

CABINET

10 FEBRUARY 2015

CAPITAL AND REVENUE BUDGETS 2015/16

Portfolio Holder: Councillor Alan Jarrett, Deputy Leader and Finance

Report from: Mick Hayward, Chief Finance Officer

Summary

This report sets out Cabinet's proposals for the capital and revenue budgets for 2015/16. In accordance with the Constitution this is to be submitted to Council on 26 February, the special meeting convened to set the council tax.

1. Budget and Policy Framework

- 1.1 According to the Council's Constitution, it is the responsibility of Cabinet, supported by the management team, to propose a capital and revenue budget having first consulted the overview and scrutiny committees. Council has the ultimate responsibility for determining the budget and setting the council tax.
- 1.2 In respect of the Housing Revenue Account budget proposals, Full Council is required to carry out an annual review of rents and notify tenants not less than 28 days prior to the proposed date of change.
- 1.3 The Council Plan is part of the Council's Policy Framework as set out in the Constitution. The proposals to extend the plan will be considered as a separate item on this agenda.

2. Background

- 2.1 On 2 December 2014 Cabinet considered the draft capital and revenue budget proposals, based on the principles and assumptions contained within the Medium Term Financial Plan (MTFP) 2014/18 approved by Cabinet on 30 September 2014. The MTFP highlighted a potential revenue shortfall of some £12.4 million for 2015/16 rising to £27.3 million in 2017/18. This was after savings of £5.8 million had been identified along with additional council tax yield of £2.3 million in 2015/16.
- 2.2 The Chancellor's Autumn Statement at the beginning of December 2014 and the subsequent Provisional Financial Settlement announcement on 18 December 2014 had little impact on the resource assumptions in the Draft Budget agreed by Cabinet on 2 December 2014. However the Final Settlement figures are not expected to be released until early February 2015 – possibly after Cabinet has met. This could also include a variation to the limit on Council Tax increases deemed as excessive although this is unlikely.

- 2.3 Of greater impact for the draft budget was the incorporation of the outcomes of the first two rounds of budget reviews under the 'star chamber' regime, and enhanced revenue from revised calculations for Council Tax and New Homes Bonus fed by increased properties. Unfortunately the additional resources of almost £5 million generated by these were largely negated by additional budget pressures, particularly in Children's Social Care, and the budget gap remaining to be found in the Draft Budget was £12.017 million.

3. Financial Resources

3.1 General Fund

- 3.1.1 The Provisional Financial Settlement was announced on 18 December 2014 and presented a marginally more favourable position for Revenue Support Grant (RSG) of £0.412 million although this was partly offset by reductions in the Administration Grant for Benefits of £0.216 million and effective removal of funding for the Local Welfare Provision transferred from the Department for Work and Pensions (DWP) in 2013. Although the Settlement Funding Assessment (SFA) set out at Table 1, identifies a sum of £596,000 in 2015/16 this was achieved by a transfer from other funding and was summed up by the Local Government Association (LGA) comment as:

It is hugely disappointing that the Government has not listened to councils and charities who have called for funding to support local welfare assistance. Instead of providing separate money for councils to help the vulnerable, the Government has instead suggested that councils will have to find this money from existing budgets, at a time when these are being cut by more than £2.5 billion.

In Medway's case the cut in Revenue Support Grant against the adjusted figure for 2014/15 is £14.709 million or **27.66%** and this, of course, is the principle reason for the budget deficit of £12 million.

- 3.1.2 Consultation on the provisional settlement completed on 15 January 2015 with the final settlement expected to be announced in early February 2015.
- 3.1.3 The headline figure from the settlement for Medway for 2015/16 was a Settlement Funding assessment (SFA) at £82.234 million, being a decrease of 14.4% over the equivalent sum for 2014/15. The detail is set out in Table 1 below. The SFA reduction at 14.4% in 2015/16 is slightly less than the Shire Unitary average of 14.9% but greater than the all England average reduction of 13.9%. Figures for 2016/17 are not available but the Chancellor in his Autumn statement indicated that further public spending reductions of £25 billion would be needed in the next Parliament and this would maintain, if not accelerate the rate of decline since 2010 which has seen 48% of Government funding support disappear from the Council.

Table 1 Adjusted and Provisional Settlement Analysis

	2014/15 (actual)	2014/15 (adjusted)	2015/16 (Prov.)
	£000's	£000's	£000's
Upper-tier Funding	59,682	59,682	49,386
Lower-tier Funding	15,446	15,446	12,907
2011-12 Council Tax Freeze Compensation	2,452	2,452	2,443
Early Intervention Funding	7,690	7,690	7,004
Homelessness Prevention Funding	148	148	147
Lead Local Flood Authority Funding	130	130	130
Learning Disability and Health Reform Funding	9,657	9,657	9,621
Returned New Homes Bonus holdback	126	126	
Local Welfare Provision		792	596
Settlement Funding Assessment	95,331	96,123	82,234
% reduction			-14.4%
Revenue Support Grant	52,391	53,183	38,474
Baseline NNDR Funding	42,940	42,940	43,760

3.1.4 Table 1 above demonstrates that £43.8 million of the SFA is the Baseline NNDR Funding. This is predicated on a baseline calculation founded on collections in 2010/11 and 2011/12. The actual contribution to be used as the basis for resourcing the budget will be an anticipated collection for 2015/16 and that will be informed by the actual collection, to date, in 2014/15. This is discussed further in paragraph 3.2 below..

3.2 NNDR (business rates) Share

3.2.2 The SFA is split between Revenue Support Grant (RSG) and Business Rates Retention (expressed as Baseline Funding). The level of RSG is guaranteed throughout the year, whilst the Baseline Funding is not, and ultimately, the level of business rates collected by authorities in any year will determine the funding available for this element, with any surplus or deficit against expectation dealt with through the Collection Fund. Any such variation will not be clear until the accounts for that year are confirmed and any surplus or deficit is required to be shared with the Kent Fire and Rescue Service (and not the police).

3.2.3 Where an authority's original Baseline Need was higher than their NDR Baseline, a Top Up grant is payable – Medway is such an authority and in 2015/16 will receive an additional grant of £0.433 million as a result. For Authorities with a Baseline Need that is lower than their NDR Baseline, a Tariff is paid to central Government. The Top Up payment is guaranteed and, as the published data confirms, increases annually in line with the multiplier, until the Government re-bases the system which is not expected to occur until 2020.

3.2.4 The Provisional Settlement and Autumn Statement announced no changes to the business rates retention scheme although there is a continuation of schemes to aid small business and retail premises for whom the exemption of £1,000 is raised to £1,500. The multiplier increase was also yet again capped at 2% against an inflation figure of 2.3%. All of the additional reliefs and the cap to the multiplier are to be recompensed by section 31 Grant to the Council as in 2014/15.

- 3.2.5 In determining the available resource from Medway's share of the business rate collection assumptions have to be made about the likely growth or decline in the rateable base and the potential for any successful appeal against the Valuation Office's attribution of rateable value. In respect of the latter there are presently some 238 appeals outstanding, some of which date back to 2005. In addition outstanding appeals that have been settled since 1 April 2013, when the new regime was constituted, have to be apportioned between pre and post 1 April 2013. For the pre 1 April component we were able to spread the cost estimated at the 31 March 2014 over 5 years and ease the burden that would otherwise have been imposed in 2013/14. Were the claims to have been settled and billed before 1 April 2013 then the National Pool would have suffered the cost rather than Medway. For the purposes of estimating the potential loss of income that may arise from these appeals, officers have been required to assess each appeal and consider the potential outcome from the assessment by the Valuation Office and any consequent change in liability that will be created together with any mitigation from the impact of Transitional Relief arrangements whereby such changes are damped over time. Such estimates can invariably only be informed guesswork.
- 3.2.6 In 2014/15 the Council estimated that the income received through business rates, inclusive of top-up, section 31 grant for additional reliefs, the capping of the multiplier, and the phasing of pre-2013 appeals costs would be £44.916 million. Unfortunately the accounting treatment of the phasing adjustment, which was not released until some months after the budget was set, meant that an incorrect assumption was used in the estimate and accordingly the amount drawn from the Collection Fund for NNDR is now thought to be £1.6 million more than the Council share. Fortuitously this over-estimate in the take from the Collection Fund is balanced by an equivalent surplus from the Council Tax component. Precise figures will not be available until the accounts for 2014/15 are produced later in the year but it serves to illustrate the risk and volatility of the estimation process.
- 3.2.7 The current forecast for 2015/16, taking account of top-up, appeals and the S31 grant to cover the lost revenue from the extended SBRR scheme, is for a figure of £45.866 million. This is based on latest forecast of business rates predicated on December data and used as the basis of submission to Government of the statutory NNDR1 return. This is £0.064 million more than the estimate used in the draft budget.
- 3.2.8 The forecast income from this source is particularly volatile and difficult to estimate with precision as the experience of 2014/15 has shown. It is subject to both local and central influences. In his Autumn Statement the Chancellor announced the continuation of a raft of changes to the business rate regime introduced in 2014/15 many of which are reliant upon take-up by local businesses which may or may not occur. The practical accounting arrangements for these changes can be complex and muddy the estimation of income. In addition the local economy at a very specific level can throw up significant change to levels of rate income as was seen with the closure of Kingsnorth power station in March 2013 but equally the commissioning of a new supermarket could push income in the other direction. Whilst there is some advance notice of significant new development such as at Chatham Waters for instance, the sudden collapse of a major business is often a surprise. Variation on both fronts can be of a significant amount and some authorities are planning to use any potential surplus on the Collection Fund to create a reserve to buffer such fluctuation. The forecast income and corresponding

revenue demand for Medway do not afford the Council such a luxury at the moment.

3.3 *Council Tax*

- 3.3.1 In accordance with Council delegation, the Chief Finance Officer and Finance Portfolio holder, on 28 January, have agreed the council tax base for 2015/16 at 80,212.80 band D equivalents. This represents an increase of 625 band D equivalents set against the assumption in the Draft Budget and represents an additional yield of £742,000. The major reason for the variation is that the level of discount awarded under the Council Tax Reduction Scheme (CTRS) continues to fall requiring re-visiting the figure to be used for 2015/16 and this has meant a reduction in the discount value from 10,901 band D equivalents to 10,171 – an effective increase in the band D equivalents for Council Tax yield of 730. This has been offset by a reduction in the estimated yield for long-term empty properties.
- 3.3.2 The Provisional Finance Settlement confirmed the Government intention to press ahead with the offer of a grant to those authorities that choose to keep council tax at 2014/15 levels. For Medway this ‘freeze’ grant would be worth £1.052 million and compares to a £0.938 million yield from a 1% increase in council tax. Given the need to maximize revenue in the face of extraordinary levels of cuts in Government support this report assumes that the Council will not take up the offer of a freeze grant but will instead opt for a 1.994% increase in council tax. Press reports suggest that there will be a majority of councils taking this view.
- 3.3.3 In respect to Council Tax levied, Medway’s position in 2014/15 remained one of the lowest in both our peer group of Mainland Unitary Councils (9th lowest of 55) and nationally (35th lowest of 325 billing authorities), and this is despite increases at the maximum permitted to avoid referenda rules set out below.
- 3.3.4 The former capping regime is now replaced with a process for referenda for ‘excessive’ Council Tax increases. Essentially Government determines the rate of increase above which it is deemed to be excessive. This is similar to the old “capping” regime but the level is announced before budget and council tax levels are set. The Provisional Settlement stated that the level for 2015/16 would be 2% although it remains possible that there will be an announcement post-Cabinet, possibly with the Final Settlement, that could amend this figure. Any proposal to exceed the set level will need to be supported by an alternate budget to meet the determined increase and subject to a local referendum.

3.4 *New Homes Bonus*

- 3.4.1 New Homes Bonus was introduced in the Local Government Finance Settlement for 2011/12 to recognise the additional burden that new development in an area places upon the Local Authorities. The ‘bonus’ payment is calculated based upon the increase in taxbase between October in each year together with additional payments for the numbers of affordable homes and empty properties bought back into use in the period. The payment is to be made as a grant payable each year for a six-year period.

3.4.2 The draft budget assumed £6.100 million grant in 2015/16 and this remains in accord with the latest estimate with 354 band D equivalent properties (net of voids) completed in the year to October 2014, and including affordable homes accrual of £78,950 based on 217 affordable homes being completed in the year to 31 March 2015.

3.4.3 New Homes Bonus is payable over a 6-year period thus the 2011/12 grant will cease in 2017/18 creating a revenue pressure of £1.163m increasing by the annual increments of grant so 2018/19 will have a pressure of £2.432m and 2019/20 will have £3.573 million. The Labour party have committed to end the New Homes Bonus scheme should they be elected to Government in May 2015 and this adds another dimension to the questions around the longevity of the scheme and whether the 2011/12 loss in 2017/18 will be replaced by a new bonus payment for 2017/18 or indeed whether the anticipated payment for 2016/17 will cease. In any event this is presently a significant resource in support of the budget.

3.5 Department for Education (DfE) grants

3.5.1 Dedicated Schools Grant (DSG)

DSG for 2015/16 continues to be calculated in three blocks for Schools, Early Years and High Needs and driven by pupil numbers. The per-pupil rates for the Schools Block for 2015/16 have increased by £6.12 and this is also accompanied by an increase in pupil numbers. The Early Years Block in 2015/16 reflects the end of the 2-year old additional allocation of £4 million, and hence the reduction in total. Overall the DSG for 2015/16 is calculated as set out in Table 2 below:

Table 2: Schools Based grant Funding (DSG)

	2014/15	2015/16	2016/17
Schools Block – Pupil Numbers	37,029	37,680	38,180
Schools Block Funding	£158,929,150	£161,999,545	£164,178,045
Early Years Block – Pupil Numbers	2,717	2,817	2,917
Early Years Block Funding	£16,255,605	£12,476,279	£13,114,605
High Needs Block Funding	£34,445,265	£34,696,265	£34,696,265
DSG (gross)	£209,630,020	£209,172,089	£211,988,915
Academy Deductions	(£93,732,302)	(£102,428,012)	(£112,282,369)
DSG (Net)	£115,897,718	£106,744,077	£99,706,546
Pupil Premium	£6,406,426	£5,530,478	£4,699,086
Sixth Form Funding	£1,047,098	£689,761	£434,521
Net Schools Based Funding	£123,351,242	£112,964,316	£104,840,153

The DSG is calculated initially using the pupil numbers for all schools in Medway, including academies. Subsequently the Education Funding Agency will reduce the Council's DSG allocation in respect of schools that have converted to academies. Academies are expected to account for £102.428 million, leaving Medway's net DSG allocation at £106.744 million.

