

CABINET

15 FEBRUARY 2011

CAPITAL AND REVENUE BUDGETS 2011/2012

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 2011/2012. In accordance with the Constitution this is to be submitted to Council on 24 February, the special meeting convened to set the council tax. In addition, to recommend to Council the proposed Housing Revenue Account budget and associated capital programme for 2011/2012, including increases in rents and service charges from April 2011.

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. A completed draft of the plan will be considered as a separate item on this agenda.
- 1.4 The Cabinet is asked to consider this as an urgent item to enable its recommendations to be forwarded to the Budget Council meeting on 24 February 2011.

2. Background

- 2.1 On 30 November 2010 Cabinet considered the draft capital and revenue budget proposals, based on the principles and assumptions contained within the Medium Term Financial Plan (MTFP) 2011/2014 approved by Cabinet in September 2010. The MTFP highlighted a risk of a significant revenue funding shortfall based on the anticipated outcome of the Comprehensive Spending Review 2010 (SR 2010) that was to be announced in October 2010.

- 2.2 In the event both the SR 2010 and the subsequent Provisional Financial Settlement announced on 13 December 2010 confirmed these fears. In producing the draft budget in November the forecast was for a deficit in funding of some £21.5 million, shared as £19.5 million for the General Fund and £2.0 million for the Dedicated Schools Grant (DSG) component. The Provisional Financial Settlement worsened the position for the General Fund by some £4 million producing a deficit of £23.5 million, but the DSG component became balanced.
- 2.3 The capital funding component of the Provisional Financial Settlement reduced funding from £33.3 million in 2010/2011 to £14.8 million in 2011/2012 although the report on the settlement noted that some funding remained to be announced.
- 2.4 The Local Government Finance Settlement was finalised with the announcement on 31 January 2011 that confirmed the figures (both capital and revenue) already announced and reported to Cabinet in December 2010 save for a minor change in formula grant of £1,000. The headline figures for Medway for 2011/2012 are:
- Formula Grant £86.096m, being a decrease of 11.9% over the equivalent adjusted sum for 2010/2011;
 - A reduction in other grant funding streams of some £9.0m (excluding capital).
- 2.5 For Dedicated Schools Grant (DSG) the Department for Education (DfE) announced indicative figures for 2011/2012 on 13 December 2010. These confirmed the per pupil funding of £4,351.36 – a cash freeze against 2010/2011. However the position is complicated by the transfer of Standards Fund and Early Years grant into the DSG and the additional impact of the new Pupil Premium. Further complication is added by the transfer arrangements for Academies. The Schools Forum were advised of the financial position for their meeting on 20 January 2011.
- 2.6 The indicative DSG allocation for 2011/2012 is based on Medway's own estimate, from data supplied by individual schools, of the number of pupils in January 2011 (40,185) at the fixed Medway rate per pupil of £4,953.08 (adjusted to include standards fund transfer). The number of pupils represents an increase of 421 from the final number of pupils (39,771) as at January 2010, used for the final DSG allocation for 2010/2011. However the increase is largely accounted for by the technical change in the way early years numbers are counted and it is expected that pupil numbers will fall again for 2012/2013. The allocation will be adjusted in due course to reflect the actual pupil numbers in January 2011 and the early years headcount. The final pupil numbers are normally verified by the DfE in May and the final DSG allocation will not be known until then with any adjustment being against the schools' contingency fund.

- 2.7 For the purposes of approving the Council budget the DSG used is:
- DSG £199.074m, a cash increase of 0.3% above the adjusted DSG for 2010/2011 (this excludes the Pupil Premium and is before Academy transfers).
 - The final Formula Grant and the estimated DSG is set out in Table 1 below:

Table 1 Local Government Finance Settlement (Revenue)

	2010/2011 (adjusted)	2011/2012	2012/2013
	£ m	£ m	£ m
Grants Rolled in using Tailored Distribution		8.052	7.963
Relative Needs Amount		72.093	65.079
Relative Resource Amount		(26.067)	(24.175)
Central Allocation		35.523	31.668
Floor Damping		(3.505)	(2.268)
Total Formula grant	97.702	86.096	78.267
% increase		-11.9%	-8.3%
Dedicated Schools Grant	198.510	199.074	198.866
% increase per pupil		0%	0%

3. Capital Programme 2011/2012 and beyond

- 3.1 This section of the report seeks to ensure that the capital programme process is integrated with the process for setting the revenue budget and the level of council tax and all borrowing under the Prudential Regime for capital investment is affordable, prudent and sustainable. Cabinet will be considering the Treasury Management Strategy incorporating prudential indicators as a separate item on this agenda.
- 3.2 The capital programme for 2011/2012 and beyond incorporates current approved schemes as they are forecast to rollover into 2011/2012 and a proposed schedule of schemes for future years. The latest capital monitoring forecast, considered elsewhere on this agenda, shows that almost £46 million of the current approved programme of some £129 million will be delivered in future years and capital resources will either roll forward or new allocations will become available. Table 2 summarises the existing approved programme that falls into 2011/2012 and beyond, expressed by directorates and identifies funding sources. For completeness, the existing schemes that will continue into 2011/2012 are detailed and summarised in Appendix 2.
- 3.3 The Provisional Local Government Finance Settlement for 2011/2012 and 2012/2013 was announced by the Government on 13 December 2010. The settlement incorporated capital funding allocations which resulted in a significant reduction from those of 2010/2011 and earlier years. Some announcements are still to be made by Government departments and some funding allocations will be subject to bidding processes. All the capital funding is by way of grant (SCE(C)). There are

no longer any borrowing approvals (SCE(R)) to support capital expenditure although any unused approvals from previous years will be rolled forward as summarised in Table 2 subject to the availability of revenue to fund the annual borrowing costs of some £0.44 million that will fall from 2012/2013. Funding allocations announced to date are summarised in Table 3.

Table 2 Existing Approved Programme. Spend in 2011/2012 & Future Years

Directorate	£000	Funded By	£000
Business Support	7,246	SCE (R)	247
		Prudential Borrowing	1,050
		Government Grant	85
		Capital Receipts	2,862
		Housing Capital Receipts	481
		Other Contributions	2,521
Children and Adults	25,215	SCE (R)	4,989
		Government Grant	17,654
		Capital Receipts	170
		Housing Capital Receipts	6
		Other Contributions	2,396
Regeneration, Community and Culture	13,322	SCE (R)	258
		Prudential Borrowing	165
		Government Grant	6,777
		Capital Receipts	372
		Other Contributions	5,750
Member's Priorities	75	Government Grant	25
		Capital Receipts	50
Total	45,858		45,858

- 3.4 Apart from Devolved Formula Capital which is passed straight to schools, the new grant funding set out in Table 3 below is not ring-fenced. However, as in previous years, it is proposed to apply this funding to the relevant service. The subsequent paragraphs summarise the intended use of the funding available for each directorate.

Table 3 New Grant Funding Approvals 2011/2012 and Future Years

Directorate/Funding	Allocation	
	2011/2012 £000	2012/2013 £000
Business Support		
Disabled facilities Grants	Tba	
Children and Adults		
Basic Need	3,836	
Capital Maintenance	5,113	
Devolved Formula Capital	791	
DoH Capital Grant	489	504
Regeneration, Community & Culture		
Integrated Transport	1,477	1,576
Highways Capital Maintenance	2,353	2,350
Local Sustainable Transport Fund		
Waste Infrastructure Grant	Tba – mid Feb	
Total	14,059	4,430

3.5 Business Support Department

3.5.1 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. Although there is no longer a requirement for local authorities to contribute 40% towards DFG grant funding, the Council has continued this practice and has, indeed, provided considerable additional funding to satisfy the increasing demand for grants. The allocation for 2011/2012 has not yet been announced but CLG have confirmed their commitment to continue to support DFG's. If CLG grant is maintained at the current level of £739,000 for 2011/2012 a contribution from the Council of £493,000 would have been required under the former 60/40 relationship. Clearly with the demands upon the capital receipts and other funding streams this will be difficult as discussed at the end of this section of the report.

3.5.2 Capital funding for the Housing Revenue Account is discussed in more detail in Section 12 of this report. Funding of £3.446 million, in respect of Planned Maintenance and Disabled Adaptations, has been included in the capital programme at Appendix 2, being a combination of Major Repairs Allowance, Major Repairs Reserve and contribution from the HRA working balance. The total programme, including funding rolled forward from 2010/2011 will amount to £5.168 million and £0.397 million for Planned Maintenance and Disabled adaptations respectively.

3.6 Children and Adults Directorate

3.6.1 The Basic Need and capital Maintenance allocations have been supplemented by some £2.7 million of developer contributions towards education projects resulting in a total capital programme of £12.180 million for Children and Adults directorate summarised as follows:

	£000's
Condition Programme	4,991
Basic Need Programme	3,626
SEN Programme	2,677
Academy technical advisors and programme management	347
Accessibility	50
Adult personal social services	489
Total Children & Adults Programme	12,180

3.6.2 Condition Programme: This will cover roofs, boilers, electrical, fire risk, asbestos, ICT infrastructure and other condition works, as well as kitchen improvements and school security. The works will be prioritised based on the full set of condition surveys commissioned by the asset management team and will be funded to cover major risk items first, then statutory and health & safety works followed by other works. Condition funding is also now expected to include Medway's 19 Sure Start Children's Centres, which in previous years have received separate capital funding.

3.6.3 Basic Need Programme: This includes provision to meet the need for additional primary school places across Medway in coming years as a result of the increasing birth rate, works to provide additional accommodation in schools which are experiencing increases in overall roll numbers, projects to provide facilities to allow for expansion to an age range, for example the provision of an integrated foundation stage. The programme includes the allocation of developer contributions to provide additional places as a result of new housing developments. The need for additional places will be described in more detail in the School Organisation Plan, which will come forward to Cabinet in summer 2011.

3.6.4 SEN Programme: This funding is to deliver projects to support the Council's SEN Strategy including the development of two primary SEN hubs, one Emotional and Behavioural Difficulties unit, and an additional Hearing Impairment unit. All of these investments are targeted at increasing own capacity so as to reduce the need for expensive out of area placements

3.6.5 Academy technical advisors and programme management: The council needs to maintain its advisors to manage the contract administration stage of the Academy Programme as well as to provide the expertise required as set out in the appointment document approved by Cabinet in 2009 and also by Partnerships for Schools (Decision number 223/2009).

3.6.6 Accessibility: This funding covers ad hoc improvements to enable proper access to schools for physically disabled students/staff/visitors.

- 3.6.7 Adult personal social services: This funding replaces previous allocation for Adult Social Care and will support the ongoing Transformation Programme and facilitate delivery of innovative alternatives to residential care and greater investment in telecare and adaptations to allow individuals to remain in their own homes.

3.7 Regeneration, Community and Culture Directorate

- 3.7.1 On 13 December 2010, Ministers announced the final local transport capital block settlement for 2011/12 to 2012/13 and indicative allocations for 2013/14 to 2014/15. Medway Council received a slight decrease in Maintenance allocation (4%) and a considerable reduction in Integrated Transport (58%) compared to the current year before the in year public spending reductions. There is a separate detailed report on this agenda recommending Council to agree the LTP3 Transport Strategy which sets out the proposed LTP3 funding allocations for 2011/12 and 2012/13. In summary, the priorities for the funding are as follows:
- 3.7.2 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.
- 3.7.3 Highways capital maintenance. This is funding the maintenance of carriageways, footways, bridges, highway drainage and traffic signals.
- 3.7.4 Local Sustainable Transport Fund. On 22 September 2010 the government announced a new Local Sustainable Transport Fund of £560 million (comprising both capital and revenue) covering the next four year spending review period. Guidance for applications from this fund was announced on 19 January 2011. The purpose of the Fund is to enable the delivery of sustainable transport solutions that support economic growth while reducing carbon. These solutions will be geared to supporting jobs and business through effectively tackling the problems of congestion, improving the reliability and predictability of journey times, enabling economic investment, revitalising town centres and enhancing access to employment. Bids are currently being prepared.
- 3.7.5 Waste Infrastructure Capital Grant: This grant is intended to help local authorities increase recycling and reduce the amount of waste sent to landfill. Allocations are likely to be announced mid-February.
- 3.8 The total capital programme incorporating existing schemes and the new funding announced to date for 2011/2012 is shown in summary and directorate detail at Appendix 2. As funding announcements for future years are incomplete they have not been included at this stage. It can be seen from this appendix that the total capital programme for 2011/2012 and future years is approaching £66.1 million. However this is a considerable reduction from the current programme of £129 million elsewhere on this agenda and reflects the funding reductions already described together with a cessation of the Homes and Communities Agency programmes which amounted to some £30 million in the current programme.

- 3.9 Partnerships for Schools (PFS) funding for the Academies programme of some £80 million will be added to the capital programme once the figures have been confirmed increasing the programme to over £140 million.
- 3.10 The draft capital programme only 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. The following table summarises Council support for the capital programme in 2011/2012 which is deemed desirable to continue to maintain service delivery levels.

Table 4 Unfunded Requirements of the Capital Programme

Directorate/Service	General Fund Capital Receipts £000	Housing Capital Receipts £000
Business Support Department		
Building Repair and Maintenance Fund	1,000	
Private Sector Housing (See 3.11)		390
Disabled Facilities Grants		493
Regeneration, Community and Culture		
Highways Planned Works	1,500	
Total	2,500	883

- 3.11 In 2008 the Council received approximately £3 million from the Regional Housing Board to finance a programme of loans and crisis grants for vulnerable households living in the private sector. This funding was for 3 years and has now ended, and CLG and GOSE who administered the scheme have confirmed that there will be no further funding for this type of work. The majority of the funding has been used to provide a range of repayable loans, and we are currently working with other Local Authorities, and the finance and charitable sector on developing alternative sources of capital to assist those households who are unable to raise the necessary funds on the open market to undertake repairs in order to meet minimum legal standards. However, the requirement of £390,000 shown in Table 4 would allow the Council to carry out the following proposals:
- 3.11.1 Continue to provide crisis grants for particularly vulnerable households who either due to social and financial factors are unable to borrow the necessary funds from either private or third sector organisations. Where properties are in serious disrepair or need of improvement and fail to meet minimum legal standards, and if they are not improved the households would be unable to remain in their own home and could need residential or alternative housing. In many cases the works required are associated with the need for a Disabled Facilities Grant (DFG). For example whilst the installation of a stair lift would be considered under the DFG the cost of making the homes electrical installation safe to allow the lift to be fitted would not be eligible and

without which the stair lift could not be installed resulting in the disabled person needing either an extensive care package, re-housing or residential accommodation. Their provision is essential in helping vulnerable households remain living safely in their own homes.

Based on current demand it is anticipated that there will be approximately 30 households a year who will meet the strict eligibility criteria as set out within the Council's Private Sector Renewal Strategy. The maximum grant payable is £3,000, with an annual demand of up to £90,000 per annum. Such an investment would allow vulnerable people to remain living in their own homes.

- 3.11.2 Continue the programme to assist vulnerable households living in private properties to carry out works to their homes to deal with serious disrepair or improvements to meet minimum standards and reduce fuel poverty. Works will primarily focus on assisting households at risk from excess cold through the provision of loans to fund a range of works including the provision of heating, hot water, insulation and related works.

Based on the current programme this programme could assist up to 30 vulnerable households a year who will meet the eligibility criteria as set out within the Council's Private Sector Renewal Strategy. The loans would be up to a maximum of £10,000 repayable over 5 years with an allocation of £300,000.

