

NEWCASTLE-UNDER-LYME BOROUGH COUNCIL

REPORT OF THE EXECUTIVE MANAGEMENT TEAM TO COUNCIL

26 FEBRUARY 2014

1. REVENUE AND CAPITAL BUDGETS AND COUNCIL TAX 2014/15

Submitted by: Executive Director (Resources and Support Services)

Portfolio: Finance and Resources

Wards(s) affected: All

Purpose of the Report

This report sets out the recommendations of Cabinet for the Revenue and Capital Budgets for 2014/15 and sets out the recommendations for setting the 2014/15 Council Tax.

Recommendations

That the Council approve the recommendations set out in Appendix 'A'.

1. Background

- 1.1 This report is the culmination of the 2014/15 budget process, which started before the current 2013/14 budget was set. The Cabinet and the Transformation and Resources Overview and Scrutiny Committee (TROSC) have already considered the content of the 2014/15 Budget and the resultant Council Tax which is recommended. At its meeting on 5 February 2014 the Cabinet considered the comments of the TROSC of 22 January. After considering the various comments made the Cabinet recommend an unchanged Council Tax for this Council in 2014/15 of £176.93 (based on Band D), as set out in Appendix B.

2. General Fund Budget 2013/14 – Projected Out-turn

- 2.1 Monthly reports monitoring actual spending against budget have shown only small overall variances throughout the first ten months of the year.
- 2.2 Within the overall position there are a number of significant variances, as referred to in the Budget and Performance Monitoring report considered by Cabinet on 5 February. These are:
- Kidsgrove Sports Centre is operating at a significant net overspend (£110k as at 31 January), primarily due to income shortfall;
 - Interim management and maintenance of Keele Golf Course has resulted in a cost to the Council of £99k as at 31 January;
 - There have also been a number of income sources whereby income has exceeded what would have been expected to be received as at 31 January. These include: licensing fees, planning application fees, Jubilee 2 income, and the recovery of housing benefits overpayments.
- 2.3 Taking account of the above factors it appears likely that the outturn for 2013/14 will not differ significantly from the budget.
- 2.4 There have been a number of notable achievements so far in 2013/14, as set out below:
- Working collaboratively with other authorities, a new Customer Relationship Management system (CRM) has been implemented by Customer & ICT Services in June and all other partners moved to the shared web based system at the end of October.
 - Replacement of the corporate financial system completed in December and training provided to system users.

- A Town Centre Manager from the business community of Newcastle was recruited for the Newcastle Town Centre Partnership, established a business plan and a programme of town centre events delivered. This included the Lymelight Music Festival, Global Groove, and a weekend of activities around the Christmas Lights switch on.
- Kidsgrove Town Centre Partnership established.
- Enderley and Bridge Street subways have been fully refurbished in partnership with the county council.
- Progress with engagement of partners in developing key projects such as Lets Work Together continues with a series of training sessions and also events held with partners.
- Another successful Business Boost competition and awards event held at the Keele Sustainability Hub.
- Procurement has worked closely with service areas in taking various approaches to make effective savings through ongoing analysis, and includes collaborative tenders and the use of various purchasing frameworks to ensure cost reductions for post, stationery, cash collection, ICT hardware, and other tenders which use economies of scale through collective purchasing to identify further areas of savings.
- A Social Value toolkit compiled in conjunction with and support from the Newcastle Partnership. Ongoing support given to embed social value as part of future commissioning/procurement and the establishment of Social Value champions within the authority.
- A total of nearly 4,000 volunteer hours were given from volunteer groups and individuals in the first six months of the year to care for the local green spaces and neighbourhoods through the delivery of the Community Engagement Framework.
- Negotiated a two year price freeze with our Green and Food Waste contractor making a saving of £20,000 from the next financial year.
- Recycling & Waste were shortlisted in APSE Performance Awards.
- Introduced a pilot Business Food Waste scheme to support businesses reducing their food waste.
- Development of Memorandum of Understanding (MOU) with Project Management Training (PM) to foster greater collaboration, and support to supplier event with PM generating further apprenticeships within the region.
- In the first six months of the year a total of 29 affordable housing units were provided. Partnership working continues with registered providers and the Homes and Communities Agency to deliver new affordable housing in line with the Local Investment Plan.
- Successfully provided three internships for students at Keele University.
- Recruited eleven apprentices to the council after the successful launch of the Shared Apprenticeship Scheme.
- New community centre and facilities delivered at Silverdale.
- The Operations section gained the Gold Standard Award in Britain in Bloom for 12th year running and also Green Flag Awards for nine of its parks and green spaces.
- Delivered a range of measures to address, deter and prevent anti social behaviour e.g. diversionary activities, and co-ordinated a range of activity to support victims of domestic violence and anti social behaviour.
- The Council, alongside a range of partners, finalised the signing of a 20-year agreement with JCB for the Blue Planet building to become a logistics hub creating 300 jobs over the next two years.
- Progress with consolidation of ICT software continues with the removal of legacy software systems to improve efficiencies and integration with the council's mainstream systems. The consolidation of the Network and Telephony contracts resulted in reduced costs and enables the move to more efficient technology as part of a future programme.
- The Council's Committee Services and ICT Team successfully upgraded the Council's Modern.Gov system to offer residents, councillors and staff the opportunity to use the Modern.Gov app linked to the Council's public website.
- Remote Access solution has been replaced to ensure the authority has greater resilience in a business continuity situation, whilst enhancing flexible and agile working.
- The Council's accreditation with Public Service Network (PSN) was confirmed in November. The Council is one of approximately 250 authorities who have received compliance to date. Compliance with the new, more stringent requirements allows connection to a secure Government network, as part of the Government's bid to share information between public

bodies, and enables services such as Revenues & Benefits to send and receive information from Government departments such as the Department for Works Pensions securely.

- An ICT Desktop strategy was approved in September and a rollout of Windows 7 and Office 2010 is currently being implemented to all users.
- Customer Services has received the Customer Service Excellence award for the third year running.
- Collaborative commissioning with the County Council to commission projects to be delivered by the Third Sector.

3. Revenue Budget 2014/15

3.1 Excluding levies for Town and Parish Councils the recommended Borough Council Tax for a 'Band D property' remains at £176.93, the same level as in 2013/14.

	Estimated Expenditure £	Rate of Council Tax (Band D) £ p
Borough Council requirements –		
Total Net Expenditure	13,131,430	376.37
Less: External Support	<u>7,192,560</u>	<u>206.15</u>
	5,938,870	170.22
Add:		
Collection Fund Deficit 2013/14	<u>234,270</u>	<u>6.71</u>
 Borough Council Tax Requirement	 <u>£6,173,140</u>	 <u>£176.93</u>

The amounts shown above differ slightly from those shown in the equivalent table in the budget report to Cabinet of 5 February. This is due to a change, following clarification received, to the accounting treatment of small business rate relief grant receivable from the government in 2013/14, which increases the 2013/14 collection fund deficit in respect of National Non Domestic Rates (NNDR), of which this Council's share is £0.332m. There is no effect on the final Borough Council Tax Requirement arising from this change because the deficit share of £0.332m will be met from NNDR income already received in 2013/14 which has been set aside in that year to meet the deficit. This income is included in the Total Net Expenditure amount in the table.

Appendix 'B' sets out the budget summarised over services. Copies of detailed budgets are available on request.

In addition to the basic Council Tax we are required to levy additional charges in the following parishes. These are shown below:

<u>Parish</u>	<u>Rate of Council Tax (Band D) £ p</u>
Audley	17.16
Betley, Balterley and Wrinehill	17.26
Chapel and Hill Chorlton	16.15
Keele	22.88
Kidsgrove	14.77
Loggerheads	21.46
Madeley	44.51
Maer	18.64
Silverdale	7.99
Whitmore	23.66

The above levies are based on the requirements supplied by the parishes, some of which have yet to forward their official precept demands to the Council, in which case the levy is based on an estimate of the precept requirement.

It should be noted that Loggerheads Parish Council will hold its Parish meeting to set the parish precept on 27 February, i.e. after this Council meeting. The estimated precept amount as supplied by the Parish has been used above and in the tax tables and resolutions at Appendix A. In the event that a different precept amount is approved at the Parish meeting it will be necessary to amend the resolutions and tables in respect of Loggerheads Parish and those where aggregate amounts relating to Parishes are referred to. In order to deal with such an eventuality expeditiously, it is proposed that delegated authority be given to the Portfolio Holder for Finance and Resources in conjunction with the Executive Director (Resources and Support Services) to approve the necessary amendments to the relevant resolutions.