3.5.2 *Pupil Premium*

Schools receive a separate grant to improve the attainment of pupils from deprived backgrounds based on pupils eligible for a free school meal, 'looked after children' (LAC), and children with a parent in the armed forces.

Only the primary funding rate for 2015/16 will be increased.

	2014/15		2015/16	
	Primary	Secondary	Primary	Secondary
Free School Meals	£1,300	£935	£1,320	£935
Looked After Children	£1,900	£1,900	£1,900	£1,900
Service Children	£300	£300	£300	£300

These rates will produce a total grant for Medway schools (excluding academies) of about £5.530 million in 2015/16.

3.5.3 *Sixth Form Funding*

3.5.3.1 2014/15 sixth form funding is based on the allocations for the remaining two Medway secondary schools and three special schools. It is assumed that one secondary and one special school will convert to academy status in 2014/15 with the final secondary converting in 2015/16. This would leave 2 special schools for the remainder of 2015/16.

3.6 After allowing for transfers to academies, the funds available to the Schools budget are estimated at £112.964million, comprising an estimated DSG allocation of £106.744 million and Education Funding Agency (EFA) sixth form grants of £0.690 million together with a Pupil Premium allocation of £5.530 million. Elsewhere on this agenda is a report detailing the final formula funding arrangements for schools/academies for 2015/16 as approved by the Schools Forum on 8 January 2015.

3.7 The funding delegated to schools and academies for 2015/16 from the DSG schools block will be £162 million with £0.964 million retained as agreed by the schools forum. The Schools Forum agreed the delegated and central expenditure budgets at their meeting on 8 January 2015 and this is further explained elsewhere on the Cabinet agenda, within the report "Final Funding Formula for Mainstream Schools and Academies 2015-16".

3.8 *Education Services Grant*

3.8.1 The Education Services Grant (ESG) was introduced in 2013/14 to fund education services outside of the DSG. This includes local authorities' statutory responsibilities and funding for services such as school improvement and education welfare. The ESG has been formed from funds transferred out of formula grant under the LACSEG adjustment and is therefore not new money. The total deducted from formula grant is split between local authorities and individual academies in proportion to their pupil numbers.

Based on the funding rates per pupil issued by the DfE and some reasonable assumptions about Academy conversions anticipated during 2015/16, the ESG attributable to non-academies has been calculated as:

2014/15	£3,052,118
2015/16	£2,236,436
2016/17	£2,133,760

3.9 Other Specific Grants

3.9.1 Other specific grants for 2015/16 have increased largely as a consequence of the New Burdens funding for Social care. This masks other cuts in grant for elements such as Local Welfare Provision.

Table 3 Specific Grants

	2014/15	2015/16	2015/16
	Final Settlement	Draft Budget	Provisional Settlement
	£m	£m	£m
Community Right to Bid*	0.008	0.000	0.000
Community Right to Challenge*	0.009	0.000	0.000
Inshore Fisheries	0.032	0.032	0.032
Lead Local Flood Authorities*	0.077	0.051	0.051
Local Welfare Provision (now part of RSG)	0.792	0.000	0.000
Council Tax Support New Burdens Funding*	0.145	0.000	0.059
CTRS/HB Admin grant	1.799	1.619	1.583
Local Reform and Community Voices*	0.180	0.180	0.134
Extended rights to free travel	0.093	0.093	0.042
Adjusted Adult Social Care New Burdens	0.125	0.000	1.212
SEND implementation grant (formerly adoption grant)	0.331	0.000	0.158
New Homes Bonus returned	0.143	0.000	0.142
Total	3.403	1.975	3.381

* indicates not allocated to base budgets

3.10 Public Health Grant

3.10.1 The ring-fenced Public health Grant was introduced for 2013/14 along with the transfer of statutory Public Health responsibilities from the NHS. The grant is increased from £13.170 million to £14.280 million in 2014/15 and it is further expected to increase in 2015/16 to accommodate the transfer of 0-5 children's public health commissioning to Local Authorities. The final baseline for this transfer is £2.522 million. In this report it has been assumed that the £2.522 million is added with a corresponding expenditure increase to match the additional grant.

3.11 Capital Settlement

3.11.1 The capital settlement announcements are often delayed and this is again the case. However both the Department for Transport (DfT) and Department of Health (DoH) have made announcements during 2014/15 and these are reflected in Table 4 below. The 2015/16 DfT allocation for Integrated Transport is reduced from previous years but this has been as a consequence of a top-slice to create the Local Growth Fund from which we are beneficiaries to the extent of £28.6 million. From 2015/16 capital funding for Adult Social Care and Disabled Facilities Grant will be included within the 'Better Care Fund' (BCF).

Table 4 Indicative Capital Grant Allocations

	2014/15	2015/16	2016/17
	£m	£m	£m
Department for Education			
Basic Need Grant	2.513	2.237	2.237
Schools Capital Maintenance Grant	2.543	1.935	TBA
Schools Devolved Formula Capital	0.472	0.359	TBA
Universal Infant Free School Meals	0.567	0.000	0.000
Department of Health			
Adult Social Care Transformation Grant	0.557	0.556	0.556
Department for Transport (DfT)			
Highway Maintenance	2.216	2.545	2.333
Integrated Transport	2.122	1.589	1.589
Department of Communities and Local Government (DFG's)	0.739	0.922	.0.922

4. Capital Programme 2014/15 and beyond

- 4.1 This section of the report seeks to ensure that the capital programme is integrated with the process for setting the revenue budget and the level of council tax. For a number of years the financial settlement has not included any revenue support for capital, but local authorities still have access to 'unsupported' borrowing through the prudential regime, providing that these capital investment plans are affordable, prudent and sustainable. Cabinet will be considering the Treasury Management Strategy, which incorporates prudential indicators, as a separate item on this agenda.
- 4.2 Although there is still some uncertainty until the final settlement and capital grant allocations have been announced, previous announcements have provided a reasonably clear picture of likely grant funding for next year and this is presented in Table 4 above. In addition to government grant assumptions, the capital programme summarised at Appendix 2 also reflects other sources of funding to the extent that we believe them to be secure, including developer contributions, revenue contributions and even some capital receipts.
- 4.5 The proposed capital programme reflects funding rolled forward from 2014/15 to meet on-going delivery of the existing programme, together with the new schemes and future funding assumptions for 2015/16 and beyond. Table 5 summarises planned expenditure, providing an analysis of how it will be funded. More detailed analysis is provided at Appendix 2a-2c.

Table 5 Funding the proposed capital programme

	C & A	RCC	BSD	Member Priorities	Total
	£000's	£000's	£000's	£000's	£000's
Expenditure Profile:					
2014/2015 forecast	22,814	28,850	1,731	381	53,777
2015/2016 forecast	18,890	31,145	2,896	214	53,144
2016/2017 forecast	43	15,471	807	0	16,321
2017/2018 & future year's forecast	13	30,028	292	0	30,333
Total Forecast Expenditure	41,760	105,495	5,725	595	153,574
Funding Source:					
Grants	29,433	47,459	0	0	76,892
Prudential borrowing	0	25,242	1,316	0	26,558
Developer & other contributions	6,878	989	0	0	7,867
Capital Receipts	3,022	4,804	2,889	595	11,309
Right To Buy receipts	0	500	0	0	500
Reserves/Revenue	2,427	26,501	1,521	0	30,448
Total Funding	41,760	105,495	5,725	595	153,574

5. Departmental Programmes (2015/16)

5.1 Business Support Department

5.1.1 The Business Support capital programme primarily comprises existing approvals, including the thin client (ICT) initiative, mercury abatement scheme, Strood riverside, corporate building maintenance and two recent additions in the current year for smarter working at Gun Wharf and to relocate the contraceptive and sexual health service.

5.1.2 The only new scheme next year represents capital investment in ICT in order to deliver the digital transformation agenda.

5.2 Children and Adults Directorate

5.2.1 The Children and Adults proposed programme represents planned expenditure for the medium term, based upon the forecast carry forward from 2014/15 and taking into account grant funding and developer contributions over the next three years. The brought forward programme includes additional funding, in the form of both the Targeted Basic Needs Grant and DSG reserves, which has given the Council enough funding to provide sufficient primary school places in the short to medium term. Having said that, more places will be needed in 2017/18 and there will subsequently be a need for more secondary school places too. The gap will have to be met by bidding against additional grant funding, which it is expected that Government will make available in a similar way to the Targeted Basic Need Grant.

5.2.2 The proposed capital programme is summarised at Appendix 3a and the directorate's main priority continues to be the provision of sufficient primary school places in Chatham and Gillingham. In addition to £1.9 million of uncommitted grant rolling forward from 2014/15, the proposed programme will make use of developer

contributions, to the extent to which they are certain. Table 6 below summarises the four schemes which it is proposed to take forward next year.

Table 6: Planned Additional Primary School Places

	2013/14 forecast £
New Schemes in 2015/16	
- Hundred of Hoo Primary	2,500,000
- Cuxton Primary Expansion	1,200,000
- Saxon Way Expansion	1,500,000
- Elaine Primary Expansion	1,000,000
Total Funding Requirement	6,200,000

5.2.3 Schools Condition Programme

It is anticipated that the 2014/15 condition programme budget will be spent this year and that the 2015/16 Capital Maintenance Grant will similarly be fully allocated to the schools condition programme.

5.3 Regeneration, Community and Culture Directorate

5.3.1 The anticipated funding from Government for both the Highways Maintenance and Integrated Transport were confirmed as £2.122 million and £2.389 million respectively. These compare to allocations of £2.216 million and £2.122 million in 2014/15.

5.3.2 Integrated transport. This will be used for funding accident reduction measures, traffic management, public transport infrastructure improvements, cycling and walking schemes, and safer routes to schools projects.

5.3.3 Highways capital maintenance. This is funding the maintenance of carriageways, footways, bridges, highway drainage and traffic signals and is further supplemented by the additional funding from capital receipts referred to at 5.4.1 below.

5.3.4 Disabled Facilities Grants (DFG): These grants enable elderly or disabled people to remain in their own home through the provision of adaptations to their property and the forecast carry forward allocation of £915,000 will be supplemented with the grant funding of £922,000 for 2015/16.

5.3.5 The 2015/16 programme also includes £28.6 million of schemes funded by the Local Growth Fund and £4 million for the Strood Riverside flood protection works funded from PWLB 'project rate' borrowing

5.3.6 Elsewhere on the agenda is a report on the relocation of the archives and local studies centre into the former Strood library. This will be a £971,600 scheme part funded by a virement from the redundant Strood CPO scheme and the balance of £324,600 from capital receipts generated not least by the freeing up of a further area of the former Civic Centre site.

- 5.3.7 As part of the process of searching out revenue budget savings the infrastructure investment in the CCTV/Lifeline service has been capitalised at a cost of £200,000 to be funded from capital receipts.
- 5.3.8 Capital funding for the Housing Revenue Account (HRA) is discussed in more detail in the HRA report elsewhere on the agenda but new funding of £14.321 million, in respect of Planned Maintenance and Disabled Adaptations for the next three years is included together with the residual spend on the House Building programme of £6.551 million. This is shown at Appendix 2, being funded by a combination of use of the Major Repairs Reserve, contribution from the HRA working balance and additional borrowing.
- 5.4 Capital Receipts**
- 5.4.1 The draft capital programme specifically includes those schemes where funding has already been committed by the Council and new external funding has been secured. The Council has, in previous years, injected considerable sums into the capital programme mainly from capital receipts and prudential borrowing. Given the constraints on revenue and the restricted availability of capital receipts as demonstrated at Table 7 below, there is limited capacity for utilising these funds but the comments in the previous section have highlighted additional investment in addition to the continued support are the Highways Capital Investment Programme at £1.5 million. The total investment from capital receipts next year is proposed to be to be funded from future Capital Receipts.
- 5.4.2 Table 7 shows the movement in capital receipt balances, after funding the existing approved capital programme including the £1.5 million highways commitment and other schemes outlined in paragraph 5.3.6 and 5.3.7.

Table 7. Movement in Capital Receipts

Description	General Fund Receipts	Housing Receipts	Total
	£000's	£000's	£000's
Balance @ 1 April 2014	2,943	(2,943)	0
Anticipated Receipts 2014/15	(4,659)	(1,138)	
Applied to Capital Programme 2014/15:	3,811	740	
Estimated Balance at 1 April 2015	2,095	(3,341)	(1,246)
Anticipated Receipts 2015/16	(6,197)	(758)	
Applied to Capital Programme: 2015/16	5,814	670	
Estimated Balance at 1 April 2016	1,712	(3,429)	(1,717)
Anticipated Receipts 2016/17	(5,135)	(758)	
Applied to Capital Programme: 2016/17	2,103	451	
Estimated Balance at 1 April 2017	(1,320)	(3,736)	(5,056)

6. Revenue Budget 2015/16

6.1 The draft budget approved by Cabinet on 2 December 2014 reinforced the principles set out in the Medium Term Financial Plan. The strategic priorities for Medway as set out in the Council Plan are considered elsewhere in this agenda. The MTFP and subsequent budget is prepared alongside the Council Plan and reflects the Council's priorities, as articulated by two core values and four key outcomes:

- Putting our customers at the centre of everything we do; and
- Giving value for money.

The Council Plan is the council's business plan. It has four priority areas and sets out what will be done to deliver these and how we will tell what difference has been made. Those four priorities are:

- Safe, clean and green Medway;
- Children and young people have the best start in life in Medway;
- Adults maintain their independence and live healthy lives;
- Everyone benefiting from regeneration

6.2 In addition, the underlying financial aims of the MTFP and budget remain so as:

- To ensure there is a sustainable budget, without recourse to the use of reserves;
- Generating efficiencies, in partnership with others where appropriate, for reinvestment in priority spending;
- Assessing the revenue impact of funding streams supporting capital investment decisions, whether that be from supported borrowing, use of reserves, capital receipts or prudential borrowing; and
- Avoiding the sanction of central government controls, for example capping.

6.3 The budget proposals in this report have been prepared with these principles in mind.

6.4 In accordance with the constitutional requirements, the draft budget, proposed by Cabinet, was forwarded to overview and scrutiny committees inviting comments. At that stage the draft budget was some £12 million in excess of the anticipated resources available, largely driven by a reduction in Government grant. Expenditure pressures already experienced and the continued growth in those pressures had offset the savings achieved in the first two rounds of the 'star chamber' review process that were detailed in the draft budget appendices.

6.5 The Provisional Local Government Financial Settlement announced on 18 December 2014 was a slight improvement on that predicted in the draft budget and, together with other changes in the anticipated resources outlined in section 3, revised the deficit to £10.7 million. It must be hoped that the final settlement due to be announced after Cabinet has met does not worsen this position.

