to the Budget Gap of £202,000. This includes finalising a significant review of budget allocations and update of the MTFP assumptions related to repayment of capital debt and reserve transfers from accrued procurement savings.
- 6.14 **Pension Costs:** The impact of the reduction in funding for the Council and the related requirement to reduce costs means that the number of staff employed by the Council is inevitably reduced. This will have an impact in future years on the rate at which the deficit on the Somerset Local Government Pension Fund will be recovered, as the total annual employer’s contributions to the fund reduces compared to current assumptions. It is therefore prudent to create a provision for the cost of increasing pension contribution as the size of payroll reduces. It is proposed to set aside a provision of £25,000 within the 2012/13 budget.
- 6.15 **Further Savings Plans:** A separate report is included earlier on the agenda for this meeting, detailing Further Savings Plans for consideration and comment by Corporate Scrutiny. The additional savings total £198,000.
- 6.16 **Youth Initiatives:** For the past two years, the budget has contained one-off funding for Youth Initiatives from the General Fund budget, of £15,000 in 2010/11 and £10,000 in 2011/12. The Executive is minded to include an ongoing Base Budget provision of £5,000 in 2012/13. This is separate to funding allocated through the Taunton Unparished

Fund (£15,000). (For information, a further £18,000 is also allocated within the HRA Budget via the Tenants Forum to aid the social environment in the areas that the HRA has properties, which may also be allocated to youth initiatives if the Forum chooses).

- 6.17 **Economic Development:** The Executive is minded to increase the budget for Economic Development by £30,000 to support local business growth. This recognises that previous one-off LABGI grant funding is now virtually fully committed in supporting the Growth & Regeneration priorities agreed as part of the Core Council Review of Theme 5 in 2011.
- 6.18 **Capital Priorities:** As well as cuts to revenue funding, the Council has also seen drastic cuts in available external funding for capital projects. The Executive is minded to set aside a one-off revenue contribution (RCCO) as part of the 2012/13 budget to help fund capital priorities. This could include, if necessary, further investment in capital works to car parks, Deane House, the crematorium, or other future year commitments as set out in the Capital Programme Report included on the agenda for this meeting. There is significant uncertainty and risk that capital priorities are currently under-funded there it prudent to recommend the Executive set aside a further £164,250 from the revenue budget in 2012/13 for capital purposes. The details of how this will be allocated to individual projects will be recommended to Members once the detailed technical reports on car parks are received.

7 Initial Savings Plans

- 7.1 On 7 December the Executive received comments from Corporate Scrutiny regarding the Initial Savings Plans, which totalled £453,000. No firm proposals to vary the plans were made at that stage. The Initial Savings Plans are now included in the draft proposed Budget for 2012/13. The details are provided in Appendix E and Confidential Appendix J.
- 7.2 Further information in respect of the proposals in the form of Equalities Impact Assessments and feedback from UNISON and staff are included in Appendices F, G, H and Confidential Appendices M, N, O.

8 Fees and Charges

- 8.1 On 13 December 2011, Full Council approved changes to Fees & Charges for a number of services that would generate an increase to income budgets of £72,000 in total. The budgeted increases apply to cemeteries and cremation, pre-planning advice and licensing. Proposals regarding parking fees are referred in the Further Savings Plan report earlier on the agenda for this meeting, and are currently being finalised with a view to submission for consultation to Traffic Regulation Order (TRO) Panels in February and March. For budget purposes, it is estimated an additional £75,000 income will be raised through the anticipated changes in 2012/13. In addition, proposals to increase Pest Control fees are included in the same report, which

would enable an additional £4,000 income to be added to the Budget in 2012/13.

9 DLO Trading Account

- 9.1 Members are aware that the DLO internal transformation programme continues to make good progress. The restructuring undertaken during 2011 has enabled the DLO to reduce management and supervision costs by some £246,000 within the 2012/13 budget. The General Fund impact of this reduction is a net saving of £173,000 per year, as these efficiencies result in lower costs within client budgets.
- 9.2 The DLO has also updated its underlying cost budgets to take account of inflation and other ongoing cost commitments, and reflecting a lower staffing cost base due to pay awards and increments being less than allowed for within previous budget.
- 9.3 The DLO has also introduced efficiency within its vehicle fleet arrangements, reducing fleet numbers, and saving a further £39,000 per year on running costs. A proportion of the DLO trading reserve is earmarked for vehicle replacement in the next 1-2 years, but in addition to this the DLO is creating an annual budget of £202,000 for a capital replacement fund (vehicles, plant and equipment). This should provide the DLO with a sustainable funding position for its vehicle stock and other capital equipment requirements for the foreseeable future, which is clearly essential in the delivery of its services.
- 9.4 Taking these factors into account the DLO Trading Account continues to budget for a net surplus of £101,000.

<i>DLO Trading Unit Estimates for 2012/13</i>	Costs £000	Income £000	Net £000
Highways	652	(693)	(41)
Grounds	2,625	(2,675)	(50)
Building	4,208	(4,170)	38
Cleansing	754	(795)	(41)
Nursery	111	(118)	(7)
Grand Totals	8,350	(8,451)	(101)

- 9.5 The forecast reserves position for 2012/13 is positive, and provides some resilience to volatility in trading performance and future investment needs.

<i>DLO Trading Account Reserves</i>	2011/12 £000	2012/13 £000
Estimated Reserve Balance Brought Forward	569	149
Restructuring Costs	-120	0
Transfer to DLO Capital Replacement Fund	-300	0
Estimated Balance Carried Forward	149	149

10 Deane Helpline Trading Account

- 10.1 The Deane Helpline is a stand-alone trading account service. In 2012/13 the estimated deficit, which will need to be funded by the General Fund, is £77,000. See para 6.12 above.
- 10.2 The draft budget is based on charges increasing by 5.6% as approved by Full Council on 13 December 2011, 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 by 22 pence to £4.15. Weekly charges for new clients are increased by 24 pence to £4.43.
- 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 service has made good progress in improving its business processes and financial controls in the current year, enabling more robust arrangements for collecting income and managing costs. Improvements to the business' model have been made which will encourage its long term sustainability.
- 10.6 The price increase in November 2010 will continue to adjust the financial position and correct the loss making problems in the service over the next 3 years as the ratio of customers on the old charges reduces and those on the new charges increase.
- 10.7 The summary trading account is as follows. There are no reserves brought forward on this account.

Deane Helpline Trading Unit Estimates	2011/12 £000	2012/13 £000
Direct Operating Costs	909	915
Recharges	71	94
Income	(880)	(932)
Estimated Deficit	100	77

11 Draft Proposed General Fund Budget Summary 2012/13

- 11.1 The following table compares the draft proposed budget with the original budget for the current year. The table has been completed based on the proposed 3.45% Council Tax increase as recommended above.

	Original Estimate 2011/12 £	Draft Estimate 2012/13 £
Total Spending on Services	12,810,950	13,222,910
Capital Charges Credit	(1,930,000)	(2,434,180)
Interest payable on Loans	226,430	264,430
Minimum Revenue Provision	370,500	319,650
Interest Income	(69,000)	(69,000)
Transfer to Reserves – Previous Years commitments	300,700	39,900
Transfer from Reserves – One off for 2011/12 (RCCO, Deane Helpline)	(203,000)	0
AUTHORITY EXPENDITURE	11,506,580	11,343,710
Less: Revenue Support Grant	(1,412,330)	(103,600)
Less: Contribution from NNDR Pool	(4,569,120)	(5,206,870)
Less: Council Tax Freeze Grant	(136,520)	(277,000)
(Surplus)/Deficit on Collection Fund	71,800	(184,200)
Expenditure to be financed by District Council Tax	5,460,410	5,572,040
Divided by Council Tax Base	40,390.60	41,216.39
Council Tax @ Band D	£135.19	£135.19
Cost per week per Band D equivalent	£2.59	£2. 59

12 Medium Term Financial Plan Summary

12.1 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.

	2012/13 £000	2013/14 £000	2014/15 £000	2015/16 £000	2016/17 £000
Net Expenditure	11,342	12,561	14,145	15,042	15,728
<i>Financed By:</i>					
External Government Support	5,310	4,779	4,301	4,301	4,301
Council Tax Freeze Grant	277	137	137	0	0
Council Tax	5,755	5,740	5,913	6,091	6,275
Predicted Budget Gap	0	1,905	3,794	4,650	5,152

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

- Government Grant is reduced by the following rates: 12/13 by 11.2%, 13/14 by 10% and 14/15 by 10%. No change is currently assumed for 2015/16 onwards.
- Council Tax Freeze Grant relating to 2011/12 will be receivable for four years.

- Council Tax increases by 2.5% each year from 2013/14.
- 12.3 The Council considers its reserves position as part of the overall financial framework that underpins the Budget Strategy. This framework includes an acceptable minimum reserves position of £1.25m, or £1.0m if funds are allocated to ‘invest to save’ initiatives. The Proposed Budget for 2012/13 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.
- 12.4 In addition, the S151 Officer will be reviewing 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 (see Appendix A).
- 12.5 Beyond 2012/13, the MTFP includes anticipated inflationary pressures related to staffing pay awards, price inflation on services and major contracts, and possible further cuts in government funding (per 4.5, 4.7 above). There is also a significant estimated reduction in government funding for Council Tax Benefit (£0.7m), in 2013/14, and a potential reduction of parking income (£0.9m) in 2014/15 linked to Project Taunton town centre developments. The MTFP does not currently include any assumptions for future income generation from new or increased fees and charges, or savings in service budgets, beyond those proposed for 2012/13.
- 12.6 The following table provides a summary of the MTFP for the next five years. The estimated reserve balance brought forward in 2012/13 includes estimated costs of redundancy in 2011/12, but does not take into account any potential 2011/12 outturn variance.

General Reserves Forecast

	2012/13 £000	2013/14 £000	2014/15 £000	2015/16 £000	2016/17 £000
Estimated Balance B/F	2,793	2,833	928	(2,866)	(7,516)
Transfers – Previous Years commitments	40	0	0	0	0
Predicted Budget Gap	0	(1,905)	(3,794)	(4,650)	(5,152)
Estimated Balance C/F	2,833	928	(2,866)	(7,516)	(12,668)

- 12.7 Clearly the Council will not end up with a financial deficit of almost £13m in 2016/17. In view of the ongoing financial pressures, the Council will need to consider how to address the estimated budget gap in future years. A significant amount of work was undertaken as part of the Budget Review Programme in 2011, and it is anticipated this will help to inform future budget proposals in order to address the financial challenges ahead. The Council will continue to work to deliver a sustainable financial position, in order to sustain a robust budget in future (see Appendix A).

13 Comments from Corporate Scrutiny

13.1 Corporate Scrutiny Committee considered the draft budget at its meeting of 26 January 2012. In addition to the comments specifically related to the Further Savings Plans (see previous report on this agenda) the following areas were debated.

- Proposal to set aside revenue funding for capital purposes, recognising that officers are in the process of collecting information that will not be available until after the budget is set, and consideration of the prioritisation of this funding and whether funding might be made available from reserves.
- Concerns were raised about the impact of the Confidential Savings Plan Item B1 (see Confidential Appendix K of this report in Item 18 of this agenda), with clarification provided by officers at the meeting.

13.2 There were no formal recommendations from the Committee to change the Draft Budget.

14 Minimum Revenue Provision Policy

14.1 Before the start of each financial year, the Council is required to determine the basis on which it will provision from revenue for the repayment of borrowing undertaken for the purpose of financing capital expenditure. This annual provision, known as Minimum Revenue Provision (MRP), is designed to ensure that authorities make prudent provision to cover the ongoing costs of their borrowing.

14.2 In 2008, the Government became less prescriptive offering Councils a number of options for calculating MRP. For the financial year 2011/12, the Council determined to calculate MRP as follows:

- for supported borrowing, 4% on outstanding debt; and
- for unsupported borrowing, the debt associated with asset divided by the estimated useful life of the asset.

14.3 The proposed Policy for 2012/13 is for the calculation of MRP to be fundamentally the same, but for added clarity is slightly amended 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.

15 Prudential Indicators

15.1 In 2011 the Chartered Institute of Public Finance and Accountancy (CIPFA) has updated the Prudential Code for Capital Finance in Local Authorities (the Prudential Code), which underpins the system of capital finance.