4. **Medium Term Financial Strategy and Budgets for 2014/15**

4.1 Members will recall that the Council's updated Medium Term Financial Strategy (MTFS), as reported to Cabinet on 15 January 2014, forecast a budget shortfall of £2.049m for 2014/15, with additional shortfalls of £1.934m for 2015/16, £1.390m for 2016/17, £0.857m for 2017/18 and £0.926m for 2018/19. Because the 2014/15 council tax freeze grant is only payable for two years, 2014/15 and 2015/16, a further £70,000 will have to be added to the shortfall for 2016/17. The current anticipated shortfalls need to be addressed by a combination of measures such as efficiency savings, reductions in expenditure or income increases and consideration of the need for Council Tax increases. As announced by the Leader in his report to Council on 27 November 2013, work is already ongoing by your officers, working in conjunction with the Budget Review Group, to identify solutions as part of the Newcastle 2020 project. The Budget Review Group will continue to develop a strategy for bridging the entire 2015/16 gap and for eliminating the shortfalls in respect of the remaining years up to 2018/19. The outcome of this work will be reported to Cabinet upon completion.

4.2 The 'gap' between expenditure and resources for 2014/15 of £2.049m arises from the factors set out in the table below:-

<u>CHANGES TO BASE BUDGET</u>	
<u>ADDITIONAL INCOME</u>	
Fees and Charges	£'000 96
TOTAL ADDITIONAL INCOME (A)	96
<u>ADDITIONAL EXPENDITURE & LOSS OF INCOME</u>	
Reduction in Government Grant	1,123
Provision for Pay Awards	134
Incremental Pay Rises for Staff	54
Superannuation increase in employers contribution/ changes to the LGPS in relation to non-contractual overtime.	201
Reduced Vacancy Factor allowance	72
Price Increases e.g. energy, fuel, rates, insurances, supplies & services	100
Loss of Investment Interest due to fewer capital receipts and investment rates	46
Reduction in Housing Benefits and Local Council Tax Support Subsidy	90
Adjustments re One-Off items in 2013/14, e.g. Borough elections	225
TOTAL ADDITIONAL EXPENDITURE AND LOSS OF INCOME (B)	2,045
<u>OTHER ITEMS</u>	
CONTRIBUTION TO ICT DEVELOPMENT FUND (C)	50
CONTINGENCY (D)	50
NET INCREASE IN BASE BUDGET (B+C+D-A)	2,049

4.3 In addition the Council also has a medium term capital programme. Details of this can be found in Appendix F to this report.

4.4 A number of savings and funding strategies have been identified and agreed with managers as being feasible and sustainable in order to bridge the £2.049m "Gap". Some consist of savings in expenditure whilst others involve increasing income. These proposals total £2.049m and are summarised in the table below and set out in detail at Appendix C.

Category	Amount	Comments
	£'000	
Procurement	259	Smarter procurement and reductions in the amount of supplies procured
Additional Income	158	Includes new sources of income and additional income arising from increased activity. This amount is additional to the amount of £96,000 included in the MTFS in respect of a general 2% increase in fees and charges.
Good Housekeeping Efficiencies	181	Various savings arising from more efficient use of budgets
Staffing Efficiencies	488	No redundancies arise from these proposals.
Better Use of Assets	115	Demolition of former Sainsburys site and sale of Jubilee1.
New Homes Bonus funding	208	Contribution to revenue budget from New Homes Bonus funding.
Council Tax Freeze Grant 2014/15	70	See 4.6 below
Alternative Sources of Finance/Other Savings	570	Additional Business Rates retained, reduction in grants and contributions to external bodies, effect of forecast Council Tax Base increase.
Total	2,049	

4.5 It is not proposed to increase the council tax for 2014/15. The Council would be permitted to increase tax by up to 2.0 per cent, above which it is required to conduct a referendum to determine the views of taxpayers. The government wish to see no increase in council tax for 2014/15 and are once more offering to pay a non specific grant to those councils which do not increase their council tax for 2014/15. The grant is payable at a rate equivalent to a 1.0 per cent increase in the authority's 2013/14 basic amount of council tax multiplied by its council tax base. For Newcastle, this would result in a grant of around £70,000 being payable, which is included in the table of proposals to close the budget gap at paragraph 4.4 above. The grant will be payable for two years, 2014/15 and 2015/16, no more payments being made after 2015/16. The grant of £70,000 in respect of the 2013/14 freeze will be paid in 2014/15, consolidated within the overall financial settlement amount, after which it will cease. The grant of £173,000 in respect of the 2011/12 freeze, which was originally payable for four consecutive years, will continue to be paid in 2014/15, after which it will also be consolidated within the overall financial settlement amount. Both of these grants relating to previous years' freezes are included in the base budget, so do not represent additional income. The grant in respect of the 2012/13 freeze is no longer receivable as it was only paid for the one year, 2012/13. The table below summarises the position in relation to these freeze grants over the years they will be received.

Grant	Years in which grant is receivable					
	2011/12	2012/13	2013/14	2014/15	2015/16	2016/17
	£'000	£'000	£'000	£'000	£'000	£'000
Re 2011/12 Freeze	173	173	173	173	173*	173*
Re 2012/13 Freeze	0	173	0	0	0	0
Re 2013/14 Freeze	0	0	70	70*	0	0
Re 2014/15 Freeze	0	0	0	70	70	0
Total Receivable in Year	173	346	243	313	243	173

* Receivable as part of overall financial settlement rather than as a separate grant

4.6 A number of new initiatives in relation to Council priorities were provided for in the 2013/14 budget and have been continued in 2014/15, these include:

- Town Centre Partnership (£30,000)
- Apprentices (£40,000)
- Home Security Support for Vulnerable Residents (£10,000)
- Revenue Investment Fund - £100,000 is again included to fund projects in support of corporate priorities.

Other noteworthy activities which are planned to be carried out during 2014/15 to be met from provision within the revenue or capital budgets are:

- Reviews and implementation of new strategies and policies over a wide range of services
- Progress with the Public Realm project will see the replacement of market stalls to be in place by Easter 2014 and Hassell Street pedestrianisation works for Spring.
- Ryecroft subway refurbishment completed by Autumn 2014.
- Business boost competition planned to be held again in October 2014.
- Newcastle Town Centre Partnership and Kidsgrove Town Centre Partnership delivery and implementation of business plans
- Continue to work with the Stoke and Staffordshire Local Enterprise Partnership to secure European funding for the Borough.
- Further development of the CRM system will utilise new applications to improve the customer journey and make efficiencies from back office integration.
- Pledge to undertake a further apprentice recruitment drive and to work with companies and the voluntary sector to offer even more opportunities where possible for young people.
- Plans to work with Keele University again to provide the internship programme and interest shown from Staffordshire University to be involved in 2014/15.
- Implement outcomes of the community centre review
- Work and Development of an Eco/Green Deal brokerage service
- Establish the new procurement portal and continue to progress work where analysis has identified procurement savings.
- In partnership with Keele University Business School, we are looking to develop our trade waste and trade recycling services.
- Marketing to continue to secure a development partner to take forward the redevelopment of the Ryecroft site for major new retail-led, mixed-use development and new multi-storey car park.
- Progress with many of the projects commenced in 2013-14 is also planned.

4.7 2013/14 is the first year of the new system whereby local authorities are permitted to keep a part of the business rates income which they collect, broadly speaking equating to a share of the growth in this income. The Borough Council has joined with the County Council, Stoke on Trent City Council, Staffordshire Fire Authority and three other Staffordshire District Councils to form a business rates pool. By doing this the amount of income which may be retained is maximised. Experience to date indicates that a substantial amount of income will be retained by the Council in respect of 2013/14,

in excess of the amount which used to be received in relation to business rates by way of National Non Domestic Rates Grant under the previous arrangements. The precise amount cannot be accurately predicted with two more months remaining until the end of the financial year but there is every indication that the Council will benefit from the new arrangements. No allowance for any additional income was made in the 2013/14 budget because at the time it was prepared there was a great deal of uncertainty concerning how the new arrangements would operate, with much of the detail not decided upon or communicated to councils by central government. However, now that there is greater clarity and based on experience during 2013/14, an amount of £450,000 has been included in the 2014/15 budget in respect of additional income arising from business rates. Any additional income received in 2013/14 may be set aside into a reserve, pending a decision on its future use. It should be noted that although, as described above, there should be an overall benefit to the revenue budget, the accounting required for the new arrangements, means that the Council's gross expenditure and income will increase significantly.