- 3.12 Members are reminded that, as part of the Government's public spending reductions last summer, £449,000 was removed from the capital programme which was to be match funding for a Heritage Lottery Fund (HLF) bid for essential repairs to Eastgate House. However, it was acknowledged that this sum would be reinstated should the lottery bid be successful. The bid has now secured a Round 1 pass and an £80,000 development grant is available for the delivery of the Round 2 bid, and it is anticipated a Project Manager will be recruited to work up the scheme to be submitted. This first round pass means there is now an 80% likelihood of receiving the £1 million applied for and in that event would require the reinstatement of the withdrawn funding as previously agreed. Although the results of the bid will not be known until November/December 2012, HLF require a clear commitment from the Council that funding will be available for the scheme.
- 3.13 It can be seen from the above that almost £3.4 million of Council funding is required to maintain current provision for those services outlined in Table 4 and a further one off contribution of £449,000 required in 2012/2013 to match the HLF funding bid. Clearly, this would be a considerable drain on Council resources and the following paragraphs demonstrate the paucity of available capital receipts.
- 3.14 In recognition of the slow down in the realisation of capital receipts additional borrowing of up to £10 million through the prudential regime was approved in 2008/2009 to fund the capital programme in advance of anticipated receipts. Debt repayments on this borrowing are only in respect of interest. By March 2012 almost £7.8 million will have been

used from this source (including £5.4 in 2008/2009) and this will need to be repaid in 2011/2012 and beyond.

- 3.15 Table 5 shows that, after funding the existing approved capital programme, excluding the unfunded additions referred to in paragraph 3.13, the overall balance of unused capital receipts is forecast to be some £1.3 million as at 31 March 2012. This also does not include repayment of the £7.8 million of prudential borrowing referred to above. Assuming the current capital receipt target of £4 million p.a. is achieved, repayment of this prudential borrowing will be deferred until 2013/2014. It is therefore clear that outside of existing approved funding there is little scope for adding to the programme at this time. The existing, committed, programme already stretches potential capital receipts against the current state of the property market.

Table 5 Movement in Capital Receipts

Description	General Fund Receipts £000's	Housing Receipts £000's
Balance @ 1 April 2010	800	999
Anticipated Receipts 2010/2011	3,920	645
Borrowing 2010/2011	2,341	0
Less funding for balance of 2010/2011 approved Capital Programme:	(7,061)	(900)
Estimated Balance at 1 April 2011	0	744
Anticipated Receipts 2011/2012	3,805	655
Borrowing 2011/2012	0	0
Less funding for balance of 2011/2012 approved Capital Programme:	(3,454)	(487)
Estimated Balance at 31 March 2012	351	912

4. Revenue Budgets 2011/2012

- 4.1 The draft budget approved by Cabinet on 30 November 2010 reinforced the principles set out in the MTFP and built on the progress made in recent years encapsulating the strategic priorities for Medway as set out in the Council Plan considered elsewhere in this agenda. The Council Plan maintains the existing two core values although the key priorities are reduced to five. It sets out what the council seeks to achieve over the period April 2011 to March 2014. A summary of these priorities and outcomes is provided below:

The five 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
- Everybody travelling easily around Medway
- Everyone benefiting from the area's regeneration

Our two core values set out the principles of the how we work to deliver these priorities, they are:

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

- 4.2 In addition, the underlying financial aims of the MTFP and draft budget remain as:
- To ensure there is a sustainable budget, without recourse to the use of reserves;
 - To generate efficiencies, in partnership with others where appropriate, for re-investment in priority spending. This extends to approving a set of efficiency projects in each financial year;
 - To consider 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
 - To avoid the sanction of central government controls, for example capping.
- 4.3 The budget proposals in this report have been prepared with these principles in mind.
- 4.4 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 £21.5 million in excess of the anticipated resources available, largely driven by an anticipation of grant reductions, pressures already experienced and the continued growth in those pressures. A significant element in the pressures arose from the fact that the budget for 2010/2011 was dependent on the one off use of reserves and £3.6 million of recurring funding requirement carried forward to 2011/2012.
- 4.5 Both the Provisional and subsequent Final Local Government Financial Settlement which was announced on 31 January 2011, as described earlier, increased the General Fund shortfall from £19.5 million to £23.5 million although the DSG shortfall of £2 million was removed.
- 4.6 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 7 of this report.

- 4.7 Medway currently has the seventh lowest council tax of all mainland unitary authorities and is, currently, on average, almost £130 below the combined council tax for Kent County Council (KCC) and Kent districts. The new Council Tax Freeze grant is likely to mean that as with Medway, KCC, Fire and Police together with Kent Districts will all declare nil council tax increases. Against this backdrop capping will not be a risk for 2011/2012.
- 4.8 Council, on 13 January, agreed the council taxbase for 2011/2012 at 88,033.68. The additional yield from the revised council taxbase and the anticipated income from the 2.5% Council Tax Freeze grant will produce an extra resource of £226,000 in comparison to the resource assumptions upon which the 30 November report was based.
- 4.9 The revenue budget that Medway must set is determined by the quantum of Government Grant and the amount raised from council tax. To that end it can be summarised as follows:

Table 6 Funding Medway's Revenue Budget 2011/2012

	£ m
Formula Grant	86.096
Dedicated Schools Grant	199.074
Council Tax (Taxbase 88,034 @ £1,119.15)	98.523
Council Tax Freeze grant (Taxbase 88,034 @ £27.98)	2.463
TOTAL	386.156

5. Council Plan 2011/2014

- 5.1 The Council Plan is the organisation's over-arching business plan which sets out the outcomes that the council wants to achieve during the life of the plan. This year, in response to the changing landscape and the implied freedoms and flexibilities from government for councils to set their own agenda, it has been agreed by Members that the plan will be streamlined. It will contain a smaller number of outcomes, which will be measured by meaningful measures of success.
- 5.2 Since the last plan was agreed in February 2010 the national policy and financial landscape has changed following the election and the formation of the coalition government. Uncertainty about the size and phasing of funding reductions until very recently, the budget setting process and the changing policy landscape in key areas, have posed a number of challenges in developing the Council plan to ensure it is a relevant document.
- 5.3 Cabinet have already agreed that the Council Plan 2011-12 will be different to previous plans. It is imperative that the Council Plan reflects: council priorities; is fit for on going inspection requirements (notably in relation to children's services and adults social care); is achievable within anticipated resources.

- 5.4 As options for meeting the 2011/12 budget gap are debated, some of the commitments included in the draft plan may need to be revisited. Changes made to the budget up to and including Full Council may also have impact which will need to be reflected in the final version which Members agree. The draft Council Plan is considered as a separate item on this agenda.

6. Overview and Scrutiny Response

- 6.1 Business Support Overview and Scrutiny Committee considered the views of individual scrutiny committees, together with its own, on 27 January and the recommendation together with individual responses of Overview and Scrutiny Committees is shown in full at Appendix 1 and summarised below. Additional comments were made by Business Support Overview and Scrutiny on 15 December 2010.

Business Support 15 December 2010

It was agreed that the Members Discretionary (Ward Improvement) Fund of £165,000 would be considered by this committee when it considered the draft budget within its remit on 27 January 2011.

Regeneration, Community and Culture 21 December 2010

Members expressed concern over the timing of the budget meetings and the lack of opportunity to consider detailed budget proposals especially in view of the significant financial pressures being faced by the Council and the effect on staff.

Children and Adults 20 January 2011

Similar concerns were expressed that members did not have an opportunity to consider all possible budget options.

In addition, the following specific points were raised:

- the recommendations made in relation to SEN provision (considered elsewhere on the this agenda) should be highlighted in the budget report to Cabinet;
- the message be sent to Cabinet that when decisions are made with regard to cuts, the long term effect and cost to Medway also be analysed;
- the Cabinet be made aware of the implications for sixth form education in schools and of both the impact of the likely reduced funding from the Young People's Learning Agency and the removal of Education Maintenance Allowances (EMA).

Health and Adult Social Care 25 January 2011

No comments were made which affect the draft budget proposals.

Business Support 27 January 2011

The Committee reaffirmed its commitment to the Ward Improvement Fund and echoed the concerns raised by other overview and scrutiny committees as to the timing of budget meetings and the opportunity to discuss budget proposals.

Further specific recommendations were made that Cabinet:

- Acknowledges the urgent need to invest in improving Medway's special schools as identified in the SEN Strategy;
- Analyses the long-term effect of budget cuts;
- Is aware of the impact of reduced funding on sixth form education;
- Is informed of the concern that all members of the Council do not have the opportunity to consider budget proposals and
- Re-visits the timing of budget meetings.

7. Revenue Budget 2011/2012 – Proposals to Bridge the Budget Gap

- 7.1 The funding shortfall of £21.5 million in the draft budget report on 30 November, rising to £23.5 million as identified in the Financial Settlement report to Cabinet on 21 December 2010 has been subject to continuing work both through the overview and scrutiny process and by officers in consultation with portfolio holders. Table 7 below summarises the changes from that position to the proposal presented in this report. Paragraphs 7.4 onwards outline the changes made since 21 December 2010 with an overall summary of budget build and detail of the directorate review savings in Appendices 3 and 4 respectively.

Table 7 Budget Changes

Budget Preparation Summary 2011/2012		
		£000s
General Fund		
Budget Gap 21 December 2010		23,483
Less:	Increment Freeze	1,470
	Reduction in Er's Pension contribution	1,014
	Reduction in 2 nd Homes discount	226
	New Homes Bonus	1,188
	Reduction in Treasury pressure	1,000
	SUB TOTAL	18,585
	Savings from Directorates (Appendix 4)	
	Children & Adults	10,767
	Regeneration, Community & Culture	3,671
	Business Support	4,072
	Public Health	132
	SUB TOTAL	(57)

- 7.2 The draft budget report as set out on 30 November identified a number of workstreams to identify savings proposals and reduce pressures on the budget. Whilst the final settlement has not materially changed the formula grant position reported in December or the DSG, there is an assumption that expenditure falling within the definition of the latter can be contained to that sum.
- 7.3 In respect to the DSG the Schools Forum has the responsibility for determining the allocation of DSG between the centrally retained functions of the Local Authority (the Central Expenditure Limit or CEL) and the delegated schools budget. Overall the projection for the DSG funded services is that expenditure can be contained to the level of grant received, including meeting minimum funding guarantees for schools, but the CEL requires the consent of the Schools Forum to exceed the specified total. This is due to the combined effect of the funding transfers associated with the movement of Standards Fund grant into the DSG and the impact of the transfer of funds for the Academy programme. Before taking into account the deductions relating to academy conversions, the centrally retained headings in 2011/12 represent only 9.0% of the Schools Budget compared to 9.6% in 2010/2011. However, after the Academy transfer the CEL increases to 11.2% – an excess of £5.5 million. The Schools Forum met on the 7 February 2011 and, whilst agreeing to the increase attributable to the Academy transfers (£4 million), they were unable to agree the £1.5 million associated with the Standards Fund. Officers are considering the consequences of this response and the necessary adjustments will be reported to Council on the 24 February 2011.
- 7.4 The budget build assumed the agreed pay rise for teaching staff but assumed a nil increase for all other staff. Additionally Cabinet instigated a consultation on a proposal to freeze increments and the results of that consultation were reported to Employment Matters Committee on 1 February 2011. Their recommendation to Council was that the proposed freeze be implemented save for some staff on career grades and lower paid staff. This proposal will save £1.470 million.
- 7.5 Since the draft budget was prepared the outcome of the 31 March revaluation of the Local Government Pension Fund has been finalised. Contrary to national publicity the Fund has performed well and the Actuary has determined that the employer contribution rate that the Council pays can be reduced from the current 21.3% to a revised 19.5% fixed for the next three years. This will save some £1.014 million to the General Fund and have a similar but smaller impact of DSG costs.
- 7.6 At the Council meeting on 13 January 2011, the Council agreed a taxbase of 88,033.68 for 2011/2012. This is greater than the figure used in the draft budget, principally because of the change to Second Homes Discounts. The effect of this change is an additional resource of £0.226 million.
- 7.7 In the announcement of the Local Government Finance Settlement the Minister confirmed the proposals to introduce a 'New Homes Bonus'.

This is 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 over a seven year period. For Medway Council we have calculated that the grant payable in 2011/2012 and the following six years will be £1.188 million and this is additional resource to the general Fund.

- 7.8 In the draft budget provision was made for the replacement of the reserve contribution buffering the 2010/2011 reduced level of investment income. However this was already included in the base budget calculation but funded from reserves and therefore the additional allocation to base budget was unnecessary. The removal saves £1.0 million.
- 7.9 Paragraphs 7.4 to 7.8 yielded a very welcome £4.898 million reduction to the deficit, reducing the task to finding savings of some £18.6 million. Appendices 4a to 4d set out the detail and front line service impacts of the proposals that have emerged from a difficult review of the Council's budget. Some of this impact has been revealed already as a consequence of the need to embark on the requisite consultation with staff and these proposals were detailed in the Cabinet report on the 27 January 2012. Other staffing based proposals will have been, or are in the process of being, consulted upon under delegation by Cabinet on 21 December 2011.
- 7.10 Specific proposals from directorates total £18.7 million and comprise:
- Children and Adults Services - £10.8 million against a general Fund budget requirement of £114.3 million;
 - Regeneration, Community and Culture - £3.7 million against a requirement of £48.7 million;
 - Business Support - £4.1 million against a requirement of £29.9 million; and
 - Public Health - £0.1 million against a requirement of £0.4 million.
- 7.11 The more significant proposals are outlined in the following paragraphs.

7.12 Children and Adults (Appendix 4a)

- 7.12.1 *Adult Social Care (ASC)* has the largest budget for a service (excluding schools) in Medway at some £70.4 million to meet the needs of vulnerable adults and older people. It is also a service subject to pressures from the demographics of the population both for older people and adults with disabilities. However it remains important to ensure that we have value for money from the services that we commission or provide and that there is equity and transparency in the way services are provided to clients.

The current monitoring reports indicate that ASC budgets will be significantly underspent - November forecast was for a £1.24 million underspend. The service have agreed that the robust management action which created a significant element of this underspend has

recurring impact and accordingly the base budget will be reduced by £1 million to reflect the non-salary component

The Government in funding the required linkage between health and social care for 2011/2012 has allocated some £2.6 million of funding, initially to Medway NHS, for use as 'spending power' for Medway Council social care. The intention for these funds is that they assist us in achieving our shared ambition for reablement, which will help us both to manage the increasing demands of an ageing population. To that extent the draft budget contains proposals to capture both these facets of the ASC budget and the appendix identifies the use of £2 million of these resources with the balance held back for new, which together will deliver our agreed outcomes.

Recent developments with partner organisations have created an exciting opportunity to both enhance service provision and reduce costs in respect of elderly mentally ill (EMI) clients we look after. There are still some issues to be resolved but it is believed that significant savings of £1.265 million can be achieved with an enhanced service offer.

The legitimate emphasis that has been placed on personalisation and direct budgets has exposed anomalies in the way in which the Council calculates contributions for social care. These will be addressed to create an equalised and fairer system that will yield an additional £1 million of income.

The last significant adjustment proposed for ASC budgets is in respect of the Supporting People commissioning arrangements. Our contracting arrangements with external providers have previously focussed on expending the available grant. Clearly in much leaner times this needs to change with a more robust view of outcomes and value for money and that process has already commenced. A large number of contracts have been on hold for a time now pending clarity about how the resource would be deployed by Government. The Financial Settlement consolidated Supporting people funding into Formula Grant and as indicated earlier this has now been subjected to an 11.9% cut with a further 8% cut to follow in 2012/2013. It is believed that a £1.139 cut in the provision can be accommodated whilst ensuring that the legitimate service needs of clients can be met.