- 15.2 Local authorities determine their own programmes for capital investment in long term assets that are central to the delivery of quality public services. The Prudential Code has been developed as a professional code of practice to support local decision making. Authorities are required by Regulation to have regard to the Prudential Code when carrying out their duties under Part 1 of the Local Government Act 2003 (Capital Finance Etc and Accounts).
- 15.3 Prudential Indicators required by the Prudential Code are designed to support and record local decision making in a manner that is publicly accountable. They are required to be set through the process established for setting and revising the budget, and are proposed taking into account their affordability (e.g. so that external debt is kept within sustainable, prudent limits).
- 15.4 The Prudential Indicators are included in Appendix J, and the Executive is requested to recommend approval by Full Council as part of the Budget. The indicators have been updated this year to reflect the move to Self Financing for the Housing Revenue Account (HRA), so that indicators for affordability etc are split between costs that fall on council tax and those that fall on rental income.

16 Finance Comments

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

17 Legal Comments

- 17.1 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 (see Appendix A).
- 17.2 Managers have considered legal implications in arriving at the draft proposed budget for 2012/13.

18 Links to Corporate Aims

- 18.1 The draft budget proposals for 2012/13 have been prepared with consideration to links with the Corporate Aims.

19 Environmental and Community Safety Implications

- 19.1 Environmental and community safety implications have been considered in arriving at the draft budget proposals for 2012/13.

20 Equalities Impact

- 20.1 Equalities Impact Assessments have been undertaken on proposed

budget savings items where appropriate, in line with the Council's statutory obligations. See Appendix F and Confidential Appendix L.

21 Risk Management

- 21.1 The risks associated with the proposed budget have been considered. Extensive information was provided to all Members as part of the Budget Review pack. In addition, the overall assumptions, risks and uncertainties are considered and reported on within the S151 Officer's Robustness Statement (see Appendix A) which will be included in the final Proposed Budget to the Executive on 9 February 2012.

22 Partnership Implications

- 22.1 The Council operates many key partnerships included but not limited to: Southwest One, Tone Leisure, and Somerset Waste Partnership. Engagement with partners has been an important factor in pulling together the options for the Budget Review Project and for the proposed Draft Budget 2012/13.

23 Recommendations

- 23.1 The Executive recommend to Full Council the Draft General Fund Revenue Budget for 2012/13 as outlined above. In particular the Executive recommends to Full Council to:
- a) Note the S151 Officer Statement of Robustness in Appendix A, which applies to the whole budget including General Fund, Housing Revenue Account and Capital Budget proposals.
 - b) Approve the transfer of any under-/overspend in the 2011/12 General Fund Revenue Account Outturn to/from the General Fund reserves.
 - c) Consider the equalities impact assessments provided in the report and appendices as part of the budget decision process.
 - d) Approve the Draft General Fund Revenue Budget 2012/13, including a Basic Council Tax Requirement budget of £5,572,040 and Special Expenses of £47,380 (noting formal resolution of Council Tax Requirement is included in a separate report).
 - 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) Approve the Prudential Indicators for 2012/13, as set out in Appendix J.

- g) Note the projected General Fund Reserve balance of £2.8m in 2012/13, which is above the recommended minimum balance within the S151 Officers Statement of Robustness in Appendix A.
- h) Note the forecast budget position within the Medium Term Financial Plan.

Background Papers

Full Council 5 October 2010 – Budget Strategy

Corporate Scrutiny 21 July 2011 – Budget Strategy and the Way Forward

Executive 14 September 2011 – Budget Review Project: High Level Principles

Corporate Scrutiny 27 October 2011 – Budget Setting 2012/13

Corporate Scrutiny 24 November 2011 – 2012/13 Budget Gap Update and Budget Savings Plans; Fees & Charges

Executive 7 December 2011 – 2012/13 Budget Gap Update and Budget Savings Plans; Fees & Charges

Corporate Scrutiny 26 January 2012 – Further Savings Plans 2012/13, Draft General Fund Revenue Estimates 2012/13

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APPENDICES TO GENERAL FUND BUDGET REPORT

A	Statement by s151 Officer
B	Summary of Budget Requirement Calculation
C	General Fund Budget Totals 2012/13
D	General Fund Budget Totals By Portfolio 2012/13
E	Initial Savings Plans (non confidential)
F	Equality Impact Assessment – Staff / Voluntary Sector Grants
G	Comments From Unison re Staff Parking / Cars / Child Care
H	Staff Consultation Responses
I	Earmarked Reserves Forecast
J	Prudential Indicators
K	CONFIDENTIAL – Initial Savings Plan
L	CONFIDENTIAL – Structure Charts Cemeteries & Crematorium
M	CONFIDENTIAL – Equality Impact Assessment Slinky Bus
N	CONFIDENTIAL – External Consultation Responses – Strategy Lead
O	CONFIDENTIAL – Consultation Response From Strategy Lead
1	Further Savings Plan – Report to Exec 9/2
2	Further Savings Plan – App A (List of Savings Ideas)
3	Further Savings Plan - App B (Fee Increase Pest Control)
4	Further Savings Plan – App C (Equality Assessment Slinky Bus)

(UPDATED)

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 2012/13 (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 2012/13.
- 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 The draft Government grant settlement, published in December 2011, set out the indicative grant position for 2012/13 (which was as per the Govt estimates shared in 2010). The headline grant cut for Taunton Deane is 11.2% for 2012/13.
- 3.2 The final grant settlement position will be announced in late January.
- 3.3 As reported last year, this level of reduction in grant funding is unprecedented and forces the Council to make some difficult decisions on what services it will be able to deliver, and how they will be delivered. The Budget Review Project was launched this year with the aim of developing a 4 year funding plan for the Council. This was unachievable in 2011 and more work will be done with Councillors towards this aim in 2012.
- 3.4 The Executive's draft budget takes advantage of the new Government "incentive" scheme – introduced to encourage local authorities to freeze council tax for 2012/13. This means the council tax increase for 2012/13 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. Neither is available to Taunton Deane this year. The programme has been restructured to target our limited resources at priority schemes.
- 4.2 The Executive's draft budget proposals for the capital programme are set out in Agenda Item 14 at this meeting.
- 4.3 To support the spending plans, Councils are required to publish and monitor a set of Prudential Indicators (see Appendix J of this report). The Executive's draft General Fund capital programme does follow the principles of the Prudential Code, and does not require any new prudential borrowing.
- 4.4 The traditional, subsidy based funding regime for the Housing Revenue Account (HRA) is about to change. From 1st April 2012, Taunton Deane, like all other landlord authorities will embark on a self-financing regime for the HRA. In simple terms, this means we no longer have to pay a sum of over £7m per annum to the Government in "negative" subsidy, and instead, can use this resource to borrow funds to buy our way out of the subsidy regime with Government. The "cost" of buy-out for Taunton Deane is £85.7m. There are robust budgets in place to support the HRA in 2012/13 and beyond, and delivery of the business plan objectives (financial and otherwise) will be monitored closely.

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 2012/13, then 2% thereafter.</p> <p>Utilities - based upon estimated contract increases</p> <p>Pension Contributions – 16.1%</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 2011/12.
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.
Efficiency Initiatives	Where initiatives are sufficiently well

	<p>developed, they are included in savings plans. In addition, the Council has benefited from a further savings of £87k in 2012/13 from the Southwest One services contract. The Procurement project with Southwest One is disappointingly, not yet delivering savings at a level to assist the revenue budget position.</p>
<p>Significant Budget areas which are subject to change during the year</p>	<p>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.</p>
<p>Choices available to Members</p>	<p>All Members have been presented with options for closing the budget gap through the Savings Plan process. The Initial Savings Plans have been considered by Corporate Scrutiny on 24 November 2011 and the Executive on 7 December 2011. Further Savings Plans were issued for consultation on 11 January 2012 for consideration alongside the Executives Budget Proposals at Corporate Scrutiny on 26 January 2012.</p>
<p>Changes in Legislation</p>	<p>Legislative changes are analysed by officers and their effect built into the MTFP and budget.</p>
<p>Sustainability</p>	<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. <u>The review of the Corporate Strategy – scheduled for 2012 – will need to fundamentally challenge existing priorities and levels of service if the Council is to have a sustainable financial position moving forward.</u></p>
<p>Sensitivity Analysis</p>	<p>The financial planning model allows the Authority to predict the likely outcomes of changes to key data ie inflation, council tax, government grant etc. This is helpful</p>

	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 2012/13 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 £15m of outstanding debt (which is within our maximum borrowing level of £30m). The Council currently has £23.3m 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 Est Q2	316,000	2.7%

- 9.2 In the context of a gross expenditure budget of £54m, the above results are reasonable. Members are provided with regular in-year updates on key budget variances (Corporate Scrutiny and Executive). There is always room for improvement and we hope to further streamline our systems during 2012/13.

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 updated its Financial Regulations during 2008, and they will be refreshed again during 2012. The Financial Regulations are being complied with throughout the organisation.

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 have been undertaken on all savings plan issues proposed in this budget, and other budget changes where required. Copies are set out in Appendix F and M.

12 Key Risk Issues In 2012/13 Budget

12.1 There are some areas of the proposed budget for 2012/13 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 2012/13 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:-

- **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.
- **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.
- **Housing & Council Tax Benefit Subsidy** - The funding regime for housing benefit and council tax benefit subsidy has remained constant for 2012/13. However, the administration grant we receive to support this function has been reduced by £59k. This service is delivered by our partners Southwest One. 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 2012/13 will be greater than normal due to the expected growth in claims arising from the current economic slump and the complexity of the changes in the benefit regime coming into force on 1st January 2012. The total benefit subsidy budget is in excess 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 is at a prudent level.
- **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 potentially 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.

- **Car Park Fee Income** – the latest projections for car park income in the current year (2011/12) show a significant downward trend. For budgeting purposes, this is assumed to continue in 2012/13. The Car Parking Strategy approved by Members in 2011 will introduce some changes to car park charges, and a prudent estimate has been made of the financial impact of this in 2012/13. This will be reviewed closely during the year to ensure the budget estimates remain robust.
- **Trading Account – Deane Helpline**. The Executive’s draft budget recognises the latest information on the expected financial position of the Deane Helpline (a trading loss of £77k in 2012/13). As reported to Members in 2011, the service delivered to the public is excellent, and this will continue in 2012/13, but the underlying financial position is not sustainable in the longer term. This is being reviewed by senior managers.

13. The Future – New Financial Risks

13.1 In addition to the issues set out above, there are several **new financial risks** facing the Council from April 2013 that we need to be mindful of for our future financial planning:-

13.2 Localisation of Council Tax Benefit

The Finance Bill (published December 2011) sets out the Government’s intention to localise the support for Council Tax Benefit from 1st April 2013 (consultation paper shared with Scrutiny in autumn 2011 refers). The Council will therefore be responsible for assisting those on low incomes to help meet their council tax liability. The new local scheme will be “agreed” by Members, and administered and funded locally. The existing central government funding will be passed down to Councils (less 10%). Councils are also being given some clear guidance from Government on how this saving can be met.

A project team has been set up to progress this – and Members will be involved in the development of the new scheme before it is presented to Scrutiny and the Executive for approval in 2012.

The financial risks associated with this proposal are extremely high, and the minimum level of General Fund Reserves will be reviewed during 2012 to reflect this.

13.3 Business Rates Retention

The Finance Bill (published December 2012) sets out the Government’s intention to progress the principle of retention of business rates locally (consultation paper shared with Scrutiny in autumn 2011 refers). This significantly changes the current regime of local authority funding via the Revenue Support Grant.

Future funding for core services will be reliant on the authority achieving a certain level of growth. Although there will be some protections in place, there is a risk that we lose some core funding. Additionally, the risk on collection will now rest with the local authorities, and not central government.

The financial risks associated with this proposal are extremely high, and the minimum level of General Fund Reserves will be reviewed during 2012 to reflect this.

13.4 **Universal Credit**

The Government plans that Councils, from October 2013, will no longer be responsible for the administration of Housing Benefit payments. Instead, they will form part of the new Universal Credit regime which will be administered directly by the Department of Works and Pensions (DWP).

The detail on how this will actually work has yet to be shared. The changes will clearly impact on our customers and staff, and bring some financial uncertainties to our future plans.

14. **ADEQUACY OF RESERVES**

14.1 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.

14.2 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 2011/12 – returning a total of £159k from earmarked reserves to the General Fund Reserve.

14.3 The Executives draft budget for 2012/13 does not rely on the use of General Fund Reserves.

14.4 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.

