

CABINET

7 FEBRUARY 2017

CAPITAL AND REVENUE BUDGETS 2017/18

Portfolio Holder: Councillor Alan Jarrett, Leader

Report from: Phil Watts, Chief Finance Officer

Summary

This report sets out Cabinet's proposals for the capital and revenue budgets for 2017/18. In accordance with the Constitution this is to be submitted to Council on 23 February 2017, 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 Council Plan refresh will be considered as a separate item on this agenda.

2. Background

- 2.1 The Medium Term Financial Plan (MTFP) was considered by Cabinet on 27 September 2016 and identified a potential revenue shortfall of some £11.7 million in 2017/18 rising to £14.6 million by 2019/20. On 22 November 2016 Cabinet considered the draft capital and revenue budget, which reflected some of the early work undertaken within the Children and Adults directorate to address the deficit. Unfortunately with this meeting coming in advance of the Autumn Statement, it was not possible to provide any update on the resource assumptions underpinning the MTFP.
- 2.2 In accordance with the Council's constitution, overview and scrutiny committees were invited to comment on the draft budget proposals, represented by the directorate budget requirements within the appendices and a high level narrative explaining the action being considered by the Administration to close the 'gap'. These comments have been included at Appendix 1.

3. Revenue Funding

3.1 Core Spending Power

3.1.1 The local government settlement is underpinned by the Core Spending Power calculation, which according to the DCLG measures the core revenue funding available for local authority services. It is not in itself a statement of the actual resources available to the Council over the medium term. It is primarily a mechanism used by Government to illustrate the potential level of resources available to local government, based upon assumptions around each local authority's tax base and its ability to raise funds through local taxation. It should be noted, however, that the assumptions within the Core Spending Power calculation do impact on the SFA methodology and ultimately on the Revenue Support Grant.

3.1.2 Medway Council's Core Spending Power is summarised in Table 1.

Table 1: Core Spending Power

	2015-16 Adjusted £m	2016-17 Adjusted £m	2017-18 £m	2018-19 £m	2019-20 £m
2015/16 Revenue Support Grant	38.784				
Care Act Implementation Grant	1.284				
Lead Local Flood Authority Grant	0.051				
Sustainable Drainage Systems Grant	0.009				
Carbon Monoxide / Fire Alarm Grant	0.001				
Adjusted Revenue Support Grant	40.128	28.031	18.504	12.306	6.053
NDR Baseline Funding Level	43.760	44.125	45.026	46.474	48.127
Settlement Funding Assessment	83.889	72.156	63.529	58.781	54.180
Council Tax excl. Parishes	95.249	98.845	102.925	107.174	111.597
Potential 'Social Care Precept'	0.000	1.938	4.076	6.429	9.014
Proposed Improved Better Care Fund	0.000	0.000	0.000	2.325	4.688
Illustrative New Homes Bonus	6.166	7.563	5.367	4.020	3.857
Transition Grant	0.000	0.343	0.344	0.000	0.000
Adult Social Care Support Grant	0.000	0.000	1.002	0.000	0.000
Core Spending Power	185.304	180.846	177.244	178.729	183.336

Percentage (Reduction) / Increase (2.41%) (1.99%) 0.84% 2.58%

3.1.3 As reported to Cabinet on 17 January 2017, the 2017/18 provisional settlement has impacted adversely on the Council's draft budget assumptions, with changes in the New Homes Bonus scheme reducing next year's allocation by £2.1 million, which has not been fully compensated by one-off Adult Social Care Grant of just £1.0 million.

3.2 Settlement Funding Assessment

3.2.1 Following a cut of £11.733 million last year the 'Settlement Funding Assessment' (SFA) for Medway is set to reduce by a further £8.627 million in 2017/18. This represents a cut of 12.0% compared to the national figure of 10.6%, reflecting Medway's higher than average council tax base relative to SFA. The SFA comprises the adjusted Revenue Support Grant, together with Government's assumptions regarding the local share of business rates. Table 1 (above) sets out

the provisional SFA, however the business rate assumptions are predicated on a baseline calculation founded on historical collections. The budget proposals use the Council's own estimate of the anticipated business rates collection for 2017/18, which in turn is based on the current rateable value. The SFA excludes some other important grants such as the Dedicated Schools Grant (DSG), other schools based grants, Public Health Grant, New Homes Bonus, Housing Benefit Administration Grant, Adult Learning and other minor grants.

3.2.2 The important component of the SFA is the Revenue Support Grant (RSG) which is set to decrease by a further £9.527 million to £18.504 million, a 34.0% cut. Together with £343,000 of Transitional Grant, this remains consistent with the MTFP considered by Cabinet on 27 September 2016 and as Medway Council is in the 97% of all local authorities that opted to accept the Government's offer of a four year settlement, this headline level of grant funding is guaranteed.

3.2.3 Where an authority's original Baseline Need is higher than their NDR Baseline, a top up grant is payable. Medway is such an authority and following the 2017 revaluation of the ratings list a reduction in the Council's projected 2017/18 rates yield has resulted in a top up of around £4.4 million. For local 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 until the Government re-bases the system.

3.3 Council Tax

3.3.1 In accordance with the Council delegation, on 30 January 2017 the Chief Finance Officer, in consultation with the Leader agreed the council tax base for 2017/18 at 81,869 band D equivalents. This represents a reduction of 316 band D equivalents against the tax base reflected in the Draft Budget assumptions.

3.3.2 The Council Tax referendum limit applicable to local authorities and fire authorities remains at 2.0%. Also, upper tier local authorities will also be able to continue to apply the so-called "social care precept", however they will now be able to increase Council Tax by up to an additional 3.0% per annum in 2017/18 and 2018/19. Authorities that take advantage of this further flexibility will not be able make a further increase in 2019/20, as the total allowable increase over the three-year period remains at 6.0%. The budget proposed by Cabinet is based upon the Council availing itself of this additional flexibility and raising council tax by 4.994% in 2017/18.

3.3.3 Medway currently has the eleventh lowest council tax of all 56 unitary authorities and remains the lowest in Kent.

3.3.4 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 23 February 2017. Whilst the final rate will be dependent on the level of spending, it will also be affected by:

- The council tax base of 81,669.00 agreed on 30 January;
- The parish precepts;
- The Police and Crime Panel for Kent meet on 2 February and their proposal is for a £5.00 (3.286%) increase that would produce a Band D rate of £157.15.

