

Date: 7 January 2013
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To:
Members of the Overview and Scrutiny Committee (Mike Allen, Peter Bowden, Graham Brown, Peter Burrows, Derek Button, David Chapman, Deborah Custance Baker, Vivien Duval Steer, Roger Giles, Tony Howard, Stuart Hughes, John Humphreys, Sheila Kerridge, David Key, John O'Leary, Brenda Taylor, Graham Troman, Tim Wood, Eileen Wragg, Claire Wright, Tom Wright)
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Special Overview and Scrutiny Committee

2013/2014 Budget and Service Plans

Wednesday 16 January 2013 at Council Chamber, Knowle, Sidmouth

Briefing for Members only at 9.00am

Committee Meeting commences 10.00am completing by 1.00pm

(Draft Budget Book will be available at the meeting)

Members of the Council who do not sit on this Committee are welcome to attend as observers. **Members of the public are welcome to attend this meeting from 10.00am.**

- There is a period of 15 minutes at the beginning of the meeting to allow members of the public to ask questions.
- All individual contributions will be limited to a period of 3 minutes – where there is an interest group of objectors or supporters, a spokesperson should be appointed to speak on behalf of the group.
- The Chairman has the right and discretion to control questions to avoid disruption, repetition and to make best use of the meeting time.

Should anyone have any special needs or require any reasonable adjustments to assist them in making individual contributions, please contact Debbie Meakin (contact details at top of page).

A hearing loop system will be in operation in the Council Chamber. Councillors and members of the public are reminded to switch off mobile phones during the meeting.

AGENDA

Page/s

1. **Public question time** – standard agenda item (15 minutes)
Members of the public are invited to put questions to the Committee through the Chairman. Councillors also have the opportunity to ask questions of the Leader and/or Portfolio Holders during this time slot whilst giving priority at this part of the agenda to members of the public
2. To receive any apologies for absence.

Chief Executive: Mark Williams
Deputy Chief Executive: Richard Cohen
Deputy Chief Executive and Monitoring Officer: Denise Lyon

3. To receive any declarations of interest relating to items on the agenda.
4. **Draft Revenue and Capital Estimates 2013/14**

Members to debate the draft Estimates for 2013/14, looking at both the General Fund and the Capital Reserve.

The attached report covers:

Key objectives of Service Plans 2013/2016 (ICT to follow)	4 – 24
Draft revenue and capital estimates	25 – 43
Special Items bids 2013/2014	44

Decision making and equality duties

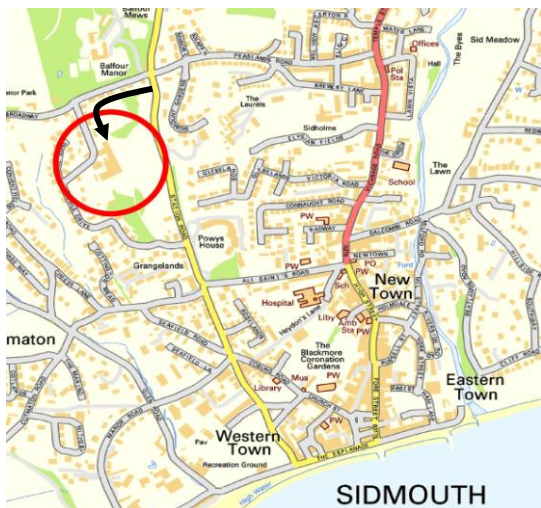
The Council will give due regard under the Equality Act 2010 to the equality impact of its decisions.

- An appropriate level of analysis of equality issues, assessment of equalities impact and any mitigation and/or monitoring of impact will be addressed in committee reports.
- Consultation on major policy changes will take place in line with any legal requirements and with what is appropriate and fair for the decisions being taken.
- Members will be expected to give reasons for decisions which demonstrate they have addressed equality issues.

Members and co-opted members remember!

- You must declare the nature of any disclosable pecuniary interests. [Under the Localism Act 2011, this means the interests of your spouse, or civil partner, a person with whom you are living with as husband and wife or a person with whom you are living as if you are civil partners]. You must also disclose any personal interest.
- You must disclose your interest in an item whenever it becomes apparent that you have an interest in the business being considered.
Make sure you say what your interest is as this has to be included in the minutes. [For example, 'I have a disclosable pecuniary interest because this planning application is made by my husband's employer'.]
- If your interest is a disclosable pecuniary interest you cannot participate in the discussion, cannot vote and must leave the room unless you have obtained a dispensation from the Council's Monitoring Officer or Standards Committee.

Getting to the Meeting – for the benefit of visitors



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The following buses all terminate at the Triangle in Sidmouth. From the Triangle, walk up Station Road until you reach the Council Offices (approximately ½ mile).

From Exeter – 52A, 52B; From Honiton – 52B

From Seaton – 52A; From Ottery St Mary – 379, 387

Please check your local timetable for times.

The Committee Suite has a separate entrance to the main building, located at the end of the visitor and Councillor car park. The rooms are at ground level and easily accessible; there is also a toilet for disabled users.

For a copy of this agenda in large print, please contact the Democratic Services Team on 01395 517546

Economy

Key Service Objectives	Financial/ corporate resource	Lead Officer	Start date	End date
a) Living in an outstanding place				
To deliver a new Local Plan – taking the plan through to examination and planned adoption.	Planning Policy Team	Planning Policy manager	On-going	Dec 2013
To implement the Localism Act inc working with community groups inc community council etc.	Planning & Estates Team	Deputy Chief Executive	On-going	Depending on Regulations
Adopt CIL Charging Schedule and establish procedures for charging and collecting monies.	Planning Policy & Development Management Teams	Planning Policy Manager	On-going	Late 2013/ early 2014
Negotiate to secure low carbon solutions for all new developments	All Teams	Deputy Chief Executive	On-going	On-going
Progress delivery of projects identified in the Exmouth Masterplan inc Elizabeth Hall site & Splash Zone	Economic Development & Estates Team	Deputy Chief Executive	On-going	On-going
Enable delivery of affordable housing through negotiation with developers	Development Management Team	Development Manger	On-going	On-going
Make best use of council's assets	Economic Development & Estates Team	Economic Development Manager	On-going	On-going
Deliver nucleus of Cranbrook new community inc. community building and primary school	Growth Point Team and Development Management	East of Exeter Projects Director	On-going	On-going
b) Working in an outstanding place				
To increase the number and variety of job opportunities within East Devon by building on benefits emerging from the developments taking place in the west end of the district	Growth Point Team and Economic Development	Deputy Chief Executive	On-going	On-going
Exeter and Heart of Devon Skills Board	Economic Development	Economic Development Manager	On-going	On-going

Key Service Objectives	Financial/ corporate resource	Lead Officer	Start date	End date
To provide business support, innovation ideas, networking opportunities and training for small and medium size businesses	Economic Development	Economic Development Manager	On-going	On-going
Promote new inward investment and support a local enterprise partnership and stronger engagement with central government	Economic Development	Economic Development Manager	On-going	On-going
Play a key role in the low carbon task force in terms of rolling out low carbon projects and supporting local businesses	Economic Development & Development Management Team	Deputy Chief Executive	On-going	On-going
Rural Growth Network	Economic Development	Economic Development Manager	On-going	On-going
EDDC & Cranbrook apprenticeships	Deputy Chief Executive & Growth Point Team	Deputy Chief Executive	On-going	On-going
Work to promote and help delivery of the roll out of superfast broadband	Chief Executive/ Development Management	Deputy Chief Executive	On-going	On-going
c) Enjoying an outstanding place				
To implement GI Plan	Landscape Architect/ Development Management	Development Manager	On-going	On-going
To deliver all necessary habitat and flood mitigation measures to off-set development	Development Management/ Building Control	Development Manager/ Building Control Manager	On-going	On-going
To secure, procure, manage and monitor CIL and S106 funds on behalf of the community	S106 Monitoring Officer	Development Manager	On-going	On-going
To negotiate high quality public realm and open space as part of all new developments	Development Management	Development Manager	On-going	On-going

Key Service Objectives	Financial/ corporate resource	Lead Officer	Start date	End date
d) Outstanding Council				
Work to improve the Council's website	Economy Practice Manager	Economy Practice Manager	On-going	On-going
Streamline services to provide a proactive and efficient enforcement service at all hours	Development Management/ Building Control	Development Manager/ Building Control Manager	On-going	On-going
To maintain high levels of customer satisfaction	All Teams	All Managers	On-going	On-going
To advance e-administration and better working practices including mobile working	Economy Practice Manager	All Managers	On-going	On-going
Respond quickly to mis-information and present good information in good time, and follow good practice in all consultation exercises	All Teams	All Managers	On-going	On-going
To manage and maintain the Council's non-residential estate on business lines	All Teams	All Managers	On-going	On-going
To continue to co-operate and work in partnership with neighbouring authorities and other agencies	All Teams	All Managers	On-going	On-going