14.5 The headlines of my findings on each key reserve are set out in the remainder of section 14 below.

14.5 My conclusions / opinion is set out in section 15 below.

General Fund Reserve

14.6 The predicted General Fund Reserve position is set out in section 14 of the main report. The Executive's proposed budget for 2012/13 does not require the used of any General Fund Reserves.

- 14.7 The predicted balance on this reserve, having set the 2012/13 budget is £2.8m. This will reduce should the predicted overspend in 2011/12 materialise.
- 14.8 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. This has been done and is clearly set out in the Council's Financial Strategy.
- 14.9 The 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).
- 14.10 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 than reserves need to be at this level to support the Council through the difficult choices it will need to make.

Housing Revenue Account Reserve

- 14.11 The housing Revenue Account balance is forecast to be £1.3m at 31 March 2012. The move to self-financing is now imminent, and we are preparing to execute the transaction on 28th March 2012. The draft 30 year business plan has been shared with Members and Tenants and will be presented for formal approval alongside the budget. The financial summary for the next few years is as follows:-

	2011/12 £000	2012/13 £000	2013/14 £000	2014/15 £000
Total Income	22,606	24,200	24,595	25,201
Expenditure	22,886	23,712	24,595	25,201
(Surplus)/Deficit	280	(488)	0	0
Working Balance b/f	1,592	1,312	1,800	1,800
Working Balance c/f	1,312	1,800	1,800	1,800

- 14.12 Traditionally the Council has aimed to preserve the HRA Reserve at no lower than £150 per dwelling (which would be the equivalent of £0.9m). The move to self-financing brings new financial risks to the Council and it is therefore appropriate to review the minimum level of reserve at this point.

It is considered sensible to increase the minimum level of the HRA Reserve to double its current level – to cope with the increased risks of the self-financing regime (equating to £300 per property – approximately £1.8m).

Earmarked Reserves

14.13 At 31 March 2012, the Council expects to have £4.9m in earmarked reserves. The main reserves include the self-insurance fund, asset maintenance, and the DLO trading reserve.

15. CONCLUSION

15.1 All Councils are facing financial challenges. 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.

15.2 The medium term financial plan shows we have some serious funding gaps to close in future years. The Executive has presented for approval a budget for 2012/13 which does not rely on reserves. The Council must now focus on dealing with the longer term challenges of dealing with the underlying financial position.

15.3 The Budget Review Project made a start on this during 2011, and Member must now focus on the big challenge of tackling the budget deficit over the medium term. Hopefully the forthcoming review of the Corporate Strategy will help the Council be really clear about what it can afford to do in future years (and equally clear about what it cannot afford to do).

15.4 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 will face new financial risks from April 2013 and the minimum level of reserves will be reviewed upwards to reflect this for 2013/14.

15.5 The Council's budgeting controls will also need to be improved to ensure that information is available earlier in the budget process.

15.6 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 2012/13 to be robust.

Shirlene Adam
Strategic Director
January 2012

ANALYSIS OF GENERAL FUND BUDGET REQUIREMENT 2012/13

	£'000
Budget Requirement 2011/12	11,872
Inflation	528
Other Cost Increases	
Car Parking Income Usage	600
Housing Benefit and Council Tax Benefit Subsidy	59
RCCO – Remove one-off net reduction for 2011/12	36
Reduction in HB and Council Tax Admin Grant	49
Licensing Income (demand)	50
RCCO – One-off for Capital Priorities Provision in 2012/13	164
TIC historic budget gap	50
Remove One-off Use of HPDG in 11/12 for Director costs	78
Pension Provision (stable payroll)	25
Grounds Maintenance (Cotford St Luke/Longrun)	35
Youth Initiatives (create Base Budget)	5
Economic Development	30
Savings	
Initial Savings Plans	-453
Fees & Charges (approved December 2011)	-72
Further Savings Plans / Fees & Charges	-198
Southwest One Efficiency	-87
Repayment of capital debt (MRP)	-51
Reduced Contribution to Deane Helpline	-23
DLO Transformation Savings	-173
Core Council Review Theme 5, Regeneration and Corp Support	-311
Other Changes	
New Homes Bonus Grant (2011/12 housing growth)	-392
New Homes Bonus Grant (2012/13 housing growth)	-648
Transfer to Earmarked Reserve – New Homes Bonus	648
Movement in Support Service Recharges to HRA (excluding Savings Plans recharge movements)	-65
Transfer to Reserves – Previous Years Commitments	-58
Move to detailed estimates and other net changes	11
Parish Precepts increase	26
Budget Requirement 2012/13	11,735
Grants and Taxation Budget 2011/12	-11,872
Increase in Council Tax Base	-112
One-Off Council Tax Freeze Grant for 2012/13 (estimated)	-139
Increase in Special Expenses (due to Council Tax Base)	-1
Increase in Parish Precepts	-26
Formula Grant Cut at 11.2%	671
Collection Fund Surplus/Deficit	-256
Grants and Taxation Budget 2012/13	-11,735

(UPDATED)

APPENDIX C

DRAFT GENERAL FUND REVENUE BUDGET SUMMARY 2012/13

	Original Budget 2011/12 £	Current Budget 2011/12 £	Forward Estimate 2012/13 £
Service Portfolios			
Community Leadership	1,121,150	1,349,830	1,103,130
Corporate Resources	1,729,930	1,935,870	1,238,470
Economic Development, Asset Management, Arts & Tourism	836,870	939,110	1,161,780
Environmental Services	4,284,450	4,237,310	4,509,440
General Services	1,413,330	1,457,180	1,226,970
Housing Services	2,264,300	2,330,310	2,572,040
Planning, Transportation & Communications	(1,365,540)	(1,316,560)	(1,094,980)
Sports, Parks & Leisure	2,545,960	2,506,680	2,584,130
Net Cost of Services	12,830,450	13,439,730	13,300,980
Other Operating Costs and Income			
Interest Payable and Debt Management Costs	226,430	226,430	264,430
Interest and Investment Income	(69,000)	(69,000)	(67,440)
Parish Precepts	456,450	456,450	482,310
Special Expenses	46,820	46,820	49,000
DLO	(101,000)	(101,000)	(101,000)
Deane Helpline	100,000	121,500	76,880
Total Other Operating Costs and Income	659,700	681,200	704,180
Transfers To/(From) Reserves			
Transfers To/(From) Earmarked Reserves	(148,500)	(591,400)	309,480
Capital Financing from GF Revenue (RCCO)	130,000	175,000	330,410
Repayment of Capital Borrowing (MRP)	370,500	370,500	663,970
Transfers to Capital Adjustment Account	(1,930,000)	(1,930,000)	(2,434,180)
Total Transfers To/(From) Reserves	(1,578,000)	(1,975,900)	(1,130,320)
NET EXPENDITURE BEFORE GRANTS AND TAXATION	11,912,150	12,145,030	12,874,840
Grants & Local Taxation			
Revenue Support Grant	(1,412,330)	(1,412,330)	(103,600)
Contribution from NNDR Pool	(4,569,120)	(4,569,120)	(5,206,870)
New Homes Bonus	0	(391,980)	(1,039,720)
Council Tax Freeze Grant	(136,520)	(136,520)	(277,000)
Previous Year's Collection Fund Deficit/(Surplus)	71,800	71,800	(184,200)
Council Tax (Demand on Collection Fund)	(5,963,680)	(5,963,680)	(6,101,730)
Total Grants & Local Taxation	(12,009,850)	(12,401,830)	(12,913,120)
NET (SURPLUS)/DEFICIT FOR THE YEAR	(97,700)	(256,800)	(39,900)
Transfer to (from) General Fund Balance	97,700	256,800	39,900
Budget Gap	0	0	0

(UPDATED)

APPENDIX D

**PROPOSED GENERAL FUND REVENUE BUDGET SUMMARY 2012/13
COST CENTRE SUMMARY BY PORTFOLIO**

Cost Centre	Heading	Original Budget 2011/12	Current Budget 2011/12	Forward Estimate 2012/13
		£	£	£
COMMUNITY LEADERSHIP				
101570	Community Safety	234,360	260,500	223,290
101819	Housing Strategy	182,430	182,430	117,340
102100	LDF	231,720	329,720	326,520
102129	Shopmobility	73,040	73,040	76,660
103518	Strategy	60	10,900	0
109257	Community Grants	235,070	225,070	200,070
109509	Climate Change	62,830	90,730	64,310
109643	Community Development	101,640	102,440	99,940
110320	Youth Homeless Fund	0	75,000	0
110448	Taunton Deane Partnership	0	0	(5,000)
		1,121,150	1,349,830	1,103,130

CORPORATE RESOURCES				
101070	Council Tax Collection	618,860	618,860	570,030
101117	Council Tax Benefit Admin	167,330	167,330	180,560
101148	Council Tax Benefit	(55,000)	(55,000)	0
101149	NNDR Collection	93,790	93,790	80,900
101192	Register of Electors	139,740	129,740	102,350
101203	Conducting of Elections	21,530	84,800	29,910
101273	Local Land Charges	22,440	22,440	18,800
101825	Housing Advances	0	0	0
102019	Rent Allowances	350,000	350,000	0
102029	Rent Rebates	146,160	146,160	(136,000)
102038	HB Admin	0	0	451,230
102155	TDBC Assets	(100,120)	(100,120)	(59,310)
102276	ICT	0	0	0
102281	Retained ICT	0	15,000	0
102310	Facilities Management	0	0	0
102312	Property Management	17,390	43,500	0
102329	Retained Property	0	5,000	0
102417	Wellington Office	2,090	2,090	0
102418	Deane House	0	49,000	0
102459	Flook House	0	0	0
102461	Procurement	0	0	0
102535	Design and Print	0	0	0
102567	Legal Services	0	6,000	0
102571	Democratic Services	0	6,000	0
102580	Customer Contact	0	0	0
102588	HR	0	0	0
102606	Retained HR	0	40,000	0
102627	Finance	0	7,500	0

Cost Centre	Heading	Original Budget 2011/12	Current Budget 2011/12	Forward Estimate 2012/13
		£	£	£
102649	Retained Finance	0	0	0
102679	Insurance	0	0	0
102686	Treasury Management	0	0	0
102693	CTAX	0	(330)	0
102754	Benefits	0	330	0
102755	Performance & Client	0	1,750	0
102797	Training and OD	0	0	0
102803	CEO	0	22,620	0
102807	Director BC	0	(13,010)	0
102819	Director KT	0	(13,750)	0
102832	Director SA	0	(9,980)	0
102834	Director JW	73,400	63,830	0
102839	PAs	0	0	0
109439	SW1 Transformation	232,320	232,320	0
109853	Client Contractual Issues	0	7,890	0
109859	SAP Relaunch	0	12,110	0
		1,729,930	1,935,870	1,238,470

ECONOMIC DEVELOPMENT & THE ARTS

101159	Support to BID	0	0	0
101281	General Grants	69,270	69,270	65,230
102152	Market Undertakings	13,240	13,240	12,330
102157	Project Taunton (TDBC)	121,650	221,650	367,100
102188	Art Development & Support	20,000	20,000	20,000
102190	Theatre & Public Entertainment	152,000	152,000	152,000
102265	Tourism Policy Marke (STP)	7,030	7,030	14,010
102267	Visitor Centres	81,460	81,460	36,080
102270	Visitor Centre (TIC)	48,890	49,910	115,490
102407	Priory Depot	0	0	0
103524	Project Taunton	0	0	29,000
103532	Economic development	267,740	268,960	287,870
109491	Project Taunton Our Place	0	0	0
109948	Economic Development Specialist	55,590	55,590	62,670
		836,870	939,110	1,161,780