- A Kent Fire and Rescue Service (KFRS) budget meeting will be held on 13 February where it is understood that a 1.88% increase on the 2016/17 Band D rate will be agreed. This, if agreed, would produce a KFRS Band D rate of £73.35.

3.4 **New Homes Bonus**

- 3.4.1 The 2017/18 New Homes Bonus allocations and the outcome of the consultation on the future of the scheme were announced. The number of years that the scheme will be based upon (currently six years' in 2016/17) will reduce to five years in 2017/18 and four years from 2018/19 onwards. Furthermore, the scheme will now also only reward growth in homes above 0.4% per annum.
- 3.4.2 The introduction of this threshold and the reduction in the number of years has had a dramatic effect on Medway Council's grant entitlement, reducing the 2017/18 New Homes Bonus figure from the £7.508 million assumed in the MTFP to just £5.367 million.
- 3.4.3 The changes to the scheme have allowed the government to remove £241.0 million from the 2017/18 New Homes Bonus allocation and divert it to the new Adult Social Care Support Grant. This funding is for one year only and is to be distributed based on the adult social care relative needs formula, however Medway's share of this grant is provisionally set at £1.0 million and falls well short of compensating the loss of New Homes Bonus.

3.5 **Education Services Grant**

- 3.5.1 The non-ringfenced Education Services Grant (ESG) was introduced in 2013/14 to fund local authorities statutory and other services outside of the DSG. It notionally funds services related to education, such as admissions, school improvement and education welfare, but also a share of the Council's support services.
- 3.5.2 The MTFP originally anticipated that the ESG would be lost within the DSG completely from 2017/18, however the proposed revenue budget, reflects the Government's decision to phase the loss of this grant over two years.
- 3.5.3 From 2017/18, the ESG will be reduced to £66 per pupil (a £10 per pupil reduction), however, much like the current DSG Schools Block, expenditure will be subject to Schools Forum approval.

3.6 **Dedicated Schools Grant (DSG)**

- 3.6.1 The DSG for 2017/18 continues to be calculated in three blocks for Schools, Early Years and High Needs and is driven by pupil numbers. The Schools Block per-pupil rates for 2017/18 have been reduced to £4,294.99 (a reduction of £62.96) per pupil and are accompanied by an increase in pupil numbers. The Early Years per pupil funding rates have remained the same as the 2016/17, whilst the High Needs Block base funding has increased by £0.66m. The starting points for each of the three blocks has been rebased and the overall projected DSG for 2017/18 is set out in Table 2 below.

3.6.2 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 £126.697 million, leaving Medway's net DSG allocation at £94.251 million.

Table 2: Schools Based Grant Funding (DSG)

	2016/17	2017/18
	£000's	£000's
Schools Block – Pupil Numbers	38,158	38,796
Schools Block Funding	£166.346m	£166.628m
Early Years Block – Pupil Numbers	2,823	2,823
Early Years Block Funding	£15.284m	£16.940m
High Needs Block Funding	£32.665m	£37.380m
Dedicated Schools Grant (gross)	£214.295m	£220.948m
Academy Deductions	(£113.194m)	(£126.697m)
Dedicated Schools Grant (Net)	£101.101m	£94.251m
Pupil Premium	£5.014m	£1.402m
Sixth Form Funding	£0.633m	£0.633m
Net Schools Based Funding	£106.748m	£96.286m

3.7 Pupil Premium Grant

3.7.1 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.

3.7.2 Per pupil rates for 2017/18 have again remained the same as 2016/17 rates:

	Primary	Secondary
Free School Meals	£1,320	£935
Looked After Children	£1,900	£1,900
Service Children	£300	£300

3.7.3 These rates will produce a total grant for Medway schools, excluding academies, of about £1.402 million in 2017/18.

3.8 Public Health Grant

3.8.1 Following the in-year grant reduction during 2015/16, the Public Health Grant has been subject to further cash reductions of 9.6% over the medium term. In his letter to local authorities, dated 27 November 2015, the Chief Executive of Public Health England provided more detail regarding the phasing of this reduction – 2.2% in 2016/17, 2.5% in 2017/18 and 2.6% in each of the subsequent two years. For Medway this amounts to further reductions totalling almost £1.8 million over four years.

4. Revenue Budget Requirement 2017/18

- 4.1 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 three key priorities and three corporate 'ways of working'. The key priorities are:
- Medway: A Place to be Proud Of;
 - Maximise Regeneration and Economic Growth;
 - Supporting Medway's People to Realise Their Potential.
- 4.2 The Council Plan is the council's business plan, setting out what will be done to deliver these three key priorities and how we will measure delivery of the outcomes. This will be delivered through three new corporate 'ways of working':
- Giving value for money;
 - Digital services so good that everyone who can use them prefer to do so;
 - Working in partnership where this benefits our residents.
- 4.3 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 £7.8 million in excess of the anticipated resources available, largely driven by the reduction in Government grant.
- 4.4 Commencing in the Summer, during formulation of the MTFP, and continuing throughout the overview and scrutiny process, officers have worked closely with portfolio holders to identify savings, efficiencies and income generating measures to close the gap and achieve a balanced budget, without recourse to reserves and whilst attempting to minimise the impact on service delivery. These proposals and their impact in 2017/18 are discussed in more detail in the directorate level commentaries at Section 5 of this report.
- 4.5 Appendix 2 summarises the proposed budget requirement against the funding assumptions, with appendices 2a-2d representing the directorate summaries and appendices 3a-3d providing more detail regarding individual savings proposals and the impact on staff.
- 4.6 At the time of writing this report, there is still a deficit of £958,400 to resolve and officers continue to work with portfolio holders on a number of proposals to close this gap.

5. Children and Adult Services (Appendices 2a / 3a)

- 5.1 In spite of demographic pressures within Social Care, the MTFP reflected a modest net increase in the directorate's budget requirement of around £300,000 as it also incorporated the full year effect of large savings on Early Years and Youth Services, agreed in building the 2016/17 budget. Through the 2017/18 budget setting process the directorate identified significant savings in getting to the position reflected in the draft budget to Cabinet on 22 November. These savings follow up the diagnostic exercise undertaken in early 2016 and are outlined in Appendix 3a.
- 5.2 Following more recent changes to schools related funding, including the capping of centrally retained expenditure within the DSG, further potential savings were identified against these budgets, also articulated in Appendix 3a.