6.6 Both during and after the overview and scrutiny process, officers have continued to examine the budget proposals and work closely with portfolio holders to find measures to close the gap and achieve a balanced budget. Whilst attempting to keep a minimal impact on service delivery. These measures are discussed in more detail in Section 9 of this report.

- 6.7 Medway currently has the ninth lowest council tax of all mainland unitary authorities and is, currently, on average, £118 below the combined council tax for Kent County Council (KCC) and Kent districts. Given the scale of the budget challenge both for now and the future, it is not proposed to accept the additional Council Tax Freeze grant for 2015/16 but rather maximise the income yield. This is likely to be in tune with the majority of billing authorities. Referendum rules currently dictate that an increase below 2% will be necessary to avoid the cost and risk of holding a referendum, although it remains possible that this could be reduced in February with the Final Settlement announcement. Accordingly this report is predicated on a council tax rise of 1.994% and any reduction in the referendum limit, if announced, will need to be considered at full Council.
- 6.8 In accordance with Council delegation, the Chief Finance Officer and Finance Portfolio holder, on 28 January, agreed the council tax base for 2015/16 at 80,212.80, an increase of 625 against that used for the draft budget. This is a significant increase and reflects principally a reduction in the levels of discounts awarded for the Council Tax Reduction Scheme which in turn reflects the improving economic position and reduced claimant numbers. The additional yield from the revised council tax base set against the draft budget proposal will be an extra resource of £742,000.
- 6.9 The revenue budget that Medway must set is determined by the total of Government Grant and the amount raised from council tax and is summarised in the table below but it highlights General Fund resource reductions of £8.075 million and £2.002 million after allowing for increases in Council Tax, Business Rates and New Homes Bonus, together with the £2.522 million increase in Public Health Grant. Education funding decreases are as a consequence of Academy transfers.

Table 8. Funding Medway's Revenue Budget 2015/18

	Round 1 Budget	Draft Budget Forecast Requirement	Proposed Budget Forecast Requirement	Proposed Budget Forecast Requirement
	2014/15	2015/16	2015/16	2016/17
	£000's	£000's	£000's	£000's
Dedicated Schools Grant	218,328	214,300	209,172	211,989
Academy Transfer	(92,456)	(91,536)	(102,428)	(112,282)
Other School Specific Grants	7,806	6,548	6,220	5,134
Schools Based Resources	133,678	129,312	112,964	104,841
Council Tax	91,285	94,508	95,249	97,634
Revenue Support Grant	52,392	38,062	38,474	28,984
Business Rates Share	44,916	45,802	45,866	47,618
New Homes Bonus	5,582	6,100	6,242	7,173
Education Support Grant	3,206	2,221	2,236	2,134
Specific Grants	419	231	186	186
Public Health Grant	14,280	14,280	16,802	19,324
Use of Reserves	1,100	50	50	50
General Fund Resources	213,180	201,254	205,105	203,103
Estimated Available Funding	346,858	330,566	318,069	307,944

7. Council Plan

- 7.1 As the council's overarching business plan, the Council Plan identifies objectives the council wishes to achieve (referred to as its 'priorities'), and as such it is important that it is considered alongside the budget setting process. The national background to the development of the Plan has remained as volatile as it has been in recent years, both in terms of funding and policy developments. The current Council Plan's strategic priorities and commitments will be extended into 2015-16 and remain the same. There is a need however to review and refresh the current suite of indicators and projects that support the plan to ensure they remain relevant and informative during 2015-16.
- 7.2 The Council Plan forms an essential part of the council's performance management framework, setting out the priorities, commitments, measures and targets against which progress will be judged. Monitoring of the Council Plan will continue on a quarterly basis, focusing on key measures of success and updates on key projects identified as supporting the delivery of the priorities.
- 7.3 As options for meeting the 2015/2016 budget gap are debated, some of the commitments included in the revised indicators and key projects may need to be revisited. Changes made to the budget up to and including Full Council may also have an impact that will need to be reflected in the final version that Members agree, and an appropriate delegation has been sought in the Council Plan Indicator report on this agenda to enable this alignment of the Council Plan to the final budget decisions.

8. Overview and Scrutiny Responses

- 8.1 Business Support Overview and Scrutiny Committee will consider the views of individual scrutiny committees, together with its own, on 3 February and the recommendations from that meeting are included in an addendum report. Decisions by individual Overview and Scrutiny Committees are set out below with the detail of discussions to date set out in Appendix 1.
- 8.2 *Business Support 4 December 2014*
:
The Business Support Overview and Scrutiny Committee noted the draft capital and revenue budget for 2014/15 and agreed to forward the programme to individual Overview and Scrutiny Committees.
- 8.3 *Children and Young People 9 December 2014*

The committee noted the report and the draft capital and revenue budgets for 2015/16.
- 8.4 *Health and Adult Social Care 11 December 2014*
- (a) The Committee noted the draft capital and revenue budget for 2015/16, proposed by Cabinet on 2 December 2014
- (b) The Committee recommended the Cabinet to reinstate 2 WTE vacant administrative posts in the Mental Health Social work Team thereby bringing the establishment back to 3 WTE

(c) The Committee placed on record its thanks to the Chief Finance Officer and Head of Finance Strategy for their work on 2015/16 budget preparations

8.5 *Regeneration, Community and Culture 18 December 2014*

The Committee noted the current draft capital and revenue budget for 2015/16 insofar as they affected this Committee and noted the opportunities and implications of any other efficiencies or revenue generating measures for the Committee.

8.6 *Business Support 3 February 2014 (minutes yet to be agreed by Committee)*

The committee is scheduled to meet the day following despatch of the agenda with this report. Accordingly an addendum report will be circulated prior to the Cabinet meeting.

9. Revenue Budget 2014/15 – Proposals to Bridge the Budget Gap

9.1 The funding shortfall of £12.017 million in the draft budget report on 2 December has been subject to continuing work both through the overview and scrutiny process and by officers in consultation with portfolio holders. Table 9 below summarises the changes from that position to the proposal presented in this report. Paragraphs 9.7 onwards outline the changes made since 2 December 2014 with an overall summary of budget build at Appendices 3.

9.2 The draft budget report as set out on 2 December identified a number of workstreams to identify savings proposals and reduce pressures on the budget. Clearly the final settlement and other resource changes have improved the position for the General Fund by the £0.9 million highlighted below.

9.3 Under the financing arrangements for the DSG in 2015/16 the Local Authority can continue to retain funds at the same level as 2014/15 for SEN, Early Years and statutory functions in relation to schools. However, funds can only be retained for non-statutory functions in support of schools with the approval of the Schools Forum. The Schools Forum discussed these budgets on 8 January 2015 and approved all the LA's requests to retain funding centrally in 2015/16. There is a report elsewhere on this agenda that sets out in some detail the financing arrangements for Medway schools (including academies) in 2015/16 and the proposals for retained funds that have been agreed.

9.4 The budget build assumed a nil increase in pay costs for staff but Table 9 identifies a provision of £800,000 allocated for increases in pay equivalent to about 1% of the paybill cost. This will need to be apportioned between a 'cost of living' increase applicable to all staff in the Local Pay Scheme and an element to provide for performance awards under the Medpay model and the removal of the lowest pay point. Clearly the financial pressure the Council is under courtesy of grant cuts and expenditure pressures have made any addition for pay difficult but the Council staff have been subject to a pay freeze for five years.

9.5 Table 9 below identifies some modest increases to costs that have been identified subsequent to the draft budget proposals. These and the £6.6 million of savings proposals that have been found by the directorates are discussed in paragraphs 9.6 to 9.9 and set out in Appendix 4.

Table 9. General Fund Budget Changes

Budget Preparation Summary 2014/15			
		£000s	£000s
General Fund			
Budget Gap 2 December 2014			
			12,017
Less:	Additional Taxbase (Council Tax)	742	
	Additional Revenue Support Grant	412	
	Additional Business Rates Share	64	
	Additional New Homes Bonus	142	
	Additional Education Support Grant	15	
Add:	Reduced specific Grants (not included in budgets)	45	
	Sub Total	1,330	10,687
Add	Pay Provision	800	
	BfL Savings Shortfall	389	
	FM overhead savings shortfall	321	
	Sub Total	1,510	12,197
Less:	Savings from Directorates		
	Children & Adults	2,276	
	Regeneration, Community & Culture	1,915	
	Business Support	2,421	
	Sub Total	6,612	5,585
Less:	Corporate Savings:		
	Category Management 'Pipeline' projects	1,300	
	Category Management – in-year procurement savings (15/16)	500	
	Category Management – in-year procurement savings (14/15)	119	
	Public Health Grant funding of General Fund projects	1,700	
	Treasury Surplus	1,000	
	Fees and Charges increases	250	
	Digitalisation project	250	
	'De-minimus' budgets	137	
	Centralisation of furniture and equipment purchases	82	
	Sub Total	5,338	247
	Revised Gap (surplus)		247

9.6 Children and Adults (Appendix 3)

9.6.1 In addition to the £3.1 million of savings included in the draft budget considered by Cabinet on 2 December, the Children and Adult Services directorate has identified a further £2.3 million of budget reductions in response to the need to balance the budget overall. Appendix 4 details the savings that have been identified which for the major part are individual reductions of less than £100,000 and have a focus on removing vacant posts so as to minimise the effect on service and reduce costs of

severance. The paragraphs below highlight the more significant elements (above £100,000) of the additional £2.3 million savings.

9.6.2 *Adult Social care*

£327,000 of the £2.3 million relates to Adult Social care but there are no items over £100,000 and indeed the maximum individual saving proposed is £50,000.

9.6.3 *Children's Social Care*

Of the £2.3 million £267,000 relates to Children's Social Care budgets and once again there are no items over £100,000 and indeed the maximum individual saving proposed is £90,000.

9.6.4 *School Effectiveness and Inclusion*

£973,000 of the £2.3 million relates to this area and there are three significant budget reduction proposals:

- £200,000 from a 7% reduction in Children's Centre budgets but retaining all 19 centres operational. This also entails a review of activity to ensure the centres are best placed to participate in the new Child Health programme arising from the transfer of NHS responsibilities to Public Health in the second half of the year.
- £110,000 from non-renewal of the Child-minding Support contract to assist with Ofsted preparations, and revised arrangements to ensure safeguarding is assured coupled with an emphasis on digitalisation.
- £200,000 arising from a review of the provision of youth services to identify opportunities for efficiencies.

9.6.5 *Partnership Commissioning*

£708,000 of the £2.3 million relates to this area and there are two significant budget reduction proposals.

- £190,000 achieved by the charging of premature retirement costs for teachers to the retained component of the DSG. Education Funding Authority guidance on the accounting for these costs is clear that a local authority must fund redundancy costs (not premature retirement costs, which are the responsibility of the school concerned) of school staff, unless there is a good reason not to fund them centrally (section 37, Education Act 2002)..
- £100,000 with the demolition of the buildings at temple Mill and site security responsibility passing to new owners and contractors there is a saving of £100,000 to be realised in 2015/16.

9.7 Regeneration, Community and Culture

9.7.1 Regeneration, Community and Culture have identified £1.9 million of additional budget reductions in response to the need to balance the budget overall. Appendix 4 details the savings that have been identified which for the major part are individual reductions of relatively small sums. The paragraphs below highlight the more significant elements (above £100,000) of the additional £1.9 million savings.

9.7.2 *Front Line Services*

£783,000 of the £1.9 million relates to this area and there is one significant budget reduction proposed by way of reducing the frequency and volume of clear sacks distributed. There is widespread anecdotal evidence that the present arrangement is too generous. Halving the present arrangement will save £110,000 and should not impact on recycling performance..

9.7.3 *Housing and Regeneration.*

£491,000 of the £1.9 million relates to this area and there is no significant budget reduction proposed, indeed only one saving proposal exceeds £50,000 and that is an amalgam of budget headings.

9.7.4 *Leisure & Culture*

£641,000 of the £1.9 million relates to this area and there are three significant budget reductions proposed:

- It is proposed to negotiate a variation to the Tree contract and reduce expenditure from £300,000 to £200,000..This will have an obvious impact on the volume of work undertaken but it believed to be manageable.
- The Council undertakes a number of festivals across the Towns. These are discretionary events and whilst very popular they are also costly. For 2015/16 it is proposed not to hold the FUSE festival and this will save £115,000.
- The current monitoring reports reveal that Medway Sports and Leisure have exceeded the income budget by over £500,000. Accepting that there are some recurring costs associated with this income and indeed some risks associated with the expectation of additional income from the Strood Echoes development that, whilst assured with the additional capacity, may already be present in part in the additional membership elsewhere. it is none the less felt that an additional income target of £300,000 is achievable next year.

9.8 **Business Support**

9.8.1 Business Support has identified £2.5 million of additional budget reductions in response to the need to balance the budget overall. Appendix 4 details the savings that have been identified and yet again the major part are individual reductions of individual proposals for less than £50,000. The paragraphs below highlight the more significant elements (above £100,000) of the additional £2.5 million:

9.8.2 *Finance division*

The Finance division has identified £442,000 of the £2.5 million from budget managed by the Chief Finance Officer. Only one of these proposed reductions exceeds £100,000 and that is the proposal to reduce the Ward Improvement Fund allowance from £3,000 per Councillor to £1,000. This is a discretionary heading and whilst popular with Members it is currently a generous allowance given the financial strictures faced.

9.8.3 *Communications, Performance and Partnerships*

This division has identified £353,000 of the £2.5 million but again has only one proposal that exceeds the £100,000 threshold and that is an amalgam of post deletions across the administration hubs totalling £103,000 and deleting 5.1 FTE posts.

9.8.4 *Organisational Services*

Organisational Services contribute £322,000 towards the £2.5 million total but no individual proposal exceeds the £100,000 threshold.

9.8.5 *Legal and Corporate Services*

This division contributes £990,000 towards the £2.5 million total but is also the lead for significant corporate savings identified below. There are three individual proposal that exceed the £100,000 threshold but one of those is the deletion of two posts at Category Lead level that are presently vacant. This saving totals £105,000. In addition there is presently an over-provision of budget for Gun Wharf utility costs and that presents a saving of £100,000. Finally the draft budget included provision for one-off Litigation costs in a national Land Charges dispute. There is now some optimism that there may be Government funding forthcoming for this but if that does not materialise it will be charged to reserves as a one-off.

9.8.6 *Customer Contact, Democracy and Governance*

This division contributes £315,000 to the £2,5 million total with one significant saving at £125,000 as a result of deleting 5 vacant Initial Contact Officer posts.