Environment Service

Key Service Objectives	Financial/ corporate resource	Lead Officer	Start date	End date
a) Living in an outstanding place				
Review our green and open spaces and plan to ensure we are delivering best value and community access	No progress as Head of Environment post is vacant	Head of Environment	No progress – vacant post	
Conduct a review of 7 day working, systems changes and mobile working implementation in Streetscene operations and show savings/improvements.	Within existing resources	Area Manager	01/13	06/13
Asset mapping & condition survey. Map all of our assets (Street furniture, signs, bridges, flood defence schemes) so we can start undertaking pro-active asset inspections and condition surveys and plan a proactive maintenance budget.	7 th TO, Engineers & possibly asset register /inspection software yet to be researched	Streetscene Manager	2011	2014
Develop and implement programme of improved recycling rates and reduced landfill through: (a) Promotions – zero waste/roadshows, and (b) Education – schools, residents, parishes	Within existing resources	Interim Waste & Recycling Manager	04/12	04/14
Investigate viability of extending range of recyclables collected including cardboard and mixed plastics following Beer trial.	£370k plus capital.	Streetscene Manager	02/12	01/14
Investigate viability of providing on street litter recycling facilities particular in coastal towns.	Not known	Streetscene Manager	07/12	04/14
Complete the systems thinking review of the waste service and implement changes to improve customer service, finalise service reporting lines and appointment of Waste Manager.	Within existing resources	Streetscene Manager	03/12	06/13
Review EDDC Waste Strategy to guide the service over the coming years, include consideration around integrated Devon.	Within existing resources	Interim Waste & Recycling Manager	10/12	06/13

Key Service Objectives	Financial/ corporate resource	Lead Officer	Start date	End date
Investigate and plan for tender of new Waste contract. Current Sita contract ends in 2016, look at best practice across the country in preparation for new contract, Look to include innovative and exciting ideas, wider range of recyclate including cardboard & mixed plastic. Include analysis of Devon-wide arrangements to see if a partnership is appropriate.	Not known	Streetscene Manager / Waste Manager	06/2013	03/2016
Complete the systems thinking review of the Engineers and implement changes to improve customer service and look at service priorities.	Within existing resources	Streetscene Manager	08/12	09/13
Deliver the £700k Imperial Recreation Ground protection scheme whilst minimising impact to rec and water users.	Within existing resources	Streetscene Manager/ Senior Engineer	01/12	05/13
Feniton – Submit a viable drainage scheme to EA/DEFRA project appraisal board and gain funding. Agree match funding and funding from other stakeholders and deliver a drainage scheme to protect Feniton new village from flooding.	Around £1.6 million scheme, funding required.	Streetscene Manager/ Senior Engineer	01/09	2016
Working with all stakeholders through Pennington Point working group meetings, progress the Beach Management Plan process to help achieve funding for future protection works which may include beach recharge. BMP to tender & completion Use BMP to design a scheme of works to help protect Pennington & apply for DEFRA funding. End date may slip depending on DEFRA funding application success.	£27K Within existing resources. Extra funding required from partners Funding required	Streetscene Manager/ Senior Engineer	10/11 12/13	12/13 12/15
Revise civil enforcement patrol areas and reprioritise Exmouth in particular as an area into which more conspicuous regulation is needed.	Within existing resources	Environmental Health Manager	04/12	10/12
b) Working in an outstanding place				
Maintain existing service levels and through keeping our public open spaces attractive and clean, we will continue to encourage visitors to visit our district and improve investment by business in our area.	Within existing resources	Head of Environment	04/12	04/14

Key Service Objectives	Financial/ corporate resource	Lead Officer	Start date	End date
Plan/quantify how much extra work we are taking on each year (street cleansing & grounds maintenance) through s38 & s106 agreements. Make provision in our future budgets for additional resources to maintain these areas and assets.	Within existing resources	Streetscene Manager	04/12	Ongoing
Develop the eyes and ears of the Council and the ambassador role of the Civil Enforcement Officers to include initially more formal links with Streetscene concerning abandoned vehicle procedures and with Planning Enforcement concerning vehicles exposed for sale on the highway.	Within existing resources	Environmental Health and Parking Services Manager	01/13	12/13
Carry out civil parking enforcement patrols and enforcement to ensure a good turnover of spaces and to protect the Council's revenue stream		Environmental Health and Parking Services Manager		
Assess very carefully the role of on-street enforcement and to respond to any issues arising out of Devon County Council's independent review of on street Civil Parking Enforcement		Environmental Health and Parking Services Manager		
<p>Explore the options offered by better ICT to include:</p> <ul style="list-style-type: none"> • automated remote downloads of PCN data and simultaneous upload of data to enable customers to view evidence online prior to challenging a PCN • explore the enforcement feasibility of using e-permits (i.e. a valid permit with nothing displayed in the windscreen) saving potentially £12,000 per annum in stationery and postage alone 		Environmental Health and Parking Services Manager		
Consult on permit usage and consider alternative fee options to maximise income		Environmental Health and Parking Services Manager		
"tidy up" and improve car parks to make them more attractive places to leave your car (building confidence and encouraging motorists to maximise use) – pot holes, lines, planting...		Environmental Health and Parking Services Manager		

Key Service Objectives	Financial/ corporate resource	Lead Officer	Start date	End date
Consider opportunities for introducing advertising in car parks for revenue generation		Environmental Health and Parking Services Manager		
Consider the feasibility of introducing transparent canopies over ticket machines to protect machines and customers from the elements		Environmental Health and Parking Services Manager		
Review the present signage directing visitors to car parks at town gateways to include better directions to EDDC car parks and consider using postcode locations for sat nav equipped vehicles.		Environmental Health and Parking Services Manager		
c) Enjoying an outstanding place				
Produce a beach management plan to cover all EDDC beaches. The plan will detail how we can better manage our beach asset, and how we can improve it for the future.	Within existing resources	Beach Safety Officer	04/12	12/13
Investigate viability and if proven set up café concessions in Manor Gardens & the Maer.		Streetscene Manager / Estates Surveyor	06/12	05/13
Following the closure of Mamhead Slipway due to undercutting, work with Estates to deliver a scoping project for alternative or improved slipway access. Deliver and support the setting up of a JetSki Club, as well as providing a code of conduct for users, information signs and education events.	Likely to use external funding for delivery of slipway with £70k revenue funds used for producing a design brief.	Principal Estates Surveyor / Beach Safety Officer & Senior Engineer	04/12	01/14
Keep the provision of car parking services including pricing structures, long and short stay designations, permits and payment options under review and work with the Council's asset management forum to consider each asset on the basis of its value to community and income for the Council.	Within existing resources	Environmental Health and Parking Services Manager	01/13	01/14
Review and refresh EDDC Local Biodiversity Action Plan (LBAP) with review of achievements and setting of new targets for action on species and habitat priorities.	Within existing resources	Countryside Manager	6/12	4/13

Key Service Objectives	Financial/ corporate resource	Lead Officer	Start date	End date
Work with partners to ensure bathing water quality meets national standards	Within existing resources	Environmental Health and Parking Services Manager	04/12	04/13
Develop & adopt a LNR Strategy that provides a benchmark standard of infrastructure, level of volunteering, quality of visitor experience that is consistent across all our LNRs	LNR management budget	Nature Conservation Officer	April 2013	March 2014
Complete the delivery of new inter tidal habitat scheme on Sheep's Marsh on Axe Wetlands & develop strategic Axe Wetlands Management Plan that guides site management, access & public engagement	Capital scheme – EA funded	AEW Officer	April 2013	March 2014
Deliver a comprehensive AEW Interpretation programme that provides information on the unique wildlife and “story of the wetlands” for visitors	LNR management budget	AEW Officer & Nature Conservation Officer	April 2013	March 2015
Launch & deliver new River Axe curriculum pack to local schools to increase school visits & secure the AEW as the premier destination for primary school visits in East Devon.	School visits via Natural England HLS	Education Ranger	April 2013	Ongoing
LNR volunteering – increase volunteer hours on all LNRs and deliver Environment Agency funded water vole monitoring project via volunteer activity	EA funded project	Nature Reserves Ranger	April 2013	Ongoing
Develop a Tree Strategy that provides framework for streamlining enforcement process, site monitoring issues and value of ‘treescape’ in our district	Document to go out for consultation	Countryside & Leisure Manager + Snr Tree Officer + Streetscene	April 2013	March 2014
Set up a Tree Think Tank that considers role & value of trees for EDDCs economy & environment	Member Services	Countryside & Leisure Manager	April 2013	March 2014
Set up and complete a Systems Review for all aspects of the Council's tree work engaging Streetscene, Planning, Countryside & Housing	Outcomes to impact revenue budgets 2014/15	Countryside & Leisure Manager	January 2013	Ongoing
Develop opportunities for shared working with Streetscene services around site management following open spaces review	Linked to Environment budget setting 2014/15	Countryside & Leisure Manager	October 2013	Ongoing