6. Regeneration, Culture, Environment and Transformation (Appendices 2b / 3b)

6.1 Since Cabinet on 22 November the Regeneration, Culture, Environment and Transformation directorate have been working on proposals to address the budget deficit, however many of these will not impact on the budget in the immediate term and will instead feature in the future MTFP. Others will contribute towards the transformation savings already reflected in the 2017/18 and 2018/19 budgets. That said, a number of income generating opportunities have been explored, principally around a review of parking income and as can be seen at Appendix 3b the proposed savings are significant.

7. Business Support Department (BSD) (Appendices 2c / 3c)

7.1 Support services have borne the brunt of savings proposals over many years and so the scope for significant additional reductions is limited, however some further proposals are reflected in the table at Appendix 3c.

8. Public Health (Appendix 2d)

8.1 As outlined at paragraph 3.8.1 the Public Health Grant will be subject to further cuts over the medium term and for 2017/18 this represents £447,000. In keeping with the precedent set in previous budget rounds and acknowledging the ring-fenced nature of the grant, the reductions in Public Health Grant have been hypothecated and commensurate savings targeted at those services delivering public health outcomes.

9. Other Corporate Savings

9.1 Transformation: The Council is currently working on a transformation programme to deliver net savings of circa £7.0million per annum by 2018/19. In agreeing the capital programme last year, the Council approved investment of £6.0 million over a three year period to achieve this transformation. This will be met from prudential borrowing.

9.2 Interest and Financing: The £3.0m investment in the CCLA Property Fund continues to deliver revenue returns in excess of the 4.0% target and the proposed budget assumes that additional funds will be invested in this way.

9.3 Cabinet has agreed to create a number of new subsidiaries under the Council owned local authority trading company, MCG Ltd. and where immediate savings or reductions in local government subsidy are anticipated these have been reflected in the budget proposals.

10. Fees and Charges

10.1 The draft budget proposals have been formulated on an assumption that fees and charges would generally increase by 2.5%, however 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 6.

11. General Reserves

- 11.1 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 around 5% of non-schools budget, which equated to circa £10.0 million, however in building the 2016/17 budget, the Council unfortunately had to call on reserves to address the required increase in the NDR appeals provision. Non-earmarked reserves, in the form of the Revenue Balance, the General Reserve and the uncommitted balance of the South Medway Development Fund, are forecast to stand at £8.3 million by 31 March 2017 or 4.3% of the proposed non-schools budget requirement.
- 11.2 The principal risk to be covered by the contingency balance is that of an overspend and it is a testimony to both the Council's internal budgetary control systems and the robustness of the budget setting process, that over a number of successive years the Council has consistently underspent its revenue budget. Members are however asked to note the latest revenue monitoring position elsewhere on this agenda, which forecasts an overspend of around £1.8 million in 2016/17. Directorate management teams continue to identify urgent action to bring expenditure back within budget.
- 11.3 The other reason for maintaining reasonable reserve balances is to protect against the risk of a catastrophic event. Other parts of the country have suffered as a consequence of flooding and this serves as a prudent reminder of such risks. Nonetheless 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 2016 was £4.7 million including a provision for identified liabilities of £2.0 million accumulated over a number of years with the larger cases taking some time to reach settlement.

12. Capital Programme 2017/18 and beyond

- 12.1 The capital settlement announcements are often delayed, however the Education Funding Agency (EFA) had previously announced multi-year settlements and Department for Transport (DfT) recently announced grant allocation for 2017/18. In addition to government grant assumptions, the capital programme summarised at Appendix 4 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.
- 12.2 The proposed capital programme reflects the anticipated carry forward from 2016/17 to meet on-going delivery of the existing programme, together with the new schemes and future funding assumptions for 2017/18 and beyond. Table 3 summarises planned expenditure, providing an analysis of how it will be funded. More detailed analysis is provided at Appendix 4a-4d.

Table 3: The Capital Programme and Funding Sources

Capital Programme	C & A	RCET	HRA	BSD	Total
Expenditure Profile:	£000's	£000's	£000's	£000's	£000's
2017/18 forecast	12,949	34,843	6,082	512	54,386
2018/19 forecast	1679	18,408	0	148	20,235
2019/20 and beyond	0	0	0	0	0
Revised Capital programme	14,628	53,251	6,082	660	74,621
How Funded					
Borrowing	0	7,832	0	0	7,832
Capital Grants	5,641	35,014	0	6	40,661
Capital Receipts	0	1,962	0	256	2,218
S106 Contributions	8,907	1565	0	0	10,472
Revenue / Reserves	80	6,878	6,082	398	13,438
Total	14,628	53,251	6,082	660	74,621
Funding					

13. Children and Adults Capital Programme (Appendix 4a)

- 13.1 The Children and Adults proposed programme represents planned expenditure for the medium term, based upon the current programme and taking into account all known grant funding and confirmed developer contributions. This funding is enough to provide sufficient primary school places in the short to medium term. Having said that, demand for places continues to increase and there will subsequently be a need for more secondary school places too. This gap will have to be met by bidding against additional grant funding and last year the EFA announced its intention to work with local authorities to create 500 new free schools to meet the increasing need for school places.
- 13.2 The proposed capital programme is summarised at Appendix 4a and the directorate's main priority continues to be the provision of sufficient primary school places in Chatham, Gillingham and Strood and a major SEN scheme to relocate Abbey Court from Rainham and expand the provision. Funded primarily from Basic Needs Grant allocations up to 2018/19, together with significant confirmed developer contributions, the major schemes planned for the medium term include the Hundred of Hoo Primary School and expansions at both Saxon Way and Bligh Primary Schools.
- 13.3 Schools Condition Programme
It is anticipated that the 2016/17 condition programme will be committed this year and it has been assumed that following further academy transfers, Medway will only receive £1.0 million of Capital Maintenance Grant in 2017/18. This will similarly be fully allocated to the schools condition programme, once the figure has been confirmed.