9.8.7 *Public Health*

As part of the exercise to reduce the funding gap Public Health were targeted to identify areas where current General Fund spending was achieving legitimate public health outcomes and the ring-fenced grant could be used to 'save' general fund costs. Appendix 4 identifies a number of small savings proposals that were part of the cross-directorate exercise and have contributed to the creation of the wider £1.7 million headroom against the grant that is now allocated as per appendix 5.

9.9 Corporate Savings

9.9.1 *Category Management*

There are three components to the Category Management savings proposals:

(1) Pipeline Projects £1.3 million saving

One of the key objectives of the Category Management function is to identify areas where we can commission or procure differently to the advantage of the Council. The initial Strategic Sourcing Project (SSP) embarked upon was the Homecare contract and that achieved recognised success and saved £1.9 million whilst improving the service offered. In tune with that ethos the following projects are targeted for 2015/16;

Category Management Lead	Project	Target £000's
Place	- SEN transport, vehicle management, health and safety, highway equipment and materials, cemetery and crematoria supplies and horticultural supplies)	400
People	- Day care services	150
	- Dynamic Purchasing System (residential and nursing home places)	250
Strategy/Operational Support	- Consultancy services	150
	- Non-contract spend	200
	- IT contracts	150

(2) In-year procurement savings (2014/15) – saving £119,000

The regular re-procurement of contracted spend through the Gateway/Procurement Board process, assisted by the Category Management team has yielded savings of £3.9 million in 2013/14 and £2.6 million to date (December 2014/15). The £2.6 million is split £1.1 million revenue and £1.5 million capital. The majority of the £1.1 million has already been extracted through the star chamber process but a review of these procurements has revealed £119,000 still to be taken. These savings have now been taken against service headings.

(3) In-year procurement savings (2015/16) – target saving £500,000

The success achieved in the last two years provides optimism that a £500,000 target is comfortably within scope for 2015/16.

9.9.2 *Public Health*

This is described in 9.8.7 above and the target areas set out at Appendix 5 and these have been adjusted against the directorates as identified.

9.9.3 *Treasury*

The monitoring for 2014/15 reveals a £1 million forecast surplus on treasury and this is forecast to continue and the budget adjusted accordingly.

9.9.4 *Fees and Charges*

The fees and charge schedule attached as Appendix 7 is predicated on a broad 2.5% increase on the current year, except for all parking which is frozen until 2017. The effect of these increases will be to provide an additional £250,000 of income. The majority of this increase is in 2 areas – Crematorium £50,000 and Leisure £125,000. These savings have now been taken against service headings.

9.9.5 *Digitalisation*

The rate of change in digital technology, and its use by residents in all aspects of their lives, poses both challenges and opportunities for the council. We are seeking to build on work to date under the Better for Less programme in bringing all initial contact together in the contact centre, by now significantly enhancing our website and the online service delivery capability that we currently offer to residents. We know from customer research that a large proportion of our residents transact on line and are keen to do so more in their dealings with the council. We need to be able to respond to that demand. The capital programme proposals include an allocation for replacing our current website and adapting on line forms so that they are accessible on mobile phones and tablet devices. We will continue the programme of radical review of content on the website and improve the functionality of the search engine so the site offers a good foundation for customers doing business with the council online.

There will be a further stage of work in future where we look at the potential for 'digitising' processes from initial contact right the way through to back-office systems so removing unnecessary paper and manual processing – which are inefficient and slow up the response to the customer. An example of a 'digital customer journey' would be a customer reporting a pothole on line, this request going through our own systems to the highways contractor, with a response automatically going back to the customer when the work has been completed. This programme of review will cover all services and will deliver service improvements and cost saving.

9.9.6 *'De-minimus' budgets*

There are thousands of individual budgets across the Council and over time some of these have become nonsensical. It is proposed to rationalise this position and set a 'de-minimus' budget level at £250. Those budgets below that level will be removed and expenditure, if incurred, managed across the budget for that area as a whole. This releases a modest £137,000. These savings have now been taken against service headings.

9.9.7 *Furniture and equipment centralisation*

Accommodation provision is changing with the advent of 'agile' working. Services have traditionally been responsible for their own furniture and equipment provision (new desks etc.) but it is agreed that this is now an outdated model. For the future there will be a central budget for replacement of worn out furniture and equipment and it is believed that a 20% saving can be achieved in this move. This generates an equally modest £82,000 saving. These savings have now been taken against service headings.

9.9.8 *Category Management FM shortfall – £321,000 pressure*

The move of facilities management services to Norse was accompanied by a requirement to save £700,000 against Council overheads. Half of this target has been achieved, notably through reductions in client functions. However it is now very difficult to distinguish such savings from the other proposals that have emerged – for example Finance reduced costs by £350,000 in this year's budget and HR did

a similar reduction of £300,000, both of which would have contained elements of overhead support. The current round of savings (£6.6m from directorates) further illustrates the inability to make discreet reductions against the savings target which is now rather a matter of netting off against other gains. Accordingly removal of this unachievable target creates a pressure of £321,000.

9.9.9 Better for Less residual savings target - £389,000 pressure

The draft budget contained an assumption of £589,000 savings accruing from the residual phase 4 of the BfL project. The major part of these savings were attributable to Children's Social Care services and given the degree of change and focus on improved performance in that area, the administration and customer contact reviews were put on hold. Subsequent changes to the service, notably the centralisation at Broadside, may also mean that the level of saving is questionable. In many of the other areas services have moved on too. It is still felt that there are savings to be had from applying the project methodology but it is proposed to downgrade the savings expectation to £200,000.

10 Revenue Budget Summary

10.1 Table 10 below summarises the Revenue budget position for 2015/16 with a further analysis in Appendices 3, and 3a to 3c.

Table 10 Summary Budget Requirement 2015/16

Directorate/Service	Proposed Budget		
	Expenditure £000s	Income £000s	Net £000s
Children and Adults			
- DSG and School Specific Expenditure	111,467	0	111,467
- Other	139,434	(29,114)	110,320
Regeneration Community & Culture	74,868	(28,201)	46,667
Business Support	145,382	(121,421)	23,961
Public Health	13,334		13,334
Interest & Financing	16,960	(3,717)	13,243
Levies	1,039		1,039
BfL	(200)		(200)
Medway Norse JVC		(263)	(263)
Pay Provision	800		800
Category Management SSP's	(1,300)		(1,300)
Forward Procurement Plan savings target	(500)		(500)
Digital transformation	(250)		(250)
Headroom	(249)		(249)
Total Net Budget	511,136	(180,878)	318,069

Estimated Funding			
Dedicated Schools Grant			106,744
Other School Specific Grants			6,220
Council Tax			95,249
Revenue Support Grant			38,474
Business rate Share			45,866
New Homes Bonus			6,242
Education Support Grant			2,236
Specific Grants			186
Public Health Grant			16,802
Use of reserves			50
Total Funding			318,069

11. Capping Regime

- 11.1 The former capping regime has been removed but in its place is a declaration by the Minister as to what he perceives to be an 'excessive' increase in Council Tax. For Unitary Councils the excessive threshold for 2015/16 is set at 2%. Any increase above the threshold requires the consent of residents through a local referendum. The cost of such an exercise is estimated at £250,000. The proposed increase at 1.994% will not exceed the threshold.

12. Fees and charges

- 12.1 The draft budget proposals have been formulated on an assumption that fees and charges would increase by an overall average of 2.5%. Where market conditions allow or where the Council has a statutory obligation to recover costs, greater increases have been applied. The schedule of proposed fees and charges is set out at Appendix 7.

13. General Reserves

- 13.1 One of the key aims of the MTFP is to produce a sustainable budget without recourse to the use of reserves. Past strategy has been to maintain the overall level of non-earmarked reserves at circa 5% of non-schools budget which equated to circa £10 million. Non-earmarked reserves at 31 March 2014 were some £8.1 million (4.3% of the proposed non-schools budget) in the form of the Revenue Balance and the General Reserve.
- 13.2 The principal risk to be covered by the contingency balance relates to that of an overspending and this is a reflection of both control and the robustness of the budget set. In that respect past experience has shown that management controls would trip in to contain the potential overspending within the year and deal with the causes in the next budget setting round.
- 13.3 The second significant risk to be covered by the contingency reserve is that of a catastrophe led spend. Events occurring in recent weeks and years as a consequence of turbulent weather patterns serve as a prudent reminder of such

occurrences. None the less there are compensatory schemes to mitigate such events and these include the Government 'Belwin' scheme and our own insurance cover which, whilst largely of a self-insured nature, does provide for extreme claims with property excess capped at £1.25 million and claims above this met by the insurers and the aggregate of liability claims in a similar vein at £2.9 million. The balance on the Insurance Fund at 31 March 2013 was £4.7 million including a provision for identified liabilities of £2.4 million accumulated over a number of years with the larger cases taking some time to reach settlement.

13.4 Against this background it is difficult to argue the case for a higher level of unallocated balance than that already held, other than on a crude percentage basis.

14. Precepting obligations

14.1 This report considers the budget requirement for Medway Council only. There are a number of other factors that will influence the final council tax requirement to be approved by Council on 26 February 2015. Whilst the final rate will be dependent on the level of spending, it will also be affected by:

- The council tax base of 80,212.8 agreed on 28 January and incorporated in the funding proposals in Table 10;
- The parish precepts;
- The Police and Crime Panel for Kent are scheduled to meet on 5 February and their proposal is for a 1.99% increase that would produce a Band D rate of £147.15 if accepted.
- The Kent Fire and Rescue Service (KFRS) precept. A budget meeting will be held on 13 February where it is understood that a 1.95% increase on the 2014/15 Band D rate will be agreed. This, if agreed, would produce a KFRS Band D rate of £70.65.

15. Housing Revenue Account

15.1 The Council is required under the Local Government and Housing Act 1989 to ensure that the Housing revenue Account (HRA) does not fall into a deficit position.

15.2 Business Support Overview and Scrutiny Committee on 3 February 2015 will receive a report that detailed the HRA revenue and capital budget proposals and a follow-on to that report features elsewhere on this agenda.

15.3 The summarised Housing Revenue Account is attached at Appendix 5 and the capital component is included in Appendix 2

16. Legal Considerations

16.1 Sections 30 to 36 of the Local Government Finance Act 1992 require that the Council sets a budget and council tax by 11 March each year and in doing so make a number of statutory calculations incorporated by resolution. The Localism Act 2011 has amended some of the terms and definitions to accommodate the introduction of powers to call local referendums for excessive council tax increase. The Council is now required to make a calculation of the Council Tax Requirement (Section 31A), excluding Parish precepts. The Act (Section 36) further prescribes that a calculation of the basic amount of Council Tax be presented together with an analysis of the Council Tax across the area and by valuation band. These

calculations are required to be presented in a prescribed format and be subject to formal resolution by the Council.

- 16.2 The Local Authorities (Standing Orders)(England) Regulations 2001 deal, amongst other things, with the process of approving the budget. Under the constitution the adoption of the budget and the setting of the council tax are matters reserved for the Council upon recommendation from Cabinet.
- 16.3 In seeking to finalise the overall shape and detail of the budget for 2015/16, Cabinet needs to be cognisant of the following legal considerations.
- 16.4 *Council budget:* In reaching their decisions, Members and officers must act reasonably taking into account all relevant considerations and ignoring irrelevant ones. There is a need to ensure that when making budget decisions the result is not one which is irrational in the Wednesbury sense (i.e. one which no reasonable local authority could have made). The Council's overriding duty is to make a lawful budget and this is the touchstone against which other considerations must be tested.
- 16.5 The council must have regard to its public sector equality duties when making decisions. This includes the requirement to undertake a Diversity Impact Assessment in relation to all significant changes to policies, procedures or practice, and to pay 'due regard' to the need to eliminate discrimination and promote equality with regards to race, disability and gender. An overarching Diversity Impact Assessment is in an addendum report.
- 16.6 *Legal Obligations:* Local authorities provide services pursuant to statutory duties (a mandatory requirement to provide services), and statutory powers, (where the Council has a discretion whether or not to provide services). Where the Council has a legal duty then it still has a discretion in determining the manner in which those services are provided, so long as the level of quality of service provision is sufficient to fulfil the statutory duty.
- 16.7 Where the Council has a statutory discretion, rather than a duty, budget proposals should not put the Council in a position so that the discretion may not be exercised at all, even where there may be compelling reasons for exercising the discretion in a particular case.
- 16.8 Even where Members and officers are under pressure to make a budget reduction, they must not pre-empt proper decision-making processes by focusing solely on financial considerations. Members and officers must address the core question of individual service users' needs, rather than a lack of resources. Recent case law has held that resources may be a relevant consideration in making a decision relating to the manner of service provision, so long as the individual's assessed needs are met.
- 16.9 *Charges for services:* In considering charges for services, Members and officers should also try to achieve a fair balance between the interests of the users of council services and council tax payers. Where charges are being increased, Members need to bear in mind the scale and extent of the charges, and may need in some cases to have regard to the costs of service provision, associated with the power to charge.

- 16.10 *Members' responsibility to make a personal decision:* In Council, Members must make a personal decision on how to vote on the budget proposals. Members' overriding duty is to the whole community. Members have a special duty to their constituents, including those who did not vote for them. Whilst Members may be strongly influenced by the views of others, and of their party in particular, it is their responsibility alone to determine what view to take when deciding upon budget questions. He/she should not follow party loyalty and party policy to the exclusion of other considerations.
- 16.11 Members need to balance the cost to council tax payers of any budget reductions, against the need for the benefits of services of the particular nature, range and quality, under consideration. If having taken into account all relevant (and disregarding all irrelevant) considerations, Members are satisfied that it is financially prudent and reasonable to make any budget cuts proposed and adopt the recommendations as proposed then they may properly and reasonably decide to do so.
- 16.12 *Capping:* The Localism Act 2011 has superseded the previous capping legislation and dictates that should a council propose an increase in council tax which would be deemed to be excessive in accordance with principles and levels designated by the minister, then a local referendum on the proposal will be required. This will necessitate the drafting of an alternative proposal that will meet ministerial requirements that is put to the electorate alongside the 'excessive' proposition. Since the proposal is below the 'excessive' threshold this will not apply.
- 16.13 *Housing Revenue Account:* Under Section 76 of the Local Government & Housing Act 1989, the council is required, in advance of the financial year, to formulate proposals which satisfy the requirement that, on certain stated assumptions, the Housing Revenue Account for that year does not show a debit balance. The council is obliged to implement those proposals and from time to time to determine whether the proposals satisfy the 'break even' requirement. If not, then the council shall make such provisions as are reasonable practicable towards securing that the proposals as revised, shall satisfy the requirement.
- 16.14 Under Section 24 of the Housing Act 1985, the council can make such reasonable charges as it determines for the tenancy or occupation of its houses. The council is obliged, from time to time, to review rents charged and make such changes, as circumstances may require. In exercising this function (determining and fixing rent), the council should have regard to the rents charged in the private sector.
- 16.15 A decision to increase rent constitutes a variation of the terms of a tenancy. Under Section 103 of the Housing Act 1985, in respect of secure tenancies, a notice of variation (specifying the variation and date on which it takes effect) must be served on each tenant. For non-secure tenancies (excluding introductory tenancies), a notice must be served that complies with Section 25 of the Housing Act 1985.
- 16.16 The Housing Act 1985 defines the legal requirements for informing tenants of rent increases. In practice this requires the issue of written notification to each tenant a minimum of four weeks in advance of the date that the increase becomes operative. For 2015/16 the latest date for posting the notices (first class) is 9 March 2015.