Key Service Objectives	Financial/ corporate resource	Lead Officer	Start date	End date
Carry out review of operational functions of THG to consider opportunities to increase income generation	Outcome will impact on revenue budgets 2013/14	THG Curator	April 2013	March 2014
Submit Grants for Arts bid to Arts Council to secure funding for development of a THG Marketing Strategy	Arts Development funds	Gallery Development Manager	January 2013	July 2014
Implementation of new Manor Theatre computerised box office system to enable business processes to operate more efficiently	Revenue budget implications	Theatre Manager	January 2013	March 2014
Carry out biannual business reporting meetings with Sidmouth TC on the operational performance of the Theatre as part of joint working agreement	Sidmouth TC precept budget	Countryside & Leisure Manager	April 2013	Ongoing
Develop in collaboration with Planning Policy updated EDDC Playing Pitches Strategy for adoption by Cabinet	Revenue budget implications	Countryside & Leisure Manager	May 2013	October 2014
Respond to the construction and environmental demands associated with development of the west of the district.	Within existing resources	Environmental Health Manager	10/12	04/14
Maintain our statutory inspection and monitoring programmes to safeguard standards of food, public health and public safety.	Within existing resources	Head of Environment	03/12	04/13
Maintain our statutory monitoring programmes and commitments for air quality control. To complete further assessment of air quality in Honiton Air Quality Management Area and work with our partners to produce an action plan.	Within existing resources	Environmental Health Manager	03/11	10/12
To take reasonable and proportionate action to investigate problems and enforce the law in respect of people who commit environmental crime and cause noise, pollution, fly tipping, littering and dog fouling in particular.	Within existing resources	Environmental Health and Parking Services Manager / Streetscene Manager	03/13	04/14
Review the contract for provision of dog warden services and retender alongside consideration of in-house options.	Within existing resources	Environmental Health and Parking Services Manager	01/13	10/13

Key Service Objectives	Financial/ corporate resource	Lead Officer	Start date	End date
Implement junior lifeskills and health promotion events in schools.	Within existing resources	Environmental Health and Parking Services Manager	03/12	04/13
Consider the long term role of the Environmental Health Service in addressing the public health priorities being identified by Public Health England and develop joint working relationships with Devon County Council's Director of Public Health.	Within existing resources	Environmental Health and Parking Services Manager		
d) Outstanding Council				
Complete a review of our business processes with ICT as part of the Councils Mobile Working Project and design/implement new systems and technologies to make the way we work more efficient; allowing more time to be spent 'on site'.	TBA	Head of Environment	04/12	04/14
Rationalise enforcement policies and processes across the service to ensure consistency, pooling of expertise and experience and efficiency gains through cross service working. To include nomination of Enforcement Champion to co-ordinate enforcement activity.	Within existing resources	Head of Environment	04/12	12/12
Develop the Environmental Health management information system to improve the efficiency with which it helps officers manage their own workloads and provide performance data for management	Within existing resources	Environmental Health and Parking Services Manager	01/13	12/13

Finance

Key Service Objectives	Financial/ corporate resource	Lead Officer	Start date	End date
a) Living in an outstanding place				
<p>Revenues & Benefits Service</p> <p>With the significant reforms in welfare the Council will keep its customers informed and aware of the various implications. We will offer appropriate advice and ensure budgeting sessions are made available to customers.</p>	Existing funding and resources will be directed to this area.	Revenues & Benefits Manager	Started	Review March 2014
<p>With the demise of Crisis Loans we are working with Devon County Council to introduce Welfare Assistance to be administered by the District Council's across Devon. Scheme details are being considered and it is unsure at this stage where administration of the scheme best fits in the Council.</p>	DCC will provide funding	Head of Finance/Head of Housing	Started	April 2013
b) Working in an outstanding place				
<p>Procurement</p> <p>The new strategy includes the objective to increase the proportion of our spend with SMEs/local suppliers – location now measurable through ProSpend. We will ensure that these businesses are aware of our requirements and how we buy – through our Procurement web pages. We have begun this process and will continue to work to aid local businesses where legally and technically viable.</p>	No additional costs	Procurement Officer	Started	Review March 2014
c) Enjoying an outstanding place				
<p>Procurement</p> <p>Sustainable procurement is a major element of our procurement strategy – we must buy products which are produced, delivered, used, and disposed of, in ways which avoid or minimise negative effects on the environment and society.</p>	No additional costs	Procurement Officer	Started	Review March 2014

Key Service Objectives	Financial/ corporate resource	Lead Officer	Start date	End date
d) Outstanding Council				
Procurement				
We will join the Tendering portal, Supplying the South West (via ProContract), to streamline supplier tendering, adoption and contract monitoring. We will continue to encourage transparency and openness wherever possible in our business transactions.	No additional costs	Procurement Officer	Started	March 2014
Produce action Plan for monitoring by Procurement & Efficiency Group on how to implement new Procurement Strategy	No additional costs	Procurement Officer	February 2013	June 2013
Financial Services				
Complete roll out E-Procurement module (electronic ordering) to remaining service areas.	No additional costs	Senior Income & Payments Officer	Started	March 2014
Roll out of new Purchase Cards with different bank to service areas.	No additional costs	Senior Income & Payments Officer	February 2013	Sept 2013
Prepare 2012/13 Accounts to an appropriate standard that requires no additional audit days to be purchased from external auditor.	No additional costs	Financial Services Manager	January 2013	June 2013
To assist and lead where appropriate the preparation of a balanced Council budget for 2014/15 to 2016/17	No additional costs	Head of Housing	January 2013	October 2013
Revenues and Benefits				
Implement Local Council Tax Support Scheme and consider amendments required to year 2.	Additional costs have been met by Government funding.	Revenues & Benefits Manager & ICT commitment	Started	Implement mid March 2013. Review up to June 2013 for any amendments
Implement new Business Rates System – this has been started but delayed due to other workload pressures (Local Council Tax Support Scheme, other welfare changes and council tax technical reforms – these all involve the same officers).	Costs are budgeted, but additional costs will need approval because of overrun.	Revenues & Benefits Manager	Started	Sept 2013

Key Service Objectives	Financial/ corporate resource	Lead Officer	Start date	End date
Implementation of Council Tax Reforms	This should generate additional income £48k in 2013/14 budget.	Revenues & Benefits Manager	Started	April 2013
Work with ICT to prioritise the implementation of E-billing (reaffirm business case details)	It is believed this will save monies	Head of Finance	January 2013	By April 2013 agree implementation date, if appropriate.
Currently there are many risks affecting the Council's Council Tax and Business Rate Collection rates. Both of these areas have significant impact on the finances of the Council and will need careful monitored through the year with a proactive approach required to maintain the Council's excellent record in this area.	No additional costs at this stage	Revenues & Benefits Manager	Started	March 2014
Customer Service Centre When suitable for the customer - Increase the number of customers who make self service transactions away from face to face and telephone.	It is believed this will save money	Customer Service Manager	Started	Dec 2013
If determined appropriate, implement changes in payment conditions and return of stray dogs to owners. To enhance service and deter default on payment.	It is believed this will save money	Customer Service Manager	Started	March 2014
To continue to work with the systems thinking reviews and to embed proposed changes into CSC.	No additional costs	Customer Service Manager	March 2013	March 2014
Local Land Charges To improve the efficiencies of the new land charges system; this mainly relates to work on data cleansing on information pulled into the system from other areas.	Costs will be recovered through charges	Economy Practice Manager	April 2013	March 2014

Housing Service

Key Service Objectives	Financial/ corporate resource	Lead Officer	Start date	End date
a) Living in an outstanding place				
Our Homes & Communities Plan aims are:				
Provide a range of affordable housing to meet housing needs.	Housing Revenue Account / Capital Plan	Housing Needs & Strategy Manager	Ongoing	
Prevent homelessness wherever possible, and otherwise ensure that accommodation is provided for those who do become homeless.	General Fund	Housing Needs & Strategy Manager	Ongoing	
Maintain and manage the council owned housing stock to a high standard, actively involving tenants in all aspects of the service.	Housing Revenue Account	Landlord Services Manager	Ongoing	
Bring sub-standard housing (of all tenures) up to current standards.	Housing Revenue Account / General Fund/ Capital Plan	Private Sector Housing Manager	Ongoing	
Improve the use and safety of housing.	Housing Revenue Account / General Fund/ Capital Plan	Private Sector Housing Manager	Ongoing	
Enable elderly persons, disabled people, and people with special needs to live as independently as possible and remain in their own homes if they so wish.	Housing Revenue Account / General Fund/ Capital Plan	Private Sector Housing Manager / Landlord Services Manager	Ongoing	
Improve the sustainability and energy efficiency of housing and eliminate fuel poverty.	Housing Revenue Account / General Fund/ Capital Plan	Housing Needs & Strategy Manager	Ongoing	
Widen the choice of housing, especially for those in priority need.	Housing Revenue Account / General Fund/ Capital Plan	Landlord Services Manager	Ongoing	

Key Service Objectives	Financial/ corporate resource	Lead Officer	Start date	End date
Support the improvement and regeneration of local communities by encouraging social inclusion, involving children and young people in housing issues, and enabling residents to actively participate in their communities.	Housing Revenue Account / General Fund/ Capital Plan	Landlord Services Manager	Ongoing	
Have consistently satisfied customers.	Housing Revenue Account / General Fund/ Capital Plan	All Housing Managers	Ongoing	
Core Service Specific Actions				
Produce at least 100 new affordable homes per annum.	Capital Plan/ Housing Revenue Account	Housing Needs & Strategy Manager	Ongoing	
Produce at least one rural affordable scheme per annum.	Capital Plan	Housing Needs & Strategy Manager	Ongoing	
Maintain a healthy Housing Revenue Account; manage debt/loan portfolio, and programmes of maintenance, improvement and adaptations to tenant's homes.	Housing Revenue Account	Head of Housing	Ongoing	
Manage and utilise all housing assets to best effect and consider disposal where assets are not meeting their purpose.	Housing Revenue Account	Head of Housing	Ongoing	
Maintain high levels of rental and other income whilst achieving affordable homes and affordable warmth for tenants.	Housing Revenue Account	Landlord Services Manager	Ongoing	
Procure services and programmes efficiently achieving value for money for service users.	Housing Revenue Account	Head of Housing	Ongoing	
Explore opportunities for introducing fair and proportionate service charges.	Housing Revenue Account	Landlord Services Manager	Ongoing	
Comply with the regulatory framework and evidence achievement of the standards.	Housing Revenue Account	Head of Housing	Ongoing	
Support the Tenant Scrutiny process, Tenant Representative Group and Service Review Groups.	Housing Revenue Account	Landlord Services Manager	Ongoing	