7.12.2 Commissioning, Contracts and Business Support.

Whilst a relatively small part of the directorate in terms of budget requirement (£2.8 million), this component includes the management team costs and has a significant impact across all directorate services and an important partnership role. To reflect the changed school improvement role for the Council there is a proposal to restructure from five Assistant Directors to four, and combine the inclusion and improvement functions. This proposal will save £0.095 million. Other restructuring proposals at lower levels have yielded a further £0.37 million of savings.

It has been an intention to create a more unified commissioning and procurement function across the directorate and this is now subsumed within the remit of the Assistant Director, Commissioning and Strategy. A modest target saving of £0.5 million has been agreed alongside this reorganisation to be achieved without a degradation of service delivered.

7.12.3 *Learning and Achievement*

A significant feature in the Financial Settlement was the movement of Standards Fund grants from the specific grant regime outside of the DSG to an increased quantum of DSG. The specific grants have ceased and the functions they supported no longer have that funding stream available. For the most part the additional £23.9 million now allocated within the DSG through an enhanced per pupil funding, will pick up the school based activities that the grant regime funded. However, in addition there has been a significant change to the strategic school improvement function of the Local Authority. A number of grants that were financing this activity have ceased without any corresponding transfer to the DSG and, as set out in the Cabinet report on the 27 January, it is now proposed to reflect the new LA school improvement role, funded from the General Fund to in a much reduced entity. This proposal will save £0.652 million.

7.12.4 *Early Intervention Grant (EIG)*

Part of the announcement associated with the Financial Settlement was the creation of a new 'Early intervention Grant'. This subsumed a number of grants that were previously issued by the Department for Education (DfE). In total these grants amounted to £12.8 million for 2010/2011 although this was reduced to £11.2 million as part of the mid year cuts. The major components of this total were Sure Start (£6.9 million), Connexions (£2.6 million) and Aiming High – short breaks for disabled children (£1.1 million) plus a number of smaller elements. In producing the grant for 2011/2012 the £11.2 million was reduced still further and the grant applicable for 2011/2012 is now £10.236 million.

In building the budget for 2011/2012 the mid year savings of £1.6 million have been applied to a number of areas outside EIG headings leaving a base of £11.752 million. Specific proposals for cessation of: Targeted Mental Health Services (£0.169 million), the Youth Opportunities Fund (£0.150 million), a reduction of a further £0.150 million saving against the Connexions budget and the Preventative Fund activity was cut back by £0.1 million are detailed in the Appendix. The Council have agreed to guarantee the Sure Start funding but it will be necessary to reduce the spend on other EIG components by £0.966 million to keep within funding, including £0.132 million for teenage pregnancy prevention measures within the Public Health block. This will require a more flexible approach to delivering the outcomes required within EIG funding.

7.12.5 *Specific Grants*

Most grant impacts have been addressed within the budget build and as part of the deficit emanating from the Financial Settlement. However on 21 December the Council received a letter signed by a number of ministers that promised a further announcement on funding streams associated with a new Crime Strategy that would encompass Home office, Ministry of justice (now including the Youth Justice Board), Department of Health and other funding agencies' funding commitments. This is still to materialise although informal advice relating to the Home Office is that there will be a 20% cut in grant compared to that in 2010/2011. This is most unsatisfactory given the necessity of producing a budget that is balanced and leaves little option at this stage than to treat the missing grant as a required reduction of some £0.81 million.

7.13 Regeneration, Community and Culture (Appendix 4b)

7.13.1 Total savings for the directorate are some £3.7 million although individually there are only fifteen that are £0.1 million or more. Appendix 4b sets out the individual savings with a comment on service impact.

7.13.2 *Waste Services (£1.039 million total)*

The major savings in this area relate to reducing aspirations for service improvements that are in the new contract but there will be a need to work with the contractor to achieve these.

7.13.3 *Highway sand Parking (£0.25 million total)*

Principal savings relate to loss of grants and a reduction in lighting repair response.

7.13.4 *Safer Communities (£0.317 million total)*

The major saving in this area is the re-structuring of the enforcement teams to achieve efficiency gains.

7.13.5 *Capital Projects, Road Safety and traffic Management (£0.133 million total)*

Some re-structuring but also income generation measures.

7.13.6 *Development management, STG and Local and Regional Planning (£0.453 million total)*

Some re-structuring but also income generation measures and overhead reductions.

7.13.7 *Integrated Transport (£0.363 million total)*

Reduction in costs of concessionary fares scheme, some minor reductions in bus subsidies, income generation and reduced overheads.

7.13.8 *Tourism (£0.208 million total)*

Various reductions in operating costs that will result in some decrease in the service offer.

7.13.9 *Economic Development and Social Regeneration (£0.376 million total)*

Various reductions in operating costs that will result in some decrease in the service offer.

7.13.10 *Theatre, Arts and heritage (£0.145 million total)*

Re-structuring of management posts and some small reduction in operating costs that are not expected to impact on service delivery.

7.13.11 *Greenspaces (£0.235 million total)*

The more significant areas here are the contract reductions and staff losses in the tree team and ranger services. Managers are confident they can achieve the savings without significant impact on service delivery.

7.13.12 *Leisure services (£0.120 million total)*

The land raising income at Deangate is a one off receipt that was expected this year and has been used to offset the continued contribution to the Fuse festival and the Festival of Sport. The other managerial and consultant costs are not expected to have an adverse impact on service.

7.13.13 *Director's office (£0.032 million total)*

The reduction in a post in the emergency planning team will impact on our support to partners.

7.14 Business Support (Appendix 4c)

7.14.1 Total savings for Business Support are some £4.1 million although individually there are again only fifteen that are £0.1 million or more. Appendix 4c sets out the individual savings with a comment on service impact.

7.14.2 *Housing and Corporate Services*

The three major savings proposals relate to staffing reductions in the empty homes team (3.00 FTE) that will impact on the number of such properties bought back into use, a restructure of caretaking and other building staff at Gun Wharf (4.00 FTE), and the vacation of the depot at Strood. Together these amount to £0.35 million from a total saving in the division of £1.35 million. All of the other proposals are for individual savings of less than £100,000 per annum and although the homelessness prevention reductions will limit the ability of the service to respond there remains a £0.6 million package of measures to provide support.

7.14.3 *Chief Finance Officer*

The two major savings were from staffing reductions in benefits and accountancy. For benefits this is as a consequence of deleting 5 vacant posts from the benefits establishment which, subject to the absence of a sudden increase in caseload, can be absorbed by efficiencies especially in the automated input of claim data. The accountancy reductions arise from the removal of a senior manager post and the centralisation of devolved posts.

7.14.4 *Communications, Policy and Partnerships*

The two major savings in this area are as a consequence of restructuring the communications and marketing team with a loss of 6.2 FTE posts and an inevitable reduction in capacity, together with a reduction in the marketing budget across the council with a consequential reduction in the number of campaigns undertaken.

7.14.5 *Organisational Services*

All of the savings proposals in this area are significant in terms of being in excess of £100,000. However it is not expected that there will be a significant impact on front-line service delivery. There will however be an impact on the level of training and support currently delivered across the council. The savings also include an important income flow from the shared use of the computer accommodation in level 2 at Gun Wharf.

7.14.6 *Democracy, Governance and Customer First*

There are 3 significant savings proposals in this area delivering some 53% of the saving proposed. For Customer First the saving of £0.176m arises as a result of the end of the repayment period for the prudential borrowing scheme to fund the technology and other investment employed in creating Customer First as an entity. In bereavement services there are a number of reductions to operating costs and income generation that yield £0.104 million. In Democratic Services the staffing reductions will yield £0.1 million although there is a schedule of proposed changes to the meeting schedules that enable this to be delivered.

7.15 Table 8 overleaf summarises the proposed budget requirement for 2011/2012 at directorate level and analysed between gross and net expenditure. This is exemplified more fully in Appendix 3 and the directorate schedules in Appendices 4a to 4d.

Table 8 Summary Budget Requirement 2011/2012

Directorate/Service	Proposed Budget		
	Expenditure	Income	Net
	£000s	£000s	£000s
Business Support	149,909	(121,103)	28,806
Children and Adults	363,951	(43,287)	320,664
Regeneration Community & Culture	68,901	(23,731)	45,170
Public Health	1,128	(902)	226
Interest & Financing	19,776	(4,418)	15,358
Levies	974	0	974
Total Net Budget	604,639	(193,441)	411,198

7.16 The council is embarking upon a major long term transformation programme to improve the efficiency of the way it does business whilst at the same time improving standards of customer service. The programme is called Better for Less and it will run over the next four years. The first two key strands of this work are transforming the way we deal with customer contact and assessment, and reconfiguring and reducing the council's administration and business support. Over the next four years these strands are projected to make cumulative savings of £13.9 million and by 2014/2015 the council's year on year spend in these areas will be £5.8 million less than the equivalent spend for 2010/2011. This is a long term programme, and to ensure sustainable savings and the improvements to customer service, investment is required, predominantly in IT systems and staff training. The investment costs mean that the programme will not deliver savings in 2011/2012 but will do so from 2012/2013 onwards. The costs for 2011/2012 are currently being finalised and will be included as part of the budget report to Full Council.

8. Capping Regime

8.1 Given that the proposal now presented is for a nil increase in council tax the capping criteria will not apply.

9. Fees and charges

9.1 The draft budget proposals have been formulated on an assumption that fees and charges would increase by an overall average of 2.5% to cope with the loss in real income as a consequence of the increase in VAT. 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.

10. General Reserves

- 10.1 One of the key aims of the MTFP is to produce a sustainable budget without recourse to the use of reserves. It remains key to the strategy that the overall level of non-earmarked reserves is maintained at circa 5% and this will be difficult in the future if reserves are required to support the revenue budget. However in mitigating the risks (see section 15) it is proposed that General reserves be set-aside in 2010/2011 as a contingency.
- 10.2 The balance of the general reserve at 31 March 2010 was some £17.1 million, including £10 million held as a contingency balance. The proposed contingency (recommendation 19.4 refers) will not impact on the overall contingency balance of £10 million.
- 10.3 The adequacy of the level of the contingency balance is a matter of judgement based upon risk. The Council has previously based the required level on a broad requirement of 5% of the net, non-schools, budget (schools maintain their own reserves). At £10 million the balance represents 5.3%, which is in accord with this strategy.
- 10.4 The latest revenue monitoring for 2010/2011 indicates a break even position for General Fund services and, based on past experience, it is reasonable to assume that this position will improve. There will be a need to provide for any costs as a consequence of decisions made in 2010/2011 and this will catch any redundancy notices that are issued before the 31 March 2011. In addition prudence dictates that provision is made for all the costs of severance associated with the staffing reductions in forming the 2011/2012 budget.
- 10.5 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 it is not conceivable that management controls would not trip in, as they have been successfully deployed in previous years, to contain the potential overspending within the year and deal with the causes in the next budget setting round.
- 10.6 The second significant risk to be covered by this reserve is that of a catastrophe led spend. Obviously the events in Gloucester in 2007 and 2008 and Cockermouth in 2009 serve as a prudent reminder of such occurrences. None the less there are compensatory schemes to mitigate such events and these include the Government 'Bellwin' 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 level of the Insurance Fund was £4.6 million in 2010/2011 including provision for identified liabilities of £1.6 million and, whilst reserve cover of a greater amount would be a comfort, it is not warranted on a risk-assessed basis.

11. Precepting obligations and Council Tax Leaflet

11.1 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 special Council on 24 February 2011. Whilst the final rate will be dependent on the level of spending, it will also be affected by:

- The council tax base of 88,063.88 agreed by Council on 13 January and incorporated in the funding proposals in Table 6;
- The parish precepts;
- The Kent Police Authority (KPA) precept. A budget meeting will be held on 9 February where it is understood a proposal will be made for a nil increase in their council tax requirement. The outcome of this will be included in the report to Council.
- The Kent Fire and Rescue Service (KFRS) precept. A budget meeting will be held on 16 February where it is understood a similar proposal will be made for a nil increase in their council tax requirement. The outcome of this will be included in the report to Council.

12. Housing Revenue Account

12.1 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.

12.2 Preparation of the 2011/2012 Housing Revenue Account budget has been driven by a number of specific issues that impact upon the service. Which are listed below:

- Rent Restructuring;
- Performance Management;
- Business Planning.

12.3 In accordance with the Constitution, a comprehensive report incorporating the above issues was submitted to Business Support Services Overview and Scrutiny Committee on 27 January 2011. The committee considered the detailed HRA revenue and capital estimates and proposed increases in rent and service charges and their recommendations for Cabinet are set out in Appendix 1 and encapsulated in the recommendation at 20.1 of this report.

12.4 The budget proposals include an average rent increase of £3.63 per week (based on 50 collection weeks) in line with Government guidelines, an increase in garage rents of 4.6% and an increase in service charges between 2011/2012 and 2014/2015 in order that the true costs of providing services are recovered. The average increase in 2011/2012 would be 7.56%.

12.5 The summarised housing revenue account is attached at Appendix 5.

- 12.6 The detailed plan for capital works within 2011/2012 is currently being produced, in line with the asset management strategy. The forecast cost of HRA capital works (including disabled adaptations) is £5.565m. This projected expenditure will be funded by way of:
- £2.875m Major Repairs Allowance/Major Repairs Reserve and
 - £2.690m Contribution from HRA Working Balances.
- 12.7 The proposed capital budget of £5.565m is split into planned maintenance and disabled adaptations with budgets of £5.168m and £0.397m respectively.
- 12.8 The stock condition survey completed in 2009/2010, together with the asset management plan will allow for better planning of capital costs for works and repairs, and for decisions to be made on planned maintenance. It is not expected that the required programme for 2011/2012 will exceed £5.565m. If however any additional expenditure is required due to unforeseen exceptional circumstances, it could be funded from the remaining HRA working balance which is estimated to be £4.235 million at 31 March 2012.

13. Legal Considerations

- 13.1 Sections 32 and 33 of the Local Government Finance Act 1992 require that the Council sets a budget and council tax by 11 March each year. The same legislation requires that a billing authority shall make a calculation of the budget requirement (Section 32), being the aggregates of expenditure and income in the prescribed form together with information on Parish precepts. The Act (Section 33) 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.
- 13.2 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.
- 13.3 In seeking to finalise the overall shape and detail of the budget for 2011/2012, Cabinet needs to be cognisant of the following legal considerations.
- 13.4 *Council budget.* General advice on making budget decisions:
- 13.4.1 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.

13.5 *Legal Obligations.* The general advice includes:

13.5.1 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.

13.5.2 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.

13.5.3 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.

13.6 *Charges for services:*

13.6.1 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.

13.7 *Members' responsibility to make a personal decision:*

13.7.1 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.

13.7.1 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 disregard 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.

13.7.2 *Capping* – Given the proposal for a nil increase in Council tax this legislation will not apply if that proposal remains firm. However, members are reminded that setting a council tax in excess of government expectations will almost certainly result in the minister designating the authority and it is extremely unlikely that a successful legal challenge to this decision could be made.

13.8 *In respect to the Housing Revenue Account*

13.8.1 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.

13.8.2 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.

13.8.3 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.

13.8.4 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 2011/2012 the latest date for posting the notices is 2 March 2011.

14. Risk Management

14.1 The unprecedented scale of the challenge in closing a financial deficit of some £23.5 million has inevitably meant that there are risks inherent in the budget as presented to members. There remain as in previous years risks that underlie the assumptions in the budget builds and these are described below.

14.2 In addition in the budget construction for 2011/2012 there is an unknown quantum in the cost of severance associated with the proposals affecting staff, including not only the required costs of redundancy and where applicable, early retirement, but also the potential delay in the achievement of savings as a consequence of the consultation, selection and notice period for the staff affected. To combat this serious risk it is proposed to set aside a sum of £3 million from the General Reserve balance and hold as a contingency against these potential costs. It is impossible to quantify the extent of these costs as they will depend on the specific circumstances of individuals as yet largely unknown. However if the legitimate expectation that a number of staff are either re-deployed or succeed in finding alternative employment in advance of redundancy is applied and an assumption were made that average severance payments were at £20,000 per person for an estimated 100 staff then £2 million would be a reasonable estimate. In addition given that savings are dependent on notice periods that for some staff may stretch beyond the 31 March 2011, then any delay could cost some £400,000 per month for the savings involved.

