

CABINET

29 NOVEMBER 2011

CAPITAL AND REVENUE BUDGET 2012/2013

Portfolio Holder: Councillor Alan Jarrett, Finance

Report from/Author: Mick Hayward, Chief Finance Officer

Summary

This report presents the Council's draft revenue budget for 2012/2013. In accordance with the constitution, Cabinet is required to develop 'initial budget proposals' approximately three months before finalising the budget and setting council tax levels in March 2012.

The draft budget is based on the principles contained in the Medium Term Financial Plan (MTFP) 2012/2015 approved by Cabinet in September and reflects the formula grant assumptions for 2012/2013 announced during last year's Comprehensive Spending Review.

1. Budget and Policy Framework

1.1 It is the responsibility of Cabinet, supported by the management team, to develop a draft revenue budget.

2. Constitutional rules

2.1 The budget and policy framework rules contained in the constitution specify that Cabinet should produce the initial budget proposals. These should be produced and submitted to overview and scrutiny committee three months before the Council meeting that is scheduled to determine the budget and council tax. The overview and scrutiny committees have a period of six weeks to consider these initial proposals. Any proposals for change will be referred back to Cabinet for consideration.

2.2 Under the constitution Cabinet has complete discretion to either accept or reject the proposals emanating from the overview and scrutiny committees. Ultimately it is Cabinet's responsibility to present a budget to Council, with a special Council meeting arranged for 21 February 2012. The adoption of the budget and the setting of council tax are matters reserved for Council. The statutory deadline for approving council tax is 11 March 2012.

3. Budget monitoring 2011/2012

- 3.1 The quarter 2 monitoring report, considered by Cabinet on 1 November 2011, forecasts a net overspending on services of some £5.1 million, although a significant proportion of this pressure results from delays in realising planned savings within Adult Social Care and as such should not have a recurring impact in future years. Every effort will be made to minimise the forecast overspend and the consequent call on the Council's reserves and indeed a moratorium has been placed on all non-essential spend. This will include rigorous management of vacancies.
- 3.2 For the capital programme the forecast, based on the first half-year expenditure, is that there will be an overspend of £2.8 million on the remaining programme of £109.1m. (Forecast spend 2011/2012 £82.2m, 2012/2013 £26.7m, 2013/2014 £2.9m, 2014/2015 £0.2m). Council will be requested to consider funding options to address the overspend which has arisen on regeneration schemes (Waterfront Bus Station £0.4m, traffic control / bus corridor £0.4m) and road schemes (Chatham £0.8m and A228 improvements £1.2m).

4. Medium Term Financial Plan

- 4.1 The Council's Medium Term Financial Plan (MTFP) is refreshed annually, with the underlying aims of:
- Ensuring a sustainable budget, without recourse to the use of reserves;
 - Generating efficiencies, in partnership with others where appropriate, for reinvestment in priority spending;
 - Assessing the revenue impact of funding streams supporting capital investment decisions, whether that be from supported borrowing, use of reserves, capital receipts or prudential borrowing; and
 - Avoiding the sanction of central government controls, for example capping.
- 4.2 The MTFP considered by Cabinet on 6 September 2011 presented a high level summary of the budget requirement for the next three years and identified a £9.4 million gap to be addressed through the budget preparation process. As always, the MTFP is prepared alongside the Council Plan and reflects the Council's priorities, as articulated by two core values and six key outcomes:

Core Values

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

Key Outcomes

- A safe, clean and green Medway;
- Children and young people having the best start in life in Medway;
- Adults maintain their independence and live healthy lives;
- Everybody travelling easily around Medway; and
- Everyone benefitting from the area's regeneration.

- 4.3 This link between the service and financial plans is essential. Indeed, this year both the budget and council plan have followed the same quarterly reporting timetable, providing Members with regular monitoring of the Council's overall performance.

- 4.4 The formula grant assumptions reflected in the MTFP remain consistent with those presented last year and represent an 8.3% reduction in 2012/2013, followed by further reductions of 4.0% per annum in 2013/2014 and 2014/2015. Similarly, the MTFP assumed a 2.5% per annum increase in council tax, although the assumptions regarding tax base reduced very slightly. The MTFP reflects specific assumptions around council tax freeze grant, pupil premium, new homes bonus and academy transfers, whilst for other specific grants it has been assumed that 2012/2013 funding levels will be maintained in one form or another throughout the life of this MTFP.
- 4.5 The key assumptions underpinning the budget requirement for 2012/2013 and future years include:
- Zero uplift for general inflation, although some specific inflation assumptions have been applied where there is a contractual or unavoidable commitment;
 - Zero increase on pay budgets;
 - Increases to reflect the current overspend forecast in 2011/2012;
 - Some provision for demographic growth in social care budgets;
- 4.6 The MTFP also reflects the full year effect or phased delivery of a number of savings proposals agreed by Members during the previous budget setting cycle.