Cost Centre	Heading	Original Budget 2011/12 £	Current Budget 2011/12 £	Forward Estimate 2012/13 £
ENVIRONMENTAL SERVICES				
101328	Cleansing	(10)	(10)	0
101431	Cemeteries	193,670	191,670	176,030
101451	Crematoria	(755,860)	(753,860)	(793,990)
101458	Food Safety	252,990	277,140	384,290
101464	Pollution Reduction	331,220	319,710	329,500
101478	Health & Safety	24,950	0	58,170
101495	Pest Control	30,730	30,730	41,320
101533	Dog Wardens	72,230	72,230	80,080
101542	Licensing	(40,600)	(49,090)	22,820
101563	Public Conveniences	305,730	305,730	281,200
101640	Flood Defences	194,810	194,810	265,070
101648	Street Cleaning	664,290	664,290	680,340
101689	Household Waste	1,287,690	773,690	1,108,180
101726	Recycling	1,332,870	1,796,870	1,836,930
109642	Business Support Theme 4	0	100	0
109644	Environmental Health Management	370,240	373,800	0
109669	Drainage Board	19,500	19,500	19,500
110591	Welfare Funerals	0	20,000	20,000
		4,284,450	4,237,310	4,509,440
GENERAL SERVICES				
101015	Democratic Representation & Management	868,790	882,140	750,780
101017	Corporate Management	306,870	306,870	444,350
101055	Non Distributed Costs	125,650	140,650	140,650
101232	Emergency Planning	60,000	60,000	51,800
101287	Precepts and Levies	(14,010)	(14,010)	44,130
102791	Internal Audit	10	10	0
109236	Appropriations	(4,740)	(4,740)	(204,740)
109237	Core Council Review	70,760	86,260	0
		1,413,330	1,457,180	1,226,970
HOUSING SERVICES				
101291	Building Maintenance	(10)	6,790	0
101468	Housing Standards	123,470	529,010	829,010
101822	Housing Advice	594,850	598,750	730,270
101838	Cont. to HRA re: Shared Items	283,390	283,390	265,920
101944	Admin of Ren & Imp Grants	814,160	367,760	31,000
101974	Control & Closing Orders	4,140	0	0
101978	Hostels (non HRA support)	0	0	0
101987	B&B Accommodation	277,100	277,100	277,100
101993	Leasehold Dwellings	38,000	38,000	20,000
102007	Homelessness Admin	35,460	89,270	33,290
109226	Housing Enabled	0	0	0
109227	Housing Enabling	93,740	95,240	385,450
109645	HIA	0	45,000	0
		2,264,300	2,330,310	2,572,040

Cost Centre	Heading	Original Budget 2011/12 £	Current Budget 2011/12 £	Forward Estimate 2012/13 £
PLANNING, TRANSPORTATION & COMMUNICATIONS				
101371	Transport	0	0	0
101734	On Street Parking	236,680	126,630	254,550
101779	Off Street Parking	(3,111,710)	(2,991,660)	(2,621,760)
101785	Concessionary Fares	34,000	34,000	3,670
101809	Co-ordination	113,970	113,970	102,890
102045	Building Control - Fee Earning	(89,980)	(135,740)	0
102053	Building Control - Non Fee Earning	188,720	122,140	110,310
102058	Planning Advice	741,310	743,310	829,710
102059	Dealing with Applications	(193,160)	(206,240)	(286,240)
102083	Enforcement	125,330	128,360	127,710
102093	Regional Planning	238,290	238,290	47,290
102103	Conservation & Listed Buildings	296,160	337,360	283,480
102104	Sustainable Development	11,260	11,260	8,880
102783	Public Relations	0	0	0
109553	Business Support Theme 2	0	5,830	0
109979	Building Control - Services	43,590	155,930	44,530
		(1,365,540)	(1,316,560)	(1,094,980)
SPORTS PARKS AND LEISURE				
101301	Nursery	0	0	0
101317	Grounds Maintenance	0	4,020	0
101338	Highways	4,020	5,720	0
101384	Vivary Park Trading Account	22,480	22,480	15,490
101818	Environmental Maintenance	44,950	44,950	29,430
102196	Sports Development	470,030	228,450	209,440
102212	Indoor Sports	419,480	343,710	388,620
102216	Outdoor Sports	113,870	113,870	329,700
102243	Golf Courses	13,660	13,660	3,800
102246	Community Open Spaces & Parks	928,460	928,460	849,800
102248	Countryside Recreation & Management	0	0	0
102256	Allotments	830	830	(310)
109639	Tone Leisure	528,180	800,530	758,160
		2,545,960	2,506,680	2,584,130
OTHER OPERATING COSTS & INCOME				
109229	Interest Payable	226,430	226,430	264,430
109230	Interest Receivable	(69,000)	(69,000)	(67,440)
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
109749	Parish Precepts	455,650	456,450	482,310
109998	Special Expenses	46,820	46,820	47,380
		659,900	660,700	726,680

Cost Centre	Heading	Original Budget 2011/12	Current Budget 2011/12	Forward Estimate 2012/13
		£	£	£
TRANSFERS TO/FROM RESERVES				
109768	Transfer GF Depreciation to CAA	(1,049,900)	(1,049,900)	(1,374,180)
109769	Transfer GF REFCUS to CAA	(880,100)	(880,100)	(1,060,000)
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)	370,500	370,500	663,970
109775	Capital Financing from GF Revenue (RCCO)	130,000	175,000	330,410
109777	Transfer to Pension Reserve - Ers Conts	0	0	0
109779	Transfers To/From Earmarked Reserves	(148,500)	(591,400)	309,480
109999	Transfer GF Capital Receipts to CRR	0	0	0
		(1,578,000)	(1,975,900)	(1,130,320)
GOVERNMENT FUNDING & LOCAL TAXATION				
109233	Demand on Collection Fund	(5,962,880)	(5,963,680)	(6,101,730)
109234	Central Government Grants	(1,412,330)	(1,412,330)	(103,600)
109235	Business Rates Grants	(4,569,120)	(4,569,120)	(5,206,870)
110000	Area Based Grant	0	0	0
110001	Collection Fund (Surplus)/Deficit Share	71,800	71,800	(184,200)
110260	Council Tax Freeze Grant	(136,520)	(136,520)	(277,000)
110693	New Homes Bonus Grant	0	(391,980)	(1,039,720)
		(12,009,050)	(12,401,830)	(12,913,120)
TRADING ACCOUNTS				
	Deane Helpline	100,000	121,500	76,880
	DLO	(101,000)	(101,000)	(101,000)
		(1,000)	20,500	(24,120)
(SURPLUS)/DEFICIT FOR THE YEAR		(97,700)	(256,800)	(39,900)
Transfer to (from) General Fund Balance		97,700	256,800	39,900

APPENDIX E

TAUNTON DEANE BOROUGH COUNCIL - INITIAL SAVINGS PLANS 2012/13 (NOVEMBER 2011)

Ref	Description of Saving	Lead Officer	Amount Ongoing £'000	Amount One Off £'000	Comments	How	Impact	Equalities Impact
A1	Staff Car Parking	Martin Griffin	32		Increase in charges for staff car parking at Deane House. Change to be introduced with effect from 1 April 2012.	Collective Agreement with UNISON and discussions with affected employees. Charge from 1 April 2012 to be £1 per day.		A detailed Impact Assessment is included in Appendix F
A2	Child Care Subsidy	Martin Griffin	3		Childcare Subsidy Scheme to be closed with effect from 1 April 2012 (other than for staff who have already commenced maternity leave) with savings to be gained over the next four years and eventually reaching £21500 per annum	Decision by Council and discussion with UNISON		A detailed Impact Assessment is included in Appendix F
A3	Housing Partnership Grants Administration Delete vacant Grants Co-ordinator post	Simon Lewis	13		Post was a seconded TDBC employee and TDBC will benefit from these savings	Reorganisation within the team	N/A. This has been put in place in 2011/12 and is working well	See Note 1 below - No negative impact
A4	Income for officer input on county-wide GIS work for Somerset West Private Sector Housing Partnership	Simon Lewis		10	We will supply GIS capacity from within our team to support asset mapping. We will receive income in 2012/13 to cover this.	We have arranged some backfill arrangements and rearranged work to accommodate this. The £10k saving is net of costs	N/A	See Note 1 below - No negative impact
A5	Planning Reserve Contribution	Simon Lewis	10		The LDF Examination Reserve is built up annually to cover the costs of examination for the Core Strategy and other development planning documents	Reduce the annual contribution from £32k to £22k. The reserve is healthy enough to withstand this and we have modelled it against expected expenditure	N/A	See Note 1 below - No negative impact
A6	RIEP Funding (One-Off) Transfer from Earmarked Reserves in 2012/13	Simon Lewis		35	Officer to work full-time on Youth Homelessness work (agreed priority across County Housing Strategy)	Payment from RIEP funding. We have invoiced Mendip DC for full payment.	Loss of capacity for other Housing Strategy work whilst Homelessness work is the priority, however this is one of a set of county-wide projects on housing strategy being done and shared across Districts	See Note 1 below - No negative impact
A7	Taunton Deane Partnership	Simon Lewis	5		This is the contribution from the other TDP partners for admin support and there is a minuted commitment to continue to support this contribution as a minimum	We will invoice them annually	N/A. Fairer sharing of admin costs	See Note 1 below - No negative impact
A8	Voluntary & Community Grants	Simon Lewis	30		A separate report will be taken to Community Scrutiny on 6th December with proposals showing how these savings can be realised and the affected organisations and impact. This saving is based on 12.5% reduction on current £235k budget.	A range of options will be presented at Community Scrutiny.	An outline equalities impact assessment is attached. A more detailed assessment will be included with the Scrutiny report.	A detailed Impact Assessment is included in Appendix F

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A9	Climate Change Initiatives	Simon Lewis		10	This is a one-off contribution from the Climate Change reserve. The remainder will be earmarked for a sustainable energy scheme	Money had been set aside for Solar PV on the Swimming Pool, which would have generated £10kpa. However the government has changed the scheme making it unlikely the business-case still stacks up. We will therefore use £10k of the climate change budget for savings	Reduction in Climate Change budget, however we should still have enough to propose other sustainable energy schemes.	See Note 1 below - No negative impact
A10	P&C Team Overheads & IT equipment	Richard Sealy	1		Reduces overheads (training, travel, stationery etc) to reflect the reduction in size of the team over past 2 years		None. This budget is no longer required.	See Note 1 below - No negative impact
A11	P&C Team IT Equipment	Richard Sealy	8		Surplus budget.		None. This budget is no longer required.	See Note 1 below - No negative impact
A12	Building Control Restructuring	Tim Burton	13		Staff reduction at both surveyor and admin support level. Part of larger saving from Building Control trading account	Likely to be achieved by natural turnover	Little impact as workload has reduced considerably due to wider economic conditions	See Note 1 below - No negative impact
A13	Listed Building Advice Income	Tim Burton	10		Already agreed additional support to Exmoor National Park Authority in form of consultation advice	Through amendments to local service level agreements	Will have some negative impact up on TDBC capacity and will slow down production of Conservation Area Appraisals	See Note 1 below - No negative impact
A14	Housing Enabling - Charge to Registered Providers	Tim Burton	25		Introduction of a partnership fee to be levied from main partners on an annual basis (£5k per partner)	Through report to Corporate Scrutiny on 24 November 2011	No impact. Fee reflects that already being charged by Sedgemoor, South Somerset and Mendip	See Note 1 below - No negative impact
A15	Public Conveniences Maintenance	Brian Gibbs	25		Efficiency through change to staff and working practices, not involving closures of any public toilets. This is an 8% reduction in budget.	It is proposed this saving is achieved by combining staffing arrangements with street cleansing section	Minimal impact as it relates to working practices rather than direct service reductions	See Note 1 below - No negative impact
A16	Hanging Baskets	Brian Gibbs	2		Removal of c36 hanging baskets in Taunton and Wellington. This is a 15% reduction of budget and a 10% reduction in the number of baskets provided by the Authority within the Deane.	Removal of hanging baskets from some of the less prominent positions which will also result in a lower maintenance cost	Minimal visual impact as locations will be carefully chosen. Not to be removed from the main town centres	See Note 1 below - No negative impact

