

**Report to Special Meeting of Clackmannanshire Council**

---

**Date of Meeting: 21st February 2014**

---

**Subject: General Services and HRA Revenue and Capital Budget  
2014/15**

---

**Report by: Director of Finance and Corporate Services**

---

**1.0 Purpose**

- 1.1. The purpose of this report is to present the Council's Budget for 2014/15. This report covers revenue and capital expenditure budgets for both General Services and Housing Revenue Accounts. In addition this budget seeks approval and/or provides information for further actions which will contribute to the Council's aim of improving medium term financial planning and financial sustainability.
- 1.2 This report also builds on the regular *Making Clackmannanshire Better (MCB)* and Budget Strategy Update reports and briefings presented to Council and Resources and Audit Committee throughout the year.

**2.0 Recommendations**

- 2.1. It is recommended that the Council **approves:**
  - 2.1.1 the General Services Revenue Budget for 2014/15 (Appendix B),
  - 2.1.2 the proposals for demand pressures (Appendix C),
  - 2.1.3 the indicative budget savings targets and the underpinning assumptions for 2014-2017, including the proposal to provide £5k pending the outcome of the review to establish holiday lunch clubs (Table 1 and paragraph 5.6),
  - 2.1.4 the savings set out in Appendix D1 as additionally explained in Appendices E to I and paragraph 5.7, and including the explicit recommendations set out in Appendices E to I which are incorporated as part of this recommendation,
  - 2.1.5 a 0% increase in the level of Council Tax for 2014/15, resulting in Band D remaining at £1,148 (paragraph 5.6),
  - 2.1.6 the utilisation of £1.319m of uncommitted General Services Revenue reserves to achieve a balanced budget for 2014/15,

- 2.1.7 the utilisation of £1.714m from the available Capital Receipts Reserve and the release of previously budgeted sums of £0.883m in 2013/14 and £0.535m in 2014/15 which are no longer required,
  - 2.1.8 the *MCB* programme development priorities set out in paragraph 8.3,
  - 2.1.9 the *MCB* Draft Target Operating Model and action plan (Appendix J), subject to consultation through the established Programme governance of the Steering Group, Programme Board and Council
  - 2.1.10 the Summary Revenue Budget based on the HRA Business Plan (Appendix K)
  - 2.1.11 a housing rent increase of 4.2% for 2014/15 in line with the HRA Financial Business Plan Assumptions (Appendix L)
  - 2.1.12 £256k of the remaining HRA Service Improvement Contract (SIMCo) reserve balance of £293k is brought into the HRA Financial Business Plan to support Capital Investment and, if required, the balance of £37k is earmarked to support door entry installations for private owners to enable the Council to meet 100% SHQS by 2015 (paragraph 7.24)
  - 2.1.13 a rent increase of 4.2% to lock up garages and garage pitch sites (Appendix K2)
  - 2.1.14 a weekly rent of £85 for the travelling persons site, as the Council moves towards full service cost recovery for the site management
  - 2.1.15 the financing limits placed on capital investment for 2014/15-2019/20 based on the underpinning assumptions in Table 4 and paragraph 7.14.
  - 2.1.16 the General Services Capital Budget for 2014-2020 (Appendix M)
  - 2.1.17 the HRA Capital Budget for 2014-18 based on the HRA Financial Business Plan (Appendix N),
  - 2.1.18 the principle of a managed contraction of staffing levels in line with the agreed service delivery priorities (paragraphs 8.3 and 8.12)
  - 2.1.19 the establishment of an Employment Fund of £400k, financed by £200k from the Spend to Save Fund and £200k from the anticipated underspend in 2013/14 of £251k (paragraphs 8.13 and 5.10).
  - 2.1.20 the continued application of the underpinning principles set out in paragraphs 3.4 and 7.4 to future budgeting.
- 2.2 It is also recommended that Council **notes:**
- 2.2.1 the feedback from recent consultation and engagement activity detailed in Appendix A,
  - 2.2.2 the efficiency savings set out in Appendix D2,

- 2.2.3 the anticipated level of uncommitted revenue reserves of £7.69m by 31 March 2014, prior to setting this 2014/15 budget
- 2.2.4 that the budget approved for 2014/15 includes provision to deliver across all of the specified commitments, set out in the letter from the Deputy Director of Scottish Government's Local Government Division on 11 December 2013
- 2.2.5 the intention to carry out a new Housing Needs and Demand Assessment to inform investment in current stock and future provision,
- 2.2.6 the balance of £1.824million in the Capital Receipts Reserve, available to invest in new capital projects or repay existing debt (paragraph 7.17),
- 2.2.7 the intention to establish a corporate officer group, the Capital Investment Group (CIG), to improve the co-ordination of capital investment activities (paragraph 7.7).

### 3.0 Strategic Framework

- 3.1. The Council's approved Budget Strategy is regularly reviewed and updates are reported to Council on a regular basis. The Budget Strategy sets out the planning assumptions and indicative savings figures for a rolling four year period, currently 2014/15 -2017/18. The Strategy focuses on a framework which aims to:
- *reduce expenditure*
  - *maximise income*
  - *redesign service provision, and*
  - *implement other targeted initiatives to deliver high quality services from a sustainable cost base.*
- 3.2. The Strategy also restates the following objectives from the Council's approved Financial Strategy (28th June 2012):
- Budgets are prudent and sustainable in the long term
  - Financial Plans recognise corporate priorities and objectives
  - Significant risks are identified and factors to mitigate those risks are identified
  - The Capital Programme is planned over a minimum five year rolling programme, with "unsupported" borrowing minimised, other than where there are clear economic benefits to the Council
  - Constraints on capital and revenue resources, including the uncertainties around future government funding, are taken into account
  - Council Tax increases will be kept to a minimum, within the current constraints agreed with the Scottish Government
  - Prudent levels of general balances, reserves and contingencies are maintained in the context of an assessment of the risks facing the Council.
- 3.3. This 2014/15 Budget, incorporating both General Services and Housing Revenue Accounts' planned expenditure, complies with both the objectives and framework set out within the Council's Financial and Budget Strategies respectively, and specifically the Housing Business Plan in respect of the HRA. It also seeks to establish a longer term financial planning outlook by requesting approval for specific actions which if approved now, should assist the Council in bridging the indicative funding gap for future years which averages £6.4m annually to 2018 (Table 1).
- 3.4 In setting this Budget, the scale of the challenge facing the Council remains clear, especially given the level of savings already made in previous years. In light of this, as in 2013/14, the following key principles underpinned the preparation of the Budget:

- **Clackannanshire's context:** the priorities for the area are set out in the Council's Corporate Plan, *Taking Clackmannanshire Forward*, and the SOA, both of which are founded on the Community Plan, *Working Together for Clackmannanshire*. Meeting the impact of demographic trends and employment and health issues in the area presents a considerable challenge for the public sector, especially alongside the forecast level of a continuing real terms reduction in the resources available. It is anticipated that planned Welfare Reform will continue to impact on a significant proportion of the area, creating changes in the historic levels of demand and service usage. The Budget has sought to focus on stated priorities and reflect future shifts in need and demand.
- **Sustainability:** a medium to long term view of the impact of demand, expenditure levels, and savings proposals underpins the budget. The Budget has sought to look at both revenue and capital opportunities to deliver demand management/cost avoidance measures as well as budget savings whilst preserving, and where possible, improving quality and performance levels. In doing this, efforts have also been made to ensure the sustainability of proposals and to avoid 'short termism' to deliver the necessary reduction in expenditure levels. This year, this approach is more evident where approval is being sought to commence specific work which will assist in bridging the funding gap in future years.
- **Business transformation:** since last year's Budget, significant work has been taken forward to establish *Making Clackmannanshire Better*, the Council's corporate business improvement programme. The development of this Programme has been, and will remain, a priority as it aims to establish sustainable service delivery and a sustainable cost base for the future. Clearly, the establishment of such a significant change programme takes time to develop and much of the ground work has now been laid (Appendix J).
- **Equity:** Previous Budget Strategy reports to Council detailed the approach to the identification of savings proposals and that this aimed to be proportionate within and between services. Whilst this principle remains, it is increasingly important that equity is considered in the light of increasing prioritisation of service delivery for the future. In proposing savings and as is usual each year, all services have also had the opportunity to submit Demand Pressure proposals and bids for Additional Capital Investment where this is deemed appropriate. This approach has aimed to look at a rounded level of investment in services on the basis of equality of opportunity to bid for additional resources.
- **Transparency:** This Budget seeks to be transparent in detailing the nature and scope of proposed savings and investments. This rests alongside the approach to ongoing consultation and engagement referenced in the following paragraphs.

## **4.0 Budget consultation and engagement process**

4.1 In recent years, additional effort has been made to improve the approach to budget consultation. This is particularly significant in the light of the challenging financial context within which the Council now operates and the need to improve awareness of this position and the difficult choices which elected members face in the coming year and for the foreseeable future.

4.2 This year consultation activity comprised three strands of engagement undertaken in two distinct phases over a ten week period:

### **4.2.1 Phase 1**

#### **Medium term financial planning and awareness raising**

This strand of activity was wide ranging and aimed to seek views to inform the Council's medium term priorities within the *Making Clackmannanshire Better* improvement programme. In parallel, this strand of activities also aimed to raise awareness with our partners, service users, communities and the public of the challenges faced and options available to allow the Council to operate effectively within its funding allocation in the future.

Specific activities included:

- publicising consultation activity and aims through the local press, an edition of the View (which goes to all Clackmannanshire households), Clacksweb, local council offices, Facebook and Twitter.
- the preparation and distribution of the first of three Budget consultation booklets: this first one focusing on the medium term financial planning context and options for change; the second on staff Terms and Conditions, and a third on specific officer savings proposals in respect of the 2014/15 budget.
- a Budget Consultation Roadshow chaired by the Leader of the Council which comprised a number of meetings involving the Third Sector Forum, Parent Councils, Alliance Partners as well as two open meetings including representatives from communities, interest groups and general public.
- online consultation facilities using Citizenspace.

#### **Staff and Trade Union consultation**

The first phase of activity also included specific consultation with staff and Trade Union representatives over proposed changes to staff Terms and Conditions (Ts & Cs) which have been proposed as part of the savings recommended for 2014/15. The process of Trade Union consultation on Ts & Cs is longstanding and year round. However, specific discussions on the range of options being considered in respect of the 2014/15 Budget commenced in January 2013 and resulted in the proposal that was put to staff in November 2013. This proposal reflected the negotiated preferred options in respect of both Trade Union representatives and management. Specific activities included:

- preparation and distribution of the second of three Budget Consultation booklets. This booklet focussed on the proposals impacting employees
- 27 staff meetings on Ts & Cs between 11<sup>th</sup> and 20<sup>th</sup> November , each led by the Chief Executive and/or the Directors and involving Trade Union representatives. All employees had the opportunity to attend a session and many took the opportunity.
- an online staff survey open to all staff to feedback on the proposed changes to Ts & Cs and a dedicated email address (tacs@clacks.gov.uk) for further feedback and suggestions from staff.

#### 4.2.2 Phase 2

##### **Officer Savings Proposals Consultation**

This second phase of activity focused on seeking feedback on the range of potential savings options which have been proposed by Council officers for consideration by elected members. Feedback was also sought on the preliminary equalities impact assessments which had been undertaken to indicate where officers believe a more detailed impact assessment may be required. This phase of activity ran until 22<sup>nd</sup> January 2014. Specific activity included:

- preparation and publication of the third Budget consultation booklet
- an online survey using Citizenspace available via Clacksweb
- responding to separate enquiries for further information to specific proposals.

4.3 As a consequence of this activity, the number and nature of responses to the consultation was substantial. By the end of ten weeks, in addition to the wide range of views expressed in the various face to face consultation meetings, 450 responses had been received from the external consultation activity and over 150 from internal (staff) activity. Feedback has been wide ranging and diverse. The full range of views are included in the full budget consultation analysis report, which along with the individual consultation submissions, have been made available to elected members prior to this Special Council meeting. Key messages include:

- there appears to be an acknowledgement from partners, the public and service users that there are difficult decisions to be made. The Council's efforts to seek views and opinions were welcomed.
- there were mixed and divergent views expressed in many areas (which services the Council should **Stop** providing, those areas where the Council could **Reduce** the level of service provision and those areas where services could be **Charged for**)
- there was much greater consensus on proposals for **Change**, with the majority of respondents indicating that the Council should make more

efficient and widespread use of Council buildings and merge school and community facilities. Likewise there was overall consensus that the Council should make it easier to access Council services.

- the majority of staff noted that current sickness and absenteeism policies are ineffective and should be reviewed.

In addition, a number of individual comments were made, some proposals for savings and some general comments on the consultation process. All consultation responses have also been provided to all elected members on the Members' portal and were available at the all elected member briefing held on the 19th February 2014. This has provided the opportunity for a fuller consideration of consultation responses in advance of this Special Council meeting.

- 4.4 As in the last 3 years, Budget briefing events have also been held for elected members, senior managers and Trades Unions representatives during the current financial year (2013/14). These sessions are scheduled throughout the year.
- 4.5 As part of this ongoing consultation process, the Leader and Depute Leader of the Council and the Director of Finance & Corporate Services met with Trade Union representatives to discuss the detail of the proposed Budget on the 5th February 2014. In addition, in acknowledgement of the level of detail included within these Budget papers, an additional all Councillor meeting was held on the 19th February 2014 to provide clarification and discussion of the budget proposals.
- 4.6 During 2013, the Capital Investment Forum (CIF) continued to meet. The CIF is a cross party elected member and officer forum focused on improving the targeting of the Council's finite capital resources to deliver the best services and environment for Clackmannanshire residents. Recent activity has focused on the consideration of the Lands and Fleet Asset Plans, the developing Corporate Asset Management Strategy (CAMS) and reviewing the first tranche of capital bids submitted under the Capital Project Appraisal Framework which the CIF endorsed prior to its formal adoption by Council.
- 4.7. Within the Council, work to prepare the Budget continues to place a significant focus on corporate working. Budget preparation has involved all Chief Officers taking part in Budget Review and Challenge events. In 2013, the first meetings were held in May. The aims of this process were to challenge;
- (1) the delivery and identification of planned and new savings;
  - (2) review of 2013/14 budget outturns to identify further opportunities for recurrent savings,
  - (3) review of individual service commitments in respect of earmarked reserves.

