



# CHEL TENHAM

## BOROUGH COUNCIL

### Notice of a meeting of Cabinet

Friday, 21 December 2012  
4.00 pm

Municipal Offices, Promenade, Cheltenham, GL50 9SA

<b>Membership</b>	
<b>Councillors:</b>	Steve Jordan, John Rawson, Rowena Hay, Peter Jeffries, Andrew McKinlay, Jon Walklett and Roger Whyborn

### Agenda

	<b>SECTION 1 : PROCEDURAL MATTERS</b>	
<b>1.</b>	<b>APOLOGIES</b>	
<b>2.</b>	<b>DECLARATIONS OF INTEREST</b>	
<b>3.</b>	<b>MINUTES OF THE LAST MEETING</b> The minutes of the meeting held on 11 December will be approved at the meeting scheduled on 15 January 2013.	
<b>4.</b>	<b>PUBLIC QUESTIONS AND PETITIONS</b>	
	<b>SECTION 2 :THE COUNCIL</b> <i>There are no matters referred to the Cabinet by the Council on this occasion</i>	
	<b>SECTION 3 : OVERVIEW AND SCRUTINY COMMITTEE</b> <i>There are no matters referred to the Cabinet by the Overview and Scrutiny Committee on this occasion</i>	
	<b>SECTION 4 : OTHER COMMITTEES</b> <i>There are no matters referred to the Cabinet by other Committees on this occasion</i>	
	<b>SECTION 5 : REPORTS FROM CABINET MEMBERS AND/OR OFFICERS</b>	
<b>5.</b>	<b>GENERAL FUND REVENUE AND CAPITAL - REVISED BUDGET 2012/13, BUDGET MONITORING TO NOVEMBER 2012 AND INTERIM BUDGET PROPOSALS</b>	(Pages 1 - 30)

		<b>2013/14 FOR CONSULTATION</b> Report of the Cabinet Member Finance	
<b>6.</b>		<b>HOUSING REVENUE ACCOUNT - REVISED BUDGET 2012/13 AND INTERIM BUDGET PROPOSALS 2013/14 FOR CONSULTATION</b>	(Pages 31 - 44)
		<b>SECTION 6 : BRIEFING SESSION</b> <ul style="list-style-type: none"> <li>• Leader and Cabinet Members</li> </ul>	
<b>7.</b>		<b>BRIEFING FROM CABINET MEMBERS</b>	
		<b>SECTION 7 : DECISIONS OF CABINET MEMBERS AND OFFICERS</b> Member decisions taken since the last Cabinet meeting	
		<b>SECTION 8 : ANY OTHER ITEM(S) THAT THE LEADER DETERMINES TO BE URGENT AND REQUIRES A DECISION</b>	

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## Cheltenham Borough Council

Cabinet – 21<sup>st</sup> December 2012

### General Fund Revenue and Capital - Revised Budget 2012/13, Budget Monitoring to November 2012 and Interim Budget Proposals 2013/14 for Consultation

<b>Accountable member</b>	<b>Cabinet Member for Finance, Councillor John Rawson</b>
<b>Accountable officer</b>	<b>Director of Resources (Section 151 Officer), Mark Sheldon</b>
<b>Accountable scrutiny committee</b>	<b>Overview and Scrutiny Committee</b>
<b>Ward(s) affected</b>	<b>All</b>
<b>Key Decision</b>	<b>Yes</b>
<b>Executive summary</b>	<b>This report summarises the revised budget for 2012/13 and provides a budget monitoring position to November 2012. It also sets out the Cabinet’s interim budget proposals for 2013/14 for consultation.</b>
<b>Recommendations</b>	<ol style="list-style-type: none"> <li><b>1. Note the revised budget for 2012/13 with a projected underspend of £270.5k and approve the proposals for its use as detailed in Appendix 3.</b></li> <li><b>2. Approve the interim budget proposals for consultation including a proposed council tax for the services provided by Cheltenham Borough Council of £187.12 for the year 2013/14 (a 0% increase based on a Band D property).</b></li> <li><b>3. Approve the growth proposals, including one off initiatives at Appendix 3.</b></li> <li><b>4. Approve the proposed capital programme at Appendix 6, as outlined in Section 7.</b></li> <li><b>5. Note the potential liability in respect of Municipal Mutual Insurance, as outlined in Section 9, and note that £80k has been built into the revised budget as a provision to cover the potential exposure of this liability.</b></li> <li><b>6. Delegate authority to the Director of Resources, in consultation with the Cabinet Member for Finance, to determine and approve any additional material that may be needed to support the presentation of the interim budget proposals for consultation.</b></li> <li><b>7. Seek consultation responses by 25<sup>th</sup> January 2013.</b></li> </ol>