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Ref	Description of Saving	Lead Officer	Amount Ongoing £'000	Amount One Off £'000	Comments	How	Impact	Equalities Impact
A17	Bedding Plants	Brian Gibbs	10		This forms part of the start of a change to more sustainable planting and the proposal is to remove a number of freestanding mostly cast iron planters and the reduction of the number of bedding plants used in other areas. This represents just over 15% of the total budget but will allow bigger reductions to be made in future years as the areas of bedding decrease. The areas where planters will be removed will be those such as East Reach, St James and Shuttern. The change to sustainable planting and reduced bedding plants will target at first the larger beds away from the town centres such as those in the front of Deane House.	Removal of some of the freestanding planters and start of a gradual change to more sustainable planting.	Minimal visual impact and some of the planters have proved to be high maintenance in recent years due to the height of the planting and ease of vandalism. There will be a reduction in the number of bedding plants produced at the nursery although for the initial period of change more sustainable planting will be produced.	See Note 1 below - No negative impact
A18	Business Support Team - Delete Vacant Post	James Barrah	24		This post is currently vacant.	Deletion of EH Support Assistant vacant post.	Potential for reduced responsiveness to public when contacting EH, placing greater burden on operational staff to provide initial response to customers. Reduced support service provided to officers. Reduced resilience to deal with leave, sickness and other staff absences, and additional pressure on the two remaining staff	See Note 1 below - No negative impact
A19	Licensing Service - Delete Vacant Post	James Barrah	33		Licensing has suffered a downturn in the number of applications due to the current economic climate. Income has dropped accordingly and the likely income for the next few years has been revised and fed in to the MTFP. For 2010/11 income was down £51K against budget. It is anticipated that income will drop by £50K against budget in 2011/12, and continue to decrease until economic recovery is more advanced and business confidence grows in the entertainment and hospitality trade.	Review Licensing staffing position in light of reduced income. There is little scope to reduce licensing costs, other than through a restructure where it is recommended that the number of Licensing Officers is reduced from 3.0FTE to 2.0FTE.	This change is considered manageable due to the fact that as income drops the work of the team in terms of processing applications and enforcement reduces, but it will put increased pressure on the remaining staff and potentially reduce response times and service standards. Resilience and cover for absences will be greatly reduced also. There will be a significant reduction in the amount of proactive enforcement work undertaken.	See Note 1 below - No negative impact

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A20	Environmental Health Staffing	James Barrah	25			Reduction in staffing in Environmental Health service by deleting a vacant part-time Scientific Officer post.	Reduced ability to deliver air quality work programme in particular. This saving in the current budget is used to support consultancy concerning air quality. Capacity will need to be found in-house to cover our air quality responsibilities.	See Note 1 below - No negative impact
A21	Recharges to HRA - Community Services Manager	James Barrah	12		Allocation of management costs currently based on headcount salary split 70:30 GF:HRA.	Revise allocation based on actual time spent on HRA matters to 50:50 GF:HRA.	No impact on service delivery. This more accurate HRA/GF allocation provides saving of 12.5K to GF, with consequent same additional cost to HRA.	See Note 1 below - No negative impact
A22	Recharges to HRA - Business Support Lead	James Barrah	8		Allocation of management costs currently based on headcount salary split 70:30 GF:HRA.	Revise allocation based on actual time spent on HRA matters to 50:50 GF:HRA.	No impact on service delivery. This more accurate HRA/GF allocation provides saving of 8K to GF, with consequent same additional cost to HRA.	See Note 1 below - No negative impact
A23	Civil Contingencies	James Barrah	9			Removal of small budget set aside for local initiatives, but leaving budget for TDBC contribution to County Wide Civil Contingencies partnership intact.	Reduces TDBC ability to undertake additional activities over and above that provided via the partnership, for example provision of training and purchase of relevant equipment.	See Note 1 below - No negative impact
A24	CCTV Reduce Coverage	James Barrah	20		Each of our 65 cameras has an approximate running cost of £4k per camera. This figure is comprised of a monitoring fee as per our contract with SDC and BT line connection.	Reduction in coverage by stopping monitoring of 6 of the lowest use cameras. For each camera we propose to retain the BT connections so that cameras can be switched back on if required but will not be maintaining these cameras. The BT element of the cost varies for each location. It is proposed to cease monitoring of 2 cameras in each of Kilkenny, Belvedere and Tower Street car parks.	Impact on Avon & Somerset Police and the potential for crime detection rates to decrease. Although not all of TDBC Car parks currently have CCTV, where present it provides reassurance and a level of protection for our parking enforcement staff whilst undertaking duties in these areas.	See Note 1 below - No negative impact
A25	Internal Audit Plan Reduction	Richard Sealy	14		Reduces costs of SWAP by 10% (£14k). This can be achieved without detrimentally impacting on level of assurance provided (See 'Impact')	Reduce purchased audit days from 470 to 420.	No significant impact. Due to audit process improvements and efficiencies through TDBC/SCC using the same back office software (SAP)	See Note 1 below - No negative impact
TOTALS			332	55				

Note

- 1 Equalities Impact: These options have been screened in relation to the elimination of discrimination, the advancement of equality or opportunity and promoting community relations. The outcome of the initial screening concluded that this option would not have a negative impact on those with the following protected characteristics, age, disability, gender reassignment, pregnancy and maternity, race, religion or belief, sex or sexual orientation, marriage or civil partnership, "No negative impact" has been shown above.

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TOTALS			332	55				

Note

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APPENDIX F

EQUALITY IMPACT ASSESSMENTS FOR SAVINGS PLANS

- **Staff terms and conditions review**
- **Reduction in Voluntary and Community Sector Grants Budget**

Equality Impact Assessment – Staff Terms and Conditions Review and Transport Arrangements

Responsible person	Martin Griffin	Job Title – Retained HR Manager
Why are you completing the Equality Impact Assessment? (Please mark as appropriate)	Proposed new policy or service	
	Change to Policy or Service	1. Review of Parking Charges for Staff; 2. Closure of Childcare Subsidy Scheme
	Budget/Financial decision – MTFP	Required as part of the Budget Strategy Project.
	Part of timetable	
What are you completing the Equality Impact Assessment on (which policy, service, MTFP proposal)	1. Review of Parking Charges for Staff; 2. Closure of Childcare Subsidy Scheme	
Section One – Scope of the assessment		
What are the main purposes/aims of the policy?	<ol style="list-style-type: none"> 1. To reflect the benefit that staff have in parking at Deane House and current agreement supports the use of income to develop travel plan initiatives. 2. Scheme was introduced as a recruitment and retention benefit. 	
Which protected groups are targeted by the policy?	<ol style="list-style-type: none"> 1. None 2. Pregnancy and Maternity, Sex 	
<p>What evidence has been used in the assessment - data, engagement undertaken – please list each source that has been used</p> <p>The information can be found on....</p>	<p>All of the above schemes/benefits are available to some groups of staff or all staff and an analysis has been compiled for each of the four schemes which shows which staff benefit from the scheme currently, may benefit from new schemes or will be affected by their withdrawal.</p> <p>Information gathered includes details of gender, disability, ethnicity, age, full time equivalent value and is available within HR and has been shared as part of the discussions with UNISON.</p>	
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		
1. The current scheme applies to all staff eligible for a permit and these proposals will increase the charges on the same basis which already include making pro		

rata reductions for part time staff. Low pay issues have been analysed.

2. The Scheme only applies to female employees who qualify through service and maternity; impending changes to maternity leave and the ability to benefit for Childcare Vouchers already supported by the Council mean there is an alternative available. The Scheme does not cover adoption.

I have concluded that there is/should be:

No major change - no adverse equality impact identified	
Adjust the policy	
Continue with the policy	Staff Parking Charges - That the charges should continue.
Stop and remove the policy	Childcare Subsidy - Continue with stopping the scheme but protect current members for the current payments and allow staff who are on maternity when the scheme ends to be allowed to join the scheme.

Reasons and documentation to support conclusions

Section four – Implementation – timescale for implementation

Subject to member approval during October to December 2011 and consultation/negotiation with UNISON to achieve a Collective Agreement for implementation of all scheme changes on 1 April 2012.

Section Five – Sign off

Responsible officer Martin Griffin
Date 28 September 2011

Management Team
Date

Section six – Publication and monitoring

Published on

Next review date

Date logged on Covalent

Action Planning

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

Actions table						
Service area	Retained HR			Date	28 September 2011	
Identified issue drawn from your conclusions	Actions needed	Who is responsible?	By when?	How will this be monitored?	Expected outcomes from carrying out actions	

Equality Impact Assessment – Reduction in Voluntary and Community Sector Grants Budget

Responsible person	Simon Lewis	Job Title: Strategy Manager
Why are you completing the Equality Impact Assessment? (Please mark as appropriate)	Proposed new policy or service	
	Change to Policy or Service	
	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 being asked to identify a 40% reduction in its budget. As a contribution to this, it is seeking to reduce the Voluntary and Community Sector Grants budget by 12.8% (£30k) in 2012/13	
Section One – Scope of the assessment		
What are the main purposes/aims of the policy?	<p>The budget allows the Council to support VCS organisations that support the Council’s corporate aims and provide services that help vulnerable communities. The VCS provides services, facilities, advice and activities for many people in the wider community and TDBC service users</p> <p>The aim is to reduce the grant budget by 12.8% which will equate to a £30k cut in 2012/13. Furthermore, there is a proposal to revisit all organisations receiving funding in Spring 2012 and ensure outcomes supports the Councils own objectives and provides value for money.</p> <p>A separate report will be taken to Community Scrutiny on 6th December with a range of proposals for making the budget reduction for 2012/13 and a proposed councillor/officer commissioning panel for determining allocations from 2013/14. This report will include a more detailed Equality Impact Assessment to show the impact of the 2012/13 reduction.</p> <p>The report will include proposals to undertake full consultation with affected organisations and identify mitigating measures to help organisations identify alternative funding / support where possible.</p> <p>The proposal falls within the guidance provided by Eric Pickles that reductions should be proportionate and reasonable to the Council’s own budget cuts.</p>	

Which protected groups are targeted by the policy?	The VCS budget funds organisations that support people that fall in the following protected groups: Age, Disability, Race, Sex, Sexual Orientation, Transgender. Cuts in funding could potentially affect one or more of these groups.	
<p>What evidence has been used in the assessment - data, engagement undertaken – please list each source that has been used</p> <p>The information can be found on....</p>	<p>We have data on:</p> <ol style="list-style-type: none"> 1. Characteristics of the district – clear numbers involved for each category 2. Number of applications made by each group over last 3 years 3. Reason for each application – clear idea of why organisations are applying for grants <p>The Council has a range of reports and evidence that identifies needs of different protected groups such as:</p> <ol style="list-style-type: none"> 1. Women’s Equality Network in Somerset research report – 2011 2. Somerset Black Development Agency research report – 2011 3. Quality of life survey (Disabled people) 4. SDC Disabled consultation - May 2010 <p>Further work will be required to engage and consult with grant recipients to understand the impact of funding reductions. This will take place if the Executive supports the detailed proposals report on 7th December 2011.</p>	
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		
This detail will be provided in the report to Community Scrutiny on 6 th December 2011.		
I have concluded that there is/should be:		
No major change - no adverse equality impact identified		
Adjust the policy		
Continue with the policy	This can be reviewed in more detail at Community Scrutiny 6 th December	
Stop and remove the policy		

Reasons and documentation to support conclusions

The engagement activity with the affected group will identify the impacts. The grant reduction has to take place in order to meet the budget deficit and the mitigation actions (see action planning below) will be put in place to limit the impact as much as possible

Section four – Implementation – timescale for implementation

Recommendation on budget reduction to Corporate Scrutiny: 6th December 2011
Decision required on organisations affected by funding reductions in 2012/13: 7th December 2011
Engagement with affected organisations: Dec to March 2012
Other grant SLAs to be rolled forward for 1 year for 2012/13: April 2012
Development of SLA's and agreement of grant allocations for 2013/14 (councillor / officer commissioning panel): July 2012.

Section Five – Sign off

Responsible officer: Simon Lewis	Management Team
Date: 27/10/11	Date

Section six – Publication and monitoring

Published on

Next review date	Date logged on Covalent

Action Planning

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

Service area	Voluntary and Community Sector Grants		Date	1 st November 2011		
Identified issue drawn from your conclusions	Actions needed	Who is responsible?	By when?	How will this be monitored?	Expected outcomes from carrying out actions	
Potential viability issues for VCS organisations	Work with all groups to identify additional funding sources they could utilise.	VCS Groups / Strategy Unit	March 2012	Officer / Councillor VCS Group	Alternative funding may potentially be available (see action below)	
Potential viability issues for VCS organisations	Continue to provide Grantfinder and GrantNet to support organisations and individuals identify and apply for alternative grants.	Strategy Unit	Funded from Dec 2011 to Dec 2012 and then will review again	Usage statistics and feedback from users	Understand how useful this tool is and whether it helps groups attract funding	
Potential viability issues for VCS organisations	Consider other means of supporting VCS organisations such as use of TDBC facilities at nominal rent	Strategy Lead & VCS organisations	March 2012	Officer / Councillor VCS group	Depending on interest from VCS orgs, we can build this into the review of our assets	
Potential viability issues for VCS organisations	Specific actions to be determined following decisions by Executive (more detail in Dec Executive report)					

2012/13 Budget Proposals

Potential Changes to Staff Benefits

Staff Car Parking, Lease Cars and Child Care Subsidy

Comments from UNISON

Staff car parking

UNISON notes the proposal to increase parking charges for staff at The Deane House to £1 per day from April 2012 and to review parking arrangements at other sites.