17. Risk Management

- 17.1 As in previous years there remain risks inherent in the assumptions that underlie the budget build and these are described below.
- 17.2 Other risks in the budget construction and general finances for 2015/16 include:
- The 2015/16 budget is predicated on the successful outcome of a number of significant savings proposals. Such assumptions can be significantly impacted upon by events allied to or even outside of the area affected by the proposals.
 - Further demographic pressures within Children and Adult Services in adult social care and children's services may surface in 2015/16 above those assumed in building the budget. Specialist children's services are particularly volatile given the additional pressures both from referral and the regulatory regime brought about by the high profile problems of other Local Authorities.
 - The very significant changes in the welfare benefits regime that occurred in 2013/14 will continue to impact and indications from Government are that the pressure created in this area will continue to be felt in the coming years. Universal Credit will be implemented in Medway at some point in the latter half of the year. Some of these such as the new Council Tax Support scheme and the 'spare room subsidy' directly impact on Council services. Others will have a knock-on impact particularly for debt collection and as the previous point made, the wider economic situation of the Medway Towns;
 - As is particularly current, extreme weather may increase the demand for highway maintenance and put pressure on other front line services;;
 - There is no allowance at this stage for discretionary service improvement priorities and any such proposals will require the identification of additional resource.

18. Diversity Impact Assessment

- 18.1 In setting its budget, the Council is exercising a public function and must therefore comply with the duties in section 149 Equality Act 2010 to have 'due regard' to the matters set out that section. Accordingly due regard to the need to eliminate discrimination, advance equality, and foster good relations between those with a protected characteristic (pregnancy and maternity, age discrimination, disability, gender reassignment, marriage and civil partnerships, race, religion or belief, sex and sexual orientation) and those who do not share it must form an integral part of the decision making process in relation to the budget. In practice the Council must show it has thoroughly considered any impact its decisions could have on groups with 'protected characteristics' before any decision is arrived at. Complying with this duty does not prevent the council from making difficult decisions about reorganisations, redundancies and service reductions nor does it stop decisions being made which may affect one group more than another. What must be demonstrated is that where there is potential for disproportionate impact this is transparent and any appropriate mitigating actions have been considered before final decisions are made.
- 18.2 In accordance with statutory requirements, work is currently ongoing by services to ensure that robust diversity impact assessments have been completed for the budget proposals in advance of Full Council's decision on the 26 February, to enable Full Council to have due regard to the matters it is required by law to consider. To manage the potential cumulative effect that proposals could have on

particular groups, an overarching assessment will also be conducted and will be made available to Full Council. This will take a strategic view of the aggregate impact of reductions in funding / access to services, in recognition that some individual proposals on their own may not be significant but may need to be considered against changes in provision by other Council services. This assessment will be circulated to Cabinet members at the meeting on the 10 February, to give services sufficient time to conduct their respective assessments to the required standard.

- 18.3 It should be noted however that although equality impact assessments help to anticipate the likely effects of proposals on different communities and groups, in reality the full impact will only be known once the proposal is introduced. To mitigate against any unintentional and unidentified impact monitoring will continue and will be reported through quarterly monitoring if necessary.
- 18.4 The budget report sets out in full the proposals and funding reductions impacting on the Council. Clearly in a time of limited resources it is not possible to fund the full range of services that may be asked for and choices will have to be made. However, the budget has been compiled to meet the statutory duties and to enable the council to deliver statutory services. It is also based on delivering good quality services to residents despite the need to find savings.

19. Financial and constitutional implications

- 19.1 The financial implications are contained in the body of the report and in the attached appendices.
- 19.2 The council's constitution contains the budget and policy framework rules. The relevant extracts from the constitution are reproduced as follows:
- The budget and policy framework rules contained in the constitution specify that the Cabinet should produce the draft revenue and capital budget. This initial budget which does not have to give full detail, nor be a finalised set of proposals, should be submitted to the overview and scrutiny committees to consider the initial budget and if appropriate offer alternative proposals. Any such proposals will be referred back to the Cabinet for consideration.
 - Under the constitution the Cabinet has complete discretion to either accept or reject the proposals emanating from the overview and scrutiny committees. Ultimately it is the Cabinet's responsibility to present a budget to the Council, with a special Council meeting arranged for this purpose on 26 February 2015. The adoption of the budget and the setting of council tax are matters reserved for the Council.

20. Conclusion

- 20.1 The budget has been formulated to accord with the principles set out in the MTFP. In addition, budgets have been proposed to deliver the aspirations of the Council Plan and preserve those services that are important to residents.
- 20.2 The proposed revenue budget of £318.069 million (table 10) is based on a Council Tax increase of 1.994%. As in previous years considerable effort has been made to achieve a balanced budget without seriously impacting on direct services to the public. There does however remain a gap of £247,000 still to be identified.

20.3 Against a backdrop of reducing grant support that is expected to see the Government contribution to Medway services reduce by 48% in the 2010 to 2015 period and specifically a £15 million decrease in Revenue Support Grant for 2015/16, the budget as presented in this report is a remarkable achievement with front line service delivery protected.

21. Consultation

21.1 The citizens' panel were consulted on which services were most important and which services were least important and this information has been made available for both budget planning and drafting of the council plan. As part of this consultation residents were asked what was most in need of improving and least needing improvement. Roads maintenance was identified as one of the most important but also the most in need of improving.

21.2 The council has developed a resident engagement strategy detailing how officers will consult and engage with tenants in partnership with tenants' forums. In order to support this commitment, a meeting with tenants to present the proposals for the HRA was held on 20 January 2015 and there was general satisfaction at the proposals for the HRA budget

22. Recommendations

22.1 That Cabinet considers the recommendations from overview and scrutiny committees as summarised in Section 8 and detailed in Appendix 1 of this report and in particular that at 8.4(b) requesting the reinstatement of 2 FTE administrative posts;

22.2 That Cabinet recommends to Council the capital budget proposals, as set out in Appendix 2;

22.3 That Cabinet recommends to Council that the net revenue budget summarised at Table 10, amounting to £318.069 million, should be adopted and that this be funded by a 1.994% increase in Council Tax for 2015/16 with the equivalent Band D figure at £1,187.46. The resolution of the £249,000 gap will be reported to Council.

22.4 That Cabinet recommends to Council the fees and charges set out at Appendix 7 to this report.

22.5 That the Chief Finance Officer be requested to calculate the formal requirements under Sections 30 to 36 of the Local Government Finance Act 1992 for resolution by Special Council on 26 February 2015.

22.6 That Cabinet agree to recommend that Council approve a delegation to the Chief Finance Officer, in consultation with the Portfolio Holder for Finance, to make adjustments to budgets as the identification of the Corporate savings targets occur.

23. Reasons for decision

23.1 The constitution requires that Cabinet's budget proposals must be forwarded to Council for consideration and approval.

23.2 The Council is required by statute to set a budget and council tax levels by 11 March each year.

Report author **Mick Hayward, Chief Finance Officer.**

Appendices

1	Record of individual overview and scrutiny committee meetings
2 and (a) to (c)	Summary and Directorate Proposed Capital Programme
3 and (a) to (c)	Directorate Revenue Budget Build
4	Schedule of Directorate Saving Proposals
5	Schedule of Public Health grant utilisation by directorates
6	Housing Revenue Account
7	Schedule of Fees and Charges

Background papers:

Medium Term Financial Plan 2014/18 – Cabinet 30 September 2014:

<http://democracy.medway.gov.uk/mgconvert2pdf.aspx?id=25099>

Draft budget proposals to Cabinet 2 December 2014.

<http://democracy.medway.gov.uk/mgconvert2pdf.aspx?id=25596>

Provisional Local Government Settlement report to Cabinet 13 January 2015

<http://democracy.medway.gov.uk/mgconvert2pdf.aspx?id=25902>

Business Support Overview and Scrutiny Committee, 3 February 2015**Draft Capital and Revenue Budgets 2015/16****Discussion:**

This report presented the Council's draft capital and revenue budgets for 2015/16. It was noted that each of the Overview and Scrutiny Committees would consider the draft budgets for relevant service areas before returning to this Committee (3 February 2015), Cabinet (10 February 2015) and Full Council (26 February 2015) for final decision.

The Chief Finance Officer informed Members that the initial budget proposals had been considered by the Cabinet on 2 December 2014 and these proposals were based on the principles in the Medium Term Financial Plan. Presently, the forecast budget gap for 2015/16 stood at £12.017 million and whilst work was underway to reduce the gap, there remained significant pressures in the Children and Adults Directorate, to which the Children and Young People Overview and Scrutiny Committee (9 December 2014) had received detailed information in relation to specific budget pressures. He also referred to the recent Autumn Statement which had not raised any further issues in relation to the likely funding position for 2015/16.

Committee Members raised a number of points and questions including Business Rates (NNDR) appeals – concern was expressed regarding the process for appeals against valuations on the 2005 and 2010 valuation lists, which was administered by the Valuation Office, but where any liabilities would fall to the Council, and whether the Council should make representations to the Government on the matter. The Chief Finance Officer confirmed that the deadline for any appeals regarding the 2005 and 2010 valuation lists was 31 March 2015 which would have the potential effect of limiting the number of claims. He informed Members that the Local Government Association (LGA) continued to lobby the Government on this matter.

Academies – Members discussed the effect of Academies on the Council's budgets and the services provided by the Council to schools in Medway and whether the Council should have a specific policy around the retention of schools under Local Authority control. The Chief Finance Officer informed Members that it was a matter for each Academy whether it would buy back services from the Council but they were not obliged to do so. It was noted that the Education Support Grant had been reduced given the increase in the number of Academies over time, however, there remained an overall responsibility for the Council in areas such as schools improvement despite the reduced funding.

It was noted that the reference to paragraph 9.3 in Table 4 (Basic Needs Grant) should have read paragraph 9.5.

Decision:

The Business Support Overview and Scrutiny Committee noted the draft capital

and revenue budget for 2014/15 and agreed to forward the programme to individual Overview and Scrutiny Committees

Children and Young People Overview and Scrutiny Committee, 9 December 2014

Capital and Revenue Budget 2015/16

Discussion:

The Head of Finance Strategy introduced the report which presented the draft capital and revenue budgets for 2015/16. He explained that for 2014/15 there was a forecast overspend of £4.5 million, which was largely due to pressures in children's social care. He then explained to the committee the process of building the draft capital and revenue budgets, adding that there was still a gap of £12m to close for 2015/16.

In relation to the spending pressures relating to children's social care, some of which was attributable to difficulties in recruitment of social workers, which had created a reliance on agency staff, a Member asked why agencies were able to recruit social workers when the local authority were having difficulty in doing so. In response the Director for Children and Adults explained that recruitment had been a challenge, particularly in relation to first line management posts and this was a problem shared with local authorities up and down the country, however, the situation had improved over the past 15 months. Retention of permanent staff had improved with the turnover rate of staff in children's social care now being low. The authority was being creative in terms of recruitment of social workers, approaching other countries where there was equivalency in standards of training and in driving down, where possible, the costs of agency staff.

Decision:

The committee noted the report and the draft capital and revenue budgets for 2015/16.

Health and Adult Social Care Overview and Scrutiny Committee, 11 December 2014

Capital and Revenue Budget 2015/2016

Discussion:

The Committee discussed a report on the Council's draft capital and revenue budgets for 2015/16. The Head of Finance Strategy introduced the report and invited the Committee to consider the draft budgets and forward any comments to the Business Support Overview and Scrutiny Committee for onward referral to Cabinet and full Council.

With reference to the range of proposed savings in adult social care, as set out in paragraphs 5.4 to 5.9 of the report, members asked for assurances that any savings proposed in budgets used to fund home care would not compromise quality of care for these vulnerable service users.

The Director of Children and Adults Services advised that the Dynamic Purchasing System was a framework model involving a range of providers and designed to achieve reduced costs whilst sustaining high quality provision. She assured the Committee that the implementation of the new system would be carefully monitored and that monitoring would include consideration of direct service user feedback. The Director also stated that Medway did not use 15 minute appointments in social care.

The Committee discussed proposed savings from the Adult Social Care Transport budget and noted that the reduction in expenditure would be achieved by changes in the Service Level Agreement between the C and A and RCC Directorates as a consequence of the transfer of Napier and the Enhanced Care Unit to Agincare.

With regard to the proposed introduction of an administration fee for selffunders (paragraph 5.5 of the report), the proposal to consider capping community care costs (paragraph 5.6) and the introduction of a Dynamic Purchasing System (paragraph 5.7) Members asked if any consultation had been undertaken with service users likely to be affected. The Director advised that these proposals were still under consideration and that decisions had yet to be made as part of the budget setting process. She confirmed there would be consultation with service users.

With reference to the possibility of capping community care costs in conjunction with implementation of the Care Act, the Director of Children and Adults undertook to clarify the definition of an "older person" in light of the statement in paragraph 5.6 of the report they would be excluded from such a policy. She advised the Committee that work was underway to look at how such a change could be structured and consideration would be given to the approach being adopted by other local authorities in the South East.

The Committee expressed concern at the reduction from three to one administrative post in the Mental Health Social Work Team, which officers had advised was inadequate to safely carry out legal duties under the Mental Health Act 2007 and to ensure safeguarding procedures are followed. In light of discussion earlier in the meeting about Mental Health services, progress in the provision of acute mental health inpatient beds and the reliance on health and social care working together to achieve the best outcomes for patients, service users and their families the Committee agreed to recommend the Cabinet to reinstate 2 WTE vacant administrative posts in the Mental Health Social work Team thereby bringing the establishment back to 3 WTE

Decision:

- (a) The Committee noted the draft capital and revenue budget for 2015/16, proposed by Cabinet on 2 December 2014
- (b) The Committee recommended the Cabinet to reinstate 2 WTE vacant administrative posts in the Mental Health Social work Team thereby bringing the establishment back to 3 WTE

(c) The Committee placed on record its thanks to the Chief Finance Officer and Head of Finance Strategy for their work on 2015/16 budget preparations

Regeneration, Community and Culture Overview and Scrutiny Committee, 18 December 2014

Capital and Revenue Budget 2015/16

Discussion:

The Committee received a detailed report setting out the draft capital and revenue budget for 2015/16 as it related to this Committee.