Budget holders were also given the opportunity to present their business cases for proposed bids to offset demand pressures in 2014/15 as part of the challenge



process. All of this information has been made available to elected members through both Budget Strategy update reports to Council or as part of the budget update briefings.

## 5.0 2014/15 Revenue Budget

5.1. This section of the report sets out the revenue budgets for both General Services and Housing Revenue Accounts.

### General Services 2014/15

5.2 The 2014/15 General Services Revenue Budget is summarised at Appendix B. The budget proposes expenditure of £115,384m against income of £115,384m providing a balanced position.

5.3 The 2014/15 Budget is based on the approved 2013/14 General Services Revenue Budget which has been updated and realigned to reflect changes and variances which have arisen during the year, for instance the revised structures now in place following specific service redesign initiatives implemented during the year.

5.4 In addition to these changes are the demand pressures advised by services which reflect any increasing demand for mandatory services, new duties and responsibilities, the demographic change affecting the area and specific provisions for inflation. These total £2.319m and were presented to the meeting of Council on 19 December 2013. These are now set out at Appendix C for approval as part of this Budget. Elected members saw the full schedule of bids submitted at the briefing on the 6<sup>th</sup> November 2013.

5.5 Table 1 below details the budget for 2014/15 compared to the anticipated level of Government Grant and Council Tax Funding. This results in a budget 'gap' of £7.345m in 2014/15. Table 1 also sets out the indicative funding gap for 2015-17 based on our most up to date information on expenditure commitments. The net expenditure figure includes the annual PPP charge and reflects known demand pressures.

**Table 1: General Services Budget 2014/15-2016/17 Indicative funding gap**

	2014/15	2015/16	2016/17	2017/18
	£000	£000	£000	£000
Net expenditure	119,696	124,587	130,097	134,535
Net Funding	112,351	111,991	110,643	109,100
Cumulative indicative Funding Gap	7,345	12,596	19,453	25,435
Indicative Annual Gap	7,345	5,251	6,857	5,981

In addition to the net funding position set out in Table 1, the Council has received notification that it will also receive £607k to facilitate the implementation of the Children and Young People Bill. Further information on how this money will be utilised is set out in Appendices D1 and F. The proposed model was also agreed at the recent Education and Sport and Leisure Committee meeting on the 4th February.

5.6 The main assumptions included within Table 1 are:

- 0% increase in the level of Council Tax for 2014/15
- Pay inflation maintained at 1% across the period to 2017/18
- an allowance of £830k per annum for impact of auto enrolment to pension fund
- an annual allowance for utility increases and contractual inflation but not general inflationary pressures
- limited demand pressures of £1.4m for 2014/15 (Appendix C) with an estimate of £1m each year thereafter for further budget pressures
- an allowance of £1.1m in 2014/15 and £1.2M 2015/16 onwards to cover the impact of welfare reform across the Council.
- the ending of contracted out National Insurance contributions estimated at £1.1m in 2016/17
- Cash reduction on general fund grant of 1.3% and 1.8% in financial years 2016/17 and 2017/18 respectively
- a further contribution of £10k to support local food banks .
- maintenance of the commitment to implement Minimum Living wage (currently £7.50 rising to £7.65 from the 1<sup>st</sup> April 2014).
- continuation of OLE SLA for £75K until March 31<sup>st</sup> 2016.
- a proposed £5k contribution to implement potential recommendations arising from the current ongoing review of the potential to establish holiday lunch clubs for those children with free school meals entitlement. This review is planned to be reported to Council at its next meeting on 13<sup>th</sup> March 2014.

5.7 The 2014/15 budget proposes savings of £4.312m. These are set out at Appendix D. Appendix D1 highlights those proposals which require either a change in existing policy and/or a change to existing levels of service and Appendix D2 sets out proposed efficiency savings. Additional detail is provided as appropriate/ necessary for those proposals included in Appendix D1 to facilitate Council decision making. The key areas requiring approval are summarised as follows:

- Revised Income and Charging Policy/Schedule of Charges (Appendix E & E1)
- Implementation of Children and Young People Bill (Appendix F)

- Chief Officer Reconfiguration (Appendix G)
- Removal of 10% relief and the introduction of additional 100% Council Tax charge for long term empty properties
- Realignment of funding to voluntary organisations (Appendix H)
- Reduction in various corporate subscriptions (Appendix I).
- Introduction of school transport charges for all children attending school by means of a placing request.
- Ceasing to maintain non-council owned land per the Lands Asset Management Plan
- Review of commissioning and reprioritisation of care packages
- Winter maintenance standards in respect of roads and footpaths.

For those initiatives which set out more detail in Appendices E to I, it is proposed that approval of the Budget would also constitute approval of the specific recommendations contained within these individual appendices.

5.8 Table 2 below shows how the combined savings are distributed across services:

**Table 2: General Services Revenue Budget 2014/15: Distribution of planned savings by service.**

Service	Current 2013/14 Budget (£000)	Service savings Proposals approved 2014/15 (£000)	Savings as % reduction in service expenditure
Housing and Community Safety	2,973	(646)	21.72
Strategy and Customer Services	6,884	(376)	5.46
Education	33,984	(627)	1.84
FM	24,482	(61)	0.25
Social Services	26,055	(466)	1.78
Community and Regulatory	5,460	(74)	1.35
Cross cutting/ support services		(2,062)	N/A
<b>TOTAL</b>	<b>106,172</b>	<b>(4,312)</b>	

5.9 In addition, as part of consultation feedback, two further potential areas for savings/ efficiencies have been highlighted. These are:

- a review of the operation of service committee structures and arrangements

to identify options for improved efficiency, effectiveness and alignment with agreed council priorities and managerial/ service delivery structures.

- rejection of the 1% pay award recently notified in respect of members' allowances, which if accepted by all elected members would deliver an additional saving of £5,541, and a corresponding reduction in the contribution required from Council uncommitted revenue reserves.

At this stage, no sums are assumed within the draft Budget in respect of these proposals.