Key Service Objectives	Financial/ corporate resource	Lead Officer	Start date	End date
Deliver service efficiencies and improvements through the application of Systems Thinking techniques and ensure that we do 'what matters' for customers.	Housing Revenue Account / General Fund	All	Ongoing	
Improve the environment on selected estates.	Housing Revenue Account	Landlord Services Manager	Ongoing	
Continue the programme of estate walkabouts and BlitzDays.	Housing Revenue Account	Landlord Services Manager	Ongoing	
Deliver continuing improvements in communal cleaning and grounds maintenance.	Housing Revenue Account	Landlord Services Manager	Ongoing	
Undertake Fire Risk Assessments in flats and implement any improvements required to comply with good practice advice.	Housing Revenue Account	Housing Needs & Strategy Manager	Ongoing	
Implement the Private Sector Housing Renewal Plan delivery actions.	General Fund	Private Sector Housing Manager	Ongoing	
Implement the loan scheme to provide alternative assistance through partners for elderly and vulnerable home owners to carry out repairs to their properties and to remain in their own homes.	General Fund	Private Sector Housing Manager	Ongoing	
Set up a Landlords' accreditation scheme.	General Fund	Private Sector Housing Manager	March 2013	Sept 2013
Improve conditions in the private rented sector using advice and enforcement, specifically targeting houses in multiple occupation.	General Fund	Private Sector Housing Manager	Ongoing	
Produce a Home Energy Conservation Act Strategy aimed at improving the thermal efficiency of homes in the district.	Capital Plan/ General Fund	Private Sector Housing Manager	Dec 2012	March 2013
Implement the Empty Homes Strategy and revise the action plan.	General Fund	Private Sector Housing Manager	Ongoing	
Complete the risk assessments of private water supplies and maintain a sampling regime.	General Fund	Private Sector Housing Manager	Ongoing	

Key Service Objectives	Financial/ corporate resource	Lead Officer	Start date	End date
Develop the Switch project for training and employment opportunities for younger people.	Housing Revenue Account	Landlord Services Manager	Ongoing	
Develop targeted community projects and facilities for young people to develop their skills.	Housing Revenue Account	Landlord Services Manager	Ongoing	
Develop the Devon Home Choice regional Choice Based Lettings scheme and ensure that we match the right people with the right home.	Housing Revenue Account / General Fund	Housing Needs & Strategy Manager	Ongoing	
Through decommissioning have less sheltered housing.	Housing Revenue Account	Landlord Services Manager	Ongoing	
Increase Home Safeguard income and maintain Supporting People income.	General Fund	Landlord Services Manager	Ongoing	
Expand the use of Home Safeguard including lone working and telecare services.	General Fund	Landlord Services Manager	Ongoing	
Support tenants in holding an annual tenant conference.	Housing Revenue Account	Landlord Services Manager	Ongoing	
Expand homeless prevention work and have less temporary accommodation in use.	General Fund	Housing Needs & Strategy Manager	Ongoing	
Continue to reduce the average void times and End to End times.	Housing Revenue Account	Housing Needs & Strategy Manager	Ongoing	
Achieve all responsive repairs within target timescales and at tenant's convenience.	Housing Revenue Account	Housing Needs & Strategy Manager	Ongoing	
Meet the local offers/standards commitments to tenants contained in Our Commitments to You.	Housing Revenue Account	Head of Housing	Ongoing	

Legal and Democratic Services

Key Service Objectives	Financial/ corporate resource	Lead Officer	Start date	End date
a) Living in an outstanding place				
Continue to secure affordable housing (and other planning benefit through planning and property agreements) taking into consideration Localism Act changes.		Corporate Manager Legal & Democratic Services / Solicitor	Jan 2013	2015
Consult on and implement revised Licensing Policy following statutory and guidance changes.		Licensing Manager / Solicitor	Jan 2013	2015
Continue to support the development management function in securing the right development in the right place, and taking effective enforcement action against unauthorised and harmful development.		Principal Solicitor	Jan 2013	2015
Continue to support the planning policy team in the development of the Local Plan and implementation of the Community Infrastructure Levy.		Principal Solicitor	Jan 2013	2015
Provide effective enforcement mechanisms, through court or otherwise (for example REACT team with fixed penalty notices), as permitted by available resources.		Solicitor	Jan 2013	2015
Identify and implement ways of improving access to council services and council reputation through use of social media.		Corporate Manager Legal & Democratic Services / Democratic Services Manager / Licensing Manager	Jan 2013	2015
b) Working in an outstanding place				
Support to major projects and processes including the Local Plan (in-house with external resources as necessary).		Corporate Manager Legal & Democratic Services	Jan 2013	2015
Implement electronic case management for the legal service in line with previous service plan.		Corporate Manager Legal & Democratic Services / Solicitor	Jan 2013	June 2013

Key Service Objectives	Financial/ corporate resource	Lead Officer	Start date	End date
Implement mobile working for Licensing Team.		Licensing Manager / Licensing Officer	Jan 2013	Dec 2013
c) Enjoying an outstanding place				
Provide and/or procure advice on council property projects, including possible office move.		Solicitor	Jan 2013	2015
d) Outstanding Council				
Effective and satisfied councillors fitted for the challenges of the future through building on Member Development Charter status through tailoring development for councillors individually.		Democratic Services Manager	Jan 2013	2015
Develop and implement new governance requirements including new Code of Conduct and provide strategic legal advice on Localism Act implications.		Corporate Manager Legal & Democratic Services	Jan 2013	2015
Work with relevant portfolio holders to progress the Paperlite initiative for members.		Democratic Services Manager	Jan 2013	2015
Extend the range of stimulating opportunities for democratic engagement between young people and councillors.		Democratic Services Manager	Jan 2013	2015
Supporting modernisation of procurement processes.		Corporate Manager Legal & Democratic Services / Solicitor	Jan 2013	2015
Systems thinking the ways we work with other teams to improve the customer experience and drive out waste.		Corporate Manager Legal & Democratic Services / Democratic Services Manager / Licensing Manager	Jan 2013	2015

Organisational Development

Key Service Objectives	Financial/ corporate resource	Lead Officer	Start date	End date
a) Living in an outstanding place				
Participatory budgeting work with Town and Parish Councils to deliver sports and play areas.		Engagement & Funding Officer	April 2013	April 2014
Delivery of Residents' Survey results to ensure we can track reputation and respond to feedback.		Engagement & Funding Officer / Corporate Manager- Organisational Development	April 2013	April 2014
Corporate co-ordination of attendance at key Devon wide events to maximise opportunities to engage with the community.		Engagement & Funding Officer	April 2013	April 2014
d) Outstanding Council				
Produce Annual Performance Report tracking resident satisfaction with our services.		Management Information Officer / Corporate Manager- Organisational Development / Communications and Public Affairs Manager	April 2013	April 2014
Produce <i>Knowing East Devon Communities</i> Publication for member and officer decision making.		Management Information Officer	May 2013	
Delivery of HR/Communications and Engagement work streams for office relocation project.		Corporate Manager- Organisational Development / Communications and Public Affairs Manager /Engagement & Funding Officer		
Delivery of e-magazine and development of customer base		Communications and Public Affairs Manager	April 2013	April 2014

Key Service Objectives	Financial/ corporate resource	Lead Officer	Start date	End date
Communication work stream lead for website project - facilitating new content delivery for the website project to include video and audio use.		Corporate Manager- Organisational Development / Communications and Public Affairs Manager	April 2013	April 2014
Review workflows and self service options for i-trent and deliver i-recruitment functionality.		ICT/HR/Payroll Services	April 2013	April 2014
Act as HR work stream leader to support development of ICT shared company.		Corporate Manager- Organisational Development	April 2013	April 2014
Implement actions arising from recent Investor in People review.		Corporate Manager- Organisational Development	April 2013	April 2014
Auto-enrolment of LGPS and associated processes.		Senior Payroll & Benefits Officer	June 2013	April 2014

Agenda Item 4

Overview and Scrutiny Committee

16 January 2013

SD



Draft Revenue and Capital Budgets 2013/14

Summary

This report presents the draft revenue and capital budgets for 2013/14 considered by the Cabinet on 9 January 2013 before consideration by the Overview and Scrutiny Committee and the Housing Review Board.

Recommendations from these meetings will be presented to the Cabinet on 30 January 2013 when members will finalise budget proposals to be recommended to Council.

Key issues in summary

General Fund

Currently a budget shortfall of £1.256m is shown for 2013/14; with an additional annual budget shortfall projected going forward for a number of years. Most, if not all, councils find themselves in a similar position at the current time.