A member expressed concern as to the limited information submitted relating to the Committee's budgets to aid meaningful discussion at this meeting. In response, the Chief Finance Officer informed the Committee that Appendix 1b to the report set out all proposed changes to the Directorate's budgets as they related to this Committee.

Decision:

The Committee noted the current draft capital and revenue budget for 2015/16 insofar as they affected this Committee and noted the opportunities and implications of any other efficiencies or revenue generating measures for the Committee.

Business Support Overview and Scrutiny Committee, 3 February 2015 (see addendum report)

Capital Programme 2015/2016 and Beyond

Directorate Summary

Directorate	Spend Forecast for Later Years		
	2015/2016	2016/2017	2017/2018 and future years
Existing Capital Programme	£	£	£
Children & Adults	11,526,186	42,500	12,500
Regeneration Community & Culture	15,687,077	2,783,237	3,525,440
Business Support	2,395,532	807,283	291,792
Member Priorities	213,501	0	0
Total Existing Programme	29,822,296	3,633,020	3,829,732
New Schemes/Funding			
Children & Adults	7,364,000	0	0
Regeneration Community & Culture	15,457,604	12,688,000	26,503,000
Business Support	500,000	0	0
Total New Schemes/Funding	23,321,604	12,688,000	26,503,000
Total Capital Programme	53,143,900	16,321,020	30,332,732

Children and Adults Directorate

Description Of Scheme	Forecast Expenditure			Funding the Programme						
	2015/2016	2016/2017	2017/2018 and future years	Pru / Other Borrowing	Govt / European Grant	Capital Receipts	RTB Receipts	Developer Contribs.	Revenue / Reserves.	Total
	£	£	£	£	£	£	£	£	£	£
Existing Capital Programme										
Advisors Projects	73,122	0	0	0	0	0	0	0	73,122	73,122
Basic Needs	3,083,536	30,000	0	0	0	0	0	3,113,536	0	3,113,536
Commissioning	0	0	0	0	0	0	0	0	0	0
Condition Programme	0	0	0	0	0	0	0	0	0	0
Inclusion	53,752	0	0	0	0	0	0	0	53,752	53,752
SEN Strategy	7,931,106	0	0	0	3,490,373	2,140,733	0	0	2,300,000	7,931,106
Adult Social Care	106,545	12,500	12,500	0	0	131,545	0	0	0	131,545
Total Existing Programme	11,248,061	42,500	12,500	0	3,490,373	2,272,278	0	3,113,536	2,426,874	11,303,061
Total for Devolved Formula Capital	278,125	0	0	0	278,125	0	0	0	0	278,125
Total Existing Programme	11,526,186	42,500	12,500	0	3,768,498	2,272,278	0	3,113,536	2,426,874	11,581,186
New Schemes/Funding										
Basic Needs	4,514,000	0	0	0	0	750,000	0	3,764,000	0	4,514,000
Condition Programme	1,935,000	0	0	0	1,935,000	0	0	0	0	1,935,000
SEN Strategy	0	0	0	0	0	0	0	0	0	0
Adult Social Care	556,000	0	0	0	556,000	0	0	0	0	556,000
Sub Total	7,005,000	0	0	0	2,491,000	750,000	0	3,764,000	0	7,005,000
Devolved Formula Capital	359,000	0	0		359,000					359,000
Total New Schemes/Funding	7,364,000	0	0	0	2,850,000	750,000	0	3,764,000	0	7,364,000
Total Children & Adults	18,890,186	42,500	12,500	0	6,618,498	3,022,278	0	6,877,536	2,426,874	18,945,186

Capital Programme 2015/2016 and Beyond

Regeneration, Community & Culture Directorate

Description Of Scheme	Forecast Expenditure			Funding the Programme						
	2015/2016	2016/2017	2017/2018 and future years	Pru / Other Borrowing	Govt / European Grant	Capital Receipts	RTB Receipts	Developer Contribs.	Revenue / Reserves.	Total
	£	£	£	£	£	£	£	£	£	£
EXISTING CAPITAL PROGRAMME										
Gillingham Park	42,088	0	0	0	0	0	0	42,088	0	42,088
English Heritage LMA	32,025	0	0	0	0	32,025	0	0	0	32,025
Beechings Way Pavillion	32,656	0	0	0	0	0	0	32,656	0	32,656
Green Spaces Play Areas, Open Spaces etc	27,791	0	0	0	0	0	0	27,791	0	27,791
Capstone Country Park Environmental Improvements	15,000	12,000	0	0	27,000	0	0	0	0	27,000
Eastgate House Refurbishment	1,280,836	0	0	200,000	682,242	398,594	0	0	0	1,280,836
Broomhill Park - Access & Play Area Improvements	27,412	0	0	0	0	0	0	27,412	0	27,412
Total for Leisure and Culture	1,457,808	12,000	0	200,000	709,242	430,619	0	129,947	0	1,469,808
Medway Tunnel	636,000	671,000	1,226,620	0	2,533,620	0	0	0	0	2,533,620
Four Elms to Tunnel Improvement	50,000	120,614	0	0	0	0	0	170,614	0	170,614
Horsted Gyatory and Ped Improvements	20,000	168,474	0	0	0	0	0	188,474	0	188,474
Railway St Car Park	111,760	0	0	111,760	0	0	0	0	0	111,760
Integrated Transport LTP3	800,795	0	0	0	800,795	0	0	0	0	800,795
Civic Centre Car Park	50,000	100,000	98,820	248,820	0	0	0	0	0	248,820
Total for Front Line Services	1,668,555	1,060,088	1,325,440	360,580	3,334,415	0	0	359,088	0	4,054,083
World Heritage Site & Great Lines Heritage Park	24,630	0	0	0	24,630	0	0	0	0	24,630
Disabled Adaptations to Council Dwellings	45,000	0	0	0	0	0	0	0	45,000	45,000
HRA General House Building Programme	3,693,700	657,149	2,200,000	6,050,849	0	0	500,000	0	0	6,550,849
Housing Renovation Loans	67,755	0	0	0	0	67,755	0	0	0	67,755
Disabled Facilities Grants	915,341	0	0	0	384,521	280,820	0	0	250,000	915,341
Rochester Riverside GPF	4,356,307	0	0	4,356,307	0	0	0	0	0	4,356,307
Chatham WaterFront GPF	273,981	0	0	273,981	0	0	0	0	0	273,981
Rochester Airport	3,184,000	1,054,000	0	0	4,238,000	0	0	0	0	4,238,000
Total for Housing & Regeneration and Housing Revenue	12,560,714	1,711,149	2,200,000	10,681,137	4,647,151	348,575	500,000	0	295,000	16,471,863
Total Existing Schemes	15,687,077	2,783,237	3,525,440	11,241,717	8,690,808	779,194	500,000	489,035	295,000	21,995,754
NEW SCHEMES										
Local Growth Fund	1,900,000	5,100,000	21,600,000	0	28,600,000	0	0	0	0	28,600,000
Strood Riverside	1,000,000	3,000,000	0	4,000,000	0	0	0	0	0	4,000,000
LTP - Integrated Transport	1,589,000	0	0	0	1,589,000	0	0	0	0	1,589,000
LTP - Highway Maintenance	2,545,000	0	0	0	2,545,000	0	0	0	0	2,545,000
Highway Investment	1,500,000	0	0	0	0	1,500,000	0	0	0	1,500,000
Disabled Facility Grants	922,000	0	0	0	922,000	0	0	0	0	922,000
HRA Planned Maintenance	4,630,000	4,338,000	4,648,000	0	0	0	0	0	13,616,000	13,616,000
Medway Archives & Local Studies Relocation	971,604	0	0	0	0	324,604	0	0	647,000	971,604
Medway Control Centre	200,000	0	0	0	0	200,000	0	0	0	200,000
HRA Disabled Adaptions	200,000	250,000	255,000	0	0	0	0	0	705,000	705,000
Total New Schemes	15,457,604	12,688,000	26,503,000	4,000,000	33,656,000	2,024,604	0	0	14,968,000	54,648,604
Total Regeneration, Community & Culture	31,144,681	15,471,237	30,028,440	15,241,717	42,346,808	2,803,798	500,000	489,035	15,263,000	76,644,358

Capital Programme 2015/2016 and Beyond

Business Support Department

Description Of Scheme	Forecast Expenditure			Funding the Programme						
	2015/2016	2016/2017	2017/2018 and future years	Pru / Other Borrowing	Govt / European Grant	Capital Receipts	RTB Receipts	Developer Contribs.	Revenue / Reserves.	Total
	£	£	£	£	£	£	£	£	£	£
Existing Capital Programme										
Thin Client	160,598	0	0	160,598	0	0	0	0	0	160,598
Medway Crematorium - Mercury Abatement & Improvements	317,943	39,773	0	357,716	0	0	0	0	0	357,716
Building Repair and Maintenance Fund	476,000	190,000	45,800	0	0	711,800	0	0	0	711,800
Riverside One Relocation	417,000	377,510		0	0	0	0	0	794,510	794,510
Gun Wharf Reception & Signage	1,886	0	0	0	0	1,886	0	0	0	1,886
Strood Riverside	200,000	200,000	245,992	0	0	645,992	0	0	0	645,992
Smarter Working Gun Wharf	360,000	0		0	0	0	0	0	360,000	360,000
Solar Panel Gun Wharf	162,105	0	0	162,105	0	0	0	0	0	162,105
Relocation of CASH Service	300,000	0	0	0	0	0	0	0	300,000	300,000
Total Existing Schemes	2,395,532	807,283	291,792	680,419	0	1,359,678	0	0	1,454,510	3,494,607

Capital Programme 2015/2016 and Beyond

Member Priorities

Description Of Scheme	Forecast Expenditure		
	2015/2016	2016/2017	2017/2018 and future years
Existing Capital Programme	£	£	£
RCC - Gillingham High Street	17,120	0	0
RCC - St Marys Amateur Boxing Club	40,000	0	0
BSD - Unallocated balance	156,381	0	0
Total Member Priorities	213,501	0	0

Funding the Programme						
Pru / Other Borrowing	Govt / European Grant	Capital Receipts	RTB Receipts	Developer Contribs.	Revenue / Reserves.	Total
£	£	£	£	£	£	£
0	0	17,120	0	0	0	17,120
0	0	40,000	0	0	0	40,000
0	0	156,381	0	0	0	156,381
		0				0
0	0	213,501	0	0	0	213,501

REVENUE BUDGET 2014-15 SUMMARY

Directorate	2014-15 Adjusted Base £000's	2015-16 MTFP Assumptions £000's	2015-16 Draft Budget (Dec 2014) £000's	Further Savings and Adjustments £000's	2015-16 Budget Requirement £000's	2015-16 Budget Requirement		
						Gross Expenditure £000's	Direct Income £000's	Net Expenditure £000's
Children and Adult Services (C&A):								
DSG and School Specific Expenditure	132,181	127,815	127,815	(16,348)	111,467	111,467	0	111,467
Public Health	886	886	886	774	1,660	1,660	0	1,660
General Fund Services	110,435	112,235	111,980	(3,320)	108,660	137,774	(29,114)	108,660
Regeneration, Community and Culture (RCC)								
General Fund Services	49,362	47,958	48,275	(2,738)	45,537	73,738	(28,201)	45,537
Public Health	579	579	579	551	1,130	1,130	0	1,130
Business Support (BS):								
General Fund Services	24,647	23,899	24,306	(2,520)	21,786	143,208	(121,421)	21,786
DSG	1,497	1,497	1,497	0	1,497	1,497	0	1,497
Public Health	303	303	303	375	678	678	0	678
Public Health	12,512	12,512	12,512	822	13,334	13,334	0	13,334
Interest & Financing	14,243	14,243	14,243	(1,000)	13,243	16,960	(3,717)	13,243
Levies	879	1,039	1,039	0	1,039	1,039	0	1,039
Residual savings from 'Better for Less'	(404)	(589)	(589)	389	(200)	(200)	0	(200)
Norse JVC	(263)	(263)	(263)	0	(263)	(263)	0	(263)
Provision for Pay Award / Performance Related Pay	0	0	0	800	800	800	0	800
Category Management strategic sourcing plans	0	0	0	(1,300)	(1,300)	(1,300)	0	(1,300)
Target savings from forward procurement plans	0	0	0	(500)	(500)	(500)	0	(500)
Target part year savings from digital transformation	0	0	0	(250)	(250)	(250)	0	(250)
Budget Requirement	346,857	342,114	342,583	(24,265)	318,318	500,771	(182,453)	318,318
Dedicated Schools Grant	(125,872)	(122,764)	(122,764)	16,020	(106,744)	0	(106,744)	(106,744)
Other School Specific Grants	(7,806)	(6,548)	(6,548)	328	(6,220)	0	(6,220)	(6,220)
Council Tax	(91,285)	(93,570)	(94,508)	(742)	(95,250)	0	(95,250)	(95,250)
Revenue Support Grant	(52,392)	(38,263)	(38,062)	(412)	(38,474)	0	(38,474)	(38,474)
Business Rate share	(44,916)	(45,344)	(45,802)	(64)	(45,866)	0	(45,866)	(45,866)
New Homes Bonus	(5,582)	(6,307)	(6,100)	(142)	(6,242)	0	(6,242)	(6,242)
Educations Services Grant	(3,206)	(2,139)	(2,221)	(15)	(2,236)	0	(2,236)	(2,236)
Other Specific Grants	(419)	(446)	(231)	45	(186)	0	(186)	(186)
Public Health Grant	(14,280)	(14,280)	(14,280)	(2,522)	(16,802)	0	(16,802)	(16,802)
Use of Reserves	(1,100)	(50)	(50)	0	(50)	0	(50)	(50)
Estimated Available Funding	(346,858)	(329,711)	(330,566)	12,496	(318,070)	0	(318,070)	(318,070)
Budget Gap								
- DSG	0	(0)	(0)	0	(0)	112,964	(112,964)	0
- General Fund	(1)	12,403	12,017	(11,769)	248	387,807	(387,559)	248