14. Regeneration, Culture, Environment and Transformation Capital Programme (Appendix 4b)

- 14.1 The integrated transport component of the Local Transport Plan Grant for 2017/18 was confirmed as £1.589 million. 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.

- 14.2 The highways capital maintenance component is £2.263 million for 2017/18. This will fund the maintenance of carriageways, footways, bridges, highway drainage and traffic signals and is further supplemented by additional funding from capital receipts.
- 14.3 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 it is assumed that Medway will continue to receive £1.691 million through the 'Better Care Fund'.
- 14.4 Capital funding for the Housing Revenue Account (HRA) is discussed in more detail in the HRA report elsewhere on the agenda.

15. Business Support Department Capital Programme (Appendix 4c)

- 15.1 The proposed Business Support capital programme principally represents the continuation of the existing approvals and following the restructure, the Transformation Programme now sits within RCET.

16. Capital Receipts

- 16.1 In addition to Government grants 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 5 below, there is limited capacity for utilising this source of funding, however capital receipts of £1.5 million have been made available to continue to support investment in the Council's highways.
- 16.2 Table 4 shows the movement in capital receipt balances, after funding the existing approved capital programme, together with the £1.5 million highways commitment referred to above.

Table 4. Movement in Capital Receipts

	General Fund Receipts	Housing Receipts	Total Receipts
	£000's	£000's	£000's
Balance at 1 April 2016	(525)	0	(525)
Anticipated Receipts 2016/17	(2,891)	(481)	(3,372)
Applied to Capital Programme 2016/17	3,491	378	3,869
Estimated Balance at 1 April 2017	75	(103)	(28)
Anticipated Receipts 2017/18	(1,546)	(480)	(2,026)
Applied to Capital Programme 2017/18	1,896	0	1,896
Estimated Balance at 1 April 2018	425	(583)	(158)
Anticipated Receipts 2018/19	(2,048)	(480)	(2,528)
Applied to Capital Programme 2018/19	1,500	0	1,500
Estimated Balance at 1 April 2019	(123)	(1,063)	(1,186)

17. Housing Revenue Account

- 17.1 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.
- 17.2 Business Support Overview and Scrutiny Committee on 31 January 2017 received a report that details the HRA revenue and capital budget proposals and a follow up to that report features elsewhere on this agenda.
- 17.3 The summarised Housing Revenue Account is attached at Appendix 5 and the capital component is included in Appendix 4.

18. Legal Considerations

- 18.1 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.
- 18.2 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.
- 18.3 *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.
- 18.4 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.
- 18.5 *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 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.

- 18.6 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.
- 18.7 *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.
- 18.8 *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.
- 18.9 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.
- 18.10 *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 would be required. This would necessitate the drafting of an alternative proposal that would meet ministerial requirements to be put to the electorate alongside the 'excessive' proposition. Since this proposed budget is below the 'excessive' threshold this does not apply.
- 18.11 *Housing Revenue Account:* Under Section 76 of the Local Government and 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.
- 18.12 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.

18.13 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.

18.14 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

19. Risk Management

19.1 As in previous years there remain risks inherent in the assumptions that underlie the budget build and these are described below:

- The 2017/18 budget is predicated on the successful outcome of a number of significant savings proposals. Such assumptions can be significantly impacted upon by events, not least the need to consult with stakeholders;
- Further demographic pressures within Children and Adult Services in adult social care and children's services may surface in 2017/18 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 and subsequent years 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;
- 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.

20. Diversity Impact Assessment

20.1 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.

- 20.2 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 23 February. To manage the potential cumulative effect of proposals, this will include an overarching assessment taking a strategic view of the aggregate impact of reductions in funding, 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.
- 20.3 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 any unintentional and unidentified impact, monitoring will be undertaken and will be reported quarterly.

21. Financial and Constitutional Implications

- 21.1 The financial implications are contained in the body of the report and in the attached appendices.
- 21.2 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 23 February 2017. The adoption of the budget and the setting of council tax are matters reserved for the Council.

22. Conclusion

- 22.1 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.
- 22.2 The proposed revenue budget requirement of £294.003 million (Appendix 2) exceeds the estimated available resources by £958,400, however options are being considered to address this prior to the Council's budget setting meeting.
- 22.3 Against a backdrop of reducing grant support that is expected to see the Revenue Support Grant disappear completely by the end of this Parliament, the budget as presented in this report is once again a remarkable achievement, with the onus on protecting front line service delivery.

23. Recommendations

- 23.1 That Cabinet considers the recommendations from overview and scrutiny committees as summarised in Appendix 1 of this report;
- 23.2 That Cabinet recommends to Council that the net revenue budget summarised at Appendix 2, amounting to £293.044 million, should be adopted and that this be funded by a 4.994% increase in Council Tax for 2017/18 with the equivalent Band D figure at £1,296.56. Final proposals to address the £958,400 deficit will be reported to Council on 23 February 2017;
- 23.3 That Cabinet recommends to Council the capital budget proposals, as set out in Appendix 4;
- 23.4 That Cabinet recommends to Council the fees and charges set out at Appendix 6 to this report;
- 23.5 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 23 February 2017.

24. Reasons for Decision

- 24.1 The constitution requires that Cabinet's budget proposals must be forwarded to Council for consideration and approval.
- 24.2 The Council is required by statute to set a budget and council tax levels by 11 March each year.

Appendices:

- | | |
|------------------|---|
| 1 | Record of individual overview and scrutiny committee meetings (to follow) |
| 2 and (a) to (d) | Summary of Revenue Budget Requirement by Directorate |
| 3 (a) to (d) | Directorate Revenue Savings Proposals |
| 4 and (a) to (d) | Summary of Proposed Capital Programme by Directorate |
| 5 | Housing Revenue Account |
| 6 | Schedule of Proposed Fees and Charges (see Supplementary Agenda No.1) |

Background papers:

Medium Term Financial Plan 2016/20 – Cabinet 27 September 2016

<https://democracy.medway.gov.uk/mgconvert2pdf.aspx?id=32868>

Draft Capital and Revenue Budget 2017/18 – Cabinet 22 November 2016

<https://democracy.medway.gov.uk/mgconvert2pdf.aspx?id=33616>

Provisional Local Government Settlement 2017/2018 – Cabinet 17 January 2017

<https://democracy.medway.gov.uk/mgconvert2pdf.aspx?id=34196>

REVENUE BUDGET 2017/18 SUMMARY

Appendix 2

Directorate	2016/17 Adjusted Base £000's	2017/18 Draft Budget Requirement £000's	Further Savings and Adjustments £000's	2017/18 Budget Requirement £000's	2017/18 Budget Requirement		
					Gross Expenditure £000's	Direct Income £000's	Net Expenditure £000's
Children and Adult Services (C&A):							
General Fund Services	109,049	107,483	(2,017)	105,466	142,170	(36,704)	105,466
DSG and School Specific Expenditure	105,545	64,021	30,767	94,788	94,788	0	94,788
Public Health	1,660	1,660	0	1,660	1,660	0	1,660
Regeneration, Culture, Environment and Transformation (RCET)							
General Fund Services	54,067	55,011	(2,724)	52,287	91,934	(39,646)	52,287
Public Health	1,007	1,007	0	1,007	1,007	0	1,007
Business Support Department (BSD):							
General Fund Services	13,940	13,329	148	13,477	127,813	(114,336)	13,477
DSG	1,498	1,498	0	1,498	1,498	0	1,498
Public Health	688	688	(11)	676	676	0	676
Public Health Directorate	14,763	14,026	302	14,328	14,328	0	14,328
Interest & Financing	9,618	9,818	(500)	9,318	12,726	(3,409)	9,318
Levies	1,039	1,039	68	1,107	1,107	0	1,107
Transformation Savings	(388)	(1,435)	(148)	(1,583)	(1,583)	0	(1,583)
Norse JV Rebate	(263)	(263)	0	(263)	0	(263)	(263)
Unallocated Provision for Pay	0	1,000	(764)	236	236	0	236
Budget Requirement	312,223	268,881	25,121	294,002	488,360	(194,358)	294,002
Dedicated Schools Grant	(101,413)	(63,484)	(30,767)	(94,251)	0	(94,251)	(94,251)
Other School Specific Grants	(5,630)	(2,035)	0	(2,035)	0	(2,035)	(2,035)
Council Tax	(102,799)	(105,543)	(606)	(106,148)	0	(106,148)	(106,148)
Revenue Support Grant	(28,374)	(18,848)	0	(18,848)	0	(18,848)	(18,848)
Business Rate share	(43,035)	(44,595)	(1,707)	(46,302)	0	(46,302)	(46,302)
New Homes Bonus	(7,531)	(7,508)	2,140	(5,367)	0	(5,367)	(5,367)
Education Services Grant	(2,124)	(1,370)	0	(1,370)	0	(1,370)	(1,370)
Other Specific Grants	(186)	0	(1,002)	(1,002)	0	(1,002)	(1,002)
Public Health Grant	(18,118)	(17,671)	0	(17,671)	0	(17,671)	(17,671)
Use of Reserves	(3,015)	(50)	0	(50)	0	(50)	(50)
Estimated Available Funding	(312,223)	(261,103)	(31,941)	(293,044)	0	(293,044)	(293,044)
Budget Gap	0	7,778	(6,820)	958	488,360	(487,402)	958

CHILDREN AND ADULTS DIRECTORATE

Appendix 2a

Service Headings	2016-17 Adjusted Base £000's	2017-18 Draft Budget (Nov 2016) £000's	Further Savings and Adjustments £000's	2017-18 Budget Requirement £000's	2017/18 Draft Budget Requirement		
					Gross Expenditure £000's	Direct Income £000's	Net Expenditure £000's
Looked After Children & Proceedings	25,156	24,786	(19)	24,767	24,994	(226)	24,767
Children's Advice & Duty Service	2,527	2,268	24	2,292	2,292	0	2,292
Child in Need & Child Protection	2,394	2,394	3	2,398	2,398	0	2,398
Children's Care Management	1,458	1,458	(5)	1,453	1,453	0	1,453
Early Help	1,088	1,006	31	1,037	2,408	(1,372)	1,037
CAMHS	524	524	5	529	599	(70)	529
Total For Children's Care	33,147	32,436	40	32,476	34,144	(1,668)	32,476
Deputy Director	(2,332)	(2,382)	(32)	(2,413)	15,807	(18,220)	(2,413)
Disability Services	37,128	38,021	59	38,080	40,886	(2,806)	38,080
Head of Adult Social Care & Social Work	18,819	17,382	21	17,402	26,082	(8,679)	17,402
Mental Health	4,974	5,128	43	5,171	5,349	(178)	5,171
Social Care Business Manager	3,116	2,911	(4)	2,908	3,648	(740)	2,908
Total for Deputy Director	61,706	61,061	88	61,149	91,772	(30,623)	61,149
Directorate Management Team	564	469	2	471	550	(79)	471
Commissioning Management Team	225	225	2	227	332	(105)	227
Business Support and Commissioning	2,514	2,369	335	2,704	3,006	(302)	2,704
School Organisation and Student Services	1,744	1,744	(1)	1,743	1,974	(231)	1,743
School Services, Quality and Commissioning	228	228	(64)	164	1,317	(1,153)	164
Total for Partnership Commissioning	4,711	4,566	272	4,838	6,629	(1,790)	4,838
Early Years	17,998	16,648	(706)	15,942	16,053	(112)	15,942
Youth Service	1,960	920	18	938	2,062	(1,124)	938
Inclusion Management Team	315	205	1	206	304	(97)	206
School Challenge and Improvement	900	750	(402)	348	455	(107)	348
Health and Inclusion	563	563	(78)	485	527	(42)	485
Psychology & SEN	28,161	28,226	19	28,245	28,820	(575)	28,245
Total for Inclusion and School Improvement	49,897	47,312	(1,148)	46,164	48,221	(2,057)	46,164
Finance Provisions	1,689	1,689	0	1,689	1,689	0	1,689
HR Provisions	618	618	0	618	1,045	(428)	618
School Grants	63,922	25,012	29,496	54,508	54,568	(60)	54,508
Total for School Retained Funding and Grants	66,229	27,319	29,496	56,815	57,303	(487)	56,815
Total C&A Directorate	216,254	173,164	28,750	201,914	238,618	(36,704)	201,914