14.3 Other risks in the budget construction and general finances for 2011/2012 include:

- Further demographic pressures within Children and Adult Services in adult social care and children's services may surface in 2011/2012 above those assumed in building the budget. The current revenue monitoring position would suggest that, following considerable increases in funding over the years, the budget overspends for the directorate as a whole reported in the past are now under control. However, 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 Haringey and more recently Doncaster.
- There is continued debate about a 'double-dip' recession and if such a downturn in the economy occurs then income targets such as car parking and leisure facilities may not be achieved, and there will be additional demand for services e.g. homelessness, care, benefit payments etc;
- As with recent experience, extreme weather may increase the demand for highway maintenance and put pressure on other front line services;
- Inflationary increases and pay award predictions have been set at nil other than for particular contractual commitments. Clearly current RPI indications will put strain on these assumptions;
- There is no allowance at this stage for discretionary service improvement priorities and any such proposals will require the identification of additional resource.

15. Diversity Impact assessment

- 15.1 It is recognised that reductions in public spending are likely to lead to difficult financial decisions. Under the equality legislation the council has legal duties to pay 'due regard' to the need to eliminate discrimination and promote equality. The law requires that 'due regard' is demonstrated in the decision making process. In practice the authority must show it has thoroughly considered any impact these decisions could have on equality groups before any decisions are arrived at. Failure to properly assess the impact of decisions risks leaving the authority open to legal challenges and residents and service users could feel that their concerns are not being listened to. Meeting the equality duty does not prevent people from making difficult decisions about reorganizations, 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.
- 15.2 Staffing issues are being reviewed separately. Once the numbers and roles for redundancy have been finalised, the staffing DIA will be completed and reported to Employment Matters Committee. The proposed redundancies are being carried out in accordance with the Council's reorganisation procedure, and formal consultation with the trade unions and staff has taken place and is continuing. The process adopted is in accordance with the council's redundancy procedure and complies with the general principles of fairness.
- 15.3 In relation to reductions in funding to services, attached at Appendix 7 is an assessment that aggregates impact, in recognition that some individual proposals on their own may not be significant but the cumulative effect of a number of proposals could have impact on particular groups. 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 it is introduced. To mitigate against any unintentional and unidentified impact, monitoring will continue and will be reported through quarterly monitoring if necessary. For background information the individual assessments on proposals can be found under Budget 2011/2012 at <http://www.medway.gov.uk/equalopportunities/diversityimpactassessments>
- 15.4 The budget report sets out in full the proposals and funding reductions impacting on the council. Clearly in a time of limited resource it is not possible to fund the full range of services that may be asked of the council and choices will have to be made. However, the budget has been compiled to meet its 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 efficiency savings. Generally the Council is trying to achieve better for less so many of the savings proposals will mean resources are better targeted to need and duplication will be removed and back office functions consolidated.

- 15.5 The budget paper sets out proposals and implications of these proposals. The table below gives an overview of where these proposals have been identified as having possible impact that should be considered. The cumulative impact of these proposals show there will be impacts on diverse groups but the proposals reflect an overall course of action which tries to do this as fairly as possible, in view of the savings that are required. Wherever possible, actions have been identified against proposals with the aim of reducing any impacts by making reasonable adjustments.
- 15.6 Clearly if a service reduction is taking place in a service that is provided for a particular group for example over 65's, that is the group that will be disproportionately impacted upon and that is reflected in individual DIAs. However, when aggregating together all of the proposals in this report, the extent and scale of reductions to services for young people overall is likely to have disproportionate impact, and decision makers should note this, the reasons for this and mitigations being put in place. It should also be noted that reconfigured services will be targeted to support those most in need and impact will be monitored.

Service	Action	Impact on service and comment
Adult Social Care	Personalisation and direct payments	Recent opportunities arising from working more closely with partner agencies will reduce costs and enhance service provision in respect of older mentally ill clients. The current focus on reablement will concentrate resources and provide intensive input which should reduce the need for long term ongoing intensive care. The service will help people assist people to regain skills and confidence and control over their daily life. Work on personalisation direct payments has highlighted anomalies in the way the council currently calculates contributions for social care. Savings will be made by ensuring a fair and equal process.
Across all services	Commissioning/procurement efficiencies	This will be achieved through more effective commissioning across the council and particularly in children and adult services. More effective commissioning will mean that the real impact and value of the services we provide both internally and through contract arrangements will be assessed. Delivery decisions will be informed by a thorough assessment of need, the markets ability to deliver and the full range of evidenced based practice options before procurement is considered. . Decisions to decommission services will undergo an impact assessment process which will consider the impact of reductions on other services and partners, potential impact on certain groups, the evidence used to reach those conclusions and any mitigations that might be put in place should impact be identified. The current budget does include some savings on voluntary sector grants and preventative fund projects. All these proposals have been made in the light of a detailed review of each contract assessing their impact and value for money in the wider context of other provision and relevant needs assessments. The proposals have also been explored in terms of their equalities impact on specific groups in the community and although some of these groups will indeed be affected by these proposals the overall impact of the proposals have been assessed as minimal and do not disproportionately affect any vulnerable group.

Integrated Children's Team - Chatham	Rationalisation of IAT	These changes and the reconfiguration from 3 teams to 2 teams is not envisaged to impact disproportionately on any group. The outcome of these efficiencies will actually result in the creation of 6 additional social work posts to assist with meeting the increasing demands placed on this service by providing additional front line capacity.
IAT - Gillingham	Rationalisation of IAT	
Psychology and inclusion	SEN Transport	The Special Educational Needs transport policy is several years old. In this tighter financial climate it is essential that services are commissioned effectively. This proposed review must be undertaken vigorously to ensure that vulnerable children receive appropriate services. As the policy is reviewed a 10% efficiency target is being applied to the overall SEN transport budget. The intention is for the revised policy to continue to enable children and young people who are legally entitled to be transported to school by the local authority. When the review is completed there may be some children who currently receive this service who will not in the future, where this is the case it will be because services were discretionary, no child who is legally entitled to transport will have it withdrawn, that would be unlawful and impact on the most vulnerable. The routes and pick up points may change for some children. The intention of this review is to deliver more efficient specification and procurement of transport.
Integrated Youth Support	Reduce Connexions contract	This is an efficiency target for the provider, Medway Youth Trust and in line with changing policy direction. Connexions provides careers advice, independent advice and guidance for all young people but it also includes intensive support for vulnerable young people. Connexions also support young people with learning disabilities to make a transition into year 12 and beyond into adult life. The council will now receive the Early intervention grant instead of a number of grants and this has reduced the notional EIG by 3 million pounds consequently the amount available to spend on Connexions is greatly reduced. The intention is that in the future funding will be highly focused and targeted on vulnerable groups for example young people at

		risk of becoming teen parents, at risk of school exclusion, with learning disabilities, with mental health needs, living in poverty and in or leaving care. It will be in universal services that are most affected.
School Organisation, Improvement and Student Support	Reduce expenditure	There will be reductions to the service but the reconfigured service will be targeted to ensure that it meets the requirements of those who need it most. The aim of the reconfiguration is improved school performance, raising the attainment of children and young people and establishing the local authority as a credible commissioner and provider of traded services in the new school improvement market driven by the government. There is no evidence that restructure will impact on any groups adversely. Given that resource will continue to be channelled to schools plus the LA will still have its own Ethnic Minority Achievement Grant (EMAG) there is no reason to believe that ethnic minority groups would be especially or adversely affected by a restructure in school improvement.
Commissioning and Client Financial Affairs	Reduce supporting people expenditure	These savings are the result of a review of contracts to effectively target providers to deliver efficiency savings. Providers were requested to make 7% efficiencies unless they are a small enterprise where they would be required to make a business case to demonstrate why they cannot afford the 7%. A small enterprise is one that has a turnover of not more than £6.5 million, a balance sheet total of not more than £3.26 million and not more than 50 employees. The team would ensure that colleagues in the Business Support unit would work with providers through their partners such as Business Link to consider ways to achieve the efficiencies in a business-like way which has minimum impact on front line services. All contracts have a clause that allow for the value of the contract to be reduced due to the contracts being funded from grant monies. Any further review of contracts will undergo an impact assessment process which will consider the impact of reductions on other services and partners, potential impact on certain groups and the evidence used to come to that conclusion and any mitigations that might be put in place should impact be identified.

Across all children's services services	Reduction in overall funds transferring into Early Intervention Grant	SureStart remains protected but EIG allocation is less – positive activities for young people and other preventative services will be reduced accordingly but attention will be paid to ensuring that the most vulnerable young people and those in groups identified as being a priority for requiring support in the reconfiguration of services.
Integrated Youth Support	Reduction in budget for preventative and support services, Prevention Project and Family Intervention Project	The Youth service provides and supports inclusive education focusing on 13-19 age group and up to 25 for those with special needs. The 30% reduction in budget will impact on areas of management and administration to protect as far as possible front line delivery to young people. The reconfiguration of services will be delivered to target those most in need and monitoring will continue to identify any unintentional impact. The proposed Family Intervention Programme staffing reduction due to funding cuts will mean the service can not be provided in the same way, some of the programmes would continue to be delivered by other community safety, social care, education and housing programmes. Mitigations are still being considered. The council and partners are also working on an area based pilot project to improve joined up working across agencies and deliver more effective interventions for families. Similarly the targeted support prevention programme will be reduced with some aspects of the service being delivered by other services and agencies.
Economic Development and Social Regeneration	Reduction to service offer	These services work to support local business start up growth and jobs and local communities. The proposed changes will mean reduced capacity but services will continue to be provided and the proposed reconfiguration of the teams will continue to target the most vulnerable groups. Community cohesion work will continue to be integral in the new proposed structure.
Integrated Transport	Reduce costs of concessionary fares and minor reduction in bus subsidy and tapering of Villager	Budget cuts are being proposed in this area because the DfT has issued revised guidance on the amounts of reimbursement which need to be given to the bus operators for carrying people with free passes. This

	subsidy	<p>guidance generally reduces the amount that the councils need to pay. Therefore, it has been felt that it is feasible to reduce the value of this budget but doing so is without impact on the concession offered to the passholders. It is not anticipated that the minor reduction in bus services will have any disproportionate impact. The tapering support to the Villager service is intended to support its transition to becoming an independent service. Prior to any final decisions which might effect the delivery of service an impact assessment will be carried out.</p>
Housing Solutions	<p>Prevention initiatives – Sanctuary Young Persons Mediation Tackling NEET Move on</p>	<p>Housing Solutions will continue funding of Homelessness Independent Domestic Violence (Abuse) Advisor with CAB for 2011/12. Funding will continue for specialist Sanctuary Scheme for victims of abuse or violence or hate crime. Over 95% of the services clients are women and girls that require these services. In addition, Housing Solutions and CAB are putting together two further bids for government monies to support a further advisor within CAB and a specialist Court Advisor at Medway Courts. Enhanced training has been delivered to staff .</p> <p>Mediation provided support to 0.5% of preventions. Nationally this form of prevention not seen as most effective. For example CAB provides 65% preventions and will work across all groups. In addition council officers are receiving free training on family mediation to support young people in preventing homelessness. On going engagement with the Young Persons Forum informs the work. Work with residents to improve energy efficiency and to alleviate fuel poverty is now carried out by government and the energy companies.</p>

16. Financial and constitutional implications

- 16.1 The financial implications are contained in the body of the report and in the attached appendices.
- 16.2 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 24 February 2011. The adoption of the budget and the setting of council tax are matters reserved for the Council.

17. Conclusion

- 17.1 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. This has been a difficult challenge given the extraordinary severity of the reduction in Government support that exceeded the most pessimistic assumptions in the MTFP.
- 17.2 The proposed revenue budget of £411.2 million does not require an increase in Council Tax, but is predicated upon receipt of Government grant that equates to an equivalent 2.5% increase. As in previous years considerable effort has been made to achieve a balanced budget without seriously impacting on direct services to the public.
- 17.3 The Financial Settlement indicates that formula grant for Medway is calculated as £89.602 million. Due to the Floor Damping process, the actual grant is £86.096 million having been reduced by £3.506 million to provide funding to authorities that are assessed as having requirements below the 'floor' funding level.

18. Consultation

- 18.1 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 if they could identify areas where they felt the council could improve services while reducing costs. There were few responses and, generally, those comments received proposed the council should 'increase efficiency/effectiveness of employees/services.'

18.2 The council has developed a Resident Engagement Strategy detailing how we will consult and engage with it's housing tenants in partnership with tenant's forums. In order to support this commitment, the Council consulted with residents through the Tenant Scrutiny Panel at their meeting on 21 January. The Panel agreed that rents would have to increase recognising that Medway had some of the cheapest rents in the south east of England. It was also agreed that service charges should be increased to make up the shortfall that was required to pay for the service. Most tenants were very pleased with the service they received and it was hoped that this would continue to improve. A fuller consultation event is planned for 9 February 2011 and the responses will be available for Cabinet at this meeting.

19. Recommendations

19.1 That Cabinet considers the recommendations from overview and scrutiny committees as summarised in Section 6 and detailed in Appendix 1 of this report.

19.2 That Cabinet recommends to Council the capital budget proposals, as set out in Appendix 2 and considers the inclusion of the additional schemes referred to in Table 4 and paragraph 3.13.

19.3 That Cabinet recommends to Council that the net revenue budget summarised at Table 8, amounting to £411.2 million, should be adopted and that this be funded by a nil increase in Council Tax for 2011/2012 with the equivalent Band D figure remaining at £1,119.15.

19.4 That Cabinet recommends to Council that £3 million of the General Reserve be earmarked as a contingency for severance and associated costs as part of the 2010/2011 accounts closure.

19.5 That Cabinet recommends to Council the fees and charges set out at Appendix 6 to this report.

19.6 That, in respect of the Housing Revenue Account, Cabinet recommends the following to Full Council on 24 February 2011 for approval:

- a) The proposed revenue and capital budgets for 2011/2012, inclusive of an average rent increase of £3.63 per week (based upon 50 collection weeks and equating to an increase of 5.16%);
- b) That service charges for 2011/2012 reflect the costs incurred in providing that service, where possible, and that where costs are not fully recovered, the uplift is such that costs can be fully recovered by 2014/2015. The average increase will be 7.56%;
- c) To increase the service charges in 2011/2012 to 2014/2015 inclusive in order that the true costs of providing services are recovered and
- d) That garage rents are increased by 4.6% from 1 April 2011.

- 19.7 That the Chief Finance Officer be requested to calculate the formal requirements under Sections 32 and 33 of the Local Government Finance Act 1992 for resolution by special Council on 24 February 2011.
- 19.8 That Cabinet authorises the Chief Executive and Director to undertake consultation with staff and trades unions on the proposal set out in paragraph 7.12.2 in the report.
- 19.9 That Cabinet recommends to Council to authorise the Chief Executive to consider and determine all consultation responses received in respect of the affected posts and implement any subsequent restructure.

20. Reasons for decision

- 20.1 The constitution requires that Cabinet's budget proposals must be forwarded to Council for consideration and approval.
- 20.2 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 Summary and Directorate Proposed Capital Programme 2010/2012
- 3 Summary and Directorate Revenue Budget Build
- 4 Directorate Savings Proposals 2011/2012
- 5 Housing Revenue Account 2011/2012
- 6 Schedule of Fees and Charges
- 7 Diversity Impact Assessment

Background papers

- Medium Term Financial Plan report to Cabinet 28 September 2010.
- Draft budget proposals to Cabinet 30 November 2010.
- Provisional Finance Settlement report to Cabinet 21 December 2010
- Council Tax Base 2011/2012 report to Council 13 January 2011.
- Individual Overview and Scrutiny meetings during December 2010 and January 2011.