## **Balances and reserves**

- 5.10 The un-earmarked reserves at the start of 2013/14 were £7.393m .The current outturn suggests that there is an expected net contribution of £0.251m by 31 March 2014. This, along with released earmarked reserves of £44k results in total anticipated uncommitted reserves of £7.69m by 31 March 2014.
- 5.11 This net position reflects little change from the £202k underspend previously reported to Council on the 20 December 2013. However, this overall picture is the product of movements in expenditure within and between services.
- 5.12 The Council's approved Finance Strategy is to retain uncommitted non HRA reserves of a minimum of 3% of net expenditure. The above outturn results in anticipated total reserves of £7.69m by 31 March 2014, which is £4.22m above the minimum threshold of the Council's approved Reserves Strategy of £3.470m.
- 5.13 In 2013/14, following the removal of the earmarked reserve to support the Secondary Schools PPP, £1.562m of Capital Receipts Reserve was utilised together with the £59k remaining in the PPP earmarked reserve, to allow the full costs of the PPP increase to be met. For 2014/15, it is proposed that the £1.714m required will be met from the Capital Receipts Reserve.
- 5.14 After taking account of this earmarked sum of £1.714m to cover PPP costs, the revised budget gap for 2014/15 is £1.319m. In order to propose a balanced budget, it is therefore recommended that the Council approves the utilisation of £1.319m of the currently anticipated uncommitted reserves of £7.69m. Based on the most up to date outturn position this would result in a revised sum of £6.37m of anticipated uncommitted reserves by 31 March 2014 which is equivalent to 5.5% of net expenditure which still exceeds the maximum threshold stipulated by the Council's approved Reserves Strategy by £2.9m.
- 5.15 Following the 19 December Budget Strategy Update report and verbal briefing which updated Council on the revised arrangements for acceptance or otherwise of the terms of the settlement offer from the Scottish Government, the Council only need to write to the Cabinet Secretary for Finance, Employment and Sustainable Growth if it does not intend to accept the following commitments:
- maintain a council tax freeze in the remaining years of the current spending review.

- maintain teacher numbers in line with pupil numbers.
- secure places for all probationers who require one under the teacher induction scheme.

5.16 Should the Council not agree to meet these commitments, the settlement figure included in Table 1, will be reduced by the equivalent needs based share of the £109m attributed to the above commitments. In Clackmannanshire, this would equate to £1.039m.

5.17 This budget has sought to make adequate provision for meeting these assumptions, and we are able to provide assurance that we can deliver across all of the specified commitments referred to above.

## 6.0 Housing Revenue Account 2014/15

- 6.1 The HRA Business Plan provides the basis for HRA financial planning and budget setting. The HRA Business Plan reflects the strategic priorities set out in the Clackmannanshire Housing Strategy 2012-17 which was approved by Council on 20th December 2012. The current HRA Business Plan 2013-18 was approved by Council in June 2013.
- 6.2 Key strategic priorities highlighted within the Housing Strategy 2012-17 and reflected in the HRA Business Plan are as follows:
- New Housing Supply,
  - Making Best Use of Existing Housing,
  - Homelessness
  - Support for Independent Living
  - Specialist Housing
  - Energy Efficiency and Fuel Poverty
  - Improving Neighbourhoods and Communities,
  - Housing Investment
- 6.3 The HRA Revenue Budget proposes expenditure of £13.227m which represents an increase of £379k when compared with the business plan budget for 2014/15. Overall, the increase in expenditure, along with expected reduction in income (£97k) is largely attributable to the reduction in the interest anticipated on revenue balances. As a consequence, there will be a £476k reduction in Capital to be financed from the HRA revenue surplus. Summary information on budgeted income and expenditure is set out in Appendix K and recommended rent levels are set out in Appendix L for approval.
- 6.4 This is the first Budget to be set following approval of the HRA Business Plan in June 2013. In establishing the Business Plan, new arrangements were put in place to undertake an annual review of the Business Plan assumptions. This change was made in recognition of the challenging economic context which now prevails and the potential sustainability challenges this presents to a five year business planning process. This Budget has been prepared incorporating the first annual review of assumptions.
- 6.5 Table 3 below details the budget assumptions. These assumptions are consistent with those included in the model approved by Council in June 2013 and have not been updated following the first annual review.

**Table 3: HRA Revenue Budget assumptions 2014/15**

<u>Category</u>	<u>Assumption</u>
Inflation	September 2012 rate of 3% used (RPI).
Rent Increases	RPI+1% for 2014/15, RPI+0.75% for 2015/16, RPI+0.5% for 2016/17 then RPI thereafter for the remaining period (2017/18 onwards).
Repairs and Maintenance and	2014/15 inflated in line with RPI then 1.5%

<u>Category</u>	<u>Assumption</u>
Other Expenses	ongoing.
Supervision and Management	Based on 3 year budgets to 2015/16 then 1.5% thereafter (2016/17 onwards).
Reserves as % of rental income	No lower than 4% using CIPFA guidance.

6.6 HRA Expenditure is classified over four main headings:

- Repairs and Maintenance
- Supervision and Management
- Capital financing
- Other expenses.

Key issues relating to each element are highlighted in the following paragraphs.

6.7 **Repairs and maintenance:**

The increased spend and proposed budget increase in Private Contractors budgeted expenditure reflects extensive fencing repairs undertaken largely as a result of storm damage which is not covered by insurance. Provision has also been made in the 2014/15 capital programme of £140k for the replacement of fencing that has reached the end of its life cycle in the Bowmar.

Analysis of void trends indicates an increased rate of empty properties from the end of 2012/13 and into the first half of this financial year. As a consequence, 77 more void properties were repaired and let from 1st April 2013 to December 2013 compared with the same period the previous year.

The budget proposes increased spend on gas system maintenance. In recent years, the Council has invested in new gas installations to help improve the energy efficiency of the stock. These systems have now reached the end of the defects warranty period and, therefore, require servicing and maintaining by the Council. The budget set reflects these additional responsibilities.

The proposed increase in the cyclical maintenance budget is due to increased activity relating to the Scottish Housing Quality Standard. A review of the cyclical maintenance programme is underway to ensure that revenue expenditure on HRA property is aligned with capital investment priorities.

6.8 **Supervision and management:**

The auto enrolment of staff into the pension scheme is impacting on direct employee costs. Realignment of posts and the completion of the Service restructuring will, however, compensate for this increase, resulting in the overall Supervision and Management budget remaining in line with the approved Business Plan. Any amendment to staff terms and conditions as proposed in Appendix D2 would also deliver savings to the HRA.



## 6.9 **Income:**

The projected base rental charges and other income are estimated at £17.3m. This represents a reduction of £97k against the Business Plan, primarily due to a £91k reduction in the expected income from the interest on revenue balances that was previously assumed. Income on Rents is slightly behind the Business Plan projection due to a delay with some new build units such as Hallpark now expected in 2014/15. The HRA income projections are also set out in Appendix K.