<p><b>Financial implications</b></p>	<p>As contained in the report and appendices.</p> <p><b>Contact officer: Paul Jones.</b></p> <p><b>E-mail:</b> paul.jones@cheltenham.gov.uk</p> <p><b>Tel no: 01242 775154</b></p>
<p><b>Legal implications</b></p>	<p>As this report proposes an interim budget for consultation purposes, there are no specific legal implications at this stage. Fundamental changes to the local government finance system are referred to in section 3.</p> <p><b>Contact officer: Peter Lewis</b></p> <p><b>E-mail:</b> peter.lewis@tewkesbury.gov.uk</p> <p><b>Tel no: 01684 272012</b></p>
<p><b>HR implications (including learning and organisational development)</b></p>	<p>In the spirit of building on our positive employee relations environment, the recognised trade unions received a budget briefing paper following the Joint Consultative Committee on 22<sup>nd</sup> November 2012. The interim budget proposals (Appendix 4) detail the savings that need to be delivered in the coming year. Dialogue with the recognised trade unions will continue in order to ensure that the potential impact on employees is kept to a minimum and in doing so help to avoid the need for any compulsory redundancies. The Council's policies on managing change and consultation regarding any redundancies will be followed.</p> <p>Going forward, it is important that capacity is carefully monitored and managed in respect of any reductions in staffing and reduced income streams.</p> <p><b>Contact officer: Julie McCarthy</b></p> <p><b>E-mail:</b> julie.mccarthy@cheltenham.gov.uk</p> <p><b>Tel no: 01242 264355</b></p>
<p><b>Key risks</b></p>	<p>As outlined in Appendix 1</p>
<p><b>Corporate and community plan Implications</b></p>	<p>The aim of the interim budget proposals is to direct resources towards the key priorities identified in the Council's Corporate Business Plan whilst recognising the reduction in Government funding.</p>
<p><b>Environmental and climate change implications</b></p>	<p>The draft budget contains a number of proposals for improving the local environment, as set out in this report.</p>

## 1. Background

- 1.1 In accordance with the Council's Budget and Policy Framework Rules, which is part of the Council's constitution, the Cabinet is required to prepare interim budget proposals for the financial year ahead and consult on its proposals for no less than four weeks prior to finalising recommendations for the Council to consider in February 2013. This report sets out the interim proposals for 2013/14.
- 1.2 This report also outlines the revised budget for 2012/13 based on the budget monitoring exercise to 30<sup>th</sup> November 2012.
- 1.3 It is standard practice to update the Council's Medium Term Financial Strategy (MTFS) during the autumn of each year so that the update can be used to inform the preparation of the budget for the following year. This year, due to the significant changes to local government finance which are taking place, the emphasis of this report will be on the Council's budget for 2013/14. The MTFS will be updated once the implications of the Local Government settlement have been considered and modelled. It is expected that an updated MTFS will be ready for consideration in spring 2013.

## 2. 2012/13 Revised Budget and Budget Monitoring to November 2012

- 2.1 The budget monitoring report to the end of August 2012, considered by Cabinet on 16<sup>th</sup> October 2012, identified a potential projected overspend of £281k for the current year, 2012/13. In response, the Senior Leadership Team implemented a freeze on all unspent supplies and services budgets which included leasing costs for the purchase of new vehicles and equipment. As a result of this action, together with the net additional income that is currently forecast and the projected savings in employee related budgets, the revised budget for 2012/13 is now projected to be within budget for the year, delivering a modest saving of £270.5k.
- 2.2 The table below summarises the net impact of the variances identified at this stage in the financial year and have been used to prepare the revised budget for 2012/13. A more detailed analysis of the variances is supplied at Appendix 7.