5. Council Plan

- 5.1 The Council Plan is the organisation's over-arching business plan, setting out the priorities and outcomes the council wants to achieve during the next financial year. Following the coalition government's changes to local authority reporting requirements, the 2011/2012 Council Plan was streamlined to 5 priority areas, monitored by a small basket of measures of success. The plan for 2012/2013 being developed alongside the budget, will confirm the outcomes the Council wishes to focus on in the coming year to deliver its priorities. It is imperative that the Council Plan continues to reflect council priorities, is fit for ongoing inspection requirements and is achievable within anticipated resources.
- 5.2 The plan will be underpinned by a limited and high level set of measures of success, these will be developed by services and draw on the results from resident consultations. The measures will allow Members to gauge progress for each priority area and demonstrate how the Council's actions are making a difference.

6. Finance Settlement

- 6.1 The level of Government funding over the medium term and the ability to generate additional council tax income are influenced by:
- The Government's Spending Review (SR) 2010;
 - Provisional Local Government Finance Settlement; and
 - Proposals to limit or freeze council tax increases.
- 6.2 SR 2010 was published on 20 October 2010 and was followed up by the local government finance settlement in December 2010. Although SR 2010 announced Government spending reductions over the four-year period to March 2015, individual local authorities only received detailed figures for 2011/2012 and 2012/2013. The final 2012/2013 grant figures will not be known until the finance

settlement is published in December 2011, however this is expected to be consistent with the MTFP assumptions presented to Cabinet in September.

- 6.3 Local authorities who agreed to freeze council tax in 2011/2012, received a grant equivalent to a 2.5% increase in council tax and a commitment from Government that this would be funded for each year of the spending review period. This grant amounts to almost £2.5 million per annum for Medway, although it will not be adjusted annually for increases to the tax base and at the end of the spending review period will leave the Council with a £2.5 million gap to fund.
- 6.4 The Government recently announced a similar grant for local authorities prepared to freeze council tax again in 2012/2013. This time however the grant will be for one year only and the Council will need to carefully consider the impact on future financial sustainability of accepting this grant and freezing council tax for another year.

7. Summary of draft revenue budget

- 7.1 The MTFP focussed on high level budget pressures, which represented a combination of the ongoing impact of overspends in the current year, together with inflationary and demographic pressures projected for future years. However, the plans also reflect the full year effect of savings proposals agreed during last year's budget setting process. These pressures and savings are summarised in Table 1 below.

Table 1: Summary of additional resource requirement against 2011/2012 base

	2012/13	2013/14	2014/15
	£m	£m	£m
Children and Adults	5.390	2.625	2.637
Regeneration, Community and Culture	1.953	0.680	1.000
Business Support/Corporate Issues	1.040	(0.013)	0.005
Better for Less	(2.410)	(1.890)	(0.904)
Total – General Fund	5.973	1.402	2.738

- 7.2 Since publication of the MTFP management, in consultation with portfolio holders, have been considering measures to close the gap between the provisional budget requirement and the funding assumptions made in the MTFP. The effect of these is summarised in the draft directorate budgets at Appendices 1a – 4a with adjustments for pressures and savings shown separately shown in 1b – 4b. A summary of the budget requirement as it currently stands, reflecting the pressures referred to earlier and any savings proposals identified thus far, is provided in Table 2 below. The estimated funding for 2012/2013 is consistent with the MTFP assumptions.
- 7.3 Whilst Table 2 indicates an overall reduction in the budget requirement of £83.3 million, this comprises an £86.8 million reduction in DSG expenditure, reflecting the impact of academy transfers and a £3.5 million increase in general fund expenditure. This includes further savings identified since publication of the MTFP and together with an anticipated £2.7 million reduction in government funding (excluding DSG) leaves the Council with a budget gap of around £6.2 million.

Table 2. Draft revenue budget 2012/2013

Directorate	Original Budget 2011/12 £000's	Forecast Variation 2011/12 £000's	Forecast Req'ment 2012/13 £000's
	£m	£m	£m
Children and Adult Services (C&A):			
DSG Related Expenditure	196,292	0	109,460
Other Expenditure	120,702	2,966	123,853
Regeneration, Community and Culture (RCC)	45,287	1,810	46,541
Business Support (BS):			
DSG Related Expenditure	1,497	0	1,497
Other Expenditure	25,709	62	26,645
Public Health	227	0	227
Interest & Financing	15,293	250	15,293
Levies	974	0	974
Projected savings from 'Better for Less'	0	0	(2,410)
Budget Requirement	405,981	5,088	322,079
Estimated Funding			
Dedicated Schools Grant	(197,789)		(110,957)
Council Tax (incl. freeze grant)	(100,986)		(103,954)
Formula Grant	(86,096)		(78,280)
Specific Grants	(20,523)		(22,678)
Planned Use of Reserves	(587)		0
Estimated Available Funding	(405,981)		(315,869)
Budget Gap			
- DSG	0		0
- General Fund	0		6,210

7.4 The revenue budget pressures facing individual directorates in 2012/2013 were comprehensively reflected in the MTFP and in Appendices 1b - 4b of this provisional budget report, but are summarised below for information:

7.4.1 Children and Adult Services

The MTFP identified general fund pressures of around £7.0 million, representing the recurrent impact of the current projected overspend and additional inflationary and demographic pressures in 2012/2013:

- The ongoing growth in demand for social care services for the elderly and disabled have an inevitable consequence on the budget requirement and is reflected as a £1.0 million demographic pressure in the MTFP;
- Despite increases in the budget for children's care in 2011/2012, which included investment in preventative services, the increase in the number of 'looked after children' has risen in line with other local authorities, resulting in a £1.3 million current cost pressure. The MTFP has recognised this, together with a further £900,000 provision for demographic growth in 2012/2013;
- The MTFP has also made provision for other current cost pressures, not least an additional £1.4 million to fund the current cost of SEN transport;
- An additional £400,000 to meet the cost of school reorganisations and redundancy costs;

- Whilst no provision has been made for general inflation, £1.9 million has been reflected in the MTFP to fund some inflationary uplift in care contracts across both children's and adult social care.