4.8 Bringing together all the above, the result is a balanced budget, as shown in the table below:

	£'000	Report Reference
Changes to Base Budget	2,049	4.2
Savings/Increased Income	(2,049)	4.4
BUDGET SHORTFALL ('GAP')	-	

4.9 The government have now notified the Council of the final amount of its formula grant for 2014/15. This is in line with the provisional settlement figure, which represents a 13.6% reduction. In addition, the provisional settlement figures for 2015/16 represent a further reduction of 15.6% in funding.

5 **Balances and Reserves**

5.1 The Council's Balances and Reserves Strategy for 2013/14 is that there should be a minimum General Fund balance of £1.2m and a minimum balance on the Contingency Reserve of £100,000. The Council currently holds these reserves.

5.2 A review of all the Council's Balances and Reserves together with a risk assessment has been carried out. Details of these are included in Appendices D and E.

5.3 The review and risk assessment indicate the following:

- Most of the reserves are still adequate to meet normal levels of expenditure, with two exceptions set out below.
- The Insurance Fund will be insufficient to meet the cost of premiums and claims from 2014/15 onwards, particularly since negotiations with the insurers indicate that they will require a substantial increase in premiums for 2014/15. The estimated shortfall as at 31 March 2015 is around £162,000.
- By 2014/15 the Renewals and Repairs Fund is likely to be insufficient to meet the cost of repairs and maintenance of council buildings and structures, with an estimated overdrawn balance of £24,000 by 31 March 2014, which worsens to an estimated overdrawn balance of £84,000 by 31 March 2015. It will be necessary, therefore, to top-up the reserve in order to fund essential repairs and maintenance expenditure.
- The level of minimum balances required after considering the risk assessment remains at £1.3m.

5.4 As outlined above, there is a need to replenish two reserves, the Insurance Fund and the Renewals and Repairs Fund. Owing to the recent settlement with the owner of The Square concerning arrears of rent, an amount of £393,000 was received, £115,000 of which relating to 2013/14 was recorded in that years accounts, with the balance being paid into the Contingency Reserve. It is proposed to utilise the remaining balance of £278,000 from the Contingency Reserve to replenish these two

reserves, £100,000 to be transferred into the Renewals and repairs Fund and £178,000 into the Insurance Fund.

- 5.5 As reported to Cabinet on 15 January 2014, following the completion of the tendering exercise in respect of the Housing Advice Contract, there will be some transitional set up costs, amounting to around £65,000 to ensure a smooth changeover to a new contractor. It is proposed to fund these costs, arising in 2014/15, from the New Homes Bonus Reserve, which is predicted to have a balance at 31 March 2014 of £83,000. This balance has arisen because of savings on capital schemes intended to be financed from the reserve, together with the Council's Social Housing commitment of £65,000 included in the 2013/14 Housing Capital Programme and originally intended to be financed from New Homes Bonus now to be met by way of land transfers.
- 5.6 The RENEW Reserve was originally set up to meet revenue costs in relation to the North Staffordshire Housing Market Renewal Programme. This programme has now ceased. There remains a balance on the reserve, most of which is no longer required for meeting commitments arising from the renewal programme, the last of which expires in 2014/15. The predicted balance as at 31 March 2014 is £86,000. It is recommended, therefore, that this amount be transferred to the Contingency Reserve and the Renew Reserve be extinguished.
- 5.7 The ICT Development Fund is used to fund the development of ICT facilities and the replacement of ICT systems and equipment. No contributions have been made to the fund in recent years. In order to enable it to continue to fulfil this role, an amount of £50,000 has been included in the 2014/15 budget as a contribution to the fund. It is intended that this level of contribution will continue to be provided for in future budgets.
- 5.8 Previous reports have drawn attention to the situation with regard to Municipal Mutual Insurance (MMI), whereby the Council may be subject to clawback in respect of claims settled by the company after they went into administration. Potentially the liability could amount to around £721,000. Current advice is that authorities should set aside around 25% of their potential liability as a provision to meet this eventuality. Presently, an amount of £180,000 is set aside in such a provision (the MMI Provision). Notification was received in January 2014 from the Municipal Mutual Scheme Administrator that a levy of 15 per cent of the liability in excess of £50,000, amounting to £101,000, had become payable and this payment has been made. The payment will be met from the MMI Provision. This may not be the final levy which is made against the Council. If further amounts are required to enable the Administrator to meet the liabilities of the Company he is able to call for an additional levy or levies to be paid.
- 5.9 Cabinet, at its meeting on 15 January, received a report concerning Keele Golf Course and resolved that the course be closed until further notice. The budgetary implications of this decision are that the net income of £30,000 included in the base budget will no longer be achieved and there will be holding costs arising in 2014/15, pending a decision on the long term future of the site. There has been an improvement in the Council Tax Collection Fund position in that the £3,700 deficit contribution to the Fund included in the base budget is estimated to be a surplus contribution from the fund of £97,680 in 2014/15, a net improvement of £101,380. It is proposed, therefore, that £30,000 of this additional income arising from the collection fund contribution be used to adjust the net income figure included in the base budget for the golf course and that the balance is set aside for holding and maintenance costs until a decision is made with regards to its future use, in accordance with the Cabinet decision of 5 February.
- 5.10 Following the decisions of the Planning Committee and Cabinet, on 10 and 11 December respectively, to proceed with the preparation of a new Local Plan jointly with Stoke on Trent City Council it will be necessary to address the budget shortfall which will arise. Cabinet, on 16 October had already considered a report detailing the shortfall, which was identified as £76,170 in 2014/15 and £9,000 in total over the following two years and resolved that the financial implications be addressed through the Medium Term Financial Strategy and respective budget setting processes. It will be recalled that the Council's investment of £2,500,000 (plus £9,000 in accrued interest) in Heritable Bank was frozen in 2008/09, resulting in an impairment charge being made to the General Fund Revenue account, reducing the value of the investment, as shown in the Council's balance sheet. Subsequently the amount of the impairment has been reduced in line with the recommendations of the Chartered Institute of Public Finance and Accountancy. Now that the

frozen amount has substantially been repaid, £2,357,691 having been received so far, it is possible to recalculate the amount which should remain as impairment, resulting in an amount of £152,040 being shown as over-impaired. This can be credited back to the General Fund Revenue Account, at 31 March 2014, and by so-doing removes the balance in respect of the Heritable investment from the balance sheet. It is proposed to transfer this amount, at 31 March 2014, from the revenue account into the Contingency Reserve. It will be possible, therefore, to meet the budget shortfall in relation to the Local Plan preparation from the increased balance available in the Contingency Reserve in 2014/15 as a consequence of the impairment transaction outlined above.

- 5.11 Based on these minimum levels of reserves being sustained the Executive Director (Resources and Support Services) is of the opinion that the Revenue Budget is robust and that the Council's Revenue Reserves are adequate to support it based on the assumptions set out in this report.

6 **Consultation**

6.1 An extensive public consultation exercise was carried out which included distributing more than 5,000 copies of a special budget edition of the "Reporter", which invited readers to complete a brief questionnaire setting out their views concerning options for the 2014/15 budget. There were also pages within the council's website devoted to the budget consultation, including an online version of the questionnaire. Following on from this, a number of public meetings were held at various locations across the borough which gave residents an opportunity to contribute their views. In addition, Cabinet members and officers were available on a number of days for "stop and chat" sessions at a variety of locations to answer questions concerning the 2014/15 budget and to receive the views of the public. The Council's e-Panel was also consulted. Finally, Cabinet members attended meetings with a variety of organisations including residents' associations and parish councils.

6.2 The Medium Term Financial Strategy and the budget proposals have also been considered by the TROSC at their meetings on 6 November 2013, 3 December 2013 and 22 January 2014. In addition members had the opportunity to raise issues and receive explanations concerning the proposed budget for 2014/15 at a Scrutiny Café event held on 14 January. Following the January TROSC meeting, the Chair fed back the Committee's comments to the Cabinet at their meeting on 5 February 2014.