REGENERATION, CULTURE, ENVIRONMENT & TRANSFORMATION (RCET) DIRECTORATE

Appendix 2b

Service Headings	2016-17 Adjusted Base £000's	2017-18 Draft Budget (Nov 2016) £000's	Further Savings and Adjustments £000's	2017-18 Budget Requirement £000's	2017-18 Budget Requirement		
					Gross Expenditure £000's	Direct Income £000's	Net Expenditure £000's
Front Line Services Support	229	229	0	229	229	0	229
Highways	5,376	4,876	0	4,876	6,488	(1,612)	4,876
Parking Services	(3,604)	(3,604)	(2,415)	(6,019)	2,639	(8,658)	(6,019)
Waste Services	19,999	22,018	(40)	21,978	25,951	(3,973)	21,978
Safer Communities	2,760	2,760	(62)	2,698	2,961	(263)	2,698
Integrated Transport	6,633	6,739	(40)	6,699	8,479	(1,780)	6,699
CCTV/Lifeline	190	(7)	0	(7)	710	(717)	(7)
Registration & Bereavement	(715)	(739)	0	(739)	2,020	(2,759)	(739)
Greenspaces	3,471	3,611	(50)	3,561	3,850	(289)	3,561
Total for Front Line Services	34,339	35,883	(2,607)	33,276	53,327	(20,051)	33,276
Physical & Cultural Regeneration Management	3	3	0	3	8	(5)	3
Sports, Leisure, Tourism, Heritage	1,879	1,584	(30)	1,554	6,440	(4,886)	1,554
Festivals, Arts, Theatres and Events	1,100	845	0	845	2,446	(1,601)	845
Physical and Cultural Regeneration Support	57	57	0	57	137	(80)	57
Planning	623	608	0	608	1,979	(1,371)	608
Regeneration Delivery	804	769	55	824	2,130	(1,306)	824
South Thames Gateway Partnership	145	145	0	145	145	0	145
Strategic Housing	4,722	4,722	0	4,722	5,879	(1,157)	4,722
Physical Regeneration	(142)	(142)	0	(142)	7	(149)	(142)
Total for Physical & Cultural Regeneration	9,191	8,591	25	8,616	19,171	(10,555)	8,616
Communications	436	436	0	436	1,164	(728)	436
Head of Transformation	134	134	156	290	290	0	290
ICT Development	3,356	3,356	0	3,356	4,912	(1,555)	3,356
RCC Performance & Intelligence	100	100	0	100	135	(35)	100
Corporate Performance & Intelligence	399	399	0	399	491	(92)	399
Customer Contact, Comm Hubs, Libraries & Adult Education	5,192	5,192	(363)	4,829	10,656	(5,827)	4,829
Business Administration	1,540	1,540	(70)	1,470	2,273	(803)	1,470
Total for Transformation	11,157	11,157	(277)	10,880	19,921	(9,040)	10,880
Directorate Support	387	387	135	522	522	0	522
Total for RCET	55,074	56,018	(2,724)	53,294	92,941	(39,646)	53,294

BUSINESS SUPPORT DEPARTMENT

Appendix 2c

Service Headings	2016-17	2017-18	Further	2017-18	2017-18 Budget Requirement		
	Adjusted Base £000's	Draft Budget (Nov 2016) £000's	Savings and Adjustments £000's	Budget Requirement £000's	Gross Expenditure £000's	Direct Income £000's	Net Expenditure £000's
Internal Audit and Counter Fraud	347	347	0	347	573	(226)	347
Rural Liaison Grants	75	75	0	75	75	0	75
Finance Strategy	901	831	0	831	938	(107)	831
Revenues and Benefits	1,824	1,845	(36)	1,809	108,395	(106,586)	1,809
Finance Operations	826	806	0	806	900	(94)	806
Total for Finance Division	3,973	3,904	(36)	3,868	110,881	(107,013)	3,868
Democratic Services Manager	581	581	(3)	578	622	(44)	578
Members & Elections	1,356	1,356	0	1,356	1,411	(55)	1,356
Total Democracy & Governance	1,938	1,938	(3)	1,935	2,034	(99)	1,935
HR & Organisational Service	733	593	(112)	481	4,296	(3,815)	481
Total for Organisational Services	733	593	(112)	481	4,296	(3,815)	481
Corporate Management	2,392	2,118	364	2,482	2,545	(63)	2,482
Total for Organisational Services	2,392	2,118	364	2,482	2,545	(63)	2,482
Category Management	49	31		31	603	(572)	31
Legal Services	1,253	1,203	(11)	1,192	1,427	(235)	1,192
Medway Norse	5,921	6,061	(140)	5,921	6,200	(279)	5,921
Property & Capital Projects	(133)	(333)	75	(258)	2,002	(2,260)	(258)
Total Legal, Contracts & Property	7,090	6,962	(76)	6,886	10,232	(3,346)	6,886
Pay award	0	0					
Increments	0	0					
Total for Business Support	16,126	15,515	137	15,652	129,988	(114,336)	15,652

PUBLIC HEALTH DIRECTORATE

Appendix 2d

	2016-17 Adjusted Base £'000	2017-18 Draft Budget (Nov 2016) £'000	Further Savings and Adjustments £'000	2017-18 Budget Requirement £'000
Business Development	460	460	1	461
DAAT	2,318	2,318	0	2,318
Health Improvement Programmes	790	790	2	792
PH Commissioning	8,632	8,342	290	8,632
PH Management	1,100	653	5	658
Stop Smoking Services	459	459	1	460
Supporting Healthy Weight	1,004	1,004	3	1,007
Total Public Health Directorate	14,763	14,026	302	14,328

2017/18 Budget Requirement		
Gross Expenditure £'000	Gross Income £'000	Net Expenditure £'000
461	0	461
2,318	0	2,318
792	0	792
8,632	0	8,632
658	0	658
460	0	460
1,007	0	1,007
14,328	0	14,328