The directorate's budget requirement as presented at Appendix 1 also incorporates £1.6 million of savings reflected in the MTFP, together with a further £2.2 million of savings identified through the ongoing budget setting process.

7.4.2 Regeneration, Community and Culture

The MTFP identified net pressures of £1.953m for this directorate, the principle factors being:

- Waste Services £1.262m (including inflation £660,000, clear sack policy £300,000 and increased Landfill Tax £232,000)
- Leisure & Sports £269,000 (increased NNDR liability, ending of income stream from landfill)
- Highways £218,000 (inflation on term contract)
- Parking £206,000 (ongoing current cost pressures)

Compensating savings identified to date, amount to some £0.7m

7.4.3 Business Support

The MTFP identified net pressures of £1.040m for this department, the principle factors being:

- Council-wide properties £566,000 (Carbon reduction commitment £266,000, energy inflation £300,000)
- Bereavement Services £140,000 (potential loss of income during improvement works)
- Children's Review Services £152,000 (initial assessment of impact of meeting statutory requirements)
- Human Resource Services £120,000 (shortfall against income targets)

Compensating savings identified to date, amount to some £104,000.

7.4.4 Interest and Financing

The cost of past supported borrowing features as part of the Revenue Support Grant system. The Council has not taken any new borrowing in either 2010/2011 or 2011/2012, instead using internal cash balances to fund expenditure requirements. The logic here being that market rates for borrowing are circa 4%, whilst interest on investments is less than 2%. The continued low level of return on invested funds presents a risk for achieving balance on the treasury account.

7.4.5 Levies

This budget covers the levies raised by the Coroners Court, Internal Drainage Board, Environment Agency (flood defence) and Kent and Essex Sea Fisheries. In each case the Council has no choice but to pay the levy demanded but does have representation on the bodies setting the budget upon which the levies are based. The forecast requirement is based on the current budget monitoring.

7.4.6 Planned use of reserves

There is a need to fund the non-recurring support that is reflected in the 2011/2012 budget and which assumes a £587,000 contribution from general reserves. The removal of this support from the funding element in Table 2 achieves this.

8. Meeting the funding gap

8.1 Table 2, above, highlights a funding gap of £6.2 million in relation to general fund services. Officers and portfolio holders have targeted specific service areas where there are potential efficiencies to be gained without impacting significantly on service delivery to residents. These include:

- Integrating 'supporting people' into the wider social care budget to exploit synergies and deliver efficiency;
- Investment in prevention and early intervention in children's services. The directorate has commissioned an end to end review of services for 'looked after children';
- Prioritising highway maintenance works;
- Review of fees and charges across a whole range of service areas;
- Critical review of the inflationary assumptions reflected in the MTFP;
- Property rationalisation;
- Considering opportunities for outsourcing services and shared service arrangements with other councils and public agencies;
- Continuing to progress the 'Better for Less' programme to improve service delivery and drive out efficiencies in customer contact, administration and procurement.

9. Draft capital budget proposals 2012/2013

9.1 The financial settlement announced in December 2010 saw a significant reduction in capital funding for local authorities, however it also provided a degree of certainty, with both the Department of Transport and Department of Health announcing grant figures for 2011/2012 and 2012/2013, whilst Communities and Local Government made it clear that Disabled Facilities Grant would continue at its current level. The Department for Education also responded to the James Review by confirming that 2012/2013 grant allocations would be in line with 2011/2012.

9.2 Whilst the financial settlement no longer includes any revenue support for capital, local authorities still have access to 'unsupported' borrowing through the prudential regime for capital, providing that these capital investment plans are affordable, prudent and sustainable. Developer contributions and capital receipts might also become available for capital investment, but at this stage of the budget setting process, it is assumed that future investment will be restricted to the current programme, supplemented by the Council's expectations in relation to Government grant. Medway's 2012/2013 grant assumptions are outlined in Table 3 below.

Table 3. 2012/2013 Government grant assumptions

	C & A	BSD	RCC	Total
Disabled Facilities Grant	0	739	0	739
Education Basic Needs Grant (est.)	3,836	0	0	3,836
Schools Capital Maintenance Grant (est.)	5,113	0	0	5,113
Schools Devolved Formula Capital (est.)	791	0	0	791
Adult Social Care Transformation Grant	504	0	0	504
Integrated Transport Grant	0	0	1,576	1,576
Highways Capital Maintenance Grant	0	0	2,350	2,350
Total Forecast	10,244	739	3,926	14,909

9.3 The current capital programme reflects slippage from previous years, together with the 2011/2012 grant allocations. This programme will continue to be delivered throughout 2012/2013 and beyond and Table 4 summarises planned expenditure, providing an analysis of how it is funded.