The report highlights actions required to bridge that gap which will require a two year budget period in order to adjust and produce a balanced budget going forward for future years, taking us into the period of a New Council.

The actions outlined in the report range from minor savings which can be enacted now for the 2013/14 budget, to a more fundamental process required to reshape our budget for 2014/15 and beyond.

Through the use of a combination of New Homes Bonus monies and Balances available to the Council, Members have time to consider and implement the necessary changes over a two year budget time span.

Special items bids totalling £0.114m have **not** been included in the draft budget and consideration needs to be given as to whether it is appropriate to fund any of these items and if so to consider the appropriate way of funding them bearing in mind the magnitude of the shortfall in the draft budget.

Housing Revenue Account

The draft budget shows a healthy position with additional investment in council houses and the ability to increase the Housing Revenue Account Balance to a level that gives reassurance going forward to meet the significant debt repayments required as part of the self financing regime.

Capital

The draft Capital Programme for 2013/14 is funded by using the Capital Reserve, the overall position is healthier than previous years due to actions agreed previously by Members. The Capital Reserve will be depleted in 3 to 5 years time as it is used each year to balance the Programme. The Report proposes that the balance of 2013/14 New Homes Bonus monies remaining after the call to support revenue is allocated to the Capital Budget to assist the balancing of the programme. This will reduce the call on the Capital Reserve and will maintain the Reserve into the future and assist to fund schemes that will come forward in the medium term not currently identified in the draft budget.

Recommendation

That the draft revenue and capital estimates are recommended for adoption to the Cabinet.

a) Reasons for Recommendation

There is a requirement for 2013/14 to set balanced budgets, to levy a Council Tax and to set Council House Rents.

b) Alternative Options

Please see main body of report.

c) Risk Considerations

Risks have been considered in preparing the budgets and the financial implications have been assessed at the point of preparation. Various budget assumptions have been made including the treatment of inflation and interest rates; estimates on the level and timing of capital receipts; the treatment of demand led pressures; the treatment of planned efficiency savings/productivity gains; levels of income; financial risks inherent in any new arrangements; capital developments; the availability of funds to deal with major contingencies and the need for any provisions. In each of these areas the Council's financial standing, management and track record have been considered in order to prepare robust budget proposals.

General Fund Balance

In setting the 2012/13 budget, members agreed to hold the General Fund balance at a higher level than the adopted amount to safeguard the Council against financial uncertainties which faced all local authorities. The latest financial monitoring report shows we are predicting to hold £1.866m above the adopted level. The financial uncertainties however still remain; **the key areas affecting the finances of the Council are listed below for members understanding.**

• Formula Grant

Over the last two years the Council has had a £1.8m reduction in formula grant, this equates over the two year period to a 26% reduction in funding.

The sum to be received in 2013/14 is estimated at £4.741m, this being a further reduction of £0.491m. This gives over a 3 year period a cumulative reduction of £2.3m, or 33%.

Further reductions are a certainty until at least 2017/18; this was made clear in the Autumn Statement.

- **Localisation of Council Tax Benefit – April 2013**

By abolishing a national Council Tax Benefit scheme and requiring local authorities to introduce a Local Council Tax Support scheme with less funding and through a fixed grant the financial risk of this demand led service has been moved from Government to local councils.

Members have approved a Local Council Tax Support Scheme which has been designed to be cost neutral for this Council and its Preceptors. The cost of the scheme for 2013/14 is expected to total £7.9m. The risk is whether the modelling that has been undertaken reflects reality, the effects on the Council Tax collection rates and assumptions made on the level of the Government grant. **The majority of this risk falls to Devon County Council as they meet 74% of scheme costs; East Devon's proportion is 8%.**

- **Technical Council Tax Reforms – April 2013**

The Council has agreed to implement from April 2013 changes allowed by the Government to give more flexibility on some of the discounts applied to Council Tax.

Reducing the current second home discount from 10% to 0% so that 'second home owners' are liable to pay 100% council tax.

For properties that are empty (unoccupied and unfurnished) defined as Class C Exemption to set the discount at 100% for the first three calendar months and then reduce the discounts to 0% for the next 3 calendar months. Properties are currently eligible to a 6 months exemption.

Impose a premium levy of 50% council tax on properties that have been empty for more than 2 years.

For properties that would fall under Class A exemption, these being properties that are empty (unfurnished) and require or are undergoing structural or major repair works, to set the discount at 50%. Currently these are fully exempt from council tax for up to 12 months, or 6 months after the works are complete, whichever is the shorter.

These amendments will generate additional income to the Council and its preceptors, estimated to be in the order of £0.805m, East Devon's proportion being £64,000. The Council Tax Taxbase for 2013/14 will be amended to take into account these new discount levels, a prudent level will be assumed as the income projection is based on the current position and current customer behaviour, this is likely to be different in reality when the changes are made. **For East Devon we have assumed this will generate additional income of £48,000.**

- **Business Rates Retention – April 2013**

A significant change in the system of funding local authorities is being introduced in April 2013 with the implementation of Business Rate Retention. Details of the scheme have been presented previously to Members including the intention that

this Council will work with all other Devon authorities to form a Devon Business Rate Retention Pool.

The scheme brings with it risk and opportunity for the Council. Business Rates are currently used to fund local authorities but this is undertaken at national level with risks on volatility of business growth or decline and collection rates being managed at national level by Government and then redistributed in totality back to local government based on a formulaic approach. From April 2013 about half of business rate income will be retained locally with half the risks associated with volatility being now passed to each Council. There are however rewards for those areas where business rate growth is predicted and where collection rates remain good, such as in East Devon.

There is a safety net mechanism in place if income falls below 7.5% of a calculated baseline figure for any authority. This cost is met from taking back a proportion from authorities who have growth. In East Devon's case, after all the elements have been deducted, if any additional growth income remains then the Council is required to pay a levy of 50% towards the safety net, or in our case this payment will remain in the Devon Pool for redistribution amongst the pool members.

The budget proposals assume no additional income from Business Rate Retention in 2013/14 and the Governments start up funding baseline has been taken to calculate the Council's assumed income from Formula Grant and Business Rates combined. This will be monitored through the year and any fluctuations to this position will be presented in the Financial Monitoring reports to Cabinet.

- **Universal Credit Proposals – proposed implementation October 2013**

The Government plans that local authorities will no longer, from October 2013, be responsible for the administration of Housing Benefit payments. Benefits payments will in future form part of the Universal Credit proposals amalgamating a number of welfare payments into one system administered directly by the Department for Work and Pensions (DWP).

This brings with it uncertainties for customers, council staff and financial uncertainty in understanding clearly the role the Council will play in the future and during the long transitional arrangements that are proposed past 2013. The current administration of the scheme in theory is cost neutral when taking direct grant and formula grant together, although as always with formula grant, individual service grant is not identifiable. There is a risk that the Council could be disadvantaged in the calculations used by Government to reduce funding to reflect the stopping of this responsibility.

Although we are still unclear on detail it is evident that there will not be significant changes in the short term and **the 2013/14 budget has been prepared on business as usual**. We have been given our indicative figures for our administration subsidy paid by Government for the continuing administration of Housing Benefits and other than the continual year on year 5% reduction it is in line with previous years when taken with the sum allowed to us for administering a Local Council Tax Support scheme.

The proposals have an associated risk concerning rent income in the Housing Revenue Account. Currently those council house tenants in receipt of housing benefits (over 60%) have their benefit credited directly to their rent account and the

HRA receives that income immediately, this will no longer be the case under the new arrangements. **An increase in bad debt provisions has been allowed for in future years of the HRA business plan to mitigate this potential risk.**

- **New Homes Bonus Scheme.**

Payments received to date under the scheme are £0.311m in 2011/12 and £0.759m in 2012/13. The payment expected in 2013/14 is £1.176m. New Homes Bonus (NHB) payments are funded nationally by reductions in formula grant, this assumed reduction has been allowed for in calculating our expected government funding level estimated in the first bullet point.

To date the Council has used this money to fund one off schemes through the capital programme or the setting up of a community fund (£0.105m) to contribute to a County scheme to assist parishes financially with projects.

Due to the reduction in formula grant funding and the increasing sum being received through NHB, Members will have to consider this funding stream to help support revenue services for 2013/14.

There is risk in using NHB to support day to day services as it is a reward grant. If year on year housing numbers are not increased within the District then for the year where there is no increase we do not receive a payment. An additional risk is that we have seen previous such initiatives like LABGI (Local Authority Business Rate Growth Incentive scheme) cease overnight.

This risk is mitigated to an extent in that one year's growth is paid for six years, so we can predict with some certainty a minimum payment level each year. Also in theory if the scheme was to cease then councils should see an increase in overall funding through formula grant as the scheme will no longer require funding. However in growth areas authorities could become over reliant on higher income levels than they might receive if monies were to flow back through a formula grant system.

- **Pay Award 2013/14**

A 1% pay increase has been assumed in the draft 2013/14 budget at a cost of £0.104m. It is believed this is a reasonable estimate to assume. If this is different in reality and it is unlikely we will know the outcome of pay negotiations before the budget is set, then any variation will have to be met through the General Fund Balance.