Regeneration, Community and Culture 21 December 2010

Discussion:

The Corporate Accountant introduced the report asking the committee to consider the initial capital and revenue budgets and to identify any further opportunities for savings.

Members commented that in light of the current national financial debate, the timing of the budget meetings should be re-visited for the future. The report in the agenda was now irrelevant for consideration, as the government's financial settlement had not been published until after the agenda was published. There were real challenges to be faced by the council with a significant number of staff feeling under threat of redundancy and it was important to have a better understanding of what Members should be considering.

Members also queried the total 2011/2012 budget requirement for the Regeneration, Community and Culture directorate and was advised that this was £48,704 million and the total figure in Appendix 2 of the report was incorrect.

Decision:

The committee:

(a) noted the initial capital and revenue budgets proposed by Cabinet on 30 November 2010 insofar as they affected this committee;

(b) requested that the committee's comments on the timing of the budget meetings were forwarded to the Business Support Overview and Scrutiny Committee on 27 January 2011.

Children and Young People Overview and Scrutiny Committee, 20 January 2011

Discussion:

The Chief Finance Officer introduced the report and explained to the committee that the final proposed budget would be published within the Cabinet agenda for its 15 February meeting. The draft budget within the report at the committee had been updated to reflect details of the settlement announcement, which had been received in December 2010. He added that the Cabinet had published a further report the previous day, which proposed some staff changes to further close the gap of £23.5 million.

The Chief Finance Officer also referred to a report that the committee considered earlier in its meeting with regard to special educational need (SEN) provision and the recommendations it had made. He explained that officers did consider plans, which required investment but would realise savings in the future, however he warned that this was increasingly difficult due to limited funding streams.

The Chief Finance Officer and the Director of Children and Adult Services also updated the committee on a Schools' Forum meeting, which had been held since the publishing of the report. They reported that the forum understood the scale of the challenges faced by the local authority and were supportive of proposals in this context. Officers had also given schools the tools to calculate an indicative budget to help with their planning processes.

Members then debated the draft budget and referred the following comments to the Business Support Overview and Scrutiny Committee:

- the recommendations made in relation to SEN provision should be highlighted in the budget report to Cabinet;
- the message be sent to Cabinet that when decisions are made with regard to cuts, the long term effect and cost to Medway also be analysed;
- the Cabinet be made aware of the implications for sixth form education in schools and of both the impact of the likely reduced funding from the Young People's Learning Agency and the removal of Education Maintenance Allowances (EMA);
- the Cabinet be informed of the concern that all Members of the Council did not have an opportunity to consider possible options for a draft budget.

Decision:

The committee recommended that the Business Support Overview and Scrutiny Committee forward the comments detailed above to the Cabinet when it considers the draft capital and revenue budget 2011/12 on 15 February 2011.

Health and Adult Social Care 25 January 2011

Discussion:

The Chief Finance Officer introduced the Council's draft capital and revenue budget for 2011/2012 and updated Members on progress since the report had been produced originally. He stated that the final settlement was not yet known but that there had been an 11.5% cut in the formal grant and £9 million of funding stream. As such the revenue funding gap was more likely to be around £23.5 million as opposed to the original estimate of £21.5 million. A balanced budget would, however, still need to be delivered by the end of the financial year.

Decision:

The Committee noted the report.

Business Support 27 January 2011

Discussion (Own committee considerations):

Discussion:

The Chief Finance Officer introduced the report advising that the budget deficit had increased from £19.5 million to £23.5 million. Paragraph 8 of the report (page 70 of the agenda) highlighted budget pressures with the following paragraph detailing what the council proposed to do to meet the funding gap. The committee was reminded that it had requested further information on the ward improvement fund and this was detailed in paragraph 9.10 of the report.

The committee agreed not to discuss this report as it did not contain specific information on how the £23.5 million funding gap was to be met. Members discussed the ward improvement fund and stated that they did not want to recommend the deletion of the fund from the budget.

Decision:

The committee agreed to forward to Cabinet that it recognised the value of the Ward Improvement Fund within the council's budget.

Discussion (All Overview and Scrutiny Committees):

The Chief Finance Officer explained that the Business Support Overview and Scrutiny Committee had the role of consolidating the responses to the draft budget 2011/2012 and advised that the Health and Adult Social Care Overview and Scrutiny Committee, which had met earlier in the week, had no comments to forward to this committee.

Decision:

The committee agreed to forward the following recommendations and comments on the draft budget 2011/2012 to the Cabinet meeting on 15 February 2011:

- (a) that Cabinet acknowledges the urgent and dire need to invest in Medway's special schools, which require improvements to their accommodation, as identified in Medway's SEN Policy and Strategy and that where funding can be secured, this should be used to improve facilities for children with the highest needs of special education;
- (b) that Cabinet analyses the long term effect and cost to Medway when decisions are made with regard to budget cuts;
- (c) that Cabinet is aware of the implications for sixth form education in schools and of both the impact of the likely reduced funding from the Young People's Learning Agency and the removal of the Education Maintenance Allowances;

- (d) that Cabinet is informed of the concern that all Members of the Council do not have an opportunity to consider possible options for a draft budget;
- (e) that overview and scrutiny committees strongly recommend that Cabinet re-visits the future timing of the budget meetings to allow more relevant and up-to-date scrutiny, rather than providing reports containing irrelevant information.

Discussion (Housing Revenue Account):

The Assistant Director, Housing and Corporate Services introduced the report reminding the committee that it was asked to recommend to Cabinet its preferred rent increase for 2011/2012 from the three options detailed in paragraph 3.3 of the report, together with the increase in service charges from 2011/2012 to 2014/2015 inclusive.

Officers advised that there was now a Housing Asset Management Strategy and Business Plan. This was the first time a strategy had been collated which included the condition of all the housing stock giving a clear understanding of the remaining life of all assets and that this meant that housing maintenance could be more planned and structured.

The Chairman invited Mary Butcher, a Member of the new Residents Forum to address the committee to comment on the housing budget. Mrs Butcher advised that a meeting had been held between the Sheltered Forum, the Repairs Forum and the Caretaking Forum where it was agreed that rents would have to increase recognising that Medway had some of the cheapest rents in the south east of England. It was also agreed that service charges should increase to make up the shortfall that was required to pay for the service. She added that most tenants were very pleased with the service they received and that she hoped that this would continue to improve.

Members asked for clarification as to whether the Supporting People Grant remained ring-fenced and the Chief Finance Officer responded that this specific grant no longer existed and had been consolidated into the general funding. Members also asked how many residents would be affected by an above average rent increase in order to judge the scale of the impact of the rise. The Chief Finance Officer replied by clarifying the information detailed in Appendix D (page 115 of the supplementary agenda) and confirming that the vast number of properties would receive an increase of between 5 – 5.99% which equated to a £3.01 - £4.00 per week increase.

The committee raised concerns about costs for refurbishment works penalising tenants who kept their properties in good condition. Members suggested that officers consider the introduction of a Tenant Reward Scheme for keeping their properties in good repair.

Decisions:

The committee agreed to recommend to Cabinet:

- (a) the proposed revenue and capital budgets for 2011/2012, inclusive of an average rent increase in line with option 3 (as detailed in paragraph 3.4 of the report) of £3.63 per week (based upon 50 collection weeks and equating to an increase of 5.16%);

- (b) that service charges for 2011/2012 reflect the costs incurred in providing that service, where possible, and that where costs are not fully recovered, the uplift is such that costs can be fully recovered by 2014/2015 using above inflation increases to do so as per Appendix C to the report. The average increase will be 7.56%;
- (c) to increase the service charges in 2011/2012 to 2014/2015 inclusive at levels shown in paragraph 4.3 of the report, in order that the true costs of providing services are recovered;

The Committee also agreed:

- (d) that the Housing Asset Management Strategy and Business Plan is reported to the next meeting of the committee for consideration;
- (e) that a Tenant Reward Scheme for keeping property in a good state of repair is added to the Housing Asset Management Business Plan for consideration by the committee at its next meeting.

Directorate Summary

Directorate	Approved Gross Cost of Scheme	Total Expenditure from date of adoption to 31 March 2010	Remaining Approval			Spend and Commitments	Forecast Outturn 2010/2011	Spend Forecast for Later Years		
			Rolled Forward from Earlier Years	New Approvals	Remaining Scheme Budget			2011/2012	2012/2013	2013/2014 and future years
Existing Capital Programme	£	£	£	£	£	£	£	£	£	£
Business Support	43,205,941	29,599,480	7,678,417	5,928,044	13,606,461	4,097,727	6,329,508	6,046,111	1,118,828	80,610
Children & Adults	56,222,052	20,270,835	14,608,197	21,342,840	35,951,037	6,614,586	10,730,518	21,842,642	3,372,877	0
Regeneration Community & Culture	61,741,762	27,036,736	19,497,587	15,207,439	34,705,026	13,511,385	21,421,758	9,745,489	3,511,810	65,000
Member's Priorities	325,000	22,628	152,372	150,000	302,372	100,307	227,462	74,910	0	0
Total Existing Programme	161,494,755	76,929,679	41,936,573	42,628,323	84,564,896	24,324,005	38,709,246	37,709,152	8,003,515	145,610
New Schemes/Funding										
Business Support	0	0	0	0	0	0	0	3,446,479	0	0
Children & Adults	12,970,930	0	0	12,970,930	12,970,930	0	0	12,970,930	0	0
Regeneration Community & Culture	3,830,000	0	0	3,830,000	3,830,000	0	0	3,830,000	0	0
Member's Priorities	0	0	0	0	0	0	0	0	0	0
Total New Schemes/Funding	16,800,930	0	0	16,800,930	16,800,930	0	0	20,247,409	0	0
Total Capital Programme	178,295,685	76,929,679	41,936,573	59,429,253	101,365,826	24,324,005	38,709,246	57,956,561	8,003,515	145,610

Business Support Department

Description Of Scheme	Approved Gross Cost of Scheme	Total Expenditure from date of adoption to 31 March 2010	Remaining Approval			Spend and Commitments	Forecast Outturn 2010/2011	Spend Forecast for Later Years		
			Rolled Forward from Earlier Years	New Approvals	Remaining Scheme Budget			2011/2012	2012/2013	2013/2014 and future years
Existing Capital Programme	£	£	£	£	£	£	£	£	£	£
ICT Strategic Fund	2,104,391	1,236,711	867,680	0	867,680	348,465	550,000	317,680	0	0
Improving Information Management Grant	529,038	367,000	162,038	0	162,038	84,908	102,182	59,856	0	0
Integrated Children's Systems grant	228,186	179,664	24,478	24,044	48,522	18,660	23,522	25,000	0	0
Mercury Abatement	1,757,000	14,172	1,159,828	583,000	1,742,828	20,781	46,016	500,000	1,118,828	80,610
Building Repair and Maintenance Fund	3,360,000	1,116,094	2,243,906	0	2,243,906	158,433	450,000	1,793,906	0	0
Demolition of Civic Centre	700,000	435,723	264,277	0	264,277	155,176	180,000	84,277	0	0
Strood Riverside supporting work for CPO and land acquisition	20,939,945	19,691,083	1,248,862	0	1,248,862	494,886	550,000	665,862	0	0
Disabled Facilities Grants	3,086,425	1,411,224	504,201	1,171,000	1,675,201	1,645,863	1,194,278	480,925	0	0
Planned Maintenance	9,607,519	4,701,520	905,999	4,000,000	4,905,999	915,573	3,033,510	1,871,457	0	0
Disabled Adaptations to Council Dwellings	893,437	446,289	297,148	150,000	447,148	254,982	200,000	247,148	0	0
Total Existing Programme	43,205,941	29,599,480	7,678,417	5,928,044	13,606,461	4,097,727	6,329,508	6,046,111	1,118,828	80,610
New Schemes/Funding										
Disabled Facilities Grants	0	0	0	0	0	0	0	Tba	0	0
Planned Maintenance	0	0	0	0	0	0	0	3,296,479	0	0
Disabled Adaptations to Council Dwellings	0	0	0	0	0	0	0	150,000	0	0
Total New Schemes/Funding	0	0	0	0	0	0	0	3,446,479	0	0
Total Business Support Department	43,205,941	29,599,480	7,678,417	5,928,044	13,606,461	4,097,727	6,329,508	9,492,590	1,118,828	80,610

Children & Adults Directorate

Description Of Scheme	Approved Gross Cost of Scheme	Total Expenditure from date of adoption to 31 March 2010	Remaining Approval			Spend and Commitments	Forecast Outturn 2010/2011	Spend Forecast for Later Years		
			Rolled Forward from Earlier Years	New Approvals	Remaining Scheme Budget			2011/2012	2012/2013	2013/2014 and future years
	£	£	£	£	£	£	£	£	£	£
Existing Capital Programme										
Mental Health - Vocational Rehabilitation, Community bridge-building and basic IT skills provision	569,705	151,698	303,007	115,000	418,007	65,865	86,798	165,605	165,604	0
Walderslade Primary - New Build	5,747,907	1,017,907	2,799,928	1,930,072	4,730,000	1,984,820	4,071,420	658,580	0	0
Primary Strategy Programme	10,139,864	0	947,827	9,191,857	10,139,684	349,736	1,369,023	8,270,661	500,000	0
Vocational Education Centre - Strood	2,000,000	4,000	1,996,000	0	1,996,000	0	10,000	1,986,000	0	0
Strood Academy - SEN	607,220	7,220	42,780	557,220	600,000	23,260	50,000	550,000	0	0
Bishop of Rochester - SEN	600,170	170	49,830	550,170	600,000	1,627	50,000	550,000	0	0
Brompton Academy - SEN	3,200,000	0	50,000	3,150,000	3,200,000	226	50,000	450,000	2,700,000	0
Abbey Court Rainham - Masterplan	150,000	0	150,000	0	150,000	5,000	60,000	85,000	0	0
Woodlands Primary School - Extension to 2FE	1,675,000	1,090,712	184,288	400,000	584,288	44,018	434,288	150,000	0	0
Sir Joseph Williamsons DT Block to replace temporary accommodation	2,349,393	14,550	35,450	2,299,393	2,334,843	252,493	650,000	1,684,843	0	0
New Schemes/Funding	27,039,259	2,286,257	6,559,110	18,193,712	24,752,822	2,727,045	6,831,529	14,550,689	3,365,604	0
Total for Devolved Formula Capital	29,182,793	17,984,578	8,049,087	3,149,128	11,198,215	3,887,541	3,898,989	7,291,953	7,273	0
Total Existing Programme	56,222,052	20,270,835	14,608,197	21,342,840	35,951,037	6,614,586	10,730,518	21,842,642	3,372,877	0
New Schemes/Funding		11,198,215								
Condition Programme	4,990,660	0	0	4,990,660	4,990,660	0	0	4,990,660		
Basic Need Programme	3,626,404	0	0	3,626,404	3,626,404	0	0	3,626,404		
SEN Programme	2,676,872	0	0	2,676,872	2,676,872	0	0	2,676,872		
Academy Programme Technical advisor fees	347,000	0	0	347,000	347,000	0	0	347,000		
Accessibility works	50,000	0	0	50,000	50,000	0	0	50,000		
Adult Personal Social Services	489,484	0	0	489,484	489,484	0	0	489,484		
Sub Total	12,180,420	0	0	12,180,420	12,180,420	0	0	12,180,420	0	0
Devolved Formula Capital	790,510	0	0	790,510	790,510	0	0	790,510	0	0
Total New Schemes/Funding	12,970,930	0	0	12,970,930	12,970,930	0	0	12,970,930	0	0
Total Children & Adults	69,192,982	20,270,835	14,608,197	34,313,770	48,921,967	6,614,586	10,730,518	34,813,572	3,372,877	0