Table 4. Funding the current capital programme

	C & A	BSD	RCC	HCA Funding	Member Priorities	Total
	£,000's	£,000's	£,000's	£,000's	£,000's	£,000's
2011/2012 Capital Programme	64,867	16,605	20,910	5,269	1,426	109,076
2011/2012 Forecast	47,420	10,579	16,225	6,482	1,381	82,087
2012/2013 Forecast	17,373	5,573	3,750	0	46	26,743
2013/2014 Forecast	20	424	2,415	0	0	2,859
2014/2015 & future year's forecast	0	0	195	0	0	195
Total Forecast	64,813	16,577	22,585	6,482	1,427	111,884
Funding Source						
Government grants	52,247	981	10,608	0	0	63,835
HCA Grant	0	0	549	2,786	0	3,336
Developer & other contributions	5,340	575	3,531	0	23	9,467
Capital Receipts	2,881	4,149	2,649	0	720	10,399
Reserves / PSA grant / revenue	951	0	1,344	19	683	2,997
HRA revenue contribution	0	1,494	0	0	0	1,494
LTP borrowing	0	0	1,190	0	0	1,190
Other supported borrowing	3,448	245	0	0	0	3,693
Prudential borrowing	0	3,450	1,039	2,463	0	6,952
Major Repairs Allow. / Reserve	0	4,463	0	0	0	4,463
Right to buy receipts	0	1,248	0	0	0	1,248
Unfunded overspend	(54)	(28)	1,675	1,213	1	2,808
	64,813	16,577	22,585	6,482	1,427	111,884

9.4 Publication of the Local Government Finance Settlement is expected in early December and whilst capital grants are anticipated to be in line with the assumptions in Table 3, the capital programme for 2012/2013 can only be considered as provisional at this stage.

10. Housing Revenue Account – Draft Budget 2012/2013

- 10.1 The Housing Revenue Account (HRA) must be operated for all local authorities with a retained housing stock and is “ringfenced” from the General Fund. The account details the costs associated with the management and maintenance of the Council’s housing stock. As at 1 April 2011, the Council owned 3,046 properties, 281 of which were homes for independent living and 198 of which were leasehold flats. The stock numbers reduce year on year as a result of tenants exercising their right to buy the home they live in.
- 10.2 Members will be aware that the Localism Bill, which gained Royal Assent on 15 November, provides for reform of the housing finance system. The current housing subsidy system will end on 31 March 2012 with the introduction of self-financing. Under the new system the Council will be required to make a one-off payment to central government (Debt Settlement Determination) but will no longer be required to make an annual ‘negative’ subsidy payment (£1.8m for 2011-12). Previous modelling has confirmed that the move to self – financing will benefit the Council and enable it to both meet and maintain the Medway Homes Standard.
- 10.3 Now that the legislation is in place, draft settlement terms will be issued detailing the proposed one-off payment required by the Council and guidance as to the future operation of the HRA. The final settlement (determination) is expected in late January 2012. There are no proposals to weaken the ring fencing of the HRA.
- 10.4 On receipt of the draft determination a refresh of the HRA 30 year business plan will be undertaken informing a detailed report to be presented to the Business Support Overview & Scrutiny Committee on 2 February 2012 and Cabinet on 14 February 2012. As part of the process there will also be consultation with the Tenants Scrutiny Panel. Council will set the HRA budget, rents and service charges for 2012-2013 on 23 February 2012.
- 10.5 No significant changes are expected to the Government’s rent re-structuring policy which seeks to move actual rents towards a target rent by increasing rents, where required, by inflation plus 0.5% plus £2 per week whilst only increasing the target rents by RPI plus 0.5% (September 2011 RPI was 5.6%). The 2012/2013 budget build and rent calculation will assume that Cabinet will continue to follow this policy. Rent charges relating to garages would normally increase by inflation but further options may be brought forward in light of current void levels.
- 10.6 Service charges for 2012/2013 will be calculated using estimated costs based upon actual charges for previous years. Guidance states that the cost of providing services to tenants should be fair and fully recovered and Members previously agreed that some of the charges could be increased at a level in excess of inflation where costs are not currently being recovered.
- 10.7 Staff related expenditure will remain at 2011/2012 levels for 2012/2013 to reflect the national public sector pay freeze. Generally, all other expenditure will remain at 2011/2012 levels for 2012/2013 to reflect the current economic climate. The only exceptions to this will be contracts, subject to an annual inflationary increase.

11. Conclusions

- 11.1 These initial budget proposals represent a considerable step towards developing the 2012/2013 revenue budget and whilst a £6.2 million gap still represents a significant challenge, it should not be a surprise to Members and must be viewed in the context of continuing cuts in Government funding.
- 11.2 There is considerable work required in order to present a balanced budget and this will be undertaken during the period leading up to the Cabinet meeting on 14 February 2012. Overview and scrutiny committees have a vital role assisting in this process – both to review existing proposals and also to suggest new ones.