- 6.10 The introduction of the underoccupation charge as part of Welfare Reform has resulted in an increase in the number of current tenants in arrears. To mitigate the impact of these changes, the Council is, within prescribed eligibility criteria, seeking to improve the situation for those affected through the administration of its Discretionary Housing Payment scheme. However, the current tenant arrears figure, excluding the element attributable to under occupation, has continued to rise with the figure increasing from £382k in March 2013 to over £550k at the end of December 2013. The trend of increasing rent arrears levels could have a significant impact on the Business Plan assumptions, as any efficiencies achieved in other areas, may be cancelled out if levels of tenant debt continue to rise.
- 6.11 In line with the HRA Financial Business Plan and assumptions approved by Council in June 2013, rents were required to increase by RPI + 1% in 2014/15. Therefore based on September RPI (3.2%) it is recommended that an overall increase of 4.2% is approved.
- 6.12 As indicated at paragraph 6.3, the surplus anticipated by the HRA in 2014/15 is £476k less than the budget assumed by the Business plan. In addition, the projected outturn for the HRA in 2013/14 is also projecting a reduction in the surplus achieved against budget. This is primarily as a result of additional work carried out by the cyclical inspection and maintenance programme and an increase in the expected expenditure on void houses. Moreover, Facilities Management are not anticipating any surplus return to the HRA as has been the case in recent financial years under the SIMCo agreement and no adjustments will, therefore, be required to HRA budget outturns at the end of 2013/14.

## 7.0 Capital Budget 2014/15- 2019/20

### Considerations

7.1 This section of the report sets out the capital programmes and associated budgets for General Services and HRA.

### General Services

7.2 The revised General Services Capital Programme and associated budget in respect of financial years 2014/15–2019/20 is set out at Appendix M.

7.3 In setting the Capital Budget for 2014/15 onwards, Council will be reconfirming the following two key drivers:

- the Council's approved Investment Strategy to ensure that the programme is affordable and complies with the objective of reducing the Council's overall levels of borrowing
- implementation of the capital investment priorities set out in asset management strategies.

7.4 In addition to the two key drivers set out in paragraph 7.3 above, the capital programme and budget continue to be based on the CIF underpinning principles approved by Council in February 2012:

- **Alignment:** the phasing of planned activity and expenditure is aligned within the Programme to maximise the use of available capital resources
- **Maximise Investment potential** by minimising slippage
- **Flexibility and responsiveness:** Flexibility to rephase activity and expenditure between years to maximise the use of available resources
- **Sustainability:** prioritise investment to ensure the sustainability of the environment, local infrastructure and service delivery. Also ensure the sustainability of the financing of investments by proactively identifying innovative funding mechanisms and opportunities.
- **Prudence:** exercise caution and careful management in considering investment opportunities
- **Transparency:** Capital investment prioritisation is open and transparent and is appraised within a consistent council approved framework
- **Fairness and Equity:** Access to finite capital investment resources is underpinned by equality of opportunity for services and communities through the consideration of Equalities Impact Assessment.

7.5 There is a strong relationship between these principles and those applied in respect of the General Services Revenue budget (paragraph 3.4). This is a

conscious development and aims to reinforce a more holistic approach to financial planning for services and for guiding decisions about savings and investment.

- 7.6 For the first time this year, General Services and HRA budgets are presented alongside each other rather than separately. This approach aims to start the process of better alignment and integration of service delivery and financial planning decisions in support of *MCB*. Specifically, officers will aim to better co-ordinate activity and investment in localities irrespective of whether they are funded by General Services, HRA or through external funding streams.
- 7.7 Effective corporate processes need to be developed to maximise the potential benefits of this approach. During 2014/15 this process will start with the establishment of the Capital Investment Group (CIG) which will be an operational officer forum primarily tasked with the improved co-ordination of capital investment activities. This approach builds on the learning from the Phase 1 Village and Small Town Centre initiative which commenced in Sauchie during 2013/14.
- 7.8 The proposed Budgets take account of any necessary rephrasing of the previously approved programmes as well as proposing new initiatives. In particular, work has been taken forward in respect of both General Services and HRA Capital Programmes to increase the transparency and governance over programmed activities by providing a greater level of detail about what is planned and where, for instance in respect of planned works at individual school level or in respect of the next areas to benefit from the Streetscape Programmes (Appendix O).
- 7.9 The CIF has continued to deliver against its workplan and during 2013 has taken forward development work in respect of asset strategies for IT, Land and Fleet. In addition, for the first year, the CIF has provided additional governance over the preparation of General Services capital bids by applying the capital project appraisal framework which was approved in December 2012. The CIF role is to ensure that bids are submitted in line with the approved framework requirements. The CIF saw draft bids when they were received and have received feedback on the first year of operation of the Capital Project Appraisal Framework prior to this Council meeting.
- 7.10 During 2014/15, once the final asset strategy (Lands) is in place, the overarching Corporate Asset Management Strategy (CAMS) will be further developed and submitted for approval. This will be a key strategic document for the Council's capital investment decisions, taking a longer term view of priorities and other long term strategic plans such as the Local Development Plan, Housing Strategy and the School Estate Asset Management Plan. The CIF is also involved in the preparation of this document and has endorsed an outline approach submitted by officers.
- 7.11 It is anticipated that the CAMS will be wholly consistent with the ambitions and priorities expressed through *MCB*. As a consequence, the General Services Programme now includes a new heading of CAMS/ *MCB*, alongside the Council's

other asset management plans. The previously approved funding in respect of Business Improvement and settlement reviews has been incorporated under the Asset Strategy heading and renamed *Making Clackmannanshire Better*. This approach will be developed in future years.

## **Borrowing and Investment Strategy**

- 7.12 The current General Services Capital Programme has been developed within a financial strategy of minimising new borrowing. This strategy is underpinned by the Council's Treasury Management Strategy Statement (June 2012). The Council's strategy continues to be to reduce the level of debt (relative to our revenue) closer to the Scottish Average. In 2013/14, the total external debt repaid to 30 September 2013 was £4.6m with a further £0.6m due to be paid by 31 March 2014. This gives a total of a further £5.2m debt reduction in 2013/14.
- 7.13 This improvement is being achieved through incremental reductions in the level of budgeted new borrowing each year. This strategy, in parallel with low interest rates, has also delivered revenue savings. The budget for capital financing costs in 2013/14 is £9.463m. Based on the December outturn, current forecasts suggest that the actual sum required is £9.1m, a revenue saving of £363k in 2013/14.
- 7.14 The Prudential Indicators paper, also on this Special Council meeting agenda, sets out the effect of this strategy in more detail. In terms of the General Services capital programme it is recommended that new borrowing requirement is restricted to under £11.2m in 2014/15. This is in line with the sum budgeted for annual repayment of debt thus ensuring that there is no requirement to incur further external debt. This strategy will ensure that capital financing costs do not increase over the programme period.

## **General Services Capital Programme 2014/15**

- 7.15 The general capital grant allocated to Clackmannanshire Council in 2014/15 is £5.319m. This includes previously reprofiled capital grant elements being received in 2014/15 and 2015/16. There is also a further £0.357m for capital works in connection with the implementation of the Children and Young People Bill requirements. Restricting new borrowing in line with the strategy set out in paragraph 7.12 results in a recommended gross programme limit for each year. Table 4 below sets the current programme against the gross programme limits. The programme is managed within the limits set to ensure that no new external debt is incurred.