Regeneration, Community & Culture Directorate

Description Of Scheme	Approved Gross Cost of Scheme	Total Expenditure from date of adoption to 31 March 2010	Remaining Approval			Spend and Commitments	Forecast Outturn 2010/2011	Spend Forecast for Later Years		
			Rolled Forward from Earlier Years	New Approvals	Remaining Scheme Budget			2011/2012	2012/2013	2013/2014 and future years
	£	£	£	£	£	£	£	£	£	£
Existing Capital Programme										
Medway Tunnel	6,400,000	294,062	5,605,938	500,000	6,105,938	638,698	1,605,938	1,500,000	3,000,000	0
Darnley Arches Subway	566,789	124,979	441,810	0	441,810	17,000	50,000	50,000	341,810	0
Integrated Transport Measures 2010-11	4,625,542	1,990,027	898,655	1,736,860	2,635,515	2,010,000	2,380,000	255,515	0	0
Floodlighting	47,000	22,776	24,224	0	24,224	200	1,000	23,224	0	0
Residential Part 1 claims	1,985,841	1,985,841	0	0	0	0	2,000	2,000	0	0
Sir Evelyn Road	860,000	290,598	569,402	0	569,402	500,000	550,000	19,402	0	0
Fenn Corner	1,479,194	571,139	239,055	669,000	908,055	900,000	900,000	8,055	0	0
Stoke Crossing	13,939,206	2,315,629	(147,954)	11,771,531	11,623,577	2,718,024	6,000,000	5,523,577	100,000	0
Railway Street Car Park	170,000	0	0	170,000	170,000	3,502	4,679	165,321	0	0
Gillingham Gateway	321,128	0	0	321,128	321,128	10,000	18,000	303,128	0	0
Quality Bus Corridor	5,071,872	1,522,480	3,675,477	(126,085)	3,549,392	946,422	3,449,392	100,000	0	0
Townscape Heritage Initiative	1,600,000	1,358,077	241,923	0	241,923	53,731	138,900	103,023	0	0
World Heritage Site and Great Lines City Park	360,565	217,673	117,892	25,000	142,892	33,159	66,332	76,560	0	0
Greening the Gateway Kent & Medway -	685,400	397,629	160,521	127,250	287,771	58,938	137,062	150,709	0	0
Artlands North Kent	122,000	0	0	122,000	122,000	26,434	60,000	62,000	0	0
Eastgate House Improvements	181,183	81,183	548,817	(448,817)	100,000	8,000	15,000	30,000	30,000	25,000
Play Area Initiatives	666,470	446,975	219,495	0	219,495	194,646	213,092	6,403	0	0
English Heritage - Local Management Arrangement	710,000	568,326	281,674	(140,000)	141,674	28,000	36,674	35,000	30,000	40,000
Brook Pumping Station	165,000	63,031	36,969	65,000	101,969	100,000	122,000	15,000	0	0
Opening the Doors - Guildhall Museum	230,000	12,557	217,443	0	217,443	74,441	175,443	32,000	10,000	0
Upnor Castle Visitor Interpretation	100,000	0	100,000	0	100,000	21,923	50,000	50,000	0	0
Inspirer Play For All	66,000	0	0	66,000	66,000	2,021	30,000	36,000	0	0
Play Builder Year 2	348,572	0	0	348,572	348,572	0	250,000	98,572	0	0
Regeneration Community & Culture - HCA Funded Schemes										
Chatham Bus Facility	9,380,000	4,920,537	4,459,463	0	4,459,463	3,809,463	3,809,463	650,000	0	0
Chatham Road Network Phase 2 and 3	11,660,000	9,853,217	1,806,783	0	1,806,783	1,356,783	1,356,783	450,000	0	0
Total Existing Programme	61,741,762	27,036,736	19,497,587	15,207,439	34,705,026	13,511,385	21,421,758	9,745,489	3,511,810	65,000
New Schemes/Funding										
Integrated Transport	1,477,000	0	0	1,477,000	1,477,000	0	0	1,477,000		
Highways Capital Maintenance	2,353,000	0	0	2,353,000	2,353,000	0	0	2,353,000		
Total New Schemes/Funding	3,830,000	0	0	3,830,000	3,830,000	0	0	3,830,000	0	0
Total Regeneration, Community & Culture	65,571,762	27,036,736	19,497,587	19,037,439	38,535,026	13,511,385	21,421,758	13,575,489	3,511,810	65,000

Member's Priorities

Description Of Scheme	Approved Gross Cost of Scheme	Total Expenditure from date of adoption to 31 March 2010	Remaining Approval			Spend and Commitments	Forecast Outturn 2010/2011	Spend Forecast for Later Years		
			Rolled Forward from Earlier Years	New Approvals	Remaining Scheme Budget			2011/2012	2012/2013	2013/2014 and future years
Existing Capital Programme	£	£	£	£	£	£	£	£	£	£
Allotments Imps - Phase 5 6 7	225,000	22,538	52,462	150,000	202,462	100,307	177,462	25,000	0	0
Rainham Youth Community Centre	100,000	90	99,910	0	99,910	0	50,000	49,910	0	0
Total Existing Programme	325,000	22,628	152,372	150,000	302,372	100,307	227,462	74,910	0	0
New Schemes/Funding										
No New Funding										
Total New Schemes/Funding	0	0	0	0	0	0	0	0	0	0
Total Member's Priorities	325,000	22,628	152,372	150,000	302,372	100,307	227,462	74,910	0	0

Revenue Budget Summary 2011-2012

Directorate Service	2010-11 Adjusted Base	Cost of current service			Changes to service		2011-12 Draft Budget (Nov 2010)	Impact of Settlement	Remove Increments	Reduce LGPS	Further Savings and Adjustments	2011-12 Budget Requirement
		Inflation	Increments	Other	Legislation / Regulation	Demographic						
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Childrens and Adults Services												
DSG Funded Services	171,453	24	70	0	55	500	172,102	25,475	0	0	0	197,577
General Fund Services	111,398	4	752	207	428	1,500	114,289	20,672	(655)	(452)	(10,767)	123,087
Regeneration, Community and Culture Services	47,847	350	332	(16)	191	0	48,704	703	(332)	(234)	(3,671)	45,170
Business Support Department - DSG	1,497	0	0	0	0	0	1,497	0	0	0	0	1,497
Business Support Department - Other	28,014	30	475	810	547	0	29,876	2,304	(475)	(324)	(4,072)	27,309
Public Health	362	0	8	0	0	0	370	0	(8)	(4)	(132)	226
Interest & financing	15,358	0	0	1,000	0	0	16,358	0	0	0	(1,000)	15,358
Levies	900	0	0	0	74	0	974	0	0	0	0	974
TOTAL NET BUDGET	376,829	408	1,637	2,001	1,295	2,000	384,170	49,154	(1,470)	(1,014)	(19,642)	411,198
AVAILABLE FUNDING												
Dedicated Schools Grant	(172,953)					(647)	(173,600)	(25,474)				(199,074)
Formula Grant	(85,130)			(5,166)			(90,296)	4,200				(86,096)
Council Tax (Zero Increase)	(97,584)			(3,176)			(100,760)	2,463				(98,297)
Council Tax Freeze Grant	0						0	(2,463)				(2,463)
Increase in Taxbase	0						0			(226)		(226)
Area Based Grant	(16,101)			16,101			0					0
PSA Reward Grant	0						0					0
Collection Fund Surplus	(983)			983			0					0
Planned Use of Reserves	(4,078)			4,078			0					0
Specific Grants	0						0	(23,911)				(23,911)
New Homes Bonus	0			0			0			(1,188)		(1,188)
TOTAL AVAILABLE FUNDING	(376,829)	0	0	12,820	0	(647)	(364,656)	(45,185)	0	0	(1,414)	(411,255)
BUDGET (SURPLUS)/DEFICIT	0	408	1,637	14,821	1,295	1,353	19,514	3,969	(1,470)	(1,014)	(21,056)	(57)

CHILDREN AND ADULT SERVICES - BUDGET BUILD 2011-2012

General Fund Activities	2010-11 Adjusted Base £'000	Cost of current service			Changes to service		2011-12 Draft Budget (Nov 2010) £'000	Impact of Settlement £'000	Remove Increments £'000	Reduce LGPS £'000	Further Savings and Adjustments £'000	2011-12 Budget Requirement £'000
		Inflation £'000	Increments £'000	Other £'000	Legislation / Regulation £'000	Demographic £'000						
Commissioning & Client Financial Affairs	9,566	0	23	0	13	0	9,602	70	(23)	(16)	(1,139)	8,494
Older People	20,999	0	91	(103)	40	600	21,627	68	(90)	(47)	(250)	21,308
Social Care Management	1,876	0	11	0	22	0	1,909	43	(11)	(12)	(1,918)	11
Physical Disability	11,184	0	33	0	21	200	11,438	0	(33)	(29)	84	11,460
Learning Disability	15,825	0	50	0	30	200	16,105	8,876	(50)	(42)	(1,000)	23,889
Linked Service Centres	4,573	0	86	0	43	0	4,702	0	(86)	(57)	(1,973)	2,586
Mental Health	5,024	0	0	0	0	0	5,024	0	0	0	(250)	4,774
Total for Adult Social Care	69,047	0	294	(103)	169	1,000	70,407	9,057	(293)	(203)	(6,446)	72,522
Integrated Children's Team - Gillingham Area	1,630	0	32	0	14	0	1,676	0	(19)	(16)	(20)	1,621
Integrated Children's Team - Strood Area	1,612	0	24	0	15	0	1,651	0	(12)	(13)	0	1,626
Integrated Children's Team - Chatham Area	2,492	0	40	0	26	0	2,558	0	(19)	(18)	(20)	2,501
Specialist Children's Services	17,567	0	100	90	54	500	18,311	0	(54)	(54)	0	18,203
Children's Care Management Team	2,000	0	14	0	8	0	2,022	0	(9)	(10)	(53)	1,950
Children's Care Training	112	0	3	0	0	0	115	0	(3)	0	(112)	0
Total for Children's Care	25,413	0	213	90	117	500	26,333	0	(116)	(111)	(205)	25,901
Early Years	6,634	11	53	0	32	0	6,730	7,049	(41)	(24)	(118)	13,596
School Advisors	2,510	0	59	0	36	0	2,605	0	(59)	(31)	(652)	1,863
School Organisation and Student Services	1,628	0	16	0	7	0	1,651	0	(13)	(3)	(80)	1,555
Adult Learning	0	0	0	0	0	0	0	0	0	0	0	0
L&A Management Team	387	0	7	0	4	0	398	0	(7)	(5)	(40)	346
Total for Learning and Achievement	11,159	11	135	0	79	0	11,384	7,049	(120)	(63)	(890)	17,360
Inclusion Management Team	248	0	2	0	2	0	252	0	(2)	(1)	0	249
Psychology and Inclusion	13,114	2	27	77	16	500	13,736	274	(18)	(16)	(393)	13,583
Integrated Youth Support	4,752	0	64	0	33	0	4,849	683	(64)	(28)	(1,323)	4,117
Health and Wellbeing	3,760	15	38	143	34	0	3,990	227	(4)	(3)	(330)	3,880
Total for Inclusion	21,874	17	131	220	85	500	22,827	1,184	(88)	(48)	(2,046)	21,829
HR Headings	1,250	0	2	0	14	0	1,266	0	(2)	(2)	0	1,262
Finance Headings	1,233	0	0	0	(3)	0	1,230	0	0	0	0	1,230
School Grants	(34,150)	0	0	0	0	0	(34,150)	16,425	0	0	0	(17,725)
Total Schools Retained Funding and Grants	(31,667)	0	2	0	11	0	(31,654)	16,425	(2)	(2)	0	(15,233)
Commissioning, Contracts and Business Support	2,147	0	30	0	16	0	2,193	1,082	(22)	(16)	(1,085)	2,152
Directorate Management Team	564	0	17	0	6	0	587	0	(14)	(9)	(95)	469
Total for Commissioning	2,711	0	47	0	22	0	2,780	1,082	(36)	(25)	(1,180)	2,621
Schools Delegated Funding	184,314	0	0	0	0	0	184,314	11,350	0	0	0	195,664
Total for Children and Adult Services Directorate	282,851	28	822	207	483	2,000	286,391	46,147	(655)	(452)	(10,767)	320,664
Dedicated Schools Grant	171,453	24	70	0	55	500	172,102	25,475	0	0	0	197,577
General Fund	111,398	4	752	207	428	1,500	114,289	20,672	(655)	(452)	(10,767)	123,087

REGENERATION, COMMUNITY AND CULTURE - BASE BUDGET BUILD 2011-2012

General Fund Activities	2010-11 Adjusted Base £'000	Cost of current service			Changes to service		2011-12 Draft Budget (Nov 2010) £'000	Impact of Settlement £'000	Remove Increments £'000	Reduce LGPS £'000	Further Savings and Adjustments £'000	2011-12 Budget Requirement £'000
		Inflation £'000	Increments £'000	Other £'000	Legislation / Regulation £'000	Demographic £'000						
Highways	6,777	50	27	(50)	15	0	6,819	0	(27)	(19)	(225)	6,548
Parking	(2,922)	0	23	80	11	0	(2,808)	0	(23)	(12)	(25)	(2,868)
Major Projects	(68)	0	13	40	6	0	(9)	0	(13)	0	43	21
Road Safety	316	0	7	0	3	0	326	0	(7)	(3)	(176)	140
Traffic Management	681	0	4	0	3	0	688	0	(4)	(4)	0	680
Waste Services	18,366	300	9	0	6	0	18,681	0	(16)	(8)	(1,039)	17,618
Environmental Services	1,314	0	16	0	9	0	1,339	0	(9)	(12)	0	1,318
Trading Standards	636	0	3	0	5	0	644	0	(3)	(7)	0	634
Safer Communities Operations	1,529	0	34	0	15	0	1,578	0	(34)	(17)	(317)	1,210
Strood Depot Services	(15)	0	1	0	0	0	(14)	0	(1)	0	0	(15)
Safer Communities Support	211	0	1	0	2	0	214	0	(1)	(2)	0	211
Front Line Support	316	0	3	0	5	0	324	0	(3)	(6)	0	315
Total for Front Line Services	27,142	350	141	70	80	0	27,783	0	(141)	(90)	(1,739)	25,813
Development, Economy & Transport	60	0	0	0	1	0	61	0	0	(2)	0	59
Economic Development	738	0	6	0	5	0	749	0	(6)	(10)	(204)	529
Integrated Transport	6,355	0	13	80	7	0	6,455	703	(13)	(9)	(363)	6,773
Local & Regional Planning	1,190	0	15	0	9	0	1,214	0	(15)	(13)	(229)	957
Development, Control	618	0	20	0	15	0	653	0	(20)	(21)	(215)	397
Social Regeneration	403	0	2	0	3	0	408	0	(2)	(3)	(172)	231
Tourism	727	0	4	0	4	0	735	0	(4)	(5)	(208)	518
Building Control	229	0	0	0	0	0	229	0	0	0	(9)	220
Total for Development and Transport	10,319	0	60	80	44	0	10,503	703	(60)	(63)	(1,400)	9,683
Renaissance Partnership	(71)	0	0	71	0	0	0	0	0	0	0	0
Total for Medway Renaissance	(71)	0	0	71	0	0	0	0	0	0	0	0
L&C Management Group	6	0	1	0	1	0	8	0	(1)	(1)	0	6
Leisure & Sports	2,602	0	61	95	30	0	2,788	0	(61)	(33)	(120)	2,574
Arts, Theatres & Events	1,847	0	21	(100)	11	0	1,779	0	(21)	(13)	(100)	1,645
Events Co Ordinator	(193)	0	0	(25)	0	0	(218)	0	0	0	0	(218)
Heritage & Archives and Local Studies	874	0	10	(24)	7	0	867	0	(10)	(10)	(45)	802
Greenspaces and Country Parks	4,634	0	27	(183)	13	0	4,491	0	(27)	(17)	(235)	4,212
Total for Leisure and Culture	9,771	0	120	(237)	62	0	9,716	0	(120)	(74)	(500)	9,022
Regeneration, Community & Culture Directorate Support	686	0	11	0	5	0	702	0	(11)	(7)	(32)	652
Total for Regeneration, Community & Culture	47,847	350	332	(16)	191	0	48,704	703	(332)	(234)	(3,671)	45,170