Children and Adults Directorate - Proposed Savings

Proposed Savings	2017/18 Agreed Savings at Draft Budget (Nov 16) £000s	2017/18 Agreed Savings £000s
Adult Social Care		
Pathway Decision making	(613)	
Reablement outcomes improvement	(290)	
Outcomes based homecare recommissioning	(63)	
Managing day to day variation in commissioning results	(107)	
Tactical provider negotiations and policy change	(213)	
Accommodation strategy and recommissioning	(3)	
Brokerage	(35)	
Social Needs Transport	(50)	
Team Manager posts removal	(110)	
Options for Support at Home	(150)	
Reduction in Community Grants	(100)	
Social Worker posts removal	(300)	
QA & Safeguarding posts removal	(100)	
Head of Service posts removal	(345)	
Changes to mileage rates		(32)
Total Adult Social Care	(2,479)	(32)
Children's Care		
CADS Restructure	(110)	
Legal costs	(400)	
Recurring effect of recent in year savings	(349)	
Impact of MCG staffing agency on Social Care spend		(75)
Changes to mileage rates		(18)
Total Children's Care	(859)	(93)
School Effectiveness & Inclusion		
SEN Transport	(385)	
Removal of 1.5 Head of Service Posts (0.5 SEN & 1.0 Youth)	(110)	
Reduction to the Educational Psychology Service	(250)	
Removal of SCIT Special Fees budget	(100)	
Removal of School Improvement Special Fees	(50)	
Removal of four School Improvement Officers		(270)
Reduce Gov Services to FCR		(46)
Early Years: Use of DSG reserve balance (one-off)		(431)
Early Years: Further staffing reductions		(200)
Early Years: Reduction in non-staffing resources		(100)
School Improvement: Monitoring and Brokerage Grant		(90)
Total School Effectiveness & Inclusion	(895)	(1,137)
Directorate Management Team		
Removal of one Assistant Director	(95)	
Total Directorate Management Team	(95)	0
Partnership Commissioning		
Partnership Commissioning: Home Start	(45)	
Partnership Commissioning: Short Breaks	(100)	
Reduce Traded Services to FCR		(70)
Total Partnership Commissioning	(145)	(70)
Total C&A	(4,473)	(1,331)

Regeneration, Culture, Environment and Transformation - Proposed Savings

Proposed Savings	2017/18 Agreed Savings £
Front Line Services	
Parking: New Enforcement Model	(797.0)
Parking: Review of Charges	(1,400.0)
Increase in Bulky Waste income	(40.0)
Review of Subsidised Bus Routes	(100.0)
Unfunded pressure on Halling / Cuxton Bus Routes	70.0
Review of Subsidised Bus Routes: further savings	(10.0)
Parking: Review of Charges: further savings	(218.0)
Pest Control	(62.0)
Print & Post	(13.0)
Reduction in National Living Wage NORSE	(50.0)
Total Frontline Services	(2,620.0)
Physical and Cultural Regeneration	
Reconfigure the Visitor Information Centre	(30.0)
Print & Post	(16.0)
Total Physical & Cultural Regeneration	(46.0)
Transformation	
Libraries Efficiencies	(95.0)
Print & Post	(16.0)
Total Transformation	(111.0)
RCET Car Mileage saving	(47.0)
Total RCET	(2,824.0)

Business Support Department - Proposed Savings

Proposed Savings	2017/18 Agreed Savings at Draft Budget (Nov 16) £	2017/18 Agreed Savings £
Finance Division		
Finance Restructure	(123.0)	
Print & Post savings		(32.0)
Total Finance Division	(123.0)	(32.0)
Legal, Contracts & Property Services		
Legal	(50.0)	
Category Management	(18.0)	
Corporate Property	(200.0)	
Medway Norse Efficiencies Nat Living Wage		(140.0)
Legal Shared Services		(79.0)
Prudential borrowing on the £2m Investment Fund		75.0
Loss of rent income (Pier Road and Strood Waterfront)		105.0
Total Legal, Contracts & Property	(268.0)	(39.0)
BSD Car Mileage saving		(4.0)
Total BSD	(391.0)	(75.0)

Capital Programme 2017/2018 and Beyond

Directorate Summary

Directorate	Spend Forecast for Later Years		
	2017/2018	2018/2019	2019/2020 and future years
Existing Capital Programme	£000s	£000s	£000s
Children & Adults	11,699	1,679	0
Regeneration Culture, Environment & Transformation	26,477	12,738	0
Housing Revenue Account Capital	6,082	0	0
Business Support	512	148	0
Member Priorities	0	0	0
Total Existing Programme	44,770	14,565	0
New Schemes/Funding			
Children & Adults	1,250	0	0
Regeneration Culture, Environment & Transformation	8,366	5,670	0
Business Support	0	0	0
Total New Schemes/Funding	9,616	5,670	0
Total Capital Programme	54,386	20,235	0

Capital Programme 2017/2018 and Beyond

Children and Adults Directorate

Description Of Scheme	Spend Forecast For Later Years			Funding the Programme					
	2017/2018	2018/2019	2019/2020 and future years	Pru / Other Borrowing	Govt / European Grant	Capital Receipts	Developer Contribs.	Revenue / Reserves.	Total
	£000s	£000s	£000s	£000s	£000s	£000s	£000s	£000s	£000s
Existing Capital Programme									
Advisors Projects	44	0	0	0	0	0	0	44	44
Basic Needs	10,394	1,679	0	0	3,166	0	8,907	0	12,073
Commissioning	398	0	0	0	398	0	0	0	398
Condition Programme	814	0	0	0	814	0	0	0	814
Inclusion	36	0	0	0	0	0	0	36	36
SEN Strategy	0	0	0	0	0	0	0	0	0
Adult Social Care	13	0	0	0	13	0	0	0	13
Total Existing Schemes	11,699	1,679	0	0	4,391	0	8,907	80	13,378
Total New Schemes									
Condition Programme*	1,000	0	0	0	1,000	0	0	0	1,000
Sub Total	1,000	0	0	0	1,000	0	0	0	1,000
Devolved Formula Capital*	250	0	0	0	250	0	0	0	250
Total New Schemes/Funding	1,250	0	0	0	1,250	0	0	0	1,250
Total Children and Adults	12,949	1,679	0	0	5,641	0	8,907	80	14,628

* Based on estimate grant and will be adjusted once the actual grant allocation is notified.