Table 4: General Services Capital Funding 2014/15-2019/20

	2014/15	2015/16	2016/17	2017/18	2018/19	2019/20
	£000	£000	£000	£000	£000	£000
General Capital Grant	5,319	5,968	4,901	4,901	4,901	4,901
Gross Programme Limit	14,609	11,717	10,948	10,443	10,443	10,443
Current revised approved budgets	9,888	7,888	8,233	5,983	5,733	10,633
C/F from 2013/14 approved programme	2,709	1,337	0	0	0	0
Balance below Gross Programme limit	2,012	2,492	2,715	4,460	4,710	(190)

7.16 Table 4 also indicates that over the period to 2019/20, there is a total of £68.603m for capital investment. The Council's currently approved projects account for £52.404 million of this sum, leaving £16.199m available for investment in new projects.

7.17 In setting the 2013/14 Budget sums of £883k and £538K in 2013/14 and 2014/15 respectively were allocated from the Capital Receipts Reserve. Based on the current capital programme outturn which indicates £6.673m underspend in 2013/14, of which £2.672m are savings, this allocation will not be required in either year. Therefore, after releasing this earmarked funding and taking into account capital receipts received during the year, this results in a total of £1.824m remaining available within the Capital Receipts Reserve to fund new capital projects or repay existing debt.

7.18 The General Services Capital Programme covering the period 2014/15-2019/20 is set out at Appendix M. This programme reflects committed projects, recurrent infrastructure investment and proposed new projects together under each of the key asset strategies.

7.19 Appendix M includes the following recurrent infrastructure investments from 2015/16 to 2019/20:

- School Development funding maintained at £1m each year
- MCB funding increased to £2.1m in 2014/15 and thereafter maintained at £1.250m per year

- Village and Small Town Centre initiative Phase 2 additional £150k every two years bringing bi-annual investment to £400k
- Roads and Footways improvements increased to an average of £2.02m over the next 6 years
- Parks, play areas maintained at £50k each year
- Vehicle replacement programme £500k each year
- ICT Strategy increased recurrent investment of £100k per annum to upgrade school infrastructure
- Street lighting (including replacement columns) recurrent investment on average of £610k per annum.
- ICT infrastructure £300k each year.

In total, these recurrent investments account for £37.45m over the six year period to March 2020.

7.20 The proposed programme recognises that the strategic framework for Council investment decisions is not yet fully in place. This Programme is therefore transitional and retains a degree of financial flexibility for the future. Specifically, the proposed projects do not exceed gross programme limits and some projects such as the sums for *MCB* and street lighting improvements are indicative at this stage subject to further details on proposals being submitted. .

7.21 The proposed Capital Budget incorporates a significant level of new investment totalling £6.43m up to 31 March 2019/20. The details are set out in Table 5 below:

**Table 5: Capital budget 2014/15-2019/20 new investment initiatives**

Initiative	£000	Commentary
ICT Strategy	815	In line with approved ICT Strategy aims, additional investment in IT of £140k in 2014/15 in respect of a fibre optic installation to the Redwell school which will provide school connectivity and a council disaster recovery site at Kellibank. A sum of £75K is also allocated over 2014/15 and 2015/16 for the rollout of the SWIFT system across Social services, building on the investment already made within the Childcare team and in support of improved integration of Shared Services. Starting in 2014/15 a Programme for the Upgrade of School IT equipment is established with an indicative budget of £100K per annum.
Mill Glen, Tillicoultry	300	£300k to improve Glen access

Initiative	£000	Commentary
Community Development Grants	200	The establishment of a new capital Grant Fund for community improvements as part of <i>Making Clackmannanshire Better</i> . Eligibility criteria will be developed prior to the application process and timescales being publicised. This Grant funding aims to incentivise communities to work with the Council to improve the physical environment and community facilities. This sum is not included in total of new projects as it is an earmarked sum within the previously approved <i>MCB</i> Budget.
Village and small town centre initiative Phase 2	850	An additional £150k in 2014/15 to allow for the completion of works at Sauchie. A further increase of £150k to the previously programmed investment of £250k, bringing the sum available to £400k every two years up to 2019/20. This programme of activity aims to provide funding to enhance the main streets in the town and village centres across the area. The next phase of activity will prioritise Tullibody and subject to the completion of more detailed programme of works, subsequent phases will focus on Alva, Clackmannan and Tillicoultry.
Roads	1,484	Additional investment over that already programmed each year to provide for replacement street lighting columns (£250K) and A907 anti skid surfacing (£50K). Additional funding to complete B9140 bends work (£79K) and three cycle routes Tullibody to Cambus, Tullibody to Lornshill and Helensfield (£255K). This excludes £20k of investment included separately for Tullibody below.
MCB (formerly Business Improvement and settlement reviews)	840	An additional £840k in 2014/15 to augment the existing allocation of £1.250million. In recognition of the increasing pace of <i>MCB</i> planned during 2014/15, the additional allocation provides capital investment potential to implement the desired/ necessary changes.
Tullibody improvements	238	Based on pilot feedback, planned investment to improve the Tullibody network infrastructure and roads in Tron Court area. In keeping with the principle outlined in paragraph 7.6, efforts will be made to co-ordinate new and previously approved works within the settlement.

<b>Initiative</b>	<b>£000</b>	<b>Commentary</b>
Alva Glen Development	897	Housing redevelopment of former Alva Glen Hotel. Grant funding of £750k approved. This sum is the Council's net contribution to the total redevelopment cost of £1.7 million.
Bowmar area enhancements	200	This project includes the skate park development previously reported to Council and additional heritage area improvements. Potentially 50% grant funding is available for the skate park from Sports Scotland, subject to the approval of a grant bid in summer 2014.
Fleet	806	Additional funding for fleet replacement in line with the Fleet Asset Management Plan.
<b>TOTAL</b>	<b>6.430</b>	Over 6 financial years between 2014/15 to 2019/20.

7.22 As far as possible, new projects/investments are supported by capital project appraisal forms which provide greater detail on the scope of planned projects. In some cases, further development of business cases is required. Completed forms have been provided as background papers on the members' portal prior to this Special meeting of Council. Feedback on areas for improvement in the administration of this process have also been fed back to the CIF. Further opportunity to consider these proposals was also provided in the all Councillor briefing held on the 19th February 2013.

### **Housing Revenue Account Capital Programme**

7.23 The HRA Capital programme is detailed at Appendix N. This is shown in the format directed by the SHQS and the Government reporting requirement. The programme has been developed taking into account the Council's requirement to meet the SHQS, the local Clacks Standard and the Clackmannanshire Housing Strategy. It includes provision for the HRA to support the Government's Affordable Housing Supply Programme. This was noted and approved by Council in June 2013 as part of the Strategic Housing Investment Programme (SHIP).

7.24 Clackmannanshire Council's attainment of the SHQS is currently at 94%. The remaining outstanding element relates to the Health, Safe & Secure requirement. The door entry systems in blocks where there is mixed tenure have still to be installed with secure door entry systems that meet the Government requirements. To facilitate this, the Service is looking to provide assistance from the Government's Private Sector Housing Grant and earmarked reserves, as appropriate, to enable owner occupiers to finance their required contribution to the project.