12. Risk Management

- 12.1 The risks exposed by a failure to effectively manage the resource planning and allocation process to achieve priorities and maintain effective service delivery are great. The uncertainty caused by the current economic climate and the consequences in terms of future financial assistance and targets imposed by Government will make this process difficult.

13. Diversity Impact Assessment

- 13.1 The council has legal duties to give due regard to race, gender and disability equality in carrying out its functions. This includes the need to assess whether any proposed changes have a disproportionately negative effect on people from different ethnic groups, disabled people and men and women, which as a result may be contrary to these statutory obligations. These draft budget proposals predict the resources available, against which to determine the service priorities within the Council Plan. Diversity Impact Assessments will be undertaken and reported to Members as part of the budget and service planning process as the impact of the financial settlement on Council services becomes clearer.

14. Financial and legal implications

- 14.1 The financial implications are fully detailed in the report. There are no direct legal implications.

15. Recommendations

- 15.1 That Cabinet forwards the provisional draft budget to Overview and Scrutiny as work in progress inviting them to offer comments on the proposals outlined.

16. Suggested reasons for decision

- 16.1 It is the responsibility of Cabinet to develop draft budget proposals for consideration by overview and scrutiny committees. These draft proposals are the first stage of the budget consultation process leading to further discussion by Cabinet on 14 February 2012 and formal council tax setting on 23 February 2012.

Background papers: Medium Term Financial Plan 2012/2015 – Cabinet 6 September 2011

Report author: Mick Hayward, Chief Finance Officer

CHILDREN AND ADULT SERVICES - BUDGET BUILD 2012-2013

General Fund Activities	2011-12 Base (Quarter 2)	Remove Support Services	Adjustments	2011-12 Adjusted Base	Medium Term Financial Plan			2012-13 MTFP Assumptions	2012-13 Further Proposals	2012-13 Draft Budget (Nov 2011)
	£'000	£'000	£'000	£'000	Inflation £'000	Other Pressures £'000	Savings £'000	£'000	£'000	£'000
Commissioning and Client Financial Affairs	8,692	(192)	0	8,500	81	0	0	8,581	0	8,581
Older People	21,705	(506)	0	21,199	701	639	(400)	22,139	(1,675)	20,464
Social Care Management	(1,645)	(264)	0	(1,910)	0	86	(325)	(2,148)	0	(2,148)
Physical Disability	11,863	(267)	0	11,596	157	128	(300)	11,581	(466)	11,115
Learning Disability	24,042	(317)	0	23,724	662	256	(300)	24,341	(70)	24,271
Linked Service Centres	4,925	(452)	0	4,473	0	0	0	4,473	0	4,473
Mental Health	4,997	(125)	0	4,873	100	0	0	4,972	(28)	4,944
Total for Adult Social Care	74,579	(2,124)	0	72,455	1,700	1,109	(1,325)	73,939	(2,239)	71,700
Safeguarding Team	4,561	(618)	0	3,943	0	0	0	3,943	0	3,943
CRAST Team	2,902	(147)	0	2,755	0	0	0	2,755	0	2,755
Specialist Children's Services	18,397	(454)	0	17,942	186	2,220	0	20,348	0	20,348
Children's Care Management Team	606	(28)	0	578	0	0	0	578	0	578
Child Protection	171	(4)	0	167	0	0	0	167	0	167
Children's Care Training	200	(21)	0	179	0	0	0	179	0	179
Total for Children's Care	26,836	(1,273)	0	25,564	186	2,220	0	27,970	0	27,970
Directorate Management Team	128	(19)	0	109	0	0	0	109	0	109
Commissioning, Contracts and Business Support	2,812	(109)	0	2,703	0	0	0	2,703	0	2,703
Schools Commissioning and Traded Services	778	(41)	0	737	0	0	0	737	0	737
School Organisation and Student Services	1,753	(183)	0	1,570	0	200	0	1,770	0	1,770
Commissioning Management Team	171	0	0	171	0	0	0	171	0	171
Total for Commissioning and Traded Services	5,642	(353)	0	5,289	0	200	0	5,489	0	5,489
Health and Wellbeing	4,073	(327)	0	3,746	0	0	0	3,746	0	3,746
Integrated Youth Support Services	4,325	(76)	0	4,250	0	0	(200)	4,050	0	4,050
Psychology and Inclusion	13,572	(392)	0	13,179	0	1,400	(100)	14,479	0	14,479
Inclusion Management Team	827	(55)	0	771	0	0	0	771	0	771
Early Years	14,680	(876)	0	13,804	0	0	0	13,804	0	13,804
School Challenge and Improvement	969	0	0	969	0	0	0	969	0	969
Total for Inclusion and School Improvement	38,446	(1,726)	0	36,720	0	1,400	(300)	37,820	0	37,820
Finance Headings	872	(81)	94	885	0	0	0	885	0	885
HR Headings	1,293	(52)	0	1,241	0	200	0	1,441	0	1,441
School Grants	(9,609)	0	9,609	(0)	0	0	0	(0)	0	(0)
Total Schools Retained Funding and Grants	(7,444)	(132)	9,703	2,126	0	200	0	2,326	0	2,326
Schools Delegated Funding	184,543	0	(9,703)	174,840	0	1,229	(88,061)	88,008	0	88,008
Total for Children and Adult Services Directorate	322,602	(5,608)	0	316,994	1,886	6,358	(89,686)	235,552	(2,239)	233,313