BUSINESS SUPPORT DEPARTMENT - BUDGET BUILD 2011-2012

General Fund Activities	Cost of current service			Changes to service		2011-12 Draft Budget (Nov 2010) £'000	Impact of Settlement £'000	Remove Increments £'000	Reduce LGPS £'000	Further Savings and Adjustments £'000	2011-12 Budget Requirement £'000	
	2010-11 Adjusted Base £'000	Inflation £'000	Increments £'000	Other £'000	Legislation / Regulation £'000							Demographic £'000
Local Land Charges	(99)	0	2	0	141	0	44	0	(2)	(1)	0	41
Housing Performance Team	434	0	5	0	2	0	441	0	(5)	(3)	(52)	381
Housing Strategy	373	0	5	0	3	0	381	0	(5)	(3)	(39)	334
Housing Solutions	1,978	0	27	0	111	0	2,116	0	(27)	(13)	(213)	1,863
Private Sector Housing	484	0	6	0	5	0	495	0	(6)	(8)	(233)	248
Housing Property Management	(211)	0	0	40	0	0	(171)	0	0	0	0	(171)
Housing Disabled Adaptations	103	0	3	0	1	0	107	0	(3)	(1)	(75)	28
Commercial Property	(1,083)	0	0	0	0	0	(1,083)	0	0	0	(10)	(1,093)
Licensing	(26)	0	3	(20)	2	0	(41)	0	(3)	(3)	0	(47)
Central Services & Procurement	486	0	5	0	4	0	495	0	(5)	(5)	(177)	308
Central Accommodation	3,124	0	5	0	4	0	3,133	0	(5)	(6)	(477)	2,645
Legal Services	1,310	0	22	0	14	0	1,346	0	(22)	(19)	(45)	1,260
Monitoring Officer	11	0	0	0	0	0	11	0	0	0	0	11
Design and Surveying	(495)	0	11	0	7	0	(477)	0	(11)	(4)	(10)	(502)
Asset and Property Management	276	0	1	0	4	0	281	0	(1)	(6)	(21)	253
H&CS Vacancy Saving Target	(167)	0	0	0	0	0	(167)	0	0	0	0	(167)
Total for Housing & Corporate Services	6,499	0	95	20	298	0	6,912	0	(95)	(72)	(1,352)	5,393
Benefit Payments	458	0	0	680	0	0	1,138	0	0	0	0	1,138
Revenues and Benefits Admin Total	531	0	52	170	25	0	778	0	(52)	(29)	(208)	489
NNDR Discretionary Relief	193	0	0	58	0	0	251	0	0	0	0	251
Rural Liaison Grants	75	0	0	0	0	0	75	0	0	0	0	75
Ward Improvements	165	0	0	0	0	0	165	0	0	0	0	165
Corporate Management	569	0	0	0	0	0	569	0	0	0	(52)	517
Non Distributed Costs	1,618	0	0	0	0	0	1,618	0	0	0	(65)	1,553
Corporate Provisions	518	0	0	0	0	0	518	0	0	0	(200)	318
Business Support Management Team	842	0	7	0	8	0	857	0	(7)	(10)	0	840
Financial Management	1,390	0	19	0	15	0	1,424	0	(19)	(19)	(132)	1,254
Cashier Services	134	0	1	0	1	0	136	0	(1)	(2)	0	133
Financial Systems	128	0	2	0	1	0	131	0	(2)	(2)	0	127
Financial Support	321	0	7	0	3	0	331	0	(7)	(4)	(100)	220
Creditors and Income Services	249	0	2	0	2	0	253	0	(2)	(3)	0	248
Audit Services	688	0	11	0	6	0	705	0	(11)	(7)	(127)	560
FS Vacancy Saving Target	(111)	0	0	0	0	0	(111)	0	0	0	0	(111)
Total for Finance	7,769	0	101	908	61	0	8,839	0	(101)	(76)	(884)	7,778
Democratic Services	614	0	8	0	40	0	662	0	(8)	(7)	(127)	520
Members and Mayoral Services	1,116	0	1	0	3	0	1,120	0	(1)	(3)	0	1,116
Electoral Services	443	0	2	0	1	0	446	0	(2)	(2)	0	442
Community Interpreters	(18)	0	0	0	1	0	(17)	0	0	(1)	0	(18)
Registration Services	163	0	10	0	5	0	178	0	(10)	(5)	(150)	13
Bereavement Services	(212)	0	15	0	5	0	(192)	0	(15)	(7)	(104)	(318)
Libraries	3,727	0	60	(118)	26	0	3,695	0	(60)	(34)	(121)	3,480
Customer First	2,280	0	38	0	21	0	2,339	0	(38)	(25)	(176)	2,100
CF Vacancy Saving Target	(114)	0	0	0	0	0	(114)	0	0	0	0	(114)
Total for Democracy & Customer First	7,999	0	134	(118)	102	0	8,117	0	(134)	(84)	(678)	7,221
Research & Review	478	0	6	0	4	0	488	0	(6)	(5)	(7)	470
Management Information	393	0	10	0	3	0	406	0	(10)	(4)	0	392
Childrens Review Services	773	0	10	0	7	0	790	0	(10)	(9)	(22)	749
Communications and Improvement	898	0	19	0	9	0	926	0	(19)	(11)	(304)	592
CPP Vacancy Saving Target	(69)	0	0	0	0	0	(69)	0	0	0	0	(69)
Total for Communications, Performance & Partnerships	2,472	0	45	0	23	0	2,540	0	(45)	(29)	(333)	2,133
Human Resource Services	1,528	0	39	0	24	0	1,591	160	(39)	(32)	(244)	1,436
Adult Education	(175)	0	33	0	15	0	(127)	2,144	(33)	0	0	1,984
ICT	3,562	30	28	0	24	0	3,644	0	(28)	(31)	(581)	3,004
OS Vacancy Saving Target	(143)	0	0	0	0	0	(143)	0	0	0	0	(143)
Organisational Services Total	4,772	30	100	0	63	0	4,965	2,304	(100)	(63)	(825)	6,281
Total for Business Support Department	29,511	30	475	810	547	0	31,373	2,304	(475)	(324)	(4,072)	28,806

PUBLIC HEALTH - BUDGET BUILD 2011-2012

General Fund Activities

Health Promotion
 Teenage Pregnancy
 Healthy Weight
 Sunlight Centre
Total for Public Health

2010-11 Adjusted Base £'000	Cost of current service			Changes to service		2011-12 Draft Budget (Nov 2010) £'000	Impact of Settlement £'000	Remove Increments £'000	Reduce LGPS £'000	Further Savings and Adjustments £'000	2011-12 Budget Requirement £'000
	Inflation £'000	Increments £'000	Other £'000	Legislation / Regulation £'000	Demographic £'000						
173	0	2	0	0	0	175	0	(2)	(1)	0	172
132	0	6	0	0	0	138	0	(6)	(3)	(132)	(3)
22	0	0	0	0	0	22	0	0	0	0	22
35	0	0	0	0	0	35	0	0	0	0	35
362	0	8	0	0	0	370	0	(8)	(4)	(132)	226

Budget Adjustments since Cabinet Report 21 December 2010

Children and Adults Directorate

Service	Action	General Fund £'000	Impact on front line services (if any)
Adult Social Care			
Adult Social Care	Review of Services for elderly people with mental illness	(1,265)	Enhanced services delivered in partnership with an independent sector provider.
Adult Social Care	Review of charging policy	(1,000)	Fairer charging, more closely aligned with Government guidance.
Adult Social Care	Reduce base to reflect sustainable management action taken in the current financial year	(1,000)	No impact.
Adult Social Care	Reablement - general ASC and PCT programmes	(1,000)	Apply PCT Section 256 funding.
Adult Social Care	Reablement - management of demographics - older people and physical disability targeted programmes	(1,000)	Apply PCT Section 256 funding.
Adult Social Care	Reduce Supporting People expenditure	(1,139)	Review of contracts.
Adult Social Care	Loss of non-ringfenced campus closure grant	(43)	Cessation of non-ringfenced grant, which has not been used for any specific purpose and is currently contributing to the divisional underspend.
Children's Care			
Integrated Children's Team - Chatham Area	Rationalisation of Integrated Area Teams	(20)	Restructure of Children's Care, moving from three Integrated Area Teams to two.
Integrated Children's Team - Gillingham Area	Rationalisation of Integrated Area Teams	(20)	Restructure of Children's Care, moving from three Integrated Area Teams to two.
Children's Care Management Team	Charge Schools for Safeguarding Training	(53)	Income generation proposal.
Learning and Achievement			
School Organisation and Student Services	Reduce School Organisation and Student Services	(80)	Responsibility for the student finance service will now pass to the Student Loans Company.
L&A Management Team	Reduce L&A Management by one Senior Advisor	(40)	Early retirement - response to the White Paper.
School Advisors	Reduce School Improvement activity	(652)	Expenditure reductions in response to the White Paper.
Inclusion			
Integrated Youth Support	Management Restructure in IYSS	(150)	More standardised administrative support, but reduced management oversight.
Integrated Youth Support	Decommission YOF activity	(150)	Impact on availability of positive activities for young people.
Psychology and Inclusion	SEN Transport	(100)	More efficient specification and procurement of transport.
Psychology and Inclusion	Decommission TAMHS	(169)	Outcomes will be delivered via reconfigured emotional health and behavioural services.
Integrated Youth Support	Reduce Connexions Contract	(150)	Efficiency target for the provider - Medway Youth Trust.
Health and Wellbeing	Delete DAAT Manager	(70)	Service will report directly to the Health and Wellbeing Service Manager.
Health and Wellbeing	Drug Action Teams	(227)	Reduction in DAAT spend in response to cessation of Home Office DIP Grant.
Integrated Youth Support	Youth Offending Team Grant	(431)	Assume expenditure ceases in response to the cessation of Youth Justice Board funding, however officers are awaiting announcements regarding alternative funding streams.
Psychology and Inclusion	Respect	(50)	Project ceases with the cessation of the grant.
Integrated Youth Support	Prevent	(102)	Expenditure ceases with the cessation of the grant.
Integrated Youth Support	Extended Schools	(42)	Extended Schools activity has ceased with cessation of the Standards Fund component, however a balance of ABG funding remained in the base budget.
Commissioning and General			
Commissioning, Contracts and Business Support	Management re-structuring	(180)	Improvement in commissioning practice.
Commissioning, Contracts and Business Support	Reduction in preventative services	(189)	Some direct services to children, young people and families will experience a reduction, whilst a few be decommissioned.
Directorate Management Team	Management re-structuring	(95)	Management restructure in response to the White Paper.
Across all services	Commissioning / Procurement Efficiencies	(500)	Savings will be identified through more effective commissioning and procurement of services across the directorate.
Across all services	Reduction in the overall funds transferring into the Early Intervention Grant	(850)	The Surestart programme is guaranteed funding by Council resolution, however the Council's total EIG allocation is less than the predecessor grants and expenditure on positive activities for young people and other preventative services will be reduced accordingly.
Total Adjustments		(10,767)	

Regeneration, Community and Culture Directorate Directorate

Service	Action	£'000	Impact on front line services (if any)
Front Line Services			
Waste	Remove third emergency response team	(82)	This was a planned enhancement of the service. The shortfall will be covered by greater partnership working with Veolia.
	Extend contract	(100)	None
	Staffing reductions (3)	(100)	Reduced ability to promote recycling initiatives
	Do not issue wheeled bins	(405)	Continued use of customer paid for black sack collections as at present so no change.
	Wheeled bin maintenance	(123)	None
	Productivity and RCV savings	(175)	None
	Environmental enforcement team - cease alley gating	(20)	The alley gating procedure will continue but providing more of a self help approach to community groups
	Environmental enforcement team - staff savings (2)	(34)	Reduced capacity to investigate fly tipping complaints. Service impact to be minimised by Safer Communities review.
Highways & Parking	Highways staff reductions	(100)	Will mirror the reduction in Government grants for highways.
	Reduce street lighting maintenance	(100)	Risk of delays in street light repairs. (Medway's current performance is very good.)
	Reduce public rights of way budget	(25)	Reduce speed of reaction to rights of way issues.
	Review parking processing arrangements to reduce appeals and increase recovery rates	(25)	Service efficiencies - no customer impact.
Safer Communities	Integrate enforcement teams - reduce management and balance specialist/generic officers 11 fte reduction. Increase fixed penalties	(228)	Regulatory, environmental and operational community safety work capacity to be reduced but service levels to be maintained by greater risk based focus on our work.
	CCTV, pest control and fixed penalty charges - increase income	(50)	This proposal is to increase income by increasing volume of work.
	Community Safety Partnership	(39)	Reduction of media capacity
Capital projects, road safety & Traffic Management	Match capital projects staffing to profile to increasing chargeable work- Delivering road schemes for developers; providing chargeable as built plans; Reduction in LTP3	(57)	No service impact
	Road safety staffing & contractor reduction	(25)	No customer impact. The staffing reduction is linked to the amount of engineering work to be carried out on new schemes.
	Road safety enforcement	(32)	Continued support of the Kent and Medway Safety Camera Partnership.
	Traffic Management (restructuring from 13/14) & reduction in external support. Review of operation of traffic lights	(62)	No service impact
	Reduction in costs for Road Safety Partnership	(57)	No service impact
	Additional duties to map flood risk areas	100	None
Front Line Services Total		(1,739)	
Development, Economy & Transport			
Development Management	Current budget saving target	110	Minor reduction in overall service
	Reduce Staffing	(24)	
	Reduce minor budgets	(11)	
	Stop consultants	(55)	
	Reduce working hours	(35)	
	Increased income (planning permission fees)	(100)	
	Reduce staffing	(100)	
STG Building Control	Reduce contribution to partnership	(9)	
Integrated Transport	Reorganise integrated transport	(35)	No impact
	Reduction in the pressure of running costs for Chatham Waterfront Bus station	(30)	No impact
	Bikeability grant awarded (additional money)	(49)	No impact
	Cycling proficiency sponsorship income	(11)	
	Reduce bus subsidy costs/increase income generated	(78)	No impact
	Reduce costs of concessionary fares (revised legislation)	(160)	