UNISON understands the financial difficulties facing the Council, and that the option of charging staff more to park is seen as one way to raise revenue to help reduce the budget deficit.

However, Members need to be aware that staff have had a two-year pay freeze, with the prospect of a further freeze in 2012-13 and below-inflation pay awards thereafter; plus for many there is the threat of higher pension contributions. Moreover, pay awards in local government have traditionally been lower than other parts of the public sector and are at present (at 0%) running below that for the private sector, yet annual inflation is currently around 5%.

The average salary for an employee of Taunton Deane is below the average for the UK economy as whole. In some cases, the Council offered free parking as part of terms and conditions to attract staff. Loss of access to the car park, or imposition of higher charges, are seen by some as unilateral changes by the Council to employees' contracts.

When parking charges for staff were introduced in 2006, the aim was to encourage alternative means of access other than car, with charges going into the Travel Plan to reinvest in showers for cyclists, subsidising the Co-Car etc. UNISON notes that the Council is proposing to ring fence a sum equivalent to that currently raised from parking to support travel plan initiative. However, for this to be effective, the Staff Travel Plan process needs to be reactivated – little currently appears to be being done to ensure that green travel options are available, or to support staff wishing to take advantage of these. For example, discussions should be held with bus and rail operators regarding discounted season tickets or extending bus routes to serve the north end of Taunton town centre.

Discussions between UNISON and the Council suggest that in future years, charges may rise further. Any increase towards the public commuter parking tariff would represent a very substantial cost to staff in an era of declining real wages.

In terms of more detailed points:

- That where a person is designated an essential car user (i.e. they are required to bring their car to work by the Council) they are given access to the car park 5 days per week. As the Council's car user policy states, 'being able to respond to urgent requests elsewhere can be an important factor in some jobs.' It could be questioned why essential users should have to pay to park given that it is at the bidding of the Council that they have to bring their car to work.
- Part-time staff should be able to pay on a proportional basis – thus someone who works 18.5 hours per week should pay 50% of the charge paid by a full-time employee. Staff should have some ability to increase/decrease payments if their circumstances change - perhaps being reviewed quarterly.
- That additional car share spaces be made available because once the charging changes more people are likely to car share.
- That the policy of allowing SCC car share people to use TDBC car share spaces be reviewed as the arrangement is not reciprocal - SCC will not allow TDBC car share people to use any of their SCC car share spaces.
- If someone opts out of the car park they should be able to opt back in at a later date. For instance if two people were casual car users and car shared, and then one left the authority or moved and they ceased to car share, could they choose to opt back into the scheme as they had once been entitled?
- That clarification is provided as to the provision of pool cars from April 2012 and how they will be allocated. It is understood that initially, 2 or possibly 3 additional vehicles will be made available. For emergency/ unplanned travel, it should be made clear that a person's own vehicle should be used in preference to a pool car.

UNISON also asks that it is represented on the body responsible for overseeing staff parking, pool cars and other travel arrangements, possibly a revived Travel Plan Working Group, and that this should be reconvened early in 2012.

PNKB/23.12.2011

2012/13 Budget Proposals

Potential Changes to Staff Benefits

Staff Car Parking, Lease Cars and Child Care Subsidy

Response to Comments from UNISON

UNISON are thanked for their comments and involvement in the consultation and negotiating process.

There are a couple of general points which should be noted before consideration of the specific points that were raised.

The Branch have compared salaries against the whole UK economy rather than public sector comparisons. However the following more relevant facts should be considered:

The average TDBC FTE salary is £24,638 (whilst the average TDBC earnings are £21,924) and the average salary by parliamentary constituency for TD is £24,556 and for the whole of the South West public sector only is £24,636.

With regard to the revision of the Staff Travel Plan the Council is happy to commit to its revision in 2012/13 and this review would be the appropriate place to consider all of the options for future years relating to staff car parking. The Council also believe that UNISON should be fully involved with this review.

SPECIFIC POINTS

Point 1

The current arrangements have been in place nearly six years and the Council see no reason why these should be altered. This arrangement supports the green travel agenda and removing it would go against the travel plan.

Point 2

We currently have 4 different rates paid by staff based on full days (1 day, 2 days, 3 days and maximum of 4 days) as the system does not allow for half or part day operation. These assist in reducing costs for part time staff, however a change to a significantly more cumbersome charging system cannot be introduced without significant investment which cannot be supported.

Where there are contractual changes to days worked it is agreed that these should then be used to adjust the car park charges.

Point 3

There is no information to support this point but the Council remains committed to reviewing this if it becomes a problem.

Point 4

This point has been clarified with the Branch and is no longer a point which requires a response.

Point 5

The Council are happy to commit to agreeing an acceptable set of circumstances where staff who have opted out could be allowed to re-enter the scheme.

Point 6

The Council have recently provided UNISON with details of a proposed 'pool car scheme' but the specific request in relation to emergency/unplanned use cannot be supported.

APPENDIX H

Summary of consultation responses on Budget Proposals 2012/2013

	Ref	Management response
<p>The letter says : To increase charges to £ 1 per day of use. Does this mean we only pay when we are using the car park – this is of interest to me as I try and use the bus a couple of times a week ‘for the environment etc !!’</p>	MS1	<p>There are no further changes to the car parking scheme other than an increase in charge. If you would like to voluntarily reduce the number of days you park at Deane House, you can. As is the case now you would need to nominate the days of the week you will not park at Deane House.</p>
<p>Obviously I will respond through the ballot and other mechanisms too. However, the letter also suggests any issues or questions can be raised with HR. At the time of my appointment my terms and conditions stated I received free staff parking. As we are all influenced by financial circumstances this influenced my choice of residence as parking fees were not an issue when calculating the family budget. Whilst I know from experience that the Council can and does push through changes to terms despite 'consultation' (eg current c£5 pcm parking charge) I believe that with no alternative means of getting to work (I live over 9 miles from Taunton and the nearest bus stop is over 2 miles away, down unlit and unpaved highways) a 400% increase in charging for a necessity is unfair and unreasonable. Local Government has had 2 years without a payrise (and previous years were at or below inflation). Food and other bills have risen and a child now at University with rising costs. I am happy to contribute towards the Councils deficit but a 400% increase in one go is unreasonable with no alternative access to work (unless I and others clog-up nearby residential streets with our cars, which the Council is also</p>	MS2a	<p>The proposal does not include a phased introduction of the £1 a day charge as this is based on the overall financial needs of the Council to reduce the budget gap and the fact that the current charges have not been increased since 2006.</p> <p>The charges are based on the same principles as the current scheme which does not differentiate the charges for those that do not have an alternative means of transport. There are no proposals to change the charging structure.</p>

<p>keen to avoid).</p> <p>It should be remembered that distance itself is not an issue; people commuting from Exeter or Bristol for example can use the train. Those in rural areas often have no realistic alternative. Whilst my choice of residence was influenced (but not totally based) on the Councils offer of free parking, there must equally be some fair mechanism that recognises different needs for access. This happened on the initiation of charges - removing car park passes for those residing within 1 mile (although it is interesting to note that certain higher paid staff seem to not have to comply with this). As it would be unreasonable for the Council to relocate me resulting from changing my terms and conditions without my agreement, so would it to my mind be equally unreasonable to hike a 400% parking increase in one go on those with no alternative means of getting to work. I therefore request that a). Any cost increase is phased in; b). That a sliding scale is formulated to ensure that those with no reasonable alternative means of accessing work are paying less; and c). That any response from CMT is transparent and properly reasoned.</p>		
<p>I am afraid this, like so many other consultations, sounds like a total brush-off. Again a tick-box consultation. What does it matter that the price has not risen since 2006? The aim in 2006 was to encourage alternative means of access other than car, with charges going into the Travel Plan to reinvest in showers for cyclists, subsidising the Co-Car etc.</p> <p>If the aim of this current exercise is to simply earn the Council money I would appreciate it if the Council didn't hide behind the "consultation" label, implying that the Council will listen to proposals arising there from. Your response implies it isn't and is quite inappropriate to label it as such.</p> <p>As for the fact that there is no proposal to either phase the scheme in or</p>	MS2b	<p>The proposals were formed following discussions with UNISON and discussions with UNISON will be ongoing. We have requested that UNISON give us a formal response to the proposals as part of the consultation process. As part of the discussions a range of issues were discussed and given due consideration such as differential charging based on grade.</p> <p>The fact that the charges haven't increased since 2006 is relevant as they were due to be reviewed on a regular basis and indeed the Council is in a completely different financial position now that it</p>

<p>to adopt a banding principle, varying the cost depending on whether alternatives actually exist, why not? (I have no alternative and thus you have me, and others totally over a barrel with what you seek to impose). Simply to state that the current scheme doesn't do this is again quite demeaning to staff . Why ask questions and label it a "consultation" when it sounds like there is no thought or discussion with those making the suggestions towards agreement or even actually answering the consultation response? If the Council knows what it wants why pretend to consult?</p> <p>The Council offered free parking as part of terms and conditions to attract staff. I have no problem in principle with playing my part in helping meet the deficit by amending these after consideration and an approach to seek agreement rather than simply imposing.</p> <p>I am sorry if this sounds rather terse but CMT often ask why the apathy from staff over responding to issues. Here is perhaps an answer. The Council should be honest to its staff. If the Council is going to do things anyway, why consult?</p>		<p>has been in the past.</p> <p>Another impetus to review the car parking scheme was that we received feedback from staff via the staff engagement sessions and 64.9% of staff thought that the staff car park should be reviewed.</p> <p>The Council has not hidden the fact that there is a substantial budget gap that needs to be addressed but has chosen to try to increase income rather than make even more cut backs.</p>
<p>All building control staff are essential users, therefore if the 600% increase goes ahead, I would like to request that monthly receipts are provided so the cost of providing the car to undertake our statutory duties on behalf of the Council can be claimed back as part of our travel claims each month.</p>	MS3	<p>There are no plans to make any other changes to the car parking scheme other than an increase in charge. So as is the case now essential car users pay to park at Deane House and are not provided with receipts to claim the money back.</p>
<p>With regard to the above, please can you advise whether or not, under the revised proposals, employees would pay for car parking on days when they are on annual/flexi leave? I see no reason why, having increased the charges, an employee should pay for parking on days</p>	MS4	<p>The current proposal is based on how the existing scheme operates and therefore it would apply as a set charge.</p>

when they are not at work with leave officially authorised by their line manager.		
I work just mornings – does that mean half price	MS5	The proposals at present are for £1 per day, this is not pro rata for the number of hours worked in the day, therefore, I'm afraid there is not a half price charge.
What does £1 per day of use mean? Does it mean assumed use as at present or if you park your car elsewhere on some days will you not be charged? In other words will it be Pay as you Go?	MS6	The intention would be to work the charges on the same basis as now rather than move to Pay As You Go.
<p>I am not an essential car user but I do need my car to get into work every day as do not live in Taunton.</p> <p>I feel very despondent at the moment as not only are there huge changes which everybody in the UK are having to live with but I feel like we at TDBC have a double whammy. We have not had an increase in the cost of living for quite some time, our services are being restructured and are currently feeling quite unsettled and will be for the next few months until a final decision is made and then we are being squeezed for more money to come to work and provide a service to the public.</p> <p>I am a single person and own my own property and I have recently been signed off with Depression from work and do not feel that Taunton Deane as an employer is being helpful with my recovery adding extra pressures to my work and personal life by wanting extra money from me that I am unable for afford to park my car to come to work.</p> <p>I feel that I am being penalised for working for a living.</p> <p>I do try to car share when possible (at least once a week), are there any concessions for car sharers?</p>	MS7	<p>Unfortunately, the economic climate the Council finds itself in has meant that it needs to explore all options to increase income and decrease costs.</p> <p>Another impetus to review the car parking scheme was that we received feedback from staff via the staff engagement sessions and 64.9% of staff thought that the staff car park should be reviewed.</p>

GENERAL FUND EARMARKED RESERVES FORECAST (MARCH 2012)