CHILDREN AND ADULT SERVICES BUDGET BUILD 2012/2013 - BASE BUDGET ADJUSTMENTS

Service		Medium Term Financial Plan provision £000s	Further proposals £000s
Adult Social Care			
Across client groups	Average 2% inflation on private and voluntary sector contracts	1,700	
Across client groups	Review Homecare contracts		(1,400)
Older People Services	Demographic growth	639	(639)
Disability Services	Demographic growth	384	
External Income	Decrease in PCT Enablement Funding (Section 256)	86	
In-house Services	Full year effect of review of in-house provision.	(325)	(200)
Across client groups	Full year effect of the review of charging policy	(1,000)	
Children's Care			
Specialist Services	Cost of current service - numbers of 'looked after children'	1,320	
Specialist Services	Demographic growth	900	
Specialist Services	2% on foster payments and residential placements.	186	
Inclusion and School Improvement			
Psychology and Inclusion	Cost of current service - SEN transport	1,400	
Psychology and Inclusion	Efficiency savings - SEN transport	(100)	
Integrated Youth Support Services	Radical review of youth services	(200)	
Commissioning and Traded Services			
Schools Organisation	Site costs arising from school closures	200	
Schools Retained and Grants			
Schools Redundancy Costs	Reduced activity for temporary staff agency	200	
TOTAL ADJUSTMENTS TO BASE BUDGET		5,390	(2,239)

REGENERATION, COMMUNITY AND CULTURE - BUDGET BUILD 2012-2013

General Fund Activities	2011-12 Base (Q2 2011)	Remove Support Services	Adjustments	2011-12 Adjusted Base	Medium Term Financial Plan			2012-13 MTFP Assumptions	2012-13 Further Proposals	2012-13 Draft Budget (Nov 2011)
					Inflation	Other Pressures	Savings			
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	
Highways	6,809	(277)	0	6,532	218	(9)	0	6,741	0	6,741
Parking	(2,693)	(203)	0	(2,896)	0	206	(132)	(2,822)	(48)	(2,870)
Major Projects	52	(58)	0	(6)	0	0	0	(6)	(59)	(65)
Road Safety	210	(31)	0	179	0	0	0	179	(20)	159
Traffic Management	679	(41)	0	638	0	94	0	732	(62)	670
Waste Services	18,513	(851)	0	17,662	660	652	0	18,974	(60)	18,914
Environmental Services	1,574	(185)	0	1,389	0	0	0	1,389	(25)	1,364
Environmental Health Commercial	1,236	(129)	0	1,107	0	0	0	1,107	0	1,107
CCTV / Lifeline	379	(87)	0	292	0	(60)	0	232	(39)	193
Community Safety Partnership	367	(6)	0	361	0	0	0	361	0	361
Strood Depot Services	(5)	(10)	0	(15)	0	0	0	(15)	0	(15)
Safer Communities Support	137	(25)	0	113	0	0	0	113	0	113
Front Line Services	755	(409)	0	346	0	0	0	346	0	346
Total for Front Line Services	28,013	(2,313)	0	25,700	878	883	(132)	27,329	(313)	27,016
Development, Economy & Transport	404	(298)	0	106	0	0	0	106	0	106
Economic Development	623	(61)	0	562	0	0	0	562	(57)	505
Integrated Transport	6,954	16	0	6,970	0	27	0	6,997	(3)	6,994
Planning Policy & Design	1,042	(89)	0	953	0	0	0	953	0	953
Development Management	626	(165)	0	461	0	0	0	461	0	461
Social Regeneration & Europe	425	(147)	0	278	0	0	0	278	0	278
Tourism	571	(55)	0	516	0	0	0	516	0	516
Building Control	221	(1)	0	220	0	0	0	220	(21)	199
Total for Development and Transport	10,866	(801)	0	10,065	0	27	0	10,092	(81)	10,011
L&C Management Group	108	(28)	0	80	0	0	0	80	0	80
Leisure & Sports	3,314	(548)	0	2,766	0	269	0	3,035	(165)	2,870
Arts, Theatres & Events	1,612	(275)	0	1,337	0	(12)	0	1,325	(70)	1,255
Heritage	736	(164)	0	572	0	40	0	612	0	612
Greenspaces	4,507	(394)	0	4,113	0	0	0	4,113	(70)	4,043
Total for Leisure and Culture	10,277	(1,409)	0	8,868	0	297	0	9,165	(305)	8,860
Regeneration, Community & Culture Directorate Support	946	(292)	0	654	0	0	0	654	0	654
Total for Regeneration, Community & Culture	50,102	(4,815)	0	45,287	878	1,207	(132)	47,240	(699)	46,541