Regeneration, Community and Culture Directorate Directorate

Service	Action	£'000	Impact on front line services (if any)
Tourism	Reduction in tourism marketing	(20)	Minor reductions in overall service VIC remains open during hours of main visitor demand Tourism service continues but at a reduced level.
	Reduction in tourism staff costs	(15)	
	Reduce maintenance budget coach park & piers	(5)	
	Premise savings 95 High St	(7)	
	Reduction in hours - dep manager VIC	(10)	
	Reduction in VIC opening hours	(15)	
	Reduce marketing costs	(55)	
	Delete Service Manager post	(63)	
	EU contributions to staff costs	(10)	
	95 High St premises savings	(3)	
Further reduction maintenance budget coach park & piers	(5)		
Economic Development	Remove TGKP budget	(26)	New budget may be required for newly formed TGKP (£56,000) International relations activity will reduce Town centre management and business support functions continue but reduced Economic Development service continues but reduced
	Reduce international relations budget	(3)	
	Reduce business support	(35)	
	Reduce admin & office costs by 47% (not staff)	(11)	
	Restructure market staffing	(4)	
	Remove overseas initiative budget	(12)	
	Reduce general office costs	(22)	
	Remove Principal Posts	(127)	
	Reduce strategic marketing and networking	(30)	
	Reduce LiK grant	(11)	
	Reduce Economic Development programme	(23)	
	Increase Gillingham Market Income	(4)	
	Replace Market Superintendent with junior staff	(3)	
	Increase Farmer's market income	(4)	
	Halve Kent Brussels Office SLA	(5)	
	Discontinue community seedcorn grants	(2)	
	Reorganise hall attendants	(2)	
Reduce Community Centre maintenance costs	(1)		
Increase Community Centre income	(19)		
Discontinue adult careers service	(11)		
Social Regeneration	Delete one Principal Officer post & EU match funding	(6)	Much of the social regeneration function is externally funded. Service continues but reduced.
	Discontinue community seedcorn grants and adult career guidance	(1)	
	Demolish Marlborough Road & reduce running costs for other Community Centre	(14)	
Local & Regional planning	Reduce Geographical Information System (GIS) software budget	(25)	No impact Reduction in response times to workload
	Tapered reduction of Villager budget	(5)	
	Remove 0.5fte planner post in Development Plans & Research	(18)	
	Geographical Information System (GIS) team leader to 0.6 fte	(16)	
	Reduce Design & Conservation consultancy budget	(18)	
	Delete conservation officer post	(53)	
	Delete special projects officer post	(34)	
	Reduce Staffing	(60)	
Development, Economy & Transport Total		(1,400)	

Regeneration, Community and Culture Directorate Directorate

Service	Action	£'000	Impact on front line services (if any)
Leisure & Culture			
Arts	Arts Development Manager Fuse Festival cost	(50) 50	Service impact will be mitigated by a redistribution of managerial responsibilities
Theatres	House Manager Duty managers Reduction in Theatre Manager post	(30) (45) (25)	Service impact will be mitigated by a reorganisation of the operational management team and by a tapered reduction in the senior management role
Heritage	Reduce CCTV monitoring Guildhall staff	(20) (25)	Service impact will be mitigated by a redistribution of responsibilities
Greenspaces	Grounds Maintenance contract Allotment Fees Top slice s106 for staff costs Delete Tree Manager Reduce Conservation Ranger post	(100) (15) (40) (50) (30)	Service impact will be mitigated by working closely with Quadron through the integrated management model to achieve efficiency cost savings, whilst protecting frontline service delivery. It is proposed to restructure the Tree Team to provide managerial support and bolster the contract management element of the service. Responsibilities across the Ranger service have been reviewed to ensure front line service delivery is maintained. The review of the allotment fees has been undertaken in consultation with the Allotment Federation.
Sport	Multisite Manager Fitness Consultant Deangate Land Raising income Festival of Sport cost	(45) (30) (100) 55	Service impact will be mitigated by restructuring the management responsibilities and by allocating roles across service teams.
Leisure & Culture Total		(500)	
Directors Office			
Emergency Planning	Staff Savings	(32)	Reduced capacity to respond to Partners
RCC total amendments		(3,671)	

Budget Adjustments since Cabinet Report 21 December 2010

Business Support Department

Service	Action	£'000	Impact on front line services (if any)
Housing & Corporate Services			
Service Improvement	Increase recharge to HRA Remove NI 160 funding Remove admin post (1 fte)	(26) (8) (18)	No impact to front line services No impact to front line services Unable to provide admin support for Housing Solutions both at Gun Wharf and Riverside 1
Disabled adaptations	Capitalise salaries Increase recharge to HRA	(50) (25)	Capitalisation will reduce the overall level of capital available for adaptations. No service impact
Private Sector Housing	Remove team leader post (1 fte) Stay Put - Contract with Moat Housing (HIA). (joint contract with Housing, Supporting People and Adult Social care) Restructure empty homes service	(47) (86) (100)	This post was responsible for the delivery of a programme of loans and grants to vulnerable households in the private sector to help them repair and maintain their homes. The Capital budget that this post administered was provided through the Regional Housing Boards, Private Sector Renewal Fund, this funding has now come to an end and no alternative sources of capital are currently available. The need for this post has significantly diminished. Service currently jointly commissioned with Social Care and Supporting People, proposal to reduce the level of assistance provided to vulnerable households in securing Disabled facilities Grants or other improvements or repairs to their properties. Future options for limited provision of service include bringing in house or retendering but with level of service at a level to allow legal obligations to be met, full effect of saving may not be achieved in first year. The team had administered financial assistance to owners to help bring properties back into use, which is no longer available. Whilst legal duties remain in terms of making properties secure where they are open for access, and dealing with category 1 Hazards will be responded to, work to provide advice and assistance is discretionary and the Council has decided will not be undertaken. Increased activity by government and energy companies in promoting energy efficiency has removed the need for a dedicated team for these roles.
Housing Strategy	Restructure enabling team Increase recharge to HRA	(23) (16)	This role has been supporting the development, monitoring and delivery of the Councils Housing Strategies, Affordable Housing Programme and associated issues. With a reduction in the activity in the affordable housing sector and planned changes to the number, monitoring framework and development of the Council's housing strategies the need for this post has significantly diminished. No service impact
Homelessness	Temporary accomodation - Amicus	(84)	No impact to front line services - value for money under procurement of TA Stage 1
Housing Solutions	Prevention initiatives - Mediation Grant Prevention initiatives - Specialist Consultant Fees Prevention initiatives - Sanctuary Scheme Prevention initiatives - Young Persons Prevention initiatives - Tackling NEET Prevention initiatives - Move On	(30) (10) (57) (25) (2) (5)	No external homeless mediation service available for young persons, however direct impact on homeless is 0.5% as mediation only assists on a short term basis only and was only supporting a limited number of households. No impact to frontline services. Social Landlords to contribute to the scheme. If contributions fully met then no impact on prevention of homelessness as per CLG P1E via Sanctuary Scheme, and we will be able to assist 55 households suffering abuse or hate crime to remain in their home with specialist security measures in conjunction with the Police and Fire & Rescue Services. No direct impact on prevention of homelessness as per CLG P1E. Impact unable to provide additional funds for young persons projects e.g. Family Intervention Project No direct impact on prevention of homelessness as per CLG P1E. Unable to contribute towards tackling of NEET No direct impact on prevention of homelessness as per CLG P1E, however will need to reduce assistance in move-on of households from supported accommodation - households will need to access furniture from alternative sources
Central Services Management	Redundant cost centre Reduce copier rental	(2) (25)	No impact to frontline services No impact to frontline services

Budget Adjustments since Cabinet Report 21 December 2010

Business Support Department

Service	Action	£'000	Impact on front line services (if any)
Central Accomodation	Compass - rent income	(88)	No impact to frontline services
	Civic - running costs	(70)	No impact to frontline services
	Kingsley - rent income	(12)	No impact to frontline services
	Kingsley - NNDR	(6)	No impact to frontline services
	Gun Wharf - staffing	(100)	No direct impact to frontline services as the restructure is to be managed carefully to avoid disruption to the service
	Gun Wharf - utilities	(30)	No impact to frontline services
	St Georges - staffing	(3)	No impact to frontline services
	St Georges - utilities	(8)	No impact to frontline services
	St Georges - hire income	(5)	No impact to frontline services
	Rationalise depot facilities	(150)	No impact to frontline services
	Riverside - various running costs	(5)	No impact to frontline services
Asset & Property Management	Surveyors income	(10)	No impact to frontline services
	Supplies / advertising	(11)	No impact to frontline services
Commercial property	Running Costs	(10)	No impact to frontline services
Buildings & FM Team	Re tender Catering contract	(10)	No impact to frontline services
	Restructure despatch services	(75)	No impact to frontline services
Legal Services	Legal restructure	(45)	No anticipated direct impact to frontline services as resources will be redeployed to ensure continuity of provision in priority areas
Council Wide	Reneogiate cleaning contract	(50)	No impact to frontline services
	Rationalise courier service	(25)	No impact to frontline services
Housing & Corporate Services Total		(1,352)	

Chief Finance Officer			
Medway Revenue & Benefits Service	Increase court costs	(43)	} No impact - staff savings from vacant posts
	Free recovery of benefit overpayments	(15)	
	Staffing reduction	(150)	
Accountancy	Centralise service / reduce teams including saving 1 service manager	(132)	No direct impact but requires change of internal financial reporting cycle from monthly to quarterly
Corporate Management	Remove Performance Audit fee	(52)	No direct impact
Non Distributed Costs	Reduce early retirement pension payments	(65)	No impact - lower payments due to pension fund in respect of ex employees.
Finance Support	General savings	(9)	No impact
	Stop post office giro subsidy	(65)	Customers using this method of payment will in future be charged directly by Giro.
	Various fees / budgets	(26)	Negotiated reduction of contract fees
Internal Audit	Budget alignment	(46)	} No impact of frontline delivery. Reduced capacity to carry out high risk assessed audits
	Remove consultancy budget	(21)	
	Reduce external fraud manager time	(13)	
	Delete senior auditor post (1 fte)	(47)	
Chief Finance Officer Total		(684)	

Budget Adjustments since Cabinet Report 21 December 2010

Business Support Department

Service	Action	£'000	Impact on front line services (if any)
Communications, Policy & Partnerships			
Comms & Marketing	Reduction in staffing (6.2 fte)	(188)	The team will undertake less promotional campaigns for council services and will focus on activities directly supporting the council's priorities only.
	Reduction in marketing budget Equipment / noticeboards	(110) (6)	Reduced number of campaigns will mean less support for services that need marketing activities. The five remaining council public noticeboards in Chatham, Rainham, Parkwood, Strood and Twydall will be permanently removed.
Research & Review, Management Info.	Sustainability budget	(7)	No impact on frontline delivery. There is now an energy manager in post in Housing and Corporate Services who has picked up the frontline delivery work.
Medway Safeguarding Children Board	Deletion of vacant post Reduction in review costs	(12) (10)	No impact on frontline delivery as this was a vacant part time support post. This budget funds the administration of the child death review process (a statutory function) and part of the costs of serious case reviews required in certain circumstances when children die and neglect or lack of effective multi agency working is a possible factor. Given the current volumes of work, the proposed level of reduction can be accommodated without service impact.
Communications, Policy & Partnerships Total		(333)	

Organisational Services			
Human Resources	Restructure of HR services	(244)	No impact on front line delivery. The new structure is designed to enhance the service we provide to our clients and to underpin the wider transformation agenda facing the Council. There will be better use of technology and roll out of self serve, increased use of the advice line and electronic advice through the internet, development of organisational change capacity and introduction of business partners. Employee relations processes will be streamlined and risk-assessed approaches provided for managers.
ICT	Budget Reductions	(219)	The ICT budget currently funds training skills required as part of any major change, either in systems support requirements or to the infrastructure. It will also fund minor corporate developments where there is no recognised fund or resources available, in order to make the necessary changes to improve service delivery. These services will now need to be funded by the service or specific project funds. There may be an impact on project delivery timescales, as there will be limited resources with the appropriate skill level.
	Income generation	(200)	Service Agreements currently exist with KCC and the PCT primarily, as part of service income delivery - this is in the form of hosting agreements for the datacentre, and in the form of telephony services for the Healthy Living Centres and the PCT HQ at Chatham Maritime. Providing these services continue, the income generation target will be achievable. However, the continuation of PCT services is outside of Medway's control, although it is anticipated that the datacentre will become the prime source of income generation in the future.
	Restructure of ICT services	(162)	Although resources are being reduced, it is anticipated that this will have a minimum impact on service delivery as the service is being reorganised to ensure service delivery is maintained. However, all development (change) requirements will be recharged back to the customer in service areas rather than being funded by ICT.
Council wide	Training budget reductions	(200)	
Organisational Services Total		(1,025)	

Budget Adjustments since Cabinet Report 21 December 2010

Business Support Department

Service	Action	£'000	Impact on front line services (if any)
Democracy, Governance & Customer First			
Customer First	Invest to Save period ending	(176)	No impact on frontline service delivery, the efficiencies made to enable the saving have already been implemented
Libraries	Close Dockyard Store	(26)	Alternative arrangements will be made to mitigate impact
	15% reduction in general budgets	(54)	Across the board reductions in budgets, seeking to minimise impact on frontline service
	Increase Rental Targets	(41)	Charges to be increased to meet targets
Bereavement	Fee increases, ground maintenance, sessional staff etc	(104)	A combination of fee increases and budget reductions, reducing standards of grounds maintenance and property maintenance. Strenuous attempts will be made to minimise the impact on front line services
Registration	Income increases	(75)	Charges to be increased to meet targets
	Expenditure reductions	(75)	A combination of reductions to cleaning and property maintenance budgets
Democratic Services	Delete 2 fte	(100)	The impact of the staffing reductions has been set out in the Cabinet Report Budget savings- Proposed Staffing Reductions, 27 January 2011
	Reduction in petitions requirement	(27)	As modern.gov, the Democratic Services ICT system, has now been implemented with petitions functionality, there is a lesser financial requirement to support this activity
Democracy, Governance & Customer First Total		(678)	
BSD Total Amendments		(4,072)	

Budget Adjustments since Cabinet Report 21 December 2010

Public Health Directorate

Service	Action	General Fund £'000	Impact on front line services (if any)
Teenage Pregnancy	Reduction in the overall funds transferring into the Early Intervention Grant	(132)	The Surestart programme is guaranteed funding by Council resolution, however the Council's total EIG allocation is less than the predecessor grants and expenditure on preventative services will be reduced accordingly, including preventing teenage pregnancy.
Total Adjustments		(132)	

HOUSING REVENUE ACCOUNT BUDGET SUMMARY

	Budget 2010/11			Forecast 2010/11			Proposed Budget 2011/12		
	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
Housing Revenue Account									
H.R.A. Working Balance B/f			(5,127)			(5,127)			(5,933)
Housing Management	1,013	0	1,013	1,083	0	1,083	1,112	0	1,112
Service Improvement	361	0	361	310	0	310	350	0	350
Community Development	74	0	74	79	0	79	73	0	73
Tenancy Services	864	0	864	845	0	845	731	0	731
Housing Maintenance	2,715	0	2,715	2,695	0	2,695	2,712	0	2,712
Sheltered Housing	707	0	707	684	0	684	707	0	707
Estate Services	370	(15)	355	365	(15)	350	505	(4)	500
Housing Finance	157	(22)	134	167	(22)	145	175	(22)	153
Rent Rebate Subsidy Limitation	267	0	267	202	0	202	154	0	154
Capital Financing Costs	3,137	0	3,137	3,172	0	3,172	3,270	(12)	3,258
Rent Income	0	(12,028)	(12,028)	0	(11,801)	(11,801)	0	(12,376)	(12,376)
Housing Subsidy	1,357	0	1,357	1,357	0	1,357	1,771	0	1,771
Other Income	0	(199)	(199)	0	(140)	(140)	0	(137)	(137)
Total Housing Revenue Account	11,022	(12,265)	(1,243)	10,959	(11,979)	(1,020)	11,559	(12,552)	(993)
Further Revenue Contribution to Capital Expenditure			1,761			0			2,690
Costs of Reorganisation						214			
H.R.A. Working Balance B/f			(4,609)			(5,933)			(4,235)