Description	Estimated Reserve Balance £'000
Earmarked Reserves for Capital Purposes	
Capital Financing Reserve - General Fund Projects	412
Total Earmarked Reserves for Capital Purposes	412
Earmarked Reserves for Revenue Purposes	
Asset Management - Leisure	632
Core Council Review (Property Services)	162
Land Charges/Planning	20
Head of Paid Service Advice	38
Corporate Training	43
CCR DLO Transformation	94
DCMS Scrutiny Grant	11
DLO Trading Account Reserve	226
Energy Efficiency Reserve	45
Environmental Services Staffing	5
Growth Point Funding (Revenue)	179
Habitat Regulations Research	18
Healthy Workplace	28
Housing Enabling	139
Self Insurance Fund	750
LABGI	325
Land Charges New Burdens Grant	34
Leasehold Schemes HRA Advanced Payments	10
Leisure Suspense Account	31
Local Plan Enquiry General Provisions	311
Market Closure Sales / Firepool	32
New Homes Bonus	392
Performance & Client Specialist Advice	144
Planning Delivery Grant - Revenue	295
Development Advice	35
S151 Advice	16
Taunton Deane Community Sports Network	12
Travel Plan	26
Unison	8
Vivary Park Trading Account	17
Works of Art and Public Arts Project	21
Asset Management - General Services Non-HRA	69
Civil Contingencies Fund	6
Housing Loans to Private Sector Mortgagees	32
Big Lottery Fund	10
Deprivation Fund (PCT Contribution)	42
Other minor reserves individually under £5k	16
Total Earmarked Reserves for Revenue Purposes	4,274
Total Forecast Earmarked Reserves March 2012	4,686

PRUDENTIAL INDICATORS

PRUDENTIAL INDICATOR	2010/11	2011/12	2012/13	2013/14	2014/15
	£'000	£'000	£'000	£'000	£'000
	outturn	estimate	estimate	estimate	estimate
Capital Expenditure					
General Fund	£4,884	£8,660	£1,794	£1,807	£2,014
HRA	£6,653	£4,300	£5,500	£7,316	£7,316
TOTAL	£11,537	£12,960	£7,294	£9,123	£9,330
Ratio of financing costs to net revenue stream					
General Fund	0.74%	0.67%	0.86%	0.89%	1.79%
HRA	2.85%	3.33%	17.05%	17.01%	16.60%
Net borrowing projection					
brought forward 1 April	£7,786	£3,670	£4,990	£4,990	£6,392
Carried forward 31 March	£3,670	£4,990	£4,990	£6,392	£8,001
in year borrowing requirement	-£4,116	£1,320	£0	£1,402	£1,609
Capital Financing Requirement as at 31 March					
General Fund	£8,240	£9,369	£9,181	£10,372	£11,741
HRA	£14,451	£100,151	£100,151	£100,151	£100,151
TOTAL	£22,691	£109,520	£109,332	£110,523	£111,892
Incremental impact of capital investment decisions	£ p	£ p	£ p	£ p	£ p
Increase in council tax (band D)	-1.36	5.47	-0.09	-0.05	0.19
Authorised limit for external debt -					
TOTAL	£40,000,000	£139,200,000	£139,200,000	£139,200,000	£141,200,000
Operational boundary for external debt -					
TOTAL	£30,000,000	£103,020,000	£103,020,000	£104,422,000	£106,031,000
Upper limit for fixed interest rate exposure					
Upper Limit for Fixed Interest Rate Exposure on Debt	100%	100%	100%	100%	100%
Upper Limit for Fixed Interest Rate Exposure on Investments	-100%	-100%	-100%	-100%	-100%
Upper limit for variable rate exposure					
Upper Limit for Variable Interest Rate Exposure on Debt	30%	30%	30%	30%	30%
Upper Limit for Variable Interest Rate Exposure on Investments	-50%	-50%	-50%	-50%	-50%
Maturity Structure of Fixed Rate Borrowing					
(Upper and lower limits)					
under 12 months	0% to 50%	0% to 50%	0% to 50%	0% to 50%	0% to 50%
12 months and within 24 months	0% to 50%	0% to 50%	0% to 50%	0% to 50%	0% to 50%
24 months and within 5 years	0% to 50%	0% to 50%	0% to 50%	0% to 50%	0% to 50%
5 years and within 10 years	0% to 50%	0% to 50%	0% to 50%	0% to 50%	0% to 50%
10 years and above	20% to 100%	20% to 100%	20% to 100%	20% to 100%	20% to 100%
Upper limit for total principal sums invested for over 364 days					
(per maturity date)	£2m or 20%	£3.5m or 20%	£3.5m or 20%	£3.5m or 20%	£3.5m or 20%
Gross and Net Debt					
Outstanding Borrowing (at nominal value)	15,973,000	96,993,000	96,993,000	98,395,000	100,004,000
Other Long-term Liabilities (at nominal value)	45,417,000	45,417,000	45,417,000	45,417,000	45,417,000
Gross Debt	61,390,000	142,410,000	142,410,000	143,812,000	145,421,000
Less: Investments	12,300,000	6,000,000	6,000,000	6,000,000	6,000,000
Net Debt	49,090,000	136,410,000	136,410,000	137,812,000	139,421,000

Credit Risk

Credit ratings remain an important element of assessing credit risk, but they are not a sole feature in the Council's assessment of counterparty credit risk.

The Council also considers alternative assessments of credit strength, and information on corporate developments of and market sentiment towards counterparties. The following key tools are used to assess credit risk:

- Published credit ratings of the financial institution
- Sovereign support mechanisms
- Credit default swaps (where quoted)
- Share prices (where available)
- Economic Fundamentals
- Corporate developments, news, articles, markets sentiment and momentum
- Subjective overlay

APPENDIX 1

Taunton Deane Borough Council

Executive – 9 February 2012

2012/13 Further Savings Plans and Fees & Charges Proposals

Report of the Financial Services Manager, Southwest One

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

1 Executive Summary

Further to the Budget Update and Savings Plans Report to Corporate Scrutiny 24 November 2011 and updated report to Executive 7 December 2011, work has continued to identify additional savings options to close the projected budget gap for 2012/13.

Other information related to the overall budget has been included within the proposed budget, and these are included in the separate General Fund Revenue Estimates 2012/13 report on the agenda for this meeting. This report recommends the Executive approves the Further Savings Plans for 2012/13.

2 Background

- 2.1 This report provides an update to Budget Savings Plans and proposed Fees & Charges for 2012/13, further to the reports regarding the same that were presented to Corporate Scrutiny on 24 November 2011 and the Executive on 7 December 2011.
- 2.2 The full details of the proposed budget for 2012/13 are included in a separate report later on the agenda for this Executive Meeting.
- 2.3 This report was published to Corporate Scrutiny on 11 January, well in advance of meeting date, to allow good time for consultation and consideration by Members of the additional proposals.
- 2.4 This report should also be read by Members in conjunction with the internal Budget Consultation Pack issued to all Members at the end of December, and directly impacts on the subsequent General Fund Revenue Estimates 2012/13 on the agenda for this meeting.

3 2012/13 Further Savings Plans

- 3.1 The savings previously presented in the Initial Savings Plans total £453,000, and are included in the main budget report.

- 3.2 As reported previously there is still a budget gap to address for 2012/13, and Officers have continued to work with the Executive to prioritise additional savings options. The proposals were presented to Corporate Scrutiny for comment on 26 January. Comments are provided in section 5 below. Full Equality Impact Assessment (EIA), where required, is included in Appendix C.
- 3.3 The additional proposed savings and fee increases total £198,000, as summarised in the following table.

Ref	Proposed Savings	£'000
1	Reduced maintenance of general open spaces	64
2	Reduction of discretionary Arts Development Grants	8
3	Cease discretionary contribution to Somerset County Council re Slinky Bus service	30
4	Cease discretionary top up of SCC highways maintenance (grass, hedgerows)	17
5	Parking Strategy additional fee income	75
6	Pest Control Fees	4
	Total	198

- 3.4 Supporting information regarding the further savings plans (Ref 1-4 above) is included in Appendix A. Information regarding the fee income is included below and in Appendix B.
- 3.5 In addition to the Fees & Charges approved by Full Council on 13 December 2011, items Ref 5 and 6 above include further proposals to update Fees & Charges during 2012/13 and these are expected to generate additional income which, if approved, can be included within the 2012/13 Budget.

Parking Strategy

- 3.6 The updated Taunton Car Parking Strategy 2011-2021 was approved by the Executive in October 2011. The accepted Package 2 included a number of options to increase car park efficiency and manage the potential shortfall in short-term parking during any central retail redevelopment scheme. The full range of these will be progressed over the Strategy's ten year lifespan, with work commencing now on the following
- Adjusting the charging scheme by moving to two tariffs from three
 - Restricting some car parks to short-stay only (maximum 5 hours)
 - Increasing fees for long-stay parking (continuation of the previous Strategy)
 - Changing the management and charging criteria for designated disabled spaces.
- 3.7 All these options are subject to the formal public consultation processes required to amend the Off-Street Parking Places TRO

(Traffic Regulation Order). Detailed proposals are planned to be published for consultation during March, with possible implementation dates, if approved, in June 2012.

- 3.8 The proposals within the Strategy to adjust the charging scheme and continue the previous policy in relation to long-stay parking are intended to affect driver behaviour. It is anticipated the effect of this will result in an additional income of £150,000 in a full financial year. However, for 2012/13 Budget it is proposed to only increase the parking income budget by £75,000 to allow for the part year effect and a risk adjustment of driver behaviour projections.

Environmental Health – Pest Control Fees.

- 3.9 The proposals outlined in Appendix C will yield an estimated additional £11,300 per year; however Pest Control has not met its income budget figure in the last few years. This increase in income if achieved will reduce the income budget gap for this service and provide an increased budget by an additional £4,000 in 2012/13.

4 Implications for Budget Gap

- 4.1 As referred above, the purpose of issuing this report well in advance of the meeting is to allow ample time for Members to consider the Further Savings Plans and Fee Income proposals. The full budget estimates will be included in a separate report for this meeting, and this will provide a full reconciliation of the above savings as part of the Executive's final Proposed Budget for 2012/13.
- 4.2 Members will note that the above savings exceed the estimated Budget Gap included within the internal Budget Consultation Pack issued late December. It was also stated in the Pack that there are some residual areas of uncertainty for the final budget (e.g. Support Service recharges) that could also impact on the gap, as well as concerns over funding for capital requirements such as car parks and Deane House. Again, this will be covered as part of the Executive's final Proposed Budget for 2012/13.

5 Corporate Scrutiny Comments

- 5.1 Corporate Scrutiny Committee considered the Further Savings Plans at its meeting of 26 January 2012. The following areas were debated.
- Concerns were raised about the impact of the proposed reductions to maintenance of general open spaces.
 - Concerns were raised about the potential impact on highways maintenance undertaken by Somerset County Council following the proposed cessation of this Council's contribution to enhance the SCC service level.
 - Clarification was sought and given at the meeting regarding the current recipients of funding through Arts Development Grants, and noted that grant allocations are based on annual Service Level

Agreements and based on assessment of applications received. Concerns were raised about potential impact on groups ability to raise funds from other sources.

- Parking Strategy proposals were debated. The formal consultation around the implementation of approved strategy will be conducted through the TRO Panel planned for March.

5.2 There were no formal recommendations from the Committee to the Executive to change the Further Savings Plans.

6 HR Implications

6.1 The proposals within the Further Savings Plans result in the deletion of two vacant posts; no existing employees are affected and UNISON has been advised of this.

7 Finance Comments

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

8 Legal Comments

8.1 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.

9 Links to Corporate Aims

9.1 The proposals in this report have been prioritised in line with corporate priorities.

10 Environmental and Community Safety Implications

10.1 Environmental and community safety implications have been assessed for relevant options included in the savings plans, with explanations included in the appendices to this report where significant.

11 Equalities Impact

11.1 Each savings option has been screened in relation to the elimination of discrimination, the advancement of equality or opportunity and promoting community relations. The outcome of initial screening is shown against each option within Appendix A. Ensuring the Council meets its statutory obligations, where a full and detailed assessment is required, this is included in Appendix C.

12 Risk Management

- 12.1 Risks and opportunities have been considered throughout the Budget Review and Budget Setting process, and in relation to the savings plans, with risk analysis previously provided to all members in the Budget Packs. Significant risks are commented on within the appendices to this report.

13 Partnership Implications

- 13.1 See Comments in Appendix A.

14 Recommendations

- 14.1 The Executive recommend Full Council approves the Further Savings Plans and incorporates into the General Fund Revenue Budget 2012/13.