CHILDRENS AND ADULTS - REVENUE BUDGET 2015-2016

Service Heading	2014-15	2015-16 MTFP	2015-16	Further	2015-16	2015-16 Budget Requirement		
	Adjusted Base	Assumptions	Draft Budget	Savings and	Budget	Gross	Direct	Net
	£'000	£'000	(Dec 2014)	Adjustments	Requirement	Expenditure	Income	Expenditure
						£'000	£'000	£'000
LOOKED AFTER CHILDREN	18,285	19,232	21,998	(76)	21,922	22,902	(980)	21,922
TRIAGE & ASSESSMENT	1,995	2,049	2,049	(40)	2,009	2,009	0	2,009
CHILD IN NEED	1,749	1,783	1,783	(41)	1,742	1,742	0	1,742
CHILD PROTECTION & PROCEEDINGS	4,308	5,047	5,047	(20)	5,027	5,097	(70)	5,027
CHILDRENS' CARE MANAGEMENT	523	523	523	(0)	523	548	(25)	523
EARLY HELP	608	608	608	(121)	488	1,990	(1,503)	488
Total for Children's Care	27,469	29,243	32,009	(299)	31,710	34,289	(2,578)	31,710
DEPUTY DIRECTOR	676	676	(1,334)	(245)	(1,578)	6,356	(7,935)	(1,578)
HEAD OF ADULT SOCIAL CARE & SO	21,041	21,041	20,859	(136)	20,722	31,105	(10,383)	20,722
SOCIAL CARE BUSINESS MANAGER	2,889	2,889	2,889	(82)	2,807	3,329	(522)	2,807
DISABILITY SERVICES	35,613	35,582	34,753	(67)	34,685	36,883	(2,197)	34,685
MENTAL HEALTH	4,350	4,737	4,737	(105)	4,633	4,832	(199)	4,633
Total for Deputy Director C&A	64,568	64,924	61,903	(635)	61,268	82,505	(21,237)	61,268
DIRECTORATE MANAGEMENT TEAM	568	568	568	0	568	620	(52)	568
Total for Directorate Management Team	568	568	568	0	568	620	(52)	568
EARLY YEARS	19,572	20,030	20,030	(390)	19,640	20,000	(360)	19,640
YOUTH SERVICE	2,583	2,503	2,583	(290)	2,293	3,235	(942)	2,293
INCLUSION MANAGEMENT TEAM	923	591	591	0	591	1,100	(509)	591
SCHOOL CHALLENGE & IMPROVEMENT	1,063	1,063	983	(152)	831	956	(126)	831
HEALTH & INCLUSIONS	626	626	626	(81)	545	625	(80)	545
PSYCHOLOGY & SEN	33,677	31,839	31,839	(105)	31,734	32,287	(553)	31,734
Total for School Effectiveness & Improvement	58,443	56,653	56,653	(1,018)	55,635	58,204	(2,570)	55,635
COMMISSIONING MANAGEMENT TEAM	145	145	145	0	145	205	(60)	145
BUSINESS SUPPORT & COMMISSIONING	2,403	2,617	2,617	(228)	2,389	3,100	(710)	2,389
SCH ORGANISATION & STUDENT SERVICES	1,820	1,820	1,820	(50)	1,770	2,178	(408)	1,770
SCH COMMISSIONING & TRADED SERVICES	276	303	303	(316)	(13)	1,059	(1,072)	(13)
Total for Partnership Commissioning	4,644	4,886	4,886	(594)	4,291	6,542	(2,251)	4,291
FINANCE PROVISIONS	922	572	572	0	572	571	1	572
HR PROVISIONS	541	541	541	0	541	969	(428)	541
SCHOOL GRANTS AND FUNDING	86,347	83,549	83,549	(16,348)	67,201	67,201	0	67,201
Total for School Retained Grants and Funding	87,810	84,663	84,663	(16,348)	68,315	68,741	(426)	68,315
Total for Children's and Adults	243,502	240,936	240,681	(18,894)	221,787	250,901	(29,114)	221,787

REGENERATION, COMMUNITY AND CULTURE - REVENUE BUDGET 2015-2016

Service Heading	2014-15	2015-16 MTFP	2015-16	Further	2015-16	2015-16 Budget Requirement		
	Adjusted Base	Assumptions	Draft Budget	Savings and	Budget	Gross	Direct	Net
	£'000	£'000	(Dec 2014)	Adjustments	Requirement	Expenditure	Income	Expenditure
			£'000	£'000	£'000	£'000	£'000	£'000
Front Line Support	169	169	169	(110)	59	59	0	59
Highways	6,085	5,635	5,635	(59)	5,576	7,027	(1,451)	5,576
Parking Services	(3,079)	(3,079)	(3,079)	(131)	(3,210)	2,744	(5,954)	(3,210)
Waste Services	18,371	17,471	18,371	(203)	18,168	23,367	(5,199)	18,168
Safer Communities	2,986	2,986	2,986	(100)	2,886	3,029	(143)	2,886
Integrated Transport	7,148	7,258	7,148	(115)	7,033	8,643	(1,610)	7,033
CCTV/Lifeline	98	98	(102)	(100)	(202)	1,954	(2,156)	(202)
Performance & Intelligence Hub	165	165	165	(58)	107	129	(22)	107
Total for Front Line Services	31,943	30,703	31,293	(876)	30,417	46,952	(16,535)	30,417
Housing & Regeneration Support	(43)	(43)	(43)	(40)	(83)	(1)	(82)	(83)
Economic Development	551	451	451	(48)	403	1,297	(894)	403
Planning	652	652	652	(81)	571	1,826	(1,255)	571
Social Regeneration & Europe	256	321	321	(97)	224	454	(230)	224
Building Control	174	174	174	(22)	152	152	0	152
Housing	4,465	4,863	4,678	(145)	4,533	5,629	(1,096)	4,533
Physical Regeneration	259	259	171	(68)	103	289	(186)	103
Total for Development and Transport	6,314	6,677	6,404	(501)	5,903	9,646	(3,743)	5,903
L&C Management Group	(4)	(4)	(4)	(40)	(44)	(44)	0	(44)
Leisure & Sports	1,470	1,470	1,470	(469)	1,001	5,326	(4,325)	1,001
Tourism	452	452	452	0	452	989	(537)	452
Arts, Theatres & Events	1,237	1,177	1,177	(115)	1,062	2,793	(1,731)	1,062
Heritage	560	500	500	0	500	754	(254)	500
Greenspaces and Country Parks	4,162	3,942	3,942	(153)	3,789	4,582	(793)	3,789
Libraries	3,033	3,076	3,076	(33)	3,043	3,297	(254)	3,043
Total for Leisure and Culture	10,910	10,613	10,613	(810)	9,803	17,697	(7,894)	9,803
Regeneration, Community & Culture Directorate Support	774	544	544	0	544	573	(29)	544
Total for Regeneration, Community & Culture	49,941	48,537	48,854	(2,187)	46,667	74,868	(28,201)	46,667

BUSINESS SUPPORT DEPARTMENT - REVENUE BUDGET 2015-2016

Service Heading	2014-15	2015-16 MTFP	2015-16	Further	2015-16	2015-16 Budget Requirement		
	Adjusted Base £'000	Assumptions £'000	Draft Budget (Dec 2014) £'000	Savings and Adjustments £'000	Budget Requirement £'000	Gross Expenditure £'000	Direct Income £'000	Net Expenditure £'000
Legal Services	1,252	1,252	1,252	(76)	1,176	1,386	(211)	1,176
Land Charges & Licensing	(138)	252	252	(401)	(149)	414	(563)	(149)
Category Management	891	891	891	(254)	636	651	(15)	636
Category Management Workstreams	(321)	(321)	(321)	321	0	0	0	0
Capital Projects	(419)	(419)	(419)	(23)	(443)	448	(891)	(443)
Valuation & Asset Management	(1,205)	(1,105)	(1,158)	209	(949)	37	(986)	(949)
Strategic Property & Energy Management	2,436	2,051	2,051	(196)	1,855	1,930	(75)	1,855
Facilities Management (Medway Norse)	5,586	5,201	5,586	0	5,586	5,881	(295)	5,586
AD H&CS Vacancy	(91)	(91)	(91)	0	(91)	(91)	0	(91)
Total for Corporate Services	7,991	7,711	8,043	(422)	7,621	10,657	(3,036)	7,621
Benefit Payments	1,391	1,391	1,391	(4)	1,387	105,413	(104,026)	1,387
Revenues and Benefits Admin	(1,012)	(832)	(832)	(30)	(862)	2,154	(3,016)	(862)
Rural Liaison Grants	110	110	110	(35)	75	75	0	75
Ward Improvements	166	166	166	(110)	56	56	0	56
Corporate Management	308	308	308	(16)	292	292	0	292
Non Distributed Costs	1,553	1,553	1,553	0	1,553	1,553	0	1,553
Corporate Provisions	541	68	68	0	68	68	0	68
Business Support Management Team	841	841	841	(18)	823	886	(63)	823
Finance operation	1,039	1,039	1,039	(80)	959	959	0	959
Creditors & Income Services	0	0	0	0	0	0	0	0
Audit Services	565	565	565	(140)	425	447	(21)	425
Control Team	0	0	0	0	0	0	0	0
Finance Strategy	923	773	848	(16)	833	833	0	833
Accountancy Trainee	62	62	62	(21)	41	41	0	41
FS Vacancy Saving	(110)	(110)	(110)	0	(110)	(110)	0	(110)
Total for Finance	6,378	5,935	6,010	(469)	5,541	112,667	(107,126)	5,541
Democratic Services	591	591	591	(1)	590	633	(44)	590
Members & Mayoral Services	1,012	1,012	1,012	(53)	959	1,014	(55)	959
Electoral Services	451	451	451	(44)	407	499	(92)	407
Community Interpreters	(111)	(111)	(111)	(7)	(118)	173	(291)	(118)
Registration Services	(5)	(5)	(5)	(15)	(20)	487	(507)	(20)
Bereavement Services	(384)	(384)	(384)	(121)	(505)	1,405	(1,910)	(505)
Customer Contact	4,456	4,456	4,456	(155)	4,301	4,534	(233)	4,301
CF Vacancy Saving	(154)	(154)	(154)	0	(154)	(154)	0	(154)
Total for Democracy & Customer Contact	5,856	5,856	5,856	(396)	5,460	8,592	(3,132)	5,460
Performance & Intelligence	513	513	513	(109)	404	404	0	404
Communications & Improvement	647	647	647	(143)	504	928	(424)	504
Administration Hub	2,046	2,021	2,021	(144)	1,877	1,988	(111)	1,877
Better for Less	0	0	0	0	0	0	0	0
CPP Vacancy Saving	(102)	(102)	(102)	0	(102)	(102)	0	(102)
Total for Communications, Performance & Partnerships	3,104	3,079	3,079	(395)	2,684	3,218	(534)	2,684
Human Resources	897	897	897	(190)	707	4,724	(4,017)	707
Adult Education	(818)	(818)	(818)	(65)	(883)	2,037	(2,920)	(883)
ICT	3,150	3,150	3,150	(208)	2,942	3,598	(655)	2,942
AD OS Vacancy	(111)	(111)	(111)	0	(111)	(111)	0	(111)
Total for Organisation Services	3,118	3,118	3,118	(463)	2,655	10,248	(7,592)	2,655
Total BSD	26,447	25,699	26,106	(2,145)	23,961	145,383	(121,421)	23,961

Directorate Savings Analysis

Proposed Officer Savings	2015/16 Agreed Savings £	No. of FTE Affected
Total C&A	2,275,449	26.81
Total RCC	1,915,137	66.99
Total BSD	2,421,067	43.30
Total General Fund	6,611,653	137.10
Public Health	100,000	0.00

C&A Star Chamber Round 4 Savings

Proposed Officer Savings	2015/16 Agreed Savings £	No. of FTE Affected	Impact on Staff
Adult Social Care			
ASC Business Services			
Delete apprentice post client financial affairs/debt management	5,996	1.00	Vacant
Increased CFAO income	10,000	None	None
Alternative provision for respite care	50,000	?	?
Sub-total	65,996		
Older People Services			
Delete self-directed support co-ordinator	31,146	1.00	Vacant
Delete ASC IT allocations	20,000	None	None
Sub-total	51,146		
Disability Services			
Delete one shared lives social worker	23,566	0.57	Vacant
Delete one physical disabilities social work officer	29,643	1.00	Vacant
Deaf Services - supplies and services	10,000	None	None
Sub-total	63,209		
Mental Health Services			
Delete project support officer	20,790	1.00	Vacant
Delete two support services assistants	41,596	2.00	Vacant
Delete vocational advisor	24,646	1.00	Vacant
Sub-total	87,032		
Deputy Director's Office			
Training Underspend	30,000	None	None
Additional ASC transport savings	30,000	None	None
Sub-total	60,000		
Total Adult Social Care	327,383		

Children's Care			
CADS & Assessment			
Reduce non-staffing budgets	20,000	None	None
Reduce admin support	20,000	1.00	Vacant
Sub-total	40,000		
Children in Need & Child Protection			
Reduce admin support	20,000	1.00	Vacant
Reduce non-staffing budgets	20,000	None	None
Sub-total	40,000		
Looked After Children & Care Proceedings			
Reduce admin support	60,000	3.00	Vacant
Reduce non-staffing budgets	10,000	None	None
Sub-total	70,000		
Early Help			
Delete one family support worker	26,830	1.00	Vacant
EWO additional income	90,000	None	None
Sub-total	116,830		
Total Children's Care	266,830		

School Effectiveness & Inclusion				
Health & Inclusion				
Delete a 14-19 Officer post	41,000	1.00	Vacant	
Sub-total	41,000			
Early Years				
Flexible retirement of finance team manager (reduce 1.0 to 0.6)	18,000	0.40	Retirement	
Deletion of 0.3FTE early years advisor following retirement	31,000	0.30	Retirement	
Deletion of 0.54FTE process support post	11,000	0.54	Vacant	
Reduction in early years and children's centre budgets	200,000	None	None	
Process Support Worker	20,000	1.00	Vacant	
Reduce childminders' support contract	110,000	None	None	
Sub-total	390,000			
School Challenge and Improvement				
Delete the assessment consultancy post	76,000	1.00	Vacant	
LSS traded service income	8,000	None	None	
Assessment project officer post	29,000	1.00	Vacancy	
Sub-total	113,000			
Youth Services				
Delete one youth worker	20,000	1.00	Vacant	
Reduce YES grant further	20,000	None	None	
Reduce heads of youth and YOT into a single strategic lead post	50,000	1.00	Vacant	
Review arrangements for youth services	200,000	None	None	
Sub-total	290,000			
Psychology and SEN				
Speech therapy transfer to DSG	60,000	None	None	
Total School Effectiveness & Inclusion	894,000			