<b>Significant budget variances</b>	<b>Overspend / (Underspend) £</b>
<b>Employee costs</b>	
Shortfall in salary savings target of £480,000 as at November 2012	78,700
<b>Net reduction in service costs</b>	(262,000)
<b>Net additional income</b>	(87,200)
<b>Total projected underspend</b>	<b>(270,500)</b>

- 2.3 It should be noted that whilst the August 2012 monitoring exercise only considered variances in excess of £50k, the more detailed analysis has given the Council a clear steer to which areas are facing the most significant budget pressures and these have been used to formulate the interim budget proposals for 2013/14.

## 3. Finance Settlement and significant changes to Local Government Finance

- 3.1 The Local Government Finance Bill was given Royal Assent on 1<sup>st</sup> November 2012, becoming an

Act of Parliament. This legislation represents a radical change to the local government finance system. The key changes introduced by the Act are:

- implementation of the business rates retention scheme;
- replacement of the existing council tax benefit system with local council tax support;
- implementation of changes to council tax rules to provide some local discretion as to the tax that local authorities can charge on empty properties.

All of the above changes come into effect for the 2013/14 financial year.

### Business Rate Retention

- 3.2** Details of the BRR scheme have been provided in a series of consultation documents and other Government papers over the last 12 months. The most recent of these is the Technical Consultation published in July 2012 which builds on the proposals in the Government response to consultation published in December 2011, and on the statements of intent published in May 2012. The Government have also published a Pooling Prospectus which outlines the benefits of pooling.
- 3.3** Whilst the Government have provided some clarity on how the BRR scheme will work, there remains a great deal of uncertainty around the actual level of funding councils can expect to receive in 2013/14. This uncertainty may not be resolved until the Local Government Finance Settlement is announced in December 2012.
- 3.4** Under the current funding arrangements, this Council collects business rates from all the business in the district and then pays it over to the Government into a central pool. This is then redistributed back to local authorities via a complex funding formula.
- 3.5** The Government is not proposing to make any changes to the way in which business rates are calculated, which will continue to be set nationally. There will also be no change to the existing mandatory and discretionary reliefs available to eligible ratepayers.
- 3.6** The Government has made clear from the outset that the BRR scheme must not put at risk the deficit reduction programme and should operate within existing spending control totals and be fiscally sustainable in future years. The original Spending Review figures planned for a 0.8% decrease in central government funding in 2013/14 and a 5.8 % decrease in 2014/15. However, revised figures were announced in the Chancellors Autumn Statement on 5<sup>th</sup> December and this will then be reflected in the draft Local Government Finance Settlement later in December 2012. These reductions are expected to increase significantly both as a result of economic conditions and funding being top-sliced to fund capitalisation, New Homes Bonus and the BRR scheme "Safety Net" which will protect councils where business rate income falls below target by more than 7.5% or 10% (actual rate still to be announced).
- 3.7** It is proposed that councils can keep 50% of business rates collected (the **local share**), with the remaining 50% (the **central share**) retained by government and paid into a central pool and redirected to local government through other grants. Of the 50% local share, the District share has been set at 80%, with the County authority share being 20%.
- 3.8** The Scheme is very complex and details of the operation of the Business Rates Retention Scheme were set out in the "**BUSINESS RATES RETENTION SCHEME – POOLING**" report considered by Cabinet on 25<sup>th</sup> September 2012 and Council on 15<sup>th</sup> October 2012.
- 3.9** The Council has agreed in principle to joining in a Business Rate Pool with all of the Gloucestershire local authorities with the aim of retaining a great share of business rates within

Gloucestershire. It will not be clear until after the announcement of the Local Government Finance Settlement whether the Council should be part of the Gloucestershire Pool. The Chief Executive and the Chief Finance Officer have been granted delegated powers, in consultation with the Leader and the Cabinet Member for Finance, to decide whether to be part of the pool for 2013/14.

- 3.10** As part of establishing the start up funding levels for the BRR Scheme, the Government consulted upon the proposals and has subsequently acknowledged that rural authorities have not been funded adequately to reflect the additional cost burden of delivering services in a rural environment. Changes will therefore be made within the Relative Needs section of formula grant which should increase the start-up funding allocation for the Council. However, modelling has suggested that around 70% of this benefit may be lost through the application of the damping mechanism. This Council has lobbied the Government for a change to the damping arrangements to allow the rural benefits to flow through to the Council. How successful this lobbying has been will not be known until the Local Government Finance Settlement details are announced.