7. **Risks**

7.1 Appendix 'E' shows the risk assessment in relation to the 2014/15 General Fund Revenue Budget.

8. **Capital Programme 2013/14 - 2014/15**

8.1 The Capital Programme 2013/14 - 2014/15, recommended by Cabinet, is attached at Appendix 'F', together with a summary of the proposed financing of the Programme. This contains projects directed towards meeting the Council's corporate priorities, as reflected in its Capital Strategy. The revenue consequences of the Capital Programme have been incorporated in the 2014/15 Revenue Budget.

8.2 New schemes total £1,039,000 plus £1,029,000 relating to the Housing Capital Programme. The remainder of items included in the Programme relate to continuing expenditure on current schemes, funding for which has already been approved. A summary of the new items included in the Programme and how they are proposed to be funded, is set out below:

Scheme	Cost	Funding		
		New Homes Bonus	Disabled Facilities Grant	Capital Receipts
	£'000	£'000	£'000	£'000
Housing Programme				
Disabled Facilities Grants	864	350	514	
PSH/Emergency HHSRS Grants/Vulnerable H	80	80		
Empty Homes	20	20		
Energy Advice Service	20	20		
Home Improvement Agency	13	13		
Landlord Accreditation Scheme	32	32		
Replacement Vehicles and Equipment				
Vehicles Replacement	552			552
Waste Bins	50			50
Stock Condition Works				
Museum	15			15
Commercial Portfolio	60			60
Civic Offices	53			53
Car Parks	20			20
Parks and Open Spaces				
Footpath Repairs	50			50
Play Area Refurbishment *	50			50
Railings/Structures Repairs	25			25
Brampton Park	100	85		15
Other Projects				
Cemetery Memorial Survey Works	9			9
Ryecroft Site Clearance Costs (net) **	45			45
Clayton Sports Centre - Match Funding	10			10
TOTAL	2,068	600	514	954

* Included in Replacement/Repair of Play Equipment in Appendix F

** Additional resources allocated but expenditure will be in 2013/14

8.3 Continuation of the capital programme beyond 2014/15 is dependent upon the achievement of a programme of receipts from the disposal of assets. It is essential that sufficient capital receipts are generated from these asset sales to enable essential capital investment to take place. Cabinet considered a report concerning future capital investment needs and capital resources on 5 February 2014 and resolved to set up a Cabinet Panel to develop and oversee the process required to develop strategies to find solutions to meet the financial challenges in respect of the medium term capital requirements.

8.4 The Chartered Institute for Public Finance and Accountancy (CIPFA) Prudential Code for Capital Finance, which the Council has adopted, requires the calculation of a Prudential Indicator in relation to the capital programme. This is to demonstrate the incremental impact of capital investment decisions upon the council tax, in other words what the additional cost to the General Fund Revenue Account will be as a result of carrying out the projects contained in the proposed capital programme, compared to the situation which existed based on the programme approved at last year's council tax setting Council meeting. The Indicator shows that the incremental impact is estimated to be £9,540 (in a full year once the projects are complete and operational), which equates to a council tax levy of £0.27, using the 2014/15 council tax base for calculation purposes. This is based on £954,000 additional capital expenditure funded from Council resources and an assumed interest rate of 1.0 per cent. Provision has been made in the 2014/15 budget for the cost of funding the capital programme in terms of reduced interest as a result of using capital receipts and reserves arising from the profiled capital spend.

9. **Business Rates - Temporary Relief for Retail Premises**

9.1 The Chancellor of the Exchequer has announced a new temporary relief for Business Rates to apply to retail businesses occupying properties with a Rateable Value of £50,000 or less. The relief is to apply for two financial years only, 2014-15 and 2015-16 and can be up to £1,000 for each property for each year. Local authorities are expected to grant this Retail Relief by way of a discretionary relief under Section 47 of the Local Government Finance Act 1988. The Department for Communities and Local Government will then reimburse the cost of the relief by way of a grant to the local authority under Section 31 of the Local Government Act 2003.

9.2 Normally, discretionary reliefs granted under Section 47 of the 1988 Act are considered on their individual merits. However, there are potentially 997 hereditaments impacted by this new relief in the Borough Council area and there are likely to be a significant number of changes to entitlement caused by the general movement in businesses opening and closing during the two year period. It is therefore considered impractical to seek individual approval to grant the relief.

9.3 In view of the lack of impact on the local authority's overall budget, it is proposed that Members approve in principle, the granting of Retail Relief to all qualifying businesses with affect from the 1 April 2014 and to then delegate authority to the Executive Director (Resources and Support Services) to administer the Retail Relief scheme, adjusting entitlements and granting any new entitlements that changes of circumstances dictate, for the duration of the scheme.

10. **List of Appendices**

- A Recommendations
- B Revenue Budget 2014/15
- C Savings and Funding Strategies
- D Actual and Estimated Reserves at 31 March 2013 to 31 March 2015
- E Risk Assessment
- F Capital Programme 2013/14 to 2014/15, including financing of expenditure

Schedule of detailed recommendations

The following recommendations set out the decisions needed for the Council to set its own budgets and Council Tax for 2014/15.

Recommendations

- (a) That the Revenue Budget for 2014/15 be approved, as set out in Appendix B.
- (b) That the Council Tax at Band 'D' be £176.93, unchanged from 2013/14.
- (c) That the Capital Programme to 2014/15 be approved as set out in Appendix F, together with the Prudential Indicator relating to the Incremental Impact of Capital Investment Decisions on the Council Tax, as set out in paragraph 8.4.
- (d) That the minimum balances requirement be confirmed as £1,300,000, unchanged from a year ago.
- (e) That £278,000 be transferred from the Contingency Reserve, as follows: £100,000 into the Renewals and Repairs Fund; £178,000 into the Insurance Fund.
- (f) That £65,000 of transitional set up costs in relation to the Housing Advice Contract be financed from the New Homes Bonus Reserve.
- (g) That the Renew Reserve be extinguished by transferring the balance as at 31 March 2014 to the Contingency Reserve.
- (h) That expenditure of £76,170 arising in 2014/15 in relation to the preparation of the new Local Plan be financed from the Contingency Reserve.
- (i) That the budget shortfall arising in 2014/15 in relation to the Council resuming responsibility for the Keele Golf Course premises be met from the Council Tax Collection Fund surplus, as outlined in the foregoing report.
- (j) That, in respect of Non-Domestic Rates, Retail Relief is granted to all qualifying businesses as at 1 April 2014, and that delegated Authority is given to the Executive Director (Resources and Support Services) to administer the Retail Relief scheme for the duration of the scheme.
- (k) That delegated authority be given to the Portfolio Holder for Finance and Resources in conjunction with the Executive Director (Resources and Support Services) to approve any necessary amendments to relevant resolutions arising from changes in Parish precept amounts notified to the Council after this meeting.
- (l) That it be noted that at its meeting on the 15 January 2014 the Cabinet calculated the following amounts for the year 2014/15:
 - (i) 34,890 being the amount calculated by the Council, in accordance with regulation 3 of the Local Authorities (Calculation of Council Tax Base) (England) Regulations 2012, as its council tax base for the whole Council area for the year (Item T in the formula in Section 31B of the Local Government Finance Act 1992, as amended (the "Act"))
 - (ii) For dwellings in those parts of the Council's area to which a Parish precept relates as in the table below:

Kidsgrove	6,349
Loggerheads	1,845
Audley	2,437
Betley, Balterley and Wrinehill	564
Chapel and Hill Chorlton	186
Keele	330
Madeley	1,416
Maer	244
Silverdale	1,348
Whitmore	803

(m) That the Council Tax requirement for the Council's own purposes for 2014/15 (excluding Parish precepts) is £6,173,140.

(n) That the following amounts be calculated for the year 2014/15 in accordance with Sections 31 to 36 of the Act:

(i) £72,188,172 being the aggregate of the amounts which the Council estimates for the items set out in Section 31A (2) of the Act taking into account all precepts issued to it by Parish Councils.

(ii) £65,722,220 being the aggregate of the amounts which the Council estimates for the items set out in Section 31A (3) of the Act.

(iii) £6,465,952 being the amount by which the aggregate at (n)(i) above exceeds the aggregate at (n)(ii) above, calculated by the Council, in accordance with Section 31A (4) of the Act, as its Council Tax requirement for the year. (Item R in the formula in Section 31B of the Act).