- **Local Land Charges income 2013/14**

Personal search fee income of £0.216m from the local land charges register has been included in the budget based on the current level of searches. This gives a break-even position for the service.

There is the question over the legality of certain charges previously made by local authorities; this Council has joined with others and with the Local Government Association to prepare for possible litigation against the Government on this issue.

- **Increase in Planning fees**

Based on imminent legislation a 15% increase has been applied to planning fee income in the draft budget. This has raised an additional £0.150m in budgeted income. It is envisaged that this legislation will be in place before the budget is finally set.

- **Other expenditure and income areas.**

Expenditure budgets have been scrutinised and carefully constructed, in general a 3% inflation rate as been assumed where it is considered necessary. The budgets have been prepared based on no service cuts but efficiencies have been made.

Income budgets have been increased in line with inflation where appropriate and in line with expected demand. Car park charges have not been increased and the income budget in this area has been reduced slightly (£49,000) to reflect current income levels.

- **Council Tax Freeze for 2012/13**

The Government has offered a grant to councils if they freeze the Council Tax for 2013/14. The scheme for East Devon means a payment of £71,000 representing an equivalent rise of 1% in the Council Tax. This amount will also be paid in 2014/15 and has been promised in the base for the future. If Council Tax was alternatively increased by 4.1%, £5 a year to £126.78, this being the maximum increased before a referendum is triggered, then additional income would be raised of £0.194m after deducting the £71,000 grant sum.

The draft budget at this stage has assumed the council tax freeze for 2013/14 is agreed.

In 2013/14 any Council Tax increase for a Shire District Council whose 2012/13 council tax was in the lower quartile of their category of authority a referendum will only be held where the increase in council tax in 2013/14 is by more than 2%, and there is a cash increase that is more than £5. This criteria applies to this Council.

East Devon is not alone in relation to the number and extent of the financial risks it is facing and local authorities are currently seeing a set of unusual and extreme circumstances affecting their future. This was highlighted in a recent report produced by Grant Thornton "Towards a tipping point?" which reiterates the position councils' find themselves in. A link to this report can be found under background papers.

d) Policy and Budgetary Considerations

The position is outlined in the report.

Positive Impact Overall

Affordable Homes.
Thriving Economy.
Safe Environment.
Clean Environment.
Green Environment.

Recycling.
Young People.
Excellent Customer Service.
Inspirational Council.
Meeting our crime and disorder duties.
Meeting our Diversity and Equality duties.
Providing more service at same cost.
Providing same service at less cost.
Create Cashable Savings

e) Date for Review of Decision

The Cabinet will review estimates again on 30 January with recommendations to Council in February.

1. Process

- 1.1 The Constitution requires the detailed consideration by the Overview and Scrutiny Committee. The Housing Review Board will undertake the same function in relation to the Housing Revenue Account budgets.
- 1.2 Recommendations from these meetings will be reported back to the Cabinet at its meeting on 30 January. At this meeting members will be required to recommend East Devon's Council Tax requirement for 2013/14 and Council House Rent levels.

General Fund Budget

The Overall Financial Picture

- 2.1 One of the most significant impacts on the Council's finances has come from the Comprehensive Spending Review 2010 (CSR 10) where the Government has cut local authorities funding as part of their deficit reduction policy.
- 2.2 Over the last two years the Council has had a £1.8m reduction in formula grant, this equates over the period to a 26% reduction in funding.
- 2.3 The sum to be received in 2013/14 is £4.741m, this being a further reduction of £0.491m. This gives over a 3 year period a cumulative reduction of £2.3m, or 33%. Further reductions are a certainty until at least 2017/18; this was made clear in the Autumn Statement.
- 2.4 The Council will continue to find it difficult to afford its spending plans against further government spending cuts, the added pressure of increases in costs due to inflation, continued low investment income, an increasing call on services and the Council wishing to keep to moderate increases in Council Tax and other fees and charges. Each year going forward the Medium Term Financial Plan shows a position of an underlying need to find savings. This position is illustrated below having been updated by the December settlement figures.

Medium Term Financial Plan

	2014/15 £000	2015/16 £000	2016/17 £000	2017/18 £000
Annual Shortfall	724*	824	699	438
Cumulative Shortfall	724	1,548	2,247	2,685

* Additional to this will be savings not found from the 2013/14 budget process met by balances or New Homes Bonus monies.

- 2.5 East Devon has an excellent track record of balancing its budget and in recent years this has followed a pattern of a fundamental reshaping of the budget every 3 or so years which then gives the Council a stable position until the next review is required.
- 2.6 As can be seen from the Medium Term Financial Plan figures and from the draft 2013/14 budget outlined below we are now at the point of needing to reshape our budget again.

Draft Revenue Budget 2013/14

- 2.7 We have now prepared a draft 2013/14 budget, which is found to be in line with our 5 year forecast model. The draft budget for **2013/14 shows a shortfall of £1.256m**. The budget has been prepared on the basis of scrutinising all costs and potential income with managers on a line by line basis but the draft budget does fund the current level of service provision.
- 2.8 Below is a high level analysis of the current year budget compared with next year's draft budget in order to understand how this level of shortfall is arrived at.

High level variations between current year budget and draft 2013/14

Budget Increases	£000
Salaries – assumed at 1%	104
Recycling & Refuse - Fuel & Staffing	176
Reduction in Recycling income	131
Increase in Business Rates	152
Reduction in Government funding	404
Impact of Council tax Freeze in 2012/13	105
Microsoft Licenses	56
Street Scene Asset Maintenance	94
Savings and reductions have been made as well	

- 2.9 A budget book has been prepared giving a summary position, detailed service budgets highlighting variations between years and comments on specific areas to note. The budget has been prepared on the basis of no service cuts, but no growth either other than an increase in some maintenance budgets (additional £94,000) that were considered necessary in the Street Scene area.
- 2.10 Fees and charges have been increased mainly in line with inflation (assumed in the draft budget at 3%) and adjusted where necessary to reflect expected demand for the service. It has been assumed that no increase will be applied to car park charges.
- 2.11 The Council Tax level is included in the draft budget at a nil increase, remaining at the same level as the current year of £121.78 which has been frozen from 2010/11.

This is in accordance with the government's wish to freeze council tax for 2013/14 and meets the requirement for the Council to be reimbursed by Government for an assumed 1% increase in tax (grant of £71,000).

The grant being offered by Government for 2013/14 has been promised to be included in the Councils grant base going forward.

If Council Tax was alternatively increased by 4.1%, £5 a year to £126.78, this being the maximum increased before a referendum is triggered, then additional income would be raised of £0.194m after deducting the £71,000 grant sum.

- 2.12 An income amount of £74,200 has been included in the budget as a surplus on Council Tax collection, this is where our collection has been better than estimated and a surplus can be distributed back to the major preceptors and back to the Council Tax Payers by way of income in the budget.
- 2.13 In addition to the draft budget special item bids have come forward totalling £0.114m. These are listed in Appendix A and are **not** included in the draft budget. These special items have been analysed below and will need considering and debating:
- Requests from Member meetings £25,000 – Additional £5,000 budget for Arts Special Promotion for Villages in Action (current amount included in draft budget £10,000) and a £20,000 annual grant to support Kennaway House Arts Programme.
 - £89,000 of items which relate to ICT/Mobile working projects which if considered valid and appropriate could be met from the Transformation Reserve.

Balancing the Draft Budget

- 2.14 As explained there is a need to reshape our budget to give us a balanced position going forward into the medium term, at least until the New Council's first budget year of 2016/17.
- 2.15 The budget preparation for 2013/14 needs to be considered as a two year approach and the speed of actions required will depend on Members' appetite for change now, or in the 2014/15 budget. The use of the General Fund balance and, where appropriate, the Transformation Reserve and New Homes Bonus monies can be used as funding streams which allow the authority time to consider the changes required and time to implement the changes to reshape the budget. The use of these funding streams can only be a short term answer to the underlying fact that we have a growing gap in our finances as they stand at present.

- **General Fund Balance**

The General Fund balance is now £1.866m above the adopted minimum level. This reflects the decision by Cabinet on 28 November to commit a maximum of £0.450m of the Fund to meet the balance on Growth Point Team costs over the next 3 years.

With Member approval the draft budget assumes that £60,000 of the General Fund Balance is used for one off expenditure items in 2013/14 draft budget (£40,000 Local Development Plan and £20,000 Village Development Plan).

This will reduce the General Fund Balance down to £3.325m, this being £1.806m above the adopted minimum.

This level of General Fund Balance does give the Council a comfort factor in case the unexpected occurs or budget predictions vary to actuals and gives the Council the ability to fund change or give time to change. High General Fund Balances is something the Government has highlighted that Authorities should be using not holding.

- **Transformation Reserve**

The Transformation Reserve currently has an estimated uncommitted balance at the end of 2012/13 of £0.992m.

- **New Homes Bonus (NHB)**

Payments received to date under the scheme are £0.311m in 2011/12 and £0.759m in 2012/13. The payment expected in 2013/14 is £1.176m. New Homes Bonus (NHB) payments are funded national by reductions in formula grant; this assumed reduction has been allowed for in calculating our expected government funding level.

To date the Council has used this money to fund one off schemes through the capital programme or the setting up a community fund (£0.105m) to contribute to a County scheme to assist parishes financially with projects.