7.25 The Clacks Standard is progressing well with only the replacement of kitchens within amenity housing to complete. The projected completion of the bathroom programme is on target to be completed during the first half of 2016/17. This ties



in with the scheduled completion of the bathroom replacement contract agreed with Mite and Property Contracts Unit. During this current financial year (2013/14), expenditure on the bathroom replacement programme is anticipated to outturn at £3.3m. To complete the remaining 2600 bathrooms, the Service is projecting further expenditure of £5m over the next 3 financial years.

- 7.26 On completion of the bathroom programme, the focus of the capital investment required will be in accordance with the approved elemental life cycle highlighted in the approved HRA business plan. This will mean that major programmes going forward will include:
- Roof replacement
  - Window replacement
  - Energy efficient central heating systems.
- 7.27 The outline capital plan presented at Appendix N includes provision for 2,000 replacement heating systems to 2018. This will be particularly focused on areas such as Alva which did not qualify for Government energy efficiency grant e.g. CESP. The council will endeavour to maximise any available grant funding that may be available, such as HEEPS and ECO funding, to reduce the expenditure from the HRA. The Council will need to take cognisance of the likely introduction of a higher energy efficiency standard. Social housing stock will be required to meet this higher standard from 2017, as per the anticipated requirements of the Scottish Social Housing Charter. This will prove to be a particular challenge due to the variety of architectural types throughout the stock. The cost of providing external wall insulation to our "hard to treat" housing stock could be up to £17.5k per property.
- 7.28 The need to meet enhanced standards could mean that the sustainability of the Council's commitment to providing some of the elements currently included as part of the Clacks Standard will need to be reviewed.
- 7.29 During the financial year 2014/15 the total investment in capital works required by the HRA will be £9.3m. This includes an allowance of £2.45m for Council house new build to support the Government's affordable housing supply programme. The HRA contributions to this programme include £1.4m for the development of housing on the site of former Fairfield School, £650k to continue to purchase properties from the open market. This will help to meet the demand from the Housing waiting list. £400k has been allocated to the development at Hallpark to support the final completion of the project with £1m previously provided from the HRA. Future allowance for Council new build over the years 3, 4 & 5 of the business plan is projected at £3.91m. This is in line with the expected investment in the SHIP and accords with the indicated grant funding allocated to Clackmannanshire by the Scottish Government.
- 7.30 The HRA capital plan going forward includes a provision of £625k over the next 4 years to support the Council's Streetscape projects. In the Capital plan, a *Making Clackmannanshire Better* Tenant and Community Improvement Fund has also been created with a budget of £800k over the next 4 years. This will allow elected members, tenants and housing officers to bring forward specific housing

or area improvements identified during estate walkabouts. This is in line with the Scottish Social Housing Charter Outcomes 5 and 6 that require landlords to work with in partnership to create well maintained estates.

- 7.31 To finance these improvements the budgeted surplus from revenue is £4.07m, House sales at £680k, £2.25m of borrowing plus £2.32m from reserves. The reduction in minimum HRA reserves from £3m to no lower than 4% of rental income was approved as part of the business plan assumptions.
- 7.32 Current anticipated capital expenditure including the support for the Government's affordable housing supply programme will mean that HRA borrowing will peak just above £35m in year 7 of the business plan (2019/20). Based on our current projections this could mean that total borrowing will be £73k higher than the borrowing limit imposed on the business plan approved by Council. However, there are several mitigating factors to consider, for example, some of our affordable housing developments could be taken forward by an RSL, thus reducing the HRA's overall capital investment and again reducing the need for borrowing. Alternatively, proposed changes to staff terms and conditions (Appendix D2) would reduce costs and mean that more capital investment can be financed by revenue and hence reduce the borrowing required.
- 7.33 Movement in respect to the overall debt position will continue to be highlighted and monitored through routine performance reporting to the Housing, Health and Care Committee and Council.

## 8.0 Making Clackmannanshire Better

- 8.1 Table 1 also sets out the indicative funding gap for 2015/16 and 2016/17. This suggests a projected shortfall in funding of £5.251m for 2015/16 and £6.857m for 2016/17. In order to realise this level of savings within an appropriate timescale it is important that the Council's business improvement programme of activity, '*Making Clackmannanshire Better*' is progressed further.
- 8.2 A significant amount of work has already been taken forward to establish the Programme and undertake pilot activity. From this, it is clear that *MCB* work will be a significant, though not exclusive, driver in assisting with bridging the funding gap in 2015/16 and subsequent years. To this end a range of work will need to be progressed to allow for the timely approval and implementation of key changes.
- 8.3 Key Programme development priorities for early 2014/15 are proposed as follows:
- development of a clear specification of which services the Council will deliver and to what standard. This will require more detailed review and refinement of the early work undertaken to classify council services as mandatory, discretionary or support services.
  - refinement and adoption of the draft Target Operating Model (Appendix J) through the established governance structures of the Steering Group, Programme Board and Council. This work aims to deal with how and where Council services are delivered.
  - development of a clear statement of the intended benefits and outcomes of the planned changes, including when these will be realised and whether investment will be needed to secure them.
  - the development of a Forward Plan of key change decisions to ensure Service Committees and Council provide timely challenge, comment and governance over proposals for appropriate changes in service delivery and resourcing
  - completion of the detailed communications plan incorporating our approaches to both internal and external communication for both strategic and operational changes
  - redesign of the corporate Budget Challenge process to better align with *MCB* thereby providing an integrated corporate and consistent approach focused on minimising duplication and overlap within and between services.
- 8.4 Appendix J highlights some consistent themes for change arising from the budget consultation activity, Clackmannanshire Alliance, recent scrutiny reviews undertaken on behalf of the Resources and Audit Committee and qualitative and quantitative data from the Tullibody pilot. These are:
- prevent or intervene at the earliest opportunity to avoid poor outcomes and

associated costs

- develop long term person-centred relationships with vulnerable clients and support them to greater self reliance and personal resilience
- more integrated service delivery, preferably under one roof
- the need to reduce/ remove duplication and waste
- build services around customers and communities by improving accessibility and removing organisational and departmental silos.

It is intended that these will be considered and incorporated where appropriate, in the final models of service delivery recommended for approval.