(iv) £185.32 being the amount at n (iii) above (Item R), all divided by Item T (I (i) above), calculated by the Council, in accordance with Section 31B of the Act, as the basic amount of its Council Tax for the year (including Parish precepts).

(v) £292,812 being the aggregate amount of all special items (Parish precepts) referred to in Section 34 (1) of the Act.

(vi) £176.93 being the amount at (n) (iv) above less the result given by dividing the amount at (n) (v) above by item T (I (i) above), calculated by the Council, in accordance with Section 34(2) of the Act, as the basic amount of its Council Tax for the year for dwellings in those parts of its area to which no special item (Parish precept) relates.

(vii) **Part of the Council's Area**

	£ p
Audley Parish Council	194.09
Betley, Balterley and Wrinehill Parish Council	194.19
Chapel and Hill Chorlton Parish Council	193.08
Keele Parish Council	199.81
Kidsgrove Town Council	191.70
Loggerheads Parish Council	198.39
Madeley Parish Council	221.44
Maer Parish Council	195.57
Silverdale Parish Council	184.92
Whitmore Parish Council	200.59

Being the amounts given by adding to the amount at (n) (vi) above, the amounts of the special item or items relating to dwellings in those parts of the Council's area mentioned above, divided in each case by the amount at (I) (ii) above calculated by the Council in accordance with Section 34(3) of the Act, as the basic amount of its

Council Tax for the year for dwellings in those parts of its area to which one or more special items relate.

(viii)

<u>Part of the Council's Area</u>	<u>Valuation Bands</u>							
	A	B	C	D	E	F	G	H
	£ p	£ p	£ p	£ p	£ p	£ p	£ p	£ p
Kidsgrove Town Council	127.80	149.10	170.40	191.70	234.30	276.90	319.50	383.40
Loggerheads Parish Council	132.26	154.31	176.35	198.39	242.47	286.56	330.65	396.78
Audley Parish Council	129.40	150.96	172.53	194.09	237.22	280.35	323.49	388.18
Betley, Balterley and Wrinehill Parish Council	129.46	151.04	172.61	194.19	237.34	280.49	323.65	388.38
Chapel and Hill Chorlton Parish Council	128.72	150.18	171.63	193.08	235.98	278.89	321.80	386.16
Keele Parish Council	133.21	155.41	177.61	199.81	244.21	288.61	333.02	399.62
Madeley Parish Council	147.63	172.23	196.84	221.44	270.65	319.85	369.07	442.88
Maer Parish Council	130.38	152.11	173.84	195.57	239.03	282.49	325.95	391.14
Whitmore Parish Council	133.73	156.02	178.30	200.59	245.16	289.74	334.32	401.18
Silverdale Parish Council	123.28	143.83	164.37	184.92	226.01	267.10	308.20	369.84
Other Parts of Borough Area	117.96	137.61	157.27	176.93	216.25	255.56	294.89	353.86

Being the amounts given by multiplying the amounts at (n)(vi) and (n)(vii) above by the number which, in the proportion set out in Section 5(1) of the Act, is applicable to dwellings listed in a particular valuation band divided by the number which in that proportion is applicable to dwellings listed in valuation Band D, calculated by the Council, in accordance with Section 36(1) of the Act, as the amounts to be taken into account for the year in respect of categories of dwellings listed in different valuation bands.

- (o) That it be noted that for the year 2014/15 the major precepting authorities have stated the following amounts in precepts issued to the Council, in accordance with Section 40 of the Local Government Finance Act 1992 for each of the categories of dwelling shown below:-

<u>Precepting Authority</u>	<u>Valuation Bands</u>							
	A	B	C	D	E	F	G	H
	£ p	£ p	£ p	£ p	£ p	£ p	£ p	£ p
Staffordshire County Council	684.83	798.97	913.11	1027.25	1255.53	1483.81	1712.08	2054.50
Staffordshire Fire Authority	45.09	52.61	60.12	67.64	82.67	97.70	112.73	135.28
Office of the Police and Crime Commissioner Staffordshire	118.41	138.14	157.88	177.61	217.08	256.55	296.02	355.22

- (p) That having calculated the aggregate in each case of the amounts at (n) (viii) and (o) above, the Council, in accordance with Section 30(2) of the Act, hereby sets the following amounts as the amounts of Council Tax for the year 2014/15 for each of the categories of dwelling shown below:

Valuation Bands

	A	B	C	D	E	F	G	H
<u>Part of the Council's Area</u>	£ p	£ p	£ p	£ p	£ p	£ p	£ p	£ p
Kidsgrove Town Council	976.13	1138.82	1301.51	1464.20	1789.58	2114.96	2440.33	2928.40
Loggerheads Parish Council	980.59	1144.03	1307.46	1470.89	1797.75	2124.62	2451.48	2941.78
Audley Parish Council	977.73	1140.68	1303.64	1466.59	1792.50	2118.41	2444.32	2933.18
Betley, Balterley and Wrinehill Parish Council	977.79	1140.76	1303.72	1466.69	1792.62	2118.55	2444.48	2933.38
Chapel and Hill Chorlton Parish Council	977.05	1139.90	1302.74	1465.58	1791.26	2116.95	2442.63	2931.16
Keele Parish Council	981.54	1145.13	1308.72	1472.31	1799.49	2126.67	2453.85	2944.62
Madeley Parish Council	995.96	1161.95	1327.95	1493.94	1825.93	2157.91	2489.90	2987.88
Maer Parish Council	978.71	1141.83	1304.95	1468.07	1794.31	2120.55	2446.78	2936.14
Whitmore Parish Council	982.06	1145.74	1309.41	1473.09	1800.44	2127.80	2455.15	2946.18
Silverdale Parish Council	971.61	1133.55	1295.48	1457.42	1781.29	2105.16	2429.03	2914.84
Other Parts of Borough Area	966.29	1127.33	1288.38	1449.43	1771.53	2093.62	2415.72	2898.86

APPENDIX 'B'

Revenue Budget 2014/15

REVENUE ESTIMATES 2014/15

STATEMENT OF NET EXPENDITURE AND COUNCIL TAX REQUIREMENTS

Topic Area	2013/14 General Fund		2014/15 General Fund	
	Estimate 2013/14	Basic Band D Council Tax	Estimate 2014/15	Basic Band D Council Tax
	£	£ .p	£	£ .p
Administration Before Recharges to Services	7,734,850	225.11	7,105,850	203.66
Less Recharges to Services	(7,673,490)	(223.32)	(7,105,850)	(203.66)
Total Administration Net of Recharges	61,360	1.79	-	-
Holding Accs Before Recharges to Services	2,419,930	70.43	2,422,960	69.45
Less Recharges to Services	(2,409,790)	(70.13)	(2,422,960)	(69.45)
Total Holding Accs Net of Recharges	10,140	0.30	-	-
Central Services	3,705,510	107.84	4,301,860	123.30
Cultural Services	4,398,160	128.00	4,421,430	126.72
Environmental Services	6,773,430	197.13	6,307,890	180.79
Planning	1,794,750	52.23	1,719,520	49.28
Transport	(284,170)	(8.27)	(254,550)	(7.30)
Housing	1,881,050	54.74	2,087,190	59.82
Net Cost of Services	18,340,230	533.76	18,583,340	532.61
Pensions Liabilities Account - Interest Costs	40,000	1.16	40,000	1.16
Less Return on Assets	(352,600)	(10.26)	(553,070)	(15.85)
Investment Properties	(272,500)	(7.93)	(193,000)	(5.53)
Interest and Investment Income				
Net Operating Expenditure	17,755,130	516.73	17,877,270	512.39
Contribution to/(from) Revenue Reserves	278,400	8.11	84,300	2.42
Contribution to/(from) Capital Reserves	(2,114,000)	(61.52)	(2,100,000)	(60.19)
Contribution to/(from) Pension Reserve	(129,330)	(3.77)	(129,330)	(3.71)
Deferred Charges Write-off	(759,470)	(22.10)	(1,004,470)	(28.79)
Minimum Revenue Provision	163,000	4.73	166,000	4.76
Amount to be met from Government Grant and Local Taxpayers	15,193,730	442.18	14,893,770	426.88
Revenue Support Grant	(4,156,000)	(120.95)	(3,552,000)	(101.81)
Other Non-Specific Grants	(2,197,000)	(63.94)	(1,747,400)	(50.08)
Capital Grants & Contributions	-	-	-	-
Business Rates Retention Funding	(2,765,000)	(80.47)	(3,655,500)	(104.77)
Collection Fund Deficit/(Surplus)	3,700	0.11	234,270	6.71
Borough Council Tax Requirement	6,079,430	176.93	6,173,140	176.93
Staffs C.C. Precept		1,027.25		1,027.25
Fire Authority Precept		67.64		67.64
Police Authority Precept		177.61		177.61
Total Council Tax Requirement		1,449.43		1,449.43

The Council Tax Base used in the above table was fixed by the Cabinet at its meeting on 15 January 2014 at 34,890

Note: Central Services expenditure increases in 2014/15 owing to a change in the way that pensions costs are accounted for, part of the cost now being a lump sum charge rather than made directly to services.