Background Papers

Full Council 5 October 2010 – Budget Strategy

Corporate Scrutiny 21 July 2011 – Budget Strategy and the Way Forward

Executive 14 September 2011 – Budget Review Project: High Level Principles

Corporate Scrutiny 27 October 2011 – Budget Setting 2012/13

Corporate Scrutiny 24 November 2011 – 2012/13 Budget Gap Update and Budget Savings Plans; Fees & Charges

Executive 7 December 2011 – 2012/13 Budget Gap Update and Budget Savings Plans; Fees & Charges

Corporate Scrutiny 26 January 2012 – 2012/13 Further Savings Plans and Fees and Charges Proposals

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APPENDIX 2

APPENDIX A

TAUNTON DEANE BOROUGH COUNCIL - 2012/13 FURTHER BUDGET SAVINGS PLANS (JANUARY 2012)

Ref	Description of Saving	Lead Officer	Amount Ongoing £'000	Amount One Off £'000	Comments	How	Impact	Equalities Impact
A26	Reduction in Maintenance of General Open Spaces	Chris Hall	64			Reduced frequency of general openspace maintenance including grass cutting, shrub bed maintenance, and various other changes.	Two vacant post exist and will not be filled in the new year if this option is taken.	See Note 1 below - No negative impact
A27	40% Reduction of Arts Development Grant Funding	James Barra	8		We currently have SLAs with 6 organisations, in receipt of this funding. These SLAs are single year only and are, or can be, renewed annually.	Reduce current budget of £20K by 40%.	Reduced funding to each organisation either on a pro rata reduction on the amount they currently receive or by the allocation of specific amounts linked to their current award, to each organisation to fit the reduced budget.	See Note 1 below - No negative impact
A28	Cease Discretionary Contribution to County Slinky Bus Service	James Barra	30		The purpose of this budget is to provide discretionary grant funding to support the Somerset County Council Community Transport "Slinky Bus" service operating within Taunton Deane. The Borough Council's 2011/12 contribution was aimed at making the service more available by funding additional journeys over and above the baseline service funded by the County Council.	Cease discretionary funding.	The Slinky Bus service is available to anyone who qualifies for an English National Concessionary Transport Scheme Pass, who is unable to use a normal bus service and does not have their own transport. The funding is non-statutory and provided at the discretion of the Borough Council. Removal of the funding does not affect anyone's eligibility for the Slinky bus service, but reduces the extent of availability of the service to that existing prior to April 2011. The funding has been for only the current financial year. Evidence of additional use and services from April 2011 are awaited from the County Council.	A detailed Impact Assessment is included in Appendix D
A29	Cease discretionary subsidy of SCC highways maintenance in Taunton	Chris Hall	17		Handback contract to cut SCC highways grass verges. This is a discretionary 'top up' of SCC service levels. The DLO may offer to re-price service based on SCC requirements only.	Hand back Somerset County Council highways grass cutting to SCC and in doing so cease the current subsidy of £17K provided by TDBC.	Significant change to the appearance of the highways verges, but as this is an SCC function, and any complaints will also be passed to SCC.	See Note 1 below - No negative impact
SUBTOTAL - FURTHER SAVINGS PLANS			119	0				

Note

1 Equalities Impact: These options have been screened in relation to the elimination of discrimination, the advancement of equality or opportunity and promoting community relations. The outcome of the initial screening concluded that this option would not have a negative impact on those with the following protected characteristics, age, disability, gender reassignment, pregnancy and maternity, race, religion or belief, sex or sexual orientation, marriage or civil partnership, "No negative impact" has been shown above.

APPENDIX 2

APPENDIX A

TAUNTON DEANE BOROUGH COUNCIL - 2012/13 FURTHER BUDGET SAVINGS PLANS (JANUARY 2012)

Ref	Description of Saving	Lead Officer	Amount Ongoing £'000	Amount One Off £'000	Comments	How	Impact	Equalities Impact
A26	Reduction in Maintenance of General Open Spaces	Chris Hall	64			Reduced frequency of general openspace maintenance including grass cutting, shrub bed maintenance, and various other changes.	Two vacant post exist and will not be filled in the new year if this option is taken.	See Note 1 below - No negative impact
A27	40% Reduction of Arts Development Grant Funding	James Barra	8		We currently have SLAs with 6 organisations, in receipt of this funding. These SLAs are single year only and are, or can be, renewed annually.	Reduce current budget of £20K by 40%.	Reduced funding to each organisation either on a pro rata reduction on the amount they currently receive or by the allocation of specific amounts linked to their current award, to each organisation to fit the reduced budget.	See Note 1 below - No negative impact
A28	Cease Discretionary Contribution to County Slinky Bus Service	James Barra	30		The purpose of this budget is to provide discretionary grant funding to support the Somerset County Council Community Transport "Slinky Bus" service operating within Taunton Deane. The Borough Council's 2011/12 contribution was aimed at making the service more available by funding additional journeys over and above the baseline service funded by the County Council.	Cease discretionary funding.	The Slinky Bus service is available to anyone who qualifies for an English National Concessionary Transport Scheme Pass, who is unable to use a normal bus service and does not have their own transport. The funding is non-statutory and provided at the discretion of the Borough Council. Removal of the funding does not affect anyone's eligibility for the Slinky bus service, but reduces the extent of availability of the service to that existing prior to April 2011. The funding has been for only the current financial year. Evidence of additional use and services from April 2011 are awaited from the County Council.	A detailed Impact Assessment is included in Appendix D
A29	Cease discretionary subsidy of SCC highways maintenance in Taunton	Chris Hall	17		Handback contract to cut SCC highways grass verges. This is a discretionary 'top up' of SCC service levels. The DLO may offer to re-price service based on SCC requirements only.	Hand back Somerset County Council highways grass cutting to SCC and in doing so cease the current subsidy of £17K provided by TDBC.	Significant change to the appearance of the highways verges, but as this is an SCC function, and any complaints will also be passed to SCC.	See Note 1 below - No negative impact
SUBTOTAL - FURTHER SAVINGS PLANS			119	0				

Note

1 Equalities Impact: These options have been screened in relation to the elimination of discrimination, the advancement of equality or opportunity and promoting community relations. The outcome of the initial screening concluded that this option would not have a negative impact on those with the following protected characteristics, age, disability, gender reassignment, pregnancy and maternity, race, religion or belief, sex or sexual orientation, marriage or civil partnership, "No negative impact" has been shown above.

APPENDIX 3

APPENDIX B

Environmental Health – Pest Control Fees

The proposals outlined in the table below will yield an additional £11,300, however Pest Control has not met its income budget figure in the last few years. This increase in income if achieved will reduce the income budget gap for this service and provide an additional £4,000.

Type of fee	Current charge	Proposed charge	Income	Comments
Commercial rodents and insects.	£51.40 +vat per hour for rodents. £51.40 +vat per hour for insects £42.60 +vat per hour for wasps.	Increase fees and apply minimum charge of 1 hour. £65+vnt per hour for rodents. £50+vnt per hour for all insects.	£300	Would be comparable with commercial providers.
Domestic rodents	£25.53 per treatment (up to 3 visits). No discount for those in receipt of:- Income Based Job Seekers Allowance, Income Support and Guaranteed Pensions Credit.	Increase fee to same as domestic wasps but provide 50% discount for those in receipt of specified benefits (£43.61 incl. vat) Income assumes 50% discount for 30% of clients (discounted rate would be £21.80); and assumes 10% drop in overall treatments.	£8,300	An increase in rodent fees to close to commercial rates for rodents does not compare with other LA's who on the whole do not charge for rats, and charge considerably less than the proposed fee for mice. However a subsidy of 50% would be offered to low income households. There is a risk that by increasing the fees for rodents the public would not treat the rodent problem, which may have ongoing public health consequences.
Payment in advance.		Introduce payment in advance for every domestic visit for a survey or treatment, refund only if unable to treat. For example an inaccessible wasps nest. The additional income relates to that lost from no access bookings.	£2,700	Taking payment in advance would be a procedural change and hopefully reduce the number of wasted visits where the homeowner fails to attend or cancels at the last minute and therefore no fee is collected. A trial undertaken since 1 st November has proved successful with no downturn in treatment take up.

APPENDIX 4

APPENDIX C

Equality Impact Assessment – Discretionary Funding towards County Council Slinky Bus Service

Responsible person	John Lewis	Job Title – Parking & Civil Contingencies Manager
Why are you completing the Equality Impact Assessment? (Please mark as appropriate)	Proposed new policy or service	
	Change to Policy or Service	
	Budget/Financial decision – MTFP	✓
	Part of timetable	
What are you completing the Equality Impact Assessment on (which policy, service, MTFP proposal)	Removal of discretionary funding of £30k	
Section One – Scope of the assessment		
What are the main purposes/aims of the policy?	The aim of the MTFP proposal is to remove the discretionary funding provided to support the Somerset County Council Community Transport Slinky Bus service operating within the Taunton Deane area	
Which protected groups are targeted by the policy?	<p>1 Age – general benefit is statutorily determined by age as below</p> <p>2 Disabled – certain qualifying disabilities as below</p> <p>The Slinky Bus service is available to anyone who qualifies for an English National Concessionary Transport Scheme Pass, who is unable to use a normal bus service and does not have their own transport.</p> <p>The ENCTS eligibility criteria are</p> <p><i>“Residents of Somerset who are of pensionable age, or residents who are disabled and/or cannot drive for medical reasons, are entitled to a concessionary bus pass.</i></p> <p><i>If you were born before 5th April 1950 you are eligible from your 60th birthday.</i></p> <p><i>If you were born after 5th April 1950 the age of eligibility for women will be pension age and for men the pensionable age of a woman born on the same day. From April 2010 the government is gradually increasing the state pension age for women from 60 to 65 by April 2020.</i></p>	

	<p><i>If you are in any of the categories listed here, you could be entitled to concessionary bus travel:</i></p> <ul style="list-style-type: none"> • <i>if you are blind or partially sighted</i> • <i>if you are profoundly or severely deaf</i> • <i>if you are without speech</i> • <i>if you have a disability, or have suffered an injury, which has a substantial and long-term adverse effect on your ability to walk</i> • <i>if you do not have arms or have long-term loss of the use of both arms</i> • <i>if you have a learning disability or</i> <p><i>if you have applied for the grant of a licence to drive a motor vehicle under Part III of the Road Traffic Act 1988, but your application was turned down because of section 92 of the Act (physical fitness) but not if it was because of persistent misuse of drugs or alcohol"</i></p>
<p>What evidence has been used in the assessment - data, engagement undertaken – please list each source that has been used</p>	<p>The Borough Council’s discretionary 2011/12 contribution was aimed at making the service more available by funding additional journeys across our area over and above the baseline service funded by the County Council.</p> <p>The County Council has provided usage figures covering the whole Somerset Accessible Transport (SAT) service. They are unable to provide figures relating specifically to the Slinky service. This is because they do not differentiate between Social Care Transport demands and the general public using the service. SAT management have also been actively promoting the service in the Taunton area. The figures provided do show an increased overall use from July onwards of around 1000 passengers per month. This is set against a background of major cuts in County Council funding this financial year. The usage figures provided are related only to the ‘Taunton and Wellington areas’. There is no detail about any increased usage or penetration into the rural areas.</p>
<p>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</p>	
	<p>The funding is non-statutory and provided at the discretion of the Borough Council. Removal of the funding does not affect anyone’s eligibility for the Slinky bus service, but reduces the extent of availability of the service to that provided by the County Council prior to April 2011. The funding has been for only the current financial year. The worst case scenario would be a reduction of 1000 passenger trips per month, although the number directly funded by this Council’s discretionary contribution would be only part of that.</p>

I have concluded that there is/should be:	
No major change - no adverse equality impact identified	
Adjust the policy	
Continue with the policy	The removal of the discretionary funding will have an adverse impact on the two protected groups, but only so far as to reduce the level of service to that provided by the County Council prior to the additional funding provided for the 2011/12 financial year There is no unlawful discrimination
Stop and remove the policy	
Reasons and documentation to support conclusions	
Section four – Implementation – timescale for implementation	
The discretionary funding would not be renewed from April 2012	
Section Five – Sign off	
Responsible officer John Lewis	Management Team James Barra, Community Services Manager
Date 1 February 2012	Date 1 February 2012
Section six – Publication and monitoring	
Published on	
Next review date	Date logged on Covalent