- 8.5 Alongside these new activities, the existing *MCB* action plan has also been developed further. This now sets out key initial tasks along with the associated indicative timescales. This draft action plan is attached as part of Appendix J. It is important to note that as the strategic actions set out in paragraph 8.3 are developed, actions within the action plan may require refocusing and /or realigning to ensure that they remain consistent with the broader corporate context and strategic *MCB* developments.
- 8.6 Progress in implementing the *MCB* Action Plan will be monitored by the *MCB* Steering Group, Programme Board and Council on receiving their regular update reports. This approach seeks to ensure that there is appropriate transparency, engagement and governance over any proposed changes.
- 8.7 A key theme of this Budget has been to start the process of better integration of service delivery and the *MCB* improvement agenda, with financial planning. The *MCB* Programme aims to provide a consistent corporate framework within which the benefits of largely pre-existing service projects can be maximised. As a consequence, and to be consistent with this principle, management has sought to reprioritise spend to fit with the emerging themes of *MCB*. For 2014/15, this is reflected in both proposed revenue savings options such as the managed contraction of non mandatory service provision and improving the co-ordination of programmed capital investment at a community/ settlement level, for instance as is proposed for Tullibody.
- 8.8 The nature of much of the proposed capital programme also demonstrates a good fit with *MCB* priorities. For illustration purposes, those proposals with strong *MCB* alignment are highlighted in green in Appendices M and N for General Services and HRA respectively..
- 8.9 There is also specific revenue and capital resourcing available for the *MCB* Programme. This was previously approved as part of 2013/14 budget setting process for General Services. Revenue expenditure requirements will be met from the Council's Spend to Save Fund (current balance £547k). The Spend to Save Fund was notionally established following the approval of the Budget Strategy in August 2010 but has operated in practice since April 2011. Capital expenditure requirements will be met from the 2014/15 capital programme which

includes a sum of £2.1m in 2014/15 and £8.3m in total over the period to 2019/20.

- 8.10 Table 5 sets out proposals to invest £200k from the *MCB* General Service Capital Budget allocation to fund Community Development Grants. Eligibility criteria will be established prior to publicising the application process and timescales. This fund aims to incentivise communities to work with the Council to improve the physical environment and community facilities with a view to meeting the ambitions within *MCB* of integrated and accessible services within communities.
- 8.11 In addition, *MCB* capital investment of £800k has also been identified within the HRA budget over the next four years. This investment will be used to establish the *Making Clackmannanshire Better* Tenant and Community Improvement Fund. Further information on this initiative is set out in paragraph 7.30.
- 8.12 A significant proportion of the Council's operating costs relate to the cost of employment. It is clear that these costs will need to be reduced to allow the Council to function within its funding allocations in the future. As far as possible, it is proposed that this process would be delivered through a managed contraction of staffing levels in line with the service delivery priorities identified through the *MCB* Programme (paragraph 8.3). To facilitate this process, it is proposed that an Employment Fund is established. This Fund will be utilised to meet any costs associated with the managed contraction of service delivery.
- 8.13 The Employment Fund will initially be set at £400k and will be financed by £200k from the Spend to Save Fund and anticipation of £200k from the currently reported corporate underspend of £251k (paragraph 5.10.). This results in a revised balance of £6.17m of uncommitted reserves which is £2.7m in excess of the minimum level of £3.47m or equivalent to 5.3% of net expenditure.

## **9.0 Equalities Impact Assessment**

- 9.1 The Council values diversity and believes in equality as it relates to its employees, customers and stakeholders. To that end an initial Stage 1 'Screening' Equalities Impact Assessment (EQIA) was undertaken based on officer proposals. Where there were potential impacts, these were highlighted as part of the public consultation exercise described at Section 4 of this report.
- 9.2 Following consultation, Stage 2 assessments were undertaken to consider impact on specific protected equalities characteristics for instance age, gender and so on. Where appropriate the need for mitigations or adjustments to the original proposals were then outlined. All Stage 2 EQIAs have been consolidated and are available as a background document on the members' portal.

## **10.0 Financial monitoring**

- 10.1. As in previous years, work continues to improve the financial and management information available within the Council. This will remain a priority throughout 2014/15 and in following years to ensure that timely, accurate and relevant financial monitoring is undertaken. This will allow potential slippage in planned savings activities to be identified at an early stage and remedial action to be implemented as required.

## 11.0 Sustainability Implications

11.1. The Council's budget and its approval will allow services to deliver against sustainable outcomes.

## 12.0 Resource Implications

### 12.1. *Financial Details*

12.2. The full financial implications of the recommendations are set out in the report. This includes a reference to full life cycle costs where appropriate. **Yes**

12.3. Finance have been consulted and have agreed the financial implications as set out in the report. **Yes**

### 12.4. *Staffing*

Staffing implications have been considered within individual service savings proposals and there is an ongoing dialogue with HR, Service Managers and trades union representatives as appropriate.

## 13.0 Exempt Reports

13.1. Is this report exempt? **No**

## 14.0 Declarations

The recommendations contained within this report support or implement our Corporate Priorities and Council Policies.

### (1) **Our Priorities**

The area has a positive image and attracts people and businesses  
Our communities are more cohesive and inclusive  
People are better skilled, trained and ready for learning and employment  
Our communities are safer  
Vulnerable people and families are supported  
Substance misuse and its effects are reduced  
Health is improving and health inequalities are reducing  
The environment is protected and enhanced for all  
The Council is effective, efficient and recognised for excellence

### (2) **Council Policies** (Please detail)

Financial Regulations

Scheme of Delegation

## 15.0 Equalities Impact



15.1 Have you undertaken the required equalities impact assessment to ensure that no groups are adversely affected by the recommendations? **Yes**

## **16.0 Legality**

16.1 It has been confirmed that in adopting the recommendations contained in this report, the Council is acting within its legal powers. **Yes**

## **17.0 Appendices**

17.1 Please list any appendices attached to this report. If there are no appendices, please state "none".

Appendix A - Consultation response summary

Appendix B - General Services Revenue Budget

Appendix C - Approved Demand pressures

Appendix D1 - Policy Savings

Appendix D2 - Management Savings

Appendix E - Income & Charging Register and Strategy

Appendix F - Implementation of Children & Young People Bill

Appendix G - Chief Officer Reconfiguration

Appendix H - Realignment of voluntary organisations funding

Appendix I - Proposed reductions in corporate and service subscriptions

- Appendix J - MCB target operational model and initial key tasks

Appendix K - HRA Revenue Budget

Appendix L - Rent levels

Appendix M - General Services Capital Programme

Appendix N - HRA Capital Programme

Appendix O - Streetscape Programme

## **18.0 Background Papers**

18.1 Have you used other documents to compile your report? (All documents must be kept available by the author for public inspection for four years from the date of meeting at which the report is considered)

**Yes**

Financial Strategy June 2012  
 Budget Strategy August 2010  
 Consultation November 2013 to January 2014  
 General Services Revenue Budget 2013/14  
 Budget Updates to Council  
 Finance Circular No6/2013, December 2013  
 Spend to Save Fund  
 CIF Minutes  
 Capital Project Appraisal Forms  
 EQIA

**Author(s)**

<b>NAME</b>	<b>DESIGNATION</b>	<b>TEL NO / EXTENSION</b>
Liz Shaw	Chief Accountant	01259 452072
Nikki Bridle	Director, Finance and Corporate	01259 452373

**Approved by**

<b>NAME</b>	<b>DESIGNATION</b>	<b>SIGNATURE</b>
Nikki Bridle	Director of Finance & Corporate Services	Signed : N Bridle
Elaine McPherson	Chief Executive	Signed : E McPherson