BUDGET BUILD 2012/13 - BASE BUDGET ADJUSTMENTS

Service	Medium Term Financial Plan provision £000s	Further proposals £000s
FRONT LINE SERVICES		
Highways		
- Term contract inflation uplift	218	
- Pentagon increase in residual costs	16	
- Street parties (removal of one-off 11-12)	(25)	
- Street Parties for Diamond Jubilee (one off 12-13)		25
- Reduce public rights of way budget		(25)
Parking		
- Current cost of service 11-12 after management action	206	
- 10p increase in charges	(82)	(48)
- End of free Christmas parking from 2012 - 3yr investment funded by PSA grant	(50)	
Major Projects		
- Increase income generation		(59)
Road Safety		
- Miscellaneous savings		(20)
Traffic Management		
- Running costs of new traffic management system	94	
- Reduction in external support. Review of operation of traffic lights		(62)
Waste Services		
- Contract inflation uplift	660	
- Underprovision in base budget	100	(100)
- Continued issue of clear sacks	300	40
- Increase in Landfill Tax	232	
- Public conveniences, current cost of service 11-12	120	
- End of graffiti initiative - 3yr investment funded by PSA grant	(100)	
- Pest Control - increased income target		(25)
Safer Communities Operations		
- End of 3 year CCTV investment funded by PSA grant	(60)	
- Continuation of CCTV funding		60
- CCTV Increase Income target		(64)
- Additional target Lifeline / Community Safety		(35)
DEVELOPMENT, ECONOMY & TRANSPORT		
Economic Development		
- Innovation Centre increase income		(27)
- Innovation centre reduce running costs		(30)
Integrated Transport		
- Running costs Waterfront Bus Station (those not recovered via departure charge)	27	
- Park & Ride, introduce 50p charge		(3)
Building Control - reduced cost of non fee earning activities		(21)
LEISURE & CULTURE		
Leisure & Sports		
- Increased NNDR liability Medway Park	169	
- Removal of income from landfill at Deangate	100	
- Additional income from old hall Medway Park		(35)
- Increased fees & charges		(54)
- Partnership working		(76)
Arts, Theatres & Events		
- Armed Forces Day (one-off 11-12)	(12)	
- Contributions to art gallery costs		(15)
- Theatre management saving - full year effect		(25)
- Castle concerts reduce subsidy		(30)
Heritage		
- Guildhall, additional staffing required for insurance purposes	40	10
- Outreach income from schools		(10)
Greenspaces and Country Parks		
- Contract renegotiation		(100)
- contract re-tendering costs		30
TOTAL ADJUSTMENTS TO BASE BUDGET	1,953	(699)

BUSINESS SUPPORT DEPARTMENT - BUDGET BUILD 2012-2013

General Fund Activities	2011-12 Base (Q2 2011)	Remove Support Services	Adjustments	2011-12 Adjusted Base	Medium Term Financial Plan			2012-13 MTFP Assumptions	2012-13 Further Proposals	2012-13 Draft Budget (Nov 2011)
					Inflation	Other Pressures	Savings			
					£'000	£'000	£'000			
Legal Services	0	1,217	0	1,217	0	0	0	1,217		1,217
Land Charges & Licensing	(45)	(60)	0	(105)	0	0	0	(105)		(105)
Housing Performance Team	122	(42)	0	80	0	0	0	80		80
Housing Strategy	274	(38)	0	236	0	0	0	236		236
Housing Solutions	1,682	(211)	0	1,471	0	0	0	1,471		1,471
Homechoice	428	(161)	0	267	0	0	0	267		267
Private Sector Housing	404	(76)	0	328	0	0	0	328		328
Housing Property Management	0	(1)	0	(1)	0	0	0	(1)		(1)
Housing Disabled Adaptations	37	(16)	0	21	0	0	0	21		21
Building & Design	(490)	97	0	(393)	0	0	0	(393)		(393)
Carbon Reduction Commitment	0	0	0	0	0	266	0	266		266
Centralised H&CS Budgets	504	0	0	504	0	0	0	504		504
Asset and Property Management	(1,291)	2,950	0	1,659	300	0	0	1,959		1,959
H&CS Vacancy Saving Target	(102)	0	0	(102)	0	0	0	(102)		(102)
Total for Housing & Corporate Services	1,523	3,660	0	5,183	300	266	0	5,749	0	5,749
Benefit Payments	1,126	0	0	1,126	0	80	0	1,206		1,206
Revenues and Benefits Admin Total	1,493	(1,115)	0	378	0	110	0	488	(54)	434
NNDR Discretionary Relief	251	0	0	251	0	0	0	251	0	251
Rural Liaison Grants	75	0	0	75	0	0	(65)	10	65	75
Ward Improvements	165	0	0	165	0	0	(165)	0	165	165
Corporate Management	2,934	(2,519)	0	415	0	0	(26)	389	(20)	369
Non Distributed Costs	1,553	0	0	1,553	0	0	0	1,553		1,553
Corporate Provisions	976	0	0	976	0	18	0	994		994
Business Support Management Team	(20)	801	0	781	0	0	0	781		781
Financial Management	1	1,315	0	1,316	0	0	0	1,316	(71)	1,245
Cashier Services	0	0	0	0	0	0	0	0		0
Financial Systems	0	124	0	124	0	0	0	124		124
Financial Support	65	356	0	421	0	0	0	421	(13)	408
Creditors and Income Services	0	249	0	249	0	0	0	249		249
Audit Services	0	543	0	543	0	0	0	543		543
FS Vacancy Saving Target	(25)	0	0	(25)	0	0	0	(25)		(25)
Total for Finance	8,594	(247)	0	8,347	0	208	(256)	8,299	72	8,371