Capital Programme 2017/2018 and Beyond

Regeneration, Culture, Environment and Transformation

Description Of Scheme	Spend Forecast For Later Years			Funding the Programme					
	2017/2018	2018/2019	2019/2020 and future years	Pru / Other Borrowing	Govt / European Grant	Capital Receipts	Developer Contribs.	Revenue / Reserves.	Total
	£000s	£000s	£000s	£000s	£000s	£000s	£000s	£000s	£000s
Existing Capital Programme									
S37 Adoptions	34	0	0	0	0	0	34	0	34
S38 Adoptions	384	0	0	0	0	0	384	0	384
S278 Adoptions	162	0	0	0	0	0	162	0	162
Mercury Abatement	1,660	0	0	452	0	0	0	1,208	1,660
Horsted Gyrotory and Ped Improvements	182	0	0	0	0	0	182	0	182
Medway Tunnel	1,369	0	0	0	1,369	0	0	0	1,369
Island Way	42	0	0	0	42	0	0	0	42
Four Elms to Medway Tunnel	5,146	5,000	0	0	10,146	0	0	0	10,146
Strood Town Centre	3,939	3,551	0	0	7,490	0	0	0	7,490
Chatham Town Centre	2,312	0	0	0	2,312	0	0	0	2,312
Medway Cycling Action Plan	1,288	0	0	0	1,288	0	0	0	1,288
Medway City Estate Connectivity	894	600	0	0	1,494	0	0	0	1,494
Total for Front Line Services	17,412	9,151	0	452	24,141	0	762	1,208	26,563
World Heritage Site and GLHP	10	0	0	0	10	0	0	0	10
Chatham Waterfront	226	0	0	0	226	0	0	0	226
Rochester Airport	2,233	2,000	0	0	4,233	0	0	0	4,233
Strood Riverside Phase 1&2	3,039	0	0	3,039	0	0	0	0	3,039
Horsted Valley	189	0	0	0	0	0	189	0	189
Disabled Facility Grants	564	0	0	0	0	0	564	0	564
The Vines	14	0	0	0	0	0	14	0	14
Broomhill	26	0	0	0	0	0	26	0	26
Holding Street	10	0	0	0	0	0	10	0	10
Total for Physical & Cultural	6,311	2,000	0	3,039	4,469	0	803	0	8,311
Communications - Transformation	1,981	1,337	0	3,318	0	0	0	0	3,318
Communications - Operational Tools	773	250	0	1,023	0	0	0	0	1,023
Total for Physical & Cultural	2,754	1,587	0	4,341	0	0	0	0	4,341
Total Existing Schemes	26,477	12,738	0	7,832	28,610	0	1,565	1,208	39,215
Disabled Adaptations to Council Dwellings	259	0	0	0	0	0	0	259	259
HRA Planned Maintenance	4,983	0	0	0	0	0	0	4,983	4,983
HRA House Build Programme	840	0	0	0	0	0	0	840	840
Total for Housing Revenue Account	6,082	0	0	0	0	0	0	6,082	6,082
New Schemes									
Disabled Facility Grants	1,691	0	0	0	1,691	0	0	0	1,691
Planned Maintenance	0	5,670	0	0	0	0	0	5,670	5,670
Housing Renovation Loans	170	0	0	0	0	170	0	0	170
Rochester Totem	28	0	0	0	0	28	0	0	28
Eastgate House	164	0	0	0	0	164	0	0	164
Fire Station New Cut Chatham	100	0	0	0	0	100	0	0	100
Highways - Maintenance	1,500	0	0	0	0	1,500	0	0	1,500
Highways - Potholes	201	0	0	0	201	0	0	0	201
Highways - National Productivity Plan	660	0	0	0	660	0	0	0	660
LTP - Integrated Transport	1,589	0	0	0	1,589	0	0	0	1,589
LTP - Highway Maintenance	2,263	0	0	0	2,263	0	0	0	2,263
Total New Schemes	8,366	5,670	0	0	6,404	1,962	0	5,670	14,036
Total Regeneration, Culture, Environment and Transformation	34,843	18,408	0	7,832	35,014	1,962	1,565	6,878	53,251

Capital Programme 2017/2018 and Beyond

Business Support Department

Description Of Scheme	Spend Forecast For Later Years			Funding the Programme					
	2017/2018	2018/2019	2019/2020 and future years	Pru / Other Borrowing	Govt / European Grant	Capital Receipts	Developer Contribs.	Revenue / Reserves.	Total
	£000s	£000s	£000s	£000s	£000s	£000s	£000s	£000s	£000s
Existing Capital Programme									
Building Repair Maintenance Fund	256	0	0	0	0	256	0	0	256
Riverside One Relocation	250	148	0	0	0	0	0	398	398
Electoral Register Hardware	6	0	0	0	6	0	0	0	6
Total Existing Schemes	512	148	0	0	6	256	0	398	660

Appendix 5

Description	Budget 2016/17			R2 Forecast 2016/17			Proposed Budget 2017/18		
	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			(2,280)			(2,817)			(3,304)
HOUSING MAINTENANCE	2,204	0	2,204	2,193	0	2,193	2,293	0	2,293
HOMES FOR INDEPENDANT LIVING	608	(2)	606	576	(2)	574	603	(2)	601
TENANCY SERVICES	1,685	0	1,685	1,534	0	1,534	1,578	0	1,578
ESTATE SERVICE	515	(4)	511	478	(4)	474	540	(4)	536
COMMUNITY DEVELOPMENT	130	0	130	157	0	157	120	0	120
CENTRALISED ACCOUNTS	253	0	253	184	0	184	197	0	197
CLIENT SIDE	1,860	0	1,860	1,806	0	1,806	1,895	0	1,895
CAPITAL DEVELOPMENT PROGRAMME	98	0	98	7	0	7	0	0	0
HOUSING BENEFITS	50	0	50	0	0	0	50	0	50
CAPITAL FINANCING	6,395	(12)	6,384	6,365	(12)	6,354	6,973	(12)	6,962
RENTAL INCOME	0	(14,390)	(14,390)	0	(14,427)	(14,427)	0	(14,239)	(14,239)
OTHER INCOME	0	(198)	(198)	0	(231)	(231)	0	(213)	(213)
Total HOUSING REVENUE ACCOUNT	13,798	(14,606)	(808)	13,301	(14,676)	(1,375)	14,250	(14,470)	(220)
Revenue Contribution to Capital Expenditure			938			887			0
Non Dwellings Impairment			24			0			0
HRA Working Balance C/F			(2,126)			(3,304)			(3,525)