Savings and Funding Strategies

Reference	Service Area	Description	£000's	% of Budget Line(s)	Detail
Procurement					
P1	Communications	Multi Functional Devices	38	53.7%	Contract savings for 2014/15 and 2015/16 only - require reinstatement for commencement of new contract from 2016/17
P2	Communications	Printing and publicity	3	2.9%	Savings generated from the centralisation of the Council's print and publicity budgets and the resulting challenges to purchasing
P3	Business Imp. and Partnerships	Procurement savings not identified in other services	100	*	Procurement savings identified via Procurement Group (grounds maintenance, building cleaning/materials, housing advice)
P4	Customer and ICT Services	ICT Software application purchase and maintenance	18	4.7%	Continued negotiation, rationalisation and renewal of ICT application/software/hardware contracts
P5	Internal Audit	Computer audit contract and software	5	30.8%	Saving on computer audit contract following annual procurement and reduction in requirement for software
P6	Recycling and Fleet	Contract uplifts	66	3.8%	Non application of recycling contract uplifts
P7	Recycling and Fleet	Vehicle costs	20	13.9%	Better procurement of parts and reduction in damage
P8	Housing	Homelessness agreements	9	11.6%	Negotiation and reductions in agreements/contracts held
			259		
Income					
I1	Various	Income Generation Project	60	*	Potential income generated from commissioning of Deloitte's income generation exercise (inc. additional advertising income from Council assets and licensing fees)
I2	Revenues and Benefits	Summons costs	30	4.8%	Alignment of budget to actual income levels received
I3	Operational Services	Large Coffin Cremations	10	1.3%	Income generated from amendments made to cremator
I4	Leisure and Cultural	Jubilee 2 reduction in net operating cost - prior to increase in fees and charges	18	3.0%	Net reduction in Jubilee 2 operating budget as per the approved business plan
I5	Recycling and Fleet	Recycling credits/contractor payments	40	7.9%	Net reduction in the variance between the amount paid to recycling contractors and the amounts received in recycling credits and material income
			158		

Staffing Related Efficiencies

S1	Various	Vacant Posts	150	1.0%	Review of current vacant posts contained within the budget
S2	Assets	Assets Restructure	50	4.5%	Restructure of Assets Service
S3	Central Services	Central Services Restructure	50	8.3%	Restructure of Central Services
S4	Human Resources	Human Resources Restructure	50	16.5%	Minor Restructure of Human Resources
S5	Human Resources	Overtime review	100	36.5%	Review of overtime in respect of working practices and terms and conditions
S6	Human Resources	Car Leasing	10	6.9%	Contributions no longer required re. employees leaving the Authority or ending their lease
S7	Human Resources	Corporate Training Budget	10	33.3%	Reduction in the Councils corporate training budget - efficiencies gained through more electronic courses and sharing costs with other local authorities
S8	Finance	Pay Award	11	1.0%	Chief Officers and Heads of Services 2013/14. No pay award made, therefore, realignment of base budget
S9	Operational Services	Streetscene (Development and Enforcement) restructure	9	4.7%	Flexible retirement of Assistant Environmental Officer - redistribution/reallocation of tasks
S10	Leisure and Cultural	Replacement of Sports and Active Lifestyles Manager post with Grade 10 post	12	4.9%	Minor restructure following Sports and Active Lifestyles Manager post holder leaving the Authority
S11	Customer and ICT Services	ICT temporary staff	15	37.5%	Reduction in requirement for external expertise following negotiation and renewal of ICT contracts
S12	Customer and ICT Services	IT/Customer Support staff - reduction in hours	13	1.8%	Reduction in hours for 3 employees
S13	Planning	Post entry training	4	66.7%	Review of service has deemed there is not a requirement
S14	Housing	Post entry training	4	100.0%	Review of service has deemed there is not a requirement
			488		

Good Housekeeping

G1	Chief Executive	Expenses, catering and conference/seminars	1	31.3%	Reduction in budgetary requirements for general employee and office requirements (e.g. equipment, conference/seminar costs, catering)
G2	Communications	Equipment hire, repair and purchase, postage	3	28.7%	Reductions in the levels of equipment hire, repair and purchase, postages and general office supplies in the Print Room, Research and Communications
G3	Business Imp. and Partnerships	Performance	5	29.8%	Rationalisation of fees paid for external reviews
G4	Leisure and Cultural	Community Recreation Service	3	24.0%	Reduction in contract payments for minibus/van.

		Minibus/Van, in service training			Requirement for in service training within Leisure Management has reduced
G5	Operational Services	Administration costs, equipment purchases and rental income	5	33.9%	Reduction in budgetary requirements for equipment purchases and other fees for services. Reduction in budgetary requirement in the Landscape service for equipment purchases. Income from rents of land and open spaces in excess of the budget set for the previous 2 financial years
G6	Operational Services	Improvements, alterations and materials	17	14.3%	Reduction in requirement in Parks, Highways Amenities and Town Centre/Roundabout planting for improvements, alterations and materials. Income from rents of lands and open spaces in excess of the budget set for the 2 previous years
G7	Customer and ICT Services	Books and publications, uniforms and scan coin machines	6	40.0%	Reduction in requirement for books and publications. Uniforms now only required on a rolling basis. Reduction in maintenance costs of scan coin payment machines
G8	Customer and ICT Services	Staffordshire Connects	7	30.4%	Reduction in the 'core team' element of the Councils contribution to Staffordshire Connects
G10	Human Resources	Corporate subscription, long service awards and recruitment	5	25.6%	Corporate subscription previously paid no longer utilised. Reduction in long service awards in line with actual spend in 2013/14. Reduction in recruitment requirements, use of internet/intranet sites to advertise
G11	Finance	VAT advice	2	40.0%	Reduction in usage and contract for VAT advice
G12	Finance	Contribution to SCC	5	100.0%	End of contribution required to be made to SCC re. partnerships and engagement
G13	Revenues and Benefits	Greater recovery of housing benefit overpayments	100	74.1%	Recovery rates from housing benefits overpayments have increased significantly over recent years. Realignment of budget
G14	Assets	CCTV	3	5.6%	Reduction in maintenance costs for CCTV service
G15	Assets	Electricity and cleaning	7	24.9%	Savings made on electricity and contract cleaning regarding commercial properties and Kidsgrove Town Hall
G17	Assets	Civil Contingencies Unit	8	29.6%	Reduction in support provided
G18	Housing	Christmas decorations	4	8.5%	To reflect actual current costs and saving in electricity from revised arrangement
			181		
Better Use of Assets					
B1	Assets	Ryecroft Site	70	100.0%	Demolition of ex-Sainsbury's site - savings in business rates and holding costs
B2	Assets	Sale of Jubilee Baths site	45	100.0%	Revenue savings (business rates, maintenance) from sale of site

			115		
Alternative Sources of Finance/Other					
C1	Corporate	Business Rates Retention Scheme	450	**	Increase in business rates retainable by the Council as per NNDR1 calculations and the new Local Government financial arrangements introduced on 1st April 2013
C2	Corporate	Funding Review	40	10.0%	Review of grants and contributions given by the Council
C3	Corporate	Council Tax Grant	70	**	New Council Tax Freeze Grant
C4	Corporate	Pericles ICT Development Fund contribution	35	**	2013/14 is the final year of the agreed contribution to the ICT Development Fund following the purchase of the new system
C6	Corporate	Council Tax Base Adjustments	45	**	Adjustments to Council Tax base following provision of new homes (per New Homes Bonus) and Council Tax reforms
C7	Corporate	New Homes Bonus contribution	208	**	Further additional funding to be received in 2014/15 - to be confirmed
* Unable to determine % at current time		**Not applicable	848		
Grand Total			2,049		