There is risk in using NHB to support day to day services as it is a reward grant. If year on year housing numbers are not increased within the District then for the year where there is no increase we do not receive a payment. An additional risk is that we have seen previous such initiatives like LABGI (Local Authority Business Rate Growth Incentive scheme) cease overnight.

This risk is mitigated to an extent in that one year's growth is paid for the following six years, so we can predict with some certainty a minimum payment level each year. Also in theory if the scheme was to cease then councils should see an increase in overall funding through formula grant as the scheme will no longer require funding. However in growth areas authorities could become over reliant on higher income levels than they might receive if monies were to flow back through a formula grant system.

To illustrate the changing funding pattern for the Council the table below shows our formula grant funding compared with NHB payments.

Funding Pattern	2010/11	2011/12	2012/13	Estimated
	£000	£000	£000	2013/14
				£000
Formula Grant (excluding Council Tax Freeze Grant)	7,031	5,963	5,232	4,741
New Homes Bonus	0	311	759	1,176
Total Funding	7,031	6,274	5,991	5,917

Budget Strategy

2.16 In reshaping the budget for 2013/14 and future years the areas it is believed need consideration are:

- Officer structure of the organisation.
- Physical cost of running the organisation; buildings and infrastructure such as ICT.
- Prioritisation of Councils objectives/plans/initiatives
- Income generation

2.17 In considering the 2013/14 budget shortfall of £1.256m and future shortfalls the timetable of change is for Members' debate, but members could consider;

	2013/14 Budget		2014/15 Budget
Staffing Structure	Hold vacant posts identified in Appendix B	£187k	Staffing structure review (all staff = £13.1m) Sharing service delivery (waste partnership, other services?) Consider number of members (£402k)
Assets & Infrastructure	Stop Floral Display – spring 2014	£20k	Conclusion on Knowle
	Negotiate grounds maintenance standards & recharges with LED	£30k	Continuation of Asset Review with clear target dates
	Re-visit budgets on street scene maintenance as they have been increased in base by £94k, can we organise works differently.	£30k	Stop Floral Display additional £30k – all year 2015 Thelma Hulbert Gallery (£113k + capital budgets) Review Leisure Centre provision Conclusion on ICT sharing Sharing service delivery (waste partnership, other services?) Stop/reduce discretionary service areas (Discretionary Grants £389k)
Prioritisation of Council objectives/ initiatives	No growth	-	Will influence the above two boxes
Income Generation	Don't take the Council Tax Freeze, increase by £5	£194k	Review and introduce fees and charges policy
	Initiatives on parking – reserved spaces/ permits	£30k	
Savings Target	Suggested amount (same as 12/13)	£175k	
		£666k	

Conclusion

- 2.18 Members need to debate the level of savings they are prepared to make in the 2013/14 year to offset the budget shortfall of £1.256m. To this shortfall members will have to add any additional special items they believe need funding as well.
- 2.19 If no special items were approved (unless funded from reserves) and all the savings suggestions were agreed then this would leave a shortfall of £0.590m to be funded from NHB (shortfall of £1.256m - £0.666m = £0.590m).
- 2.20 This would leave an estimated balance of NHB of £0.586m to help fund the capital programme in future years, subject to Members approval.

Future timetable

- 2.21 It is suggested that the remaining work on this two year budget process begins almost immediately once the 2013/14 budget has been approved. As part of the papers produced for the 2013/14 budget process, there is a significant amount of information published on our services and the costs incurred in operating them. The understanding of these details will be essential to the work of the Cabinet in considering future proposals.
- 2.22 It is suggested as an outline plan in the preparation of the 2014/15 budget that the Strategic Management Team considers its views and makes suggestions to the Cabinet on a recommended process in April, with member involvement possibly through a working party from May to July and recommendations to wider membership in August/September.

Housing Revenue Account Budget

The Overall Financial Picture

- 3.1 In setting the Housing Revenue Account (HRA) budget the HRA Business Plan Model has been used and updated along side the budget preparation process. This is to ensure affordability of the proposed expenditure plans in 2013/14 and to assess the impact on future years, in particular the ability to meet a £84.4m debt repayment schedule. The 30 year plan allows for significant investment in the HRA stock, whilst ensuring loan repayments are met and still generates a significant surplus.
- 3.2 2012/13 is the first year of self-financing and to date budget projections are better than target, with income projections above budget and significant savings being made on the expected interest payments to service the debt taken out in March 2012.
- 3.3 A budget was set for 2012/13 in order to generate a surplus for the year to increase the HRA Balance to an adopted level of £2.1m. This was a sum which was considered prudent under the new self financing regime. The latest position is showing a projected HRA Balance at the end of 2012/13 of £2.7m.

Draft Revenue Budget 2013/14

- 3.4 The budget book details the draft estimates for 2013/14.
- 3.5 The budget has been prepared to maintain council homes to a high standard with a comprehensive programme of planned improvements, adaptations and routine repairs. The 2013/14 draft budget includes increased sums for:
- The major repairs budget has been increased by £1m which includes a programme of boiler replacements in order to catch up and bring boiler life cycles to 15 years, extra monies have been allowed to replace wooden fascias, bargeboards and soffits with uPVC. The external painting programme has been reduced by half to £0.1m because of these works.
 - The carbon management programme has been increased by £90,000 to cover loft insulation and other energy saving options.
- 3.6 Rents have been increased on average by 4.79% in line with the Governments social rent reform policy. The average rent has increased to £75.88 a week and garage rents have been increased by 3%.
- 3.7 The HRA is responsible for funding its own capital expenditure from the sale of council houses, other HRA assets or a revenue contribution. In the draft budget the HRA revenue contribution to capital works is £0.875m, details of which can be found in the budget book.
- 3.8 The draft budget proposed generates a surplus of £1.6m, at this stage this considered appropriate as the first loan repayment of £0.575m on the self financing loan will be required in 2014/15.
- 3.9 The draft HRA budget will be reviewed by the Housing Review Board on 10 January.

Capital Programme

The Overall Financial Picture

- 4.1 The Medium Term Financial Plan clearly indicates that there is a disparity between the Council's capital spending plans and the amount of finance available to it to finance such works. The Capital Programme has been reliant upon using the Capital Reserve to fund this gap in recent years, however through actions approved by Members the Capital Reserve does now balance the Capital Programme into 2016/17 and if Members agree to the balance of NHB in 2013/14 being earmarked for the Capital Programme this would safeguard the Capital Reserve for future years.
- 4.2 There are future pressures on the Capital Programme not reflected in the Draft Capital Budget presented, these will come from the Infrastructure costs associated with the preparation of the Community Infrastructure Levy (CIL), the sum that will be required for Mamhead Slip Way in Exmouth and possibly a host of other costs not identified/required at this current time.
- 4.3 Members are fully aware of the pressure on the Council's asset management programme to ensure we are maintaining only the assets we need and that they are in good condition to deliver our services. Where there is potential to generate

income this is maximised through either ongoing revenue streams by way of rentals or through the generation of a capital receipt to help fund the capital programme.

4.4 The preparation of the draft Capital Budget has been directed by the Capital Strategy & Allocation Group who met on 5 December to consider scheme proposals. The Group considered funding resources available, the capital appraisal process and then each scheme proposal in turn. It was decided that the Group would meet at least twice a year, not only to consider future budgets but consider project monitoring and project outputs compared with objectives set. It was also agreed that the Financial Monitoring Report presented to Cabinet would contain detailed capital expenditure statements on a quarterly basis to assist Members' understanding of scheme progress during the year.

4.5 The Draft Revenue & Capital Estimates booklet (budget book) details the draft capital programme for 2012/13 to 2015/16.

4.6 The adopted capital appraisal process has been used to build a capital programme aimed at delivering the Council's stated priorities. As well as the traditional Portfolio presentation style the capital budget has also been summarised for consideration under the following headings;

- **Mandatory/Health & Safety**

These are schemes where it is considered the Council has to deliver the scheme because there is a mandatory obligation.

- **Committed Schemes**

Where the Council has already started or committed/agreed to undertake a scheme.

- **Externally funded schemes or generation of capital receipt ring-fenced to linked schemes.**

Schemes externally funded by way of grant or schemes requiring expenditure which will then generate receipts in order to deliver the scheme. This covers schemes for Exmouth and Seaton regeneration.

- **New Bids outside this criteria**

These schemes have been included based on careful consideration by the Capital Strategy & Allocation Group in conjunction with appraisal scores.

- 4.7 The draft capital budget for 2013/14, detailed in the budget book, shows a shortfall in funding of £0.352m which is to be met from the Capital Reserve. This position is set out below:

Capital Budget	2013/14 £m
Net Proposed Programme	3.690
Funds available:	
In Year Receipts – General Fund	(0.859)
In Year Receipts – HRA	(0.100)
Loan – Seaton Work Shops	(0.770)
HRA contribution for balance of scheme cost	(0.875)
New Homes Bonus	(0.702)
Specific Earmarked Reserve	(0.032)
Shortfall met by Capital Reserve	(£0.352)m

Capital Reserve.

4.8 Capital Reserve

The Capital Reserve has a projected balance at the end of 2013/14 of £1.557m. The use in 2014/15 and 2015/16 is projected to be £0.637m leaving £0.919m going forward into 2016/17. This is however based on a limited capital programme in 2014/15 onwards which as we get closer to these dates is unlikely to be the case as scheme proposals will come forward for consideration which will deplete this Reserve.