BUSINESS SUPPORT DEPARTMENT - BUDGET BUILD 2012-2013

General Fund Activities	2011-12 Base (Q2 2011)	Remove Support Services	Adjustments	2011-12 Adjusted Base	Medium Term Financial Plan			2012-13 MTFP Assumptions	2012-13 Further Proposals	2012-13 Draft Budget (Nov 2011)
					Inflation	Other Pressures	Savings			
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	
Democratic Services	798	(229)	0	569	0	15	0	584		584
Members and Mayoral Services	1,071	(47)	0	1,024	0	0	0	1,024		1,024
Electoral Services	511	(71)	0	440	0	65	0	505	(65)	440
Community Interpreters	13	(39)	0	(26)	0	0	0	(26)	(50)	(76)
Registration Services	70	(43)	0	27	0	0	0	27		27
Bereavement Services	(218)	(95)	0	(313)	0	140	(30)	(203)		(203)
Libraries	4,084	(431)	0	3,653	0	0	0	3,653		3,653
Archives	311	(89)	0	222	0	0	0	222		222
Customer First	(234)	2,049	0	1,815	0	60	0	1,875	10	1,885
CF Vacancy Saving Target	0	0	0	0	0	0	0	0		0
Total for Democracy & Customer First	6,406	1,006	0	7,412	0	280	(30)	7,662	(105)	7,557
Research & Review	0	501	0	501	0	0	0	501		501
Management Information	0	380	0	380	0	0	0	380		380
Childrens Review Services	884	(133)	0	751	0	152	0	903		903
Communications and Improvement	(69)	684	0	615	0	0	0	615		615
Better for Less	149	0	0	149	0	0	0	149		149
CPP Vacancy Saving Target	(43)	0	0	(43)	0	0	0	(43)		(43)
Total for Communications, Performance & Partnerships	921	1,432	0	2,353	0	152	0	2,505	0	2,505
Human Resource Services	(460)	1,667	0	1,207	0	120	0	1,327	(71)	1,256
Adult Education	(29)	(131)	0	(160)	0	0	0	(160)		(160)
ICT	3	3,038	0	3,041	0	0	0	3,041		3,041
OS Vacancy Saving Target	(177)	0	0	(177)	0	0	0	(177)		(177)
Organisational Services Total	(663)	4,574	0	3,911	0	120	0	4,031	(71)	3,960
Total for Business Support Department	16,781	10,425	0	27,206	300	1,026	(286)	28,246	(104)	28,142

BUDGET BUILD 2012/13 - BASE BUDGET ADJUSTMENTS

		Medium Term Financial Plan provision £000s	Further proposals £000s
Service			
Housing & Corporate Services			
Cross directorate property	Provision for energy inflation	300	
Cross directorate property	Incremental increase Carbon Reduction Commitment	266	
Finance			
Benefit payments	Unsubsidised benefit pressure as per 11/12 levels	80	
Revenues and Benefits Administration	Reduction in administration grant	110	46
	Increase in court fee income		(100)
Rural liaison grants	End of three year investment agreed in 9/10 budget	(65)	65
Ward Improvements	End of three year investment agreed in 9/10 budget	(165)	165
Corporate Management	Reduction in external audit fee	(26)	(20)
Corporate Provisions	Removal of unidentified savings target	18	
Financial Management	Salary savings and reductions		(71)
Financial Support	Salary savings and reductions		(13)
Customer First, Democracy & Governance			
Democratic Services	Support to Wellbeing Board	15	
Electoral Services	Individual registration initiative (awaiting funding details)	65	(65)
Bereavement Services	Crematorium - loss of income during improvement works	140	
	2.5% increase in fee income	(30)	
Community Interpreters	Increase income target		(50)
Customer First	Net cost of Blue Badge scheme after mitigation measures	60	10
Communications, Performance & Partnerships			
Children's Review Services	Additional resource required to meet statutory requirements - initial assessment	152	
Organisational Services			
Human Resource Services	Reduced activity for temporary staff agency	80	
	Reduced buyback from schools	40	
	Full year effect, operations staff reductions		(71)
TOTAL ADJUSTMENTS TO BASE BUDGET		1,040	(104)

PUBLIC HEALTH - BUDGET BUILD 2012-2013

General Fund Activities

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

2011-12 Base (Quarter 2)	Remove Support Services	Adjustments	2011-12 Adjusted Base	Medium Term Financial Plan			2012-13 MTFP Assumptions	2012-13 Further Proposals	2012-13 Draft Budget (Nov 2011)
				Inflation	Other Pressures	Savings			
£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	
169	(1)	0	168	0	0	0	168	0	168
0	0	0	0	0	0	0	0	0	0
22	0	0	22	0	0	0	22	0	22
35	0	0	35	0	0	0	35	0	35
227	(1)	0	226	0	0	0	226	0	226