Partnership Commissioning				
Performance & Intelligence				
Delete two capital programme support officers	56,000	2.00	Vacant	
Sub-total	56,000			
Schools Commissioning & Traded Services				
Delete school services manager	31,750	1.00	Vacant	
Delete one commissioning officer	17,486	1.00	Vacant	
Delete QA post and outsource management of catering staff	1,000	1.00	Vacant	
Revise HST appeals process	50,000	None	None	
Premature retirement to retained DSG	190,000	None	None	
Business Information Officer post	39,000	1.00	Retirement	
Directorate contingency	76,000	None	None	
Sub-total	405,236			
Partnership Commissioning				
Decommission five short break services	22,000	None	None	
Decommission the bathing service	79,000	None	None	
Decommission Platters Farm day care services	75,000	None	None	
Temple Security saving	100,000	None	None	
Workforce development project saving	10,000	None	None	
Sub-total	286,000			
Schools Retained Budget				
Reduction in school occupational health budgets	40,000			
Sub-total	40,000			
Total Partnership Commissioning	787,236			

Total C&A	2,275,449	26.81
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RCC Star Chamber Round 4 Savings

Proposed Officer Savings	2015/16 Agreed Savings £	No. of FTE Affected	Impact on Staff
Front Line Services			
Waste Services			
Delete Street Washer/Graffiti Removal post and cancel contract for Street Washing Machine from August 2015	43,000	1.00	Redundancy
Increased income from Pest Control and Sign Shop	33,000	None	None
Removal of dog waste and normal waste bins replacement with combined bin	17,000	None	None
reduce frequency of clear sack distribution	110,000	None	None
Reduction in landfill tonnage	70,000	None	None
Sub-total	273,000		
Performance Management			
Reduce by two posts	58,000	2.00	Redundancy
Sub-total	58,000		
Integrated Transport			
Delete post of Safer Journeys Officer	32,000	1.00	Vacant
Change 0.68FTE Senior Transport Planner role to Senior Transport Planner and capitalise salary	26,000	0.68	None
Replace consultant undertaking parking duties with a permanent FTE Engineer	18,000	0.00	None
Delete post of Traffic Operations Technician	24,000	1.00	Vacant
Sub-total	100,000		
Safer Communities			
Delete Community Warden post	28,000	1.00	Vacant
Delete Street Scene Enforcement Officer post	22,000	1.00	Vacant
Delete Community Warden post	25,000	1.00	Vacant
Delete Business Compliance Officer post	25,000	1.00	Redundancy
Sub-total	100,000		
CCTV and Telecare			
Recharge cost of 75 Medway CCTV cameras against Safer Communities budget	50,000	None	None
Externalisation from September 2014	50,000	48.00	TUPE
Sub-total	100,000		
Service Manager - Head of Highways and Parking			
Combine Highways Management and Highways Asset Management post, replacing with one post and additional lower grade post	14,000	1.00	Redundancy
Salary re-alignment	22,000	None	None
Street lighting capital recharges for scheme design	15,000	None	None
Converting Brook multi-storey to Pay and Display: 3 post reduction	40,000	3.00	Redundancy
Increase Parking income budget to match 14/15 forecast actuals	61,000	None	None
Sub-total	152,000		
Total Frontline Services	783,000		

Housing & Regeneration				
Planning & Policy and Economic Development				
Savings from Coastal Protection service	64,050	None	None	
Savings from Development Policy Consultants budget	16,100	None	None	
Reduce S106 officer to 0.6 FTE permanently.	23,850	None	None	
Senior Landscape Architect post – reduce to 0.69 FTE	16,035	0.31	Vacant	
Additional income	25,000	None	None	
Sub-total	145,035			
Housing Revenue Account				
Review of Recharges from General Fund	87,000	None	None	
Sub-total	87,000			
General Fund Housing				
Management fees to Prevention funding	5,000	None	None	
Income from the awarding of costs from Rogue Landlords prosecutions used to offset on-going costs	6,000	None	None	
Legal costs awarded from prosecution	5,000	None	None	
Various supplies and services budget savngs	8,450	None	None	
Restructure of vacant Strategic roles	7,500	0.00	None	
Additional income from Statutory Enforcement Notices	2,000	None	None	
Management fee on HRA adaptations capital budget	20,000	None	None	
Saving on complaints role	10,000	None	None	
Increased “Locata” fee income	5,000	None	None	
Re-commissioning of Services provided by CAB	3,000	None	None	
Delaying recruitment on vacant posts	30,000	??	Vacant	
Sub-total	101,950			
STG Building Control				
Realign contribution budget	21,814	None	None	
Sub-total	21,814			
Regeneration & Economic Development				
Reduce contribution to TGKP; currently £56k	9,000	None	None	
Reduce TIGER contribution; currently £50k	25,000	None	None	
Discontinue the International Relations Committee	10,000	None	None	
Supplies and services	5,923	None	None	
Reduce the grant budget on 4L010 from £8k to £4k	4,000	None	None	
Discontinue CEDOS membership	1,350	None	None	
Reduce the private contract business support budget	5,200	None	None	
Delete the vacant receptionist post for Innovation Centre Medway	18,487	1.00	Vacant	
Change ICM telephone system to cloud-based system	5,000	None	None	
Capitalise 25% of Service Manager salary	18,778	None	None	
Capitalise 20% of the Chatham Town Centre Manager’s salary	7,600	None	None	
Increased market income	10,000	None	None	
Increase income at ICM	15,000	None	None	
Sub-total	135,338			
Total Housing & Regeneration	491,137			

Leisure & Culture			
Greenspaces, Heritage and Libraries			
Country Park Ranger savings	28,000	1.00	Vacant
Parks Team savings	24,000	0.00	None
Reduce tree contract work	100,000	None	None
Libraries efficiency savings	30,000	None	None
Sub-total	182,000		
Festivals, Arts, Theatres and Events			
Cease Fuse Festival	115,000	None	None
Sub-total	115,000		
Sports, Leisure and Tourism			
Customer Service Advisers	44,000	3.00	None
Additional leisure income	300,000	None	None
Sub-total	344,000		
Total Leisure & Culture	641,000		
Total RCC	1,915,137	66.99	

BSD Star Chamber Round 4 Savings

Proposed Officer Savings	2015/16 Agreed Savings £	No. of FTE Affected	Impact on Staff
Finance Division			
Finance Strategy			
Delete Accountancy Trainee	20,700	1.00	Vacant
Delete part time Management Accountant	22,300	0.50	Vacant
Sub-total	43,000		
Finance Operations			
Delete part time Accounting Technician	13,000	0.40	Vacant
Reduced hours within Exchequer	7,000	0.40	Vacant
Delete part time Insurance Claims Handler	10,000	0.50	Vacant
Remove funding for loss control surveys	25,000	None	None
Reduce non-staffing budgets	13,000	None	None
Sub-total	68,000		
Internal Audit & Counter Fraud			
Delete Principal Auditor	57,000	1.00	Redundancy
Sub-total	57,000		
Revenues & Benefits			
Delete Recovery Officer	30,000	1.00	Retirement
Sub-total	30,000		
Corporate Management & Other Headings			
External Audit Fees	70,000	None	None
Corporate Subscriptions	14,000	None	None
Directorate Management Team (non-staffing budgets)	15,000	None	None
Uncommitted Rural Liaison Grant	35,000	None	None
Reduce Ward Improvement Fund to £1,000 per Councillor	110,000	None	None
Sub-total	244,000		
Total Finance Division	442,000		
Communications, Performance & Partnerships			
Communciations & Marketing			
Restructure and delete three posts (one vacant)	92,909	3.00	Redundancy & 1 vacant
Cease running the 6-monthly resident telephone survey	7,100	None	None
Reduce corporate marketing budget	30,000	None	None
Sub-total	130,009		
Business Administrative Support Service			
Delete various posts across the hubs	102,667	5.10	Vacant
Additional blue badge income and non-staffing costs	15,000	None	None
Sub-total	117,667		
Performance & Intelligence			
Delete Business Intelligence Officer Post	30,875	1.00	Vacant
Deliver Non-staffing savings (across cost centre)	74,125	None	None
Sub-total	105,000		
Total Communications, Performance & Partnerships	352,676		

Appendix 4c

Organisational Services	
HR Services	
Delete Resourcing Officer	24,000
Delete Operations Officer-Payroll	26,000
Delete HR Support Assistant	24,000
Delete HR Officer	26,000
Delete Workforce Development Manager	22,000
Reduce corporate training budget	50,000
	172,000
ICT Services	
Remove information security officer post	40,000
Replace Senior Service Desk Engineer with a Service Desk Engineer	13,000
Retain funds to procure security expertise as required	(3,000)
Remove Principal Database Administrator post	51,589
Remove Technical Architect post	39,997
Remove Junior Technical Support Engineer post	18,090
Funds to purchase 50 days of technical Architect support from KCC	(10,000)
Sub-total	149,676
Total Organisational Services	321,676

1.00	Vacant
0.80	Vacant
1.00	Vacant
0.80	Vacant
0.60	Vacant
None	None
1.00	Vacant
0.00	None
None	None
1.00	Vacant
1.00	Vacant
1.00	Vacant
None	None

Legal & Corporate Services	
Property & Capital Projects	
Delete Technical Support Officer	24,383
Reduce Energy Manager to 0.8 FTE	9,173
Delete two range 3 posts within BDS	61,625
Extra income from Rainham and Gillingham Business Park rents	24,000
Income from Watermill Wharf and Britten Farm shops	37,750
Utility savings at Gun Wharf	100,000
Sub-total	256,931
Legal Services	
Delete two paralegal posts	49,838
Delete one Legal Officer role	22,609
Recruit one Legal Apprentice	(5,960)
Land charges litigation to reserves	390,000
Sub-total	456,487
Category Management	
Delete two Category Leads	105,396
Delete Category Lead 'People'	50,242
Delete Head of Category 'Strategy'	71,032
Delete Procurement Support post	25,000
additional income ex procurement services	25,000
Sub-total	276,670
Total Legal & Corporate Services	990,088

1.00	Vacant
0.20	Vacant
2.00	Vacant
None	None
None	None
None	None
2.00	Vacant
1.00	Vacant
1.00	New
None	None
2.00	Vacant
1.00	Vacant
1.00	Vacant
1.00	Vacant
None	None

Appendix 4c

Customer Contact, Democracy & Governance	
Customer Contact	
Delete 5 Initial Contact Officer posts	125,000
Sub-total	125,000
Member Services & Elections	
Reduce contribution to elections reserve	40,000
Reduction in the support to the Mayoralty	50,000
Sub-total	90,000
Bereavement & Registration	
Delete vacant posts across the service	59,627
Deliver Non-staffing savings (across cost centre)	40,000
Sub-total	99,627
Total Customer Contact, Democracy & Governance	314,627

5.00	Vacant
None	None
None	None
4.00	Vacant
None	None

Public Health Services	
Head of Public Health	
Additional grant to support the commissioning of services for 0-5 years	15,000
Savings to MEND (childhood obesity programme) contract	5,000
Cease annual chlamydia screening mailshot to 18-24 year olds	10,000
Cut Master Gardener legacy programme	10,000
Reduce workforce health improvement training programmes	10,000
Reduce premises budgets for the new sexual health services	50,000
Total Public Health	100,000

None	None
None	None
None	None
None	None
None	None
None	None

Total BSD	2,521,067
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43.30

Public Health Grant Utilisation

Directorate	Service	Intervention	Outcomes	Cost
RCC	Env health	Healthy eating award - MEDWAY DINES	obesity	50,000
	Safer Journeys	Parking project (walk to school)	obesity & physical activity	100,000
	Housing	Fuel Poverty		50,000
	Housing	Mental Health Housing Link Officers (contribution)		25,000
	Housing	Older people/intergenerational project	reducing social isolation	100,000
	Community Safety	Domestic Violence - co-ordination		125,943
	Waste	Love Food Hate Waste	supporting healthy eating messages	50,000
	Greenspaces	health promoting environments, provision of activity	lifestyle	50,000
TOTAL				550,943
C&A	ASC	Support for social isolation strategy	social isolation	100,000
	Youth services	Embed PH within curriculum	lifestyle	100,000
	Youth services	insight gathering with young people	improved intelligence/needs assessment	50,000
	TBA	Balancing figure - awaiting list of proposals from C&A	TBA	524,057
TOTAL				774,057
BSD	College of social care	embed PH into programmes	falls, exercise, oral health, diet, social isolation	100,000
	MACLS	embed PH into programmes	lifestyle, social isolation	50,000
	Organisational Development	Healthy Workplace Programme	lifestyle	100,000
	Corporate	Four pages per edition of Medway Matters	Lifestyle changes	25,000
	Corporate	PH Champions (100 champions created)	lifestyle/wider determinants	100,000
TOTAL				375,000
				1,700,000

Housing Revenue Account

Description	Budget 2014/15			Q3 Forecast 2014/15			Proposed Budget 2015/16		
	Exp	Income	Net	Exp	Income	Net	Exp	Income	Net
	£000's	£000's	£000's	£000's	£000's	£000's	£000's	£000's	£000's
HRA Working Balance B/F			(1,901)			(1,969)			(1,746)
Housing Management Total	0	0	0	0	0	0	0	0	0
Service Improvement Total	253	0	253	205	0	205	253	0	253
HRA Development Team	168	0	168	166	0	166	173	0	173
Client Side Team Total	1,829	(96)	1,732	1,746	0	1,746	1,766	0	1,766
Community Development Total	67	0	67	48	0	48	198	0	198
Tenancy Services Total	1,543	0	1,543	1,660	0	1,660	1,577	0	1,577
Housing Maintenance Total	2,156	0	2,156	2,247	0	2,247	2,192	0	2,192
Homes for Independent Living Total	622	(2)	619	607	(2)	605	642	(2)	639
Estate Services Total	572	(4)	568	526	(4)	522	574	(4)	570
Housing Benefits Total	150	0	150	10	0	10	50	0	50
Capital Financing Costs Total	6,117	(13)	6,104	5,999	(12)	5,987	6,166	(12)	6,154
Rent Income Total	0	(14,077)	(14,077)	0	(14,044)	(14,044)	0	(14,378)	(14,457)
Other Income Total	0	(105)	(105)	0	(236)	(236)	0	(101)	(101)
Total Housing Revenue Account	13,476	(14,298)	(821)	13,215	(14,298)	(1,083)	13,590	(14,497)	(986)
Revenue Contribution to Capital Expenditure			1,306			1,306			1,254
Transfer Reverse to the general Fund			0			0			0
HRA Working Balance C/F			(1,416)			(1,746)			(1,477)