Depending on decisions made on the use of NHB monies received for 2013/14 the sum received to fund the Capital Programme will offset the need to use the Capital Reserve as indicated above.

New Homes Bonus

NHB monies received in 2011/12 and 2012/13 have been allocated. The sum to be received in 2013/14 is proposed to be allocated partly to help balance the 2013/14 General Fund Revenue budget with the balance being allocated to the Capital Budget to reduce the requirement to use the Capital Reserve.

Other Balances & Reserves available to the Council

- 5.1 The Council holds other earmarked reserves; the main ones are detailed below:

Local Authority Business Growth Incentive Scheme Reserve (LABGI)

The purpose of this reserve is to promote and deliver economic development. The estimated balance at the end of 2012/13 is £0.200m as being uncommitted.

Asset Maintenance Reserve

The balance at the end of 2012/13 is expected to be £1.155m. This is currently used at a rate of £0.200m a year to support any building back log maintenance and

one off items of asset failure should they arise. Details of spend are presented to the Asset Management Forum.

Others

Other earmarked Reserves are held and committed to specific spend.

6. Robustness of estimates and adequacy of reserves.

- 6.1 This part of the report deals with the requirement of Section 25 (2) of the Local Government Act 2003 in that the Council's Chief Finance Officer (CFO) must report on the robustness of the estimates included in the budget and the adequacy of reserves for which the budget provides.
- 6.2 In terms of the robustness of the estimates all known factors have been considered and the financial implications have been assessed at the point of preparation. Various budget assumptions have been made including the treatment of inflation and interest rates, estimates on the level and timing of capital receipts, the treatment of demand led pressures, the treatment of planned efficiency savings/productivity gains and levels of income, financial risks inherent in any new arrangements and capital developments and the availability of funds to deal with major contingencies and the need for any provisions. In each of these areas the Council's financial standing, management and track record have been considered in order to prepare robust budget proposals.
- 6.3 The proposed draft budgets for 2013/14 maintain both the General Fund balance and the Housing Revenue Account balance at, or above, the advisory level provided actual net expenditure is at, or below, the level forecast. Continuous monitoring and reports to Cabinet will highlight and make recommendations on any corrective action necessary to achieve this during 2013/14.

7. Prudential Code

- 7.1 The Local Government Act 2003 also requires under regulation for local authorities to have regard to the Prudential Code for Capital Finance in Local Authorities, issued by the Chartered Institute of Public Finance and Accountancy (CIPFA) when setting and reviewing their affordable borrowing limit.
 - 7.2 The key objective of the Code is to ensure, within a clear framework, that the capital investment plans of local authorities are affordable, prudent and sustainable. A further key objective is to ensure that treasury management decisions are taken in accordance with good professional practice and in a manner that supports prudence, affordability and sustainability.
 - 7.3 To demonstrate that local authorities have fulfilled these objectives, the Prudential Code sets out the indicators that must be used and the factors that must be taken into account. These indicators will be presented to the next Cabinet meeting when a recommendation will be made on the budget for 2013/14, Council Tax levy and Council House Rents.
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Legal Implications

The legal implications under the regulatory code of the Local Government Act 2003 are set out within the report and require no further comment.

Financial Implications

As stated in the report

Consultation on Reports to the Executive

The details of this report have been discussed by the Strategic Management Team and are in line with the Council's Financial Plan previously adopted by Cabinet on 31 October 2012.

Background Papers

Grant Thornton Report – “Towards a tipping point?” - http://www.grant-thornton.co.uk/Global/Publication_pdf/towards-tipping-point-report.pdf

Simon Davey
Head of Finance

Overview and Scrutiny
16 January 2013

General Fund Revenue Budgets 2013/14	2012/13		2013/14	Variation	% change
	Original	Revised	Budget	Revised 12/13 to Budget 13/14	Revised 12/13 to Budget 13/14
	£	£	£		
Portfolio Budget Submissions - Net Expenditure					
Corporate Business	6,010	26,010	126,660	100,650	387%
Corporate Services	1,503,170	1,689,750	1,656,530	(33,220)	-2%
Economy	456,020	948,740	440,990	(507,750)	-54%
Environment - General	1,272,640	1,265,550	1,203,520	(62,030)	-5%
Environment - StreetScene	7,816,570	7,976,600	9,007,030	1,030,430	13%
Finance	1,881,720	1,886,900	1,697,490	(189,410)	-10%
Strategic Development & Partnerships	1,515,040	1,517,480	1,576,950	59,470	4%
Sustainable Homes & Communities	863,900	877,330	823,610	(53,720)	-6%
Insurance estimate to confirm mid December			58,240	58,240	
Portfolio Totals	15,315,070	16,188,360	16,591,020	402,660	
Reversal of Capital Charges (Depreciation & Amortisation)	(1,884,820)	(1,884,820)	(2,606,100)	(721,280)	
Portfolio Total Net of Capital Charges	13,430,250	14,303,540	13,984,920	(318,620)	
Interest Receipts (Net of investment management fees)	(301,330)	(301,330)	(324,200)	(22,870)	
Interest Payable	1,440	1,440	1,360	(80)	
PWLB principal & interest repayments	72,080	72,080	72,080	0	
Net Expenditure	13,202,440	14,075,730	13,734,160	(341,570)	
Government grants:					
Council Tax Freeze Reimbursement Grant 2011/12 Y2/Y3 2.5%	(173,770)	(173,770)	(173,770)	0	
Council Tax Freeze Reimbursement Grant 2012/13 one off 2.5%	(175,110)	(175,110)	0	175,110	
Council Tax Freeze Reimbursement Grant 2013/14 one off 1%			(65,000)	(65,000)	
Local Services Support Grant (Homelessness)	(99,000)	(99,000)	(99,000)	0	
New homes bonus to be decided			0		
Savings Target	(175,000)	(175,000)	(1,111,360)	(936,360)	
Use of Reserves:					
Use of Collection Fund Surplus	(114,190)	(114,190)	(74,200)	39,990	
S.106 funding for New Community Planning Officer (now in Portfolio totals above)	(39,690)	(39,690)	0	39,690	
Asset Management Plan reserve			(188,300)	115,400	
Transformation fund		(120,000)	(7,000)	113,000	
Use of General Fund Balance			(210,000)	(210,000)	
Use of GF Reserve for Supplementary estimate 12/13	(178,600)	(178,600)		178,600	
Use of GF Reserve for Supplementary estimate Capital reclassified 12/13		(439,110)		439,110	
Additional use of GF Reserve for Supplementary estimate 12/13		(125,880)		125,880	
Budget Requirement	12,247,080	12,247,080	11,920,930	(326,150)	
Formula Grant (Government)	(5,232,310)	(5,232,310)	(4,828,230)	404,080	
Council Tax Support Grant			(633,000)	(633,000)	
Council Tax Requirement	7,014,770	7,014,770	6,459,700	(555,070)	

Special Items 2013/14 for decision 9 January 2013									
Manager	Cost Centre	Cost Centre Description	Item	Reason	O = One off B = Base	2013/14 £	2014/15 £	2015/16 £	Notes
Proposals by Members:									
C Plowden	39020	Arts Spec Promotions	Villages In Action	Arts & culture TAFF recommendation Cabinet - approved 5/09/12 - increase the councils support from £10,000 to £15,000 the budget is currently set at £10,000	O	5,000			
C Plowden			Kennaway House revenue grant	Grant towards the running costs of the Kennaway House Arts Programme	B	20,000	20,000	20,000	
Total Proposals from Members				Suggested NOT included in Budget 13/14		25,000	20,000	20,000	
Proposals by Officers:									
C Powell	53030	ICT	Website development/upgrade	Current website on obsolete software, Need up to date Content Management System to do the things we need for customers. Open source CMS is being used effectively by a number of councils so select one that matches our development skills and infrastructure eg Umbraco. Need to kick start this with training; accessibility rating systems; developer and user training; initial consultancy to help design information architecture for website	O	58,750	18,258	5,750	
A Hancock	Various	Various	Electronic Tracking System - Option 1	Smart phones to cover every van/sweeper in Streetscene fleet. This is as a result of strong recommendation for HR to have some form of tracking following a staff dismissal. There are a number of benefits:- electronic records instead of paper, greater transparency of service to the customer, immediate routing of faults and defects to correct team, time saving, robust lone working /safety tracking.	O + B	29,940	5,440	5,440	Transformation Reserve
A Hancock	Various	Various	Electronic Tracking System - Option 2	Vehicle Trackers in every Streetscene van/sweeper plus 22 smart phones to cover key staff that may work separately to a vehicle. This is as a result of strong recommendation from HR to have some form of tracking, following a staff dismissal. There are a number of benefits:- electronic records instead of paper, possible fuel saving, ability to monitor use of vans, greater transparency of service to the customer, time saving, lone working/safety tracking but to a lesser extent than Option 1.	O + B	20,914	13,214	13,214	Assume Opt 1 for costing purposes
Total Proposals by Officers				Members' decision. Funded from Transformation Reserve		88,690	23,698	11,190	
2013/14 Grand Total						113,690	43,698	31,190	