### **Council Tax support**

- 3.11** The existing Council Tax Benefits Scheme is largely a national scheme which local authorities with council tax billing responsibilities operate on behalf of central government. The Government funds the cost of the scheme. Benefit is allocated to individual council tax accounts, reducing the amount payable, with central government making a similar cash payment to the local authority. With effect from 1<sup>st</sup> April 2013, this Council is required to set its own local scheme for council tax support (as detailed in the report to Cabinet on 11th December 2012).
- 3.12** The Government intends the local Council Tax Support scheme to operate in a similar way to existing discounts such as for empty properties or single person occupiers. Rather than being accounted for as a benefit cash payment, the council tax base will be reduced. Whilst this has no impact for the individual council tax payer, a lower council tax base reduces the yield in council tax to this Council, Gloucestershire County Council, Gloucestershire Police and parish councils. To offset this impact, the Government will pay a cash grant to the billing and major precepting authorities. With regards to parish councils, the billing authority will receive their share of the grant for redistribution. However, the Government has announced that the overall value of the grant will be 10% lower the previous cost of the council tax benefit grant. This change therefore has implications for all local authorities and the police.

### **Changes to Council Tax exemptions**

- 3.13** A separate report was considered by Cabinet on 11<sup>th</sup> December 2012 in respect of the following proposed changes to council tax discounts and exemptions.
- Second home discount be reduced from 10% to 0%;
  - Class A exemptions (where the property is unoccupied due to major refurbishment) be replaced by discounts of 25% for a maximum of 12 months;
  - Class C exemptions (where the property is unoccupied and unfurnished) be replaced with a discount of 100% for one month then 25% for the following 5 months.
- 3.14** The changes being proposed will have the effect of increasing the council tax base for this Council, Gloucestershire County Council, Gloucestershire Police and parish councils.

### **Finance settlement**

- 3.15** Taking all of the above points in to account, estimating the level of central government support

and the Council's share of business rate income has been a challenging task. Given the degree of uncertainty, the draft budget for 2013/14 has been based upon the assumption that central government funding will fall by 9.3%.

**3.16** This assumption is based on the illustrative 2013/14 start-up funding allocation (based on 2013/14 control totals and proposed methodology set out in the technical consultation paper and 2012/13 data) released by the DCLG on 18<sup>th</sup> October 2012. Clearly, this will need to be reviewed following the Local Government Finance Settlement.

**3.17** The analysis of central government funding which has been used to put the 2013/14 budget proposals together is shown in the following table:

	2012/13 £m	2013/14 £m
Revenue Support Grant	0.108	
Cheltenham's share of Redistributed Business Rates	5.608	
<b>Formula Grant</b>	<b>5.716</b>	<b>5.184</b>
Actual cash (decrease) over previous year		(0.532)
% cash cut		(9.3%)

**3.18** The more detailed analysis of the net budget requirement for 2013/14 and the funding available is attached at Appendix 2.

#### **4. The Cabinet's general approach to the 2013/14 budget**

**4.1** The Cabinet's budget strategy for 2013/14, approved at a meeting on 16<sup>th</sup> October 2012, included an estimate of £1.205m (scenario 2) for the 2013/14 budget gap i.e. the financial gap between what the Council needs to spend to maintain services (including pay and price inflation) and the funding available assuming a 10% cut in government support.

**4.2** The final assessment of the budget gap for 2013/14, based on the detailed budget preparation undertaken over recent months and the assumed financial settlement is £1.358m which takes into account, structural shortfalls within the 2012/13 base budget such as car parking and trade refuse income.

**4.3** In October 2012, the Chancellor of the Exchequer announced that the Government intends to make funding available to help councils freeze their council tax in 2013/14 (a third consecutive year). The funding being made available equates to a 1% increase in council tax and will be payable in both financial years 2013/14 and 2014/15. In addition, in 2013/14 the Government intends to lower the local authority tax referendum threshold to two per cent. This would mean if a local authority seeks to raise its relevant basic amount of council tax by more than two per cent, local people would have the right to keep council tax bills down through a binding referendum veto.

**4.4** The Cabinet has carefully considered whether to freeze council tax at its present level or to increase it by 2 per cent. It recognises that freezing is not an easy option, as the Government's financial support for a freeze only covers about half of the cost and only for two years – leaving an additional funding gap of about £180,000 a year from 2015/16 onwards. However, it is also well



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aware of the financial pressure that many people in Cheltenham are under, following the fall in real-terms incomes over the past four years