Actual and Estimated Reserves at 31 March 2013 to 2015 (Before recommendations included in the report are actioned)

Reserve	Actual Balance at 31 March 2013	Estimated Net movement in 2013/14	Estimated Balance at 31 March 2014	Estimated Net movement in 2014/15	Estimated Balance at 31 March 2015	Purpose	Notes
	£'000s	£'000s	£'000s	£'000s	£'000s		
General Fund Balance	1,200	-	1,200	-	1,200	Working balance to cover unforeseen adverse events affecting the budget	Approved minimum balance to be £1,200,000, as confirmed by risk assessment
Insurance Fund	158	(121)	37	(199)	(162)	To meet premiums and insurance administration costs	
Contingency Reserve	102	278	380	-	380	To meet cost of unforeseen contingencies or for any other purpose approved by the Council	Approved minimum balance is £100,000
Equipment Replacement Fund	277	70	347	30	377	To pay for the replacement of certain items of plant and equipment, eg cremators	
Renewals and Repairs Fund	46	(70)	(24)	(60)	(84)	To meet the cost of repairs and maintenance of Council owned buildings and structures	
ICT Development Fund	509	(254)	255	19	274	To meet the cost of new ICT requirements	Balance committed to finance capital expenditure. £50,000 contribution included in 2014/15 proposed budget.
New Initiatives Fund	97	(20)	77	(20)	57	To fund new initiatives, both capital and revenue	Also earmarked to cover costs arising from loss of exempt VAT status
Budget Support Fund	426	(42)	384	33	417	To support the General Fund revenue budget or to meet the cost of specific items approved by the Council, including "Invest to Save" projects, funding to be repaid as savings occur.	
Revenue Investment Fund	-	30	30	5	35	To fund projects in accordance with corporate priorities	£75k to be used to part fund Ryecroft and Civic Hub costs per Council decision 27/11/13
Conservation and Heritage Fund	64	3	67	3	70	To provide grants to owners of historic buildings to maintain their repair	
Museum Purchases Fund	66	(1)	65	(1)	64	To purchase exhibits and to conserve and enhance the display of exhibits	
Maintenance Contributions	83	(6)	77	(6)	71		Sums are received from developers to pay for a period of maintenance costs following transfer of land to the Council
RENEW Reserve	122	(30)	92	(6)	86	To meet revenue costs arising from participation in the Housing Market Renewal Pathfinder for N Staffordshire (RENEW)	Reserve is no longer required. Recommended balance is transferred to the Contingency Reserve
Standards Fund	15	-	15	-	15	To ensure the Council meets its responsibilities under the ethical and other standards frameworks	
Deposit Guarantee Reserve	28	2	30	2	32	To hold balances relating to rent guarantees	
New Homes Bonus Reserve	491	(408)	83	-	83	To hold New Homes Bonus grant payments pending use	

Risk Register**Project – Budget Forecast 2014/15 – Required Balances/Contingency Reserve**

Impact (I)	Likelihood (L)	Score	Risk rating
5 - catastrophic >£1m	5 - Frequent / very likely	16 - 25	Extreme Risk
4 - critical <£1m	4 - Probable	9 -15	High Risk
3 - serious <£250,000	3 - Possible	3 - 8	Moderate Risk
2 - Marginal <£50,000	2 - Remote Chance	1 - 2	Low Risk
1 - Negligible <£25,000	1 - Extremely Unlikely		

Note: All these risks relate to the following Business Objective: To set a balanced, affordable and achievable budget.

All of the risks fall into the “Finance” Category

Item No.	Risk	Potential Consequences	Risk Score I * L	Risk Rating	Specify Existing Control Measures	Final Score I * L	Final Risk Rating	Further Action Required	Owner	Target Date
1	Increase in fees and charges does not result in higher income levels	Shortfall in income leading to overspends	3 x 4	High	Included in calculation of prudent minimum balances. Also £500k set aside to cover the potential effects on income of the current economic climate	3 x 3	High	None	Exec Mgt Team	N/a
2	Income cannot be collected because of non-availability of service (e.g. through closure of facilities for repairs)	Shortfall in income leading to overspends	3 x 3	High	Included in calculation of prudent minimum balances.	3 x 3	High	None	Exec Mgt Team	N/a
3	Income falls short of Budget because of general reduction in activity, eg because of economic recession	Shortfall in income leading to overspends	3 x 5	High	Included in calculation of prudent minimum balances. As above, £500k set aside to cover the potential effects on income of the current economic climate	3 x 3	High	None	Exec Mgt Team	N/a

Item No.	Risk	Potential Consequences	Risk Score I * L	Risk Rating	Specify Existing Control Measures	Final Score I * L	Final Risk Rating	Further Action Required	Owner	Target Date
4	Bad debts reduce the Council's income	Shortfall in income leading to overspends Need to top up Bad Debts Provision	3 x 4	High	The Council has a bad debts provision (£362k balance at 31/03/13).	3 x 3	High	Increase monitoring of collection performance	Exec Dir Resources	N/a
5	Employee budgets – The budget is discounted on the assumption there will be vacancies. The impact of 1% vacancy is about £100,000	Vacancies do not occur leading to additional costs	3 x 3	High	The budget assumes a vacancy factor of 2.5% with a view to reducing this in steps of 0.5% in each of the next 4 years. This is realistic compared with experience from previous years.	3 x 3	High	None	Exec Mgt Team	N/a
6	Employee Budgets - The 2014/15 employee pay settlement results in an increase higher than included in the budget.	Additional unbudgeted costs	3 x 3	High	Balances sufficient to deal with any additional costs, plus reduced job security in economy.	3 x 3	High	None	Exec Mgt Team	N/a
7	Problems with staff recruitment/retention result in significant use of agency/interim staff at extra cost or the payment of market supplements	Additional unbudgeted costs	3 x 3	High	Situation subject to ongoing review.	3 x 3	High	None	Exec Mgt Team	N/a
8	Council becomes liable to pay compensation or legal fees or other unforeseen commitment arises.	Additional unbudgeted costs	3 x 3	High	Included in calculation of prudent minimum balances	3 x 3	High	None	Exec Mgt Team	N/a
9	Inflation relating to supplies and services exceeds the allowance in the budget.	Additional unbudgeted costs	3 x 3	High	Included in calculation of prudent minimum balances	3 x 3	High	None	Exec Mgt Team	N/a
10	Existing commitment(s) missed out of budget	Additional unbudgeted costs	3 x 2	Moderate	Budgets subject to checking at several levels. Preparation of standstill budget for comparison.	3 x 2	Moderate	None	Exec Mgt Team	N/a
11	Fall in interest rates reduces income to the Council.	Investment income targets not met	4 x 4	Extreme	Rates are very low now. A decrease would make only a relatively small difference. Included in calculation of prudent minimum balances	3 x 3	High	None	Exec Mgt Team	N/a

Item No.	Risk	Potential Consequences	Risk Score I * L	Risk Rating	Specify Existing Control Measures	Final Score I * L	Final Risk Rating	Further Action Required	Owner	Target Date
12	Profile of capital spend differs adversely from that assumed in the investment interest calculation	Investment income targets not met	3 x 3	High	Capital Budgets have been realistically set. Due to low interest rates investment income is no longer significant.	3 x 3	High	None	Exec Mgt Team	N/a
13	Fuel costs increase by more than allowed for in budget.	Additional unbudgeted costs	3 x 3	High	Realistic increases included in base budget.	2 x 3	Moderate	None	Exec Dir Op Serv	N/a
14	Energy costs increase by more than allowed for in budget.	Additional unbudgeted costs	3 x 3	High	Realistic increases included in base budget. Fixed contracts.	2 x 3	Moderate	None	Exec Mgt Team	N/a
15	Unforeseen major repairs needed to Council properties.	Additional unbudgeted costs	4 x 3	High	Planned maintenance programme in place and stock condition survey.	3 x 2	Moderate	None	Exec Mgt Team	N/a
16	Insurances – unexpected increases in premiums.	Additional unbudgeted costs	3 x 3	High	Included in calculation of prudent minimum balances	3 x 3	High	None	Chief Exec	N/a
17	Insurances - high level of excesses to be met by Council or uninsured losses	Additional unbudgeted costs	3 x 3	High	Included in calculation of prudent minimum balances. Insurance Provision established.	3 x 3	High	Monitor level of Insurance Provision	Chief Exec	N/a
18	Government increase NI rates during 2014/15. An increase of 1% adds about £100,000 to the Council's costs	Additional unbudgeted costs	3 x 3	High	Included in calculation of prudent minimum balances	3 x 3	High	None	Exec Dir Resources	N/a
19	Loss of VAT Exempt Status	Additional unbudgeted costs	3 x 3	High	None	3 x 2	Moderate	Continue to monitor position regularly	Exec Mgt Team	N/a
20	Savings built into Budget are not realised	Additional unbudgeted costs	3 x 3	High	Regular Budget Monitoring	3 x 3	High	None	Exec Mgt Team	N/a
21	New Legislation imposes extra costs but provides insufficient resources	Additional unbudgeted costs	3 x 3	High	Contingency Reserve available. Included in calculation of prudent minimum balances.	3 x 3	High	None	Exec Mgt Team	N/a
22	Partnerships - expenses falling on Council as accountable body	Additional unbudgeted costs	3 x 3	High	Monitor partnership activities and ensure carried out according to agreements. Included in calculation of	3 x 3	High	None	Exec Mgt Team	N/a

Item No.	Risk	Potential Consequences	Risk Score I * L	Risk Rating	Specify Existing Control Measures	Final Score I * L	Final Risk Rating	Further Action Required	Owner	Target Date
					prudent minimum balances.					
23	Civil Emergency	Additional unbudgeted costs	5 x 2	High	Bellwin Scheme should meet 85% of cost	4 x 2	Moderate	None	Exec Mgt Team	N/a
24	Investment Counterparty (including own bank re current account, etc) fails to meet its financial commitments	Loss of interest due Ongoing loss of interest owing to loss of capital	4 x 3	High	Use of credit rating agencies Counterparty list based on minimum ratings with CDS overlay. Limits to investments with one counterparty (£7m)	3 x 3	High	Frequent reviews of investment strategy	Exec Dir Resources	N/a
25	Municipal Mutual Insurance (MMI) Clawback	Additional unbudgeted costs	4 x 4	Extreme	MMI Provision	4 x 3	High	Consider increasing amount of provision if reports from administrator indicate it to be necessary	Exec Dir Resources	N/a
26	Localised Council Tax Support Scheme is oversubscribed	Additional unbudgeted costs	3 x 3	High	Local scheme	3 x 3	High	None	Exec Dir Resources	N/a
27	Data Protection breach resulting in fine	Additional unbudgeted costs	3 x 3	High	Data Protection Policy Reminders to staff	3 x 3	High	None	Exec Mgt Team	N/a
28	Failure of Banking Services provider	Frozen Funds Additional unbudgeted costs	5 x 3	High	Contingency Account Business Continuity Plan	2 x 3	Moderate	None	Exec Dir Resources	N/a

Capital ProgrammeNEWCASTLE-U-LYME BOROUGH COUNCIL CAPITAL PROGRAMME 2013/14 - 2014/15

Scheme	Corporate Priorities	2013/14 Est Exp	2014/15 Est Exp	Total Exp	External Cont	Council Financing
Safer Communities		£	£	£	£	£
Parkhouse/Lymedale CCTV	a b d	15,000		15,000		15,000
CCTV Replacement Equipment	a b	25,000		25,000		25,000
Totals	a b c d	40,000	0	40,000	0	40,000

Scheme	Corporate Priorities	2013/14 Est Exp	2014/15 Est Exp	Total Exp	External Cont	Council Financing
Environment & Recycling		£	£	£	£	£
Pool Dam Valley Marshes Nature Reserve	a b	47,000		47,000	47,000	0
Cemetery Memorial Safety Programme	a	30,900		30,900		30,900
Cemetery Memorial Survey Works	a		9,000	9,000		9,000
Low Carbon Works	a	4,700		4,700	4,700	0
Waste Bins	a	50,000	50,000	100,000		100,000
General Projects						
Asset Disposal Programme	b	16,000		16,000		16,000
General Contingency		85,300		85,300		85,300
Final Accounts & Retentions Various				0		0
Totals	a b c d	233,900	59,000	292,900	51,700	241,200

Scheme	Corporate Priorities	2013/14 Est Exp	2014/15 Est Exp	Total Exp	External Cont	Council Financing
Culture & Leisure		£	£	£	£	£
Replacement/Repair of Play Equipment	a c	135,800	50,000	185,800		185,800
Wolstanton Marsh Improvements	a c	129,900		129,900	129,900	0
Silverdale Community Facilities	a c	781,300	50,000	831,300	831,300	0
Footpath Repairs	a c	47,500	50,000	97,500		97,500
Railings/Structures Repairs	a c	19,100	25,000	44,100		44,100
Brampton Park	a c		100,000	100,000	85,000	15,000
Castle Motte Heritage Works	a	9,200		9,200	9,200	0
Neighbourhood Park The Wammy	a c	18,000		18,000	18,000	0
Clayton Sports Centre - Match Funding	a c		10,000	10,000		10,000
Stock Condition Works - Museum	c	15,000	15,000	30,000		30,000
Clayton Community Centre	c	15,000		15,000		15,000
Knutton Community Centre	c	30,000		30,000		30,000
Red Street Community Centre	c	75,000		75,000		75,000
Totals	a b c d	1,275,800	300,000	1,575,800	1,073,400	502,400

Scheme	Corporate Priorities	2013/14 Est Exp	2014/15 Est Exp	Total Exp	External Cont	Council Financing
Operational Equipment/Buildings/ICT Development Fund		£	£	£	£	£
ICT PC Replacements	a d	98,900		98,900		98,900
ICT Replacement Servers	a d	12,600		12,600		12,600
Customer Relationship Management	d	64,200		64,200		64,200
ICT Projects	d	258,000		258,000		258,000
Vehicles	a d	669,500	552,000	1,221,500		1,221,500
Stock Condition Works - Civic Offices	d	50,000	53,000	103,000		103,000
Totals	a b c d	1,153,200	605,000	1,758,200	0	1,758,200

Scheme	Corporate Priorities				2013/14 Est Exp	2014/15 Est Exp	Total Exp	External Cont	Council Financing
Regeneration, Planning & Town Centres Development					£	£	£	£	£
Empty Homes	a		c		30,000	20,000	50,000	50,000	0
PSH/Emergency HHSRS									
Grants/Vulnerable H	a		c		53,000	80,000	133,000	133,000	0
Energy Advice Service	a		c		60,000	20,000	80,000	80,000	0
Home Improvement Agency	a		c		40,000	13,000	53,000	53,000	0
Accredited Landlords Scheme	a		c		5,000	32,000	37,000	37,000	0
Fuel Poverty Grants	a		c		45,200		45,200	45,200	0
Disabled Facilities Grants	a		c		1,074,200	864,000	1,938,200	1,938,200	0
Newcastle Town Centre Partnership	a	b		d	47,300		47,300	23,700	23,600
Newcastle Town Centre Works	a	b		d	446,500	50,000	496,500		496,500
Choice Based Lettings				c	30,500		30,500	30,500	0
Madeley Extracare Contribution		b		c		115,000	115,000	115,000	0
Midway MSCP Repair Works	a				24,800		24,800		24,800
Ryecroft Development		b			90,000		90,000	67,500	22,500
Ryecroft Site Clearance Costs (net)		b			45,000		45,000		45,000
S106 Expenses Lowlands Road		b			256,100		256,100		256,100
Strategic Investment Framework		b			13,800		13,800		13,800
Stock Condition Works -									
Car Parks	a					20,000	20,000		20,000
Commercial Portfolio		b			40,000	60,000	100,000		100,000
Totals	a	b	c	d	2,301,400	1,274,000	3,575,400	2,573,100	1,002,300
GRAND TOTAL	a	b	c	d	5,004,300	2,238,000	7,242,300	3,698,200	3,544,100

Notes - Corporate & Sustainable Communities Priorities -

a Clean, Safe & Sustainable Borough,

b Borough of Opportunity

c A Healthy & Active Community

d Becoming a Co-operative Council which delivers High-Quality Community Driven Services

Sources of Funding	2013/14 Est Exp	2014/15 Est Exp	Total Exp
	£	£	£
Other Revenue Funds	258,000	0	258,000
Capital Receipts	2,327,100	959,000	3,286,100
External Grants/Contributions	2,419,200	1,279,000	3,698,200
Capital Programme	5,004,300	2,238,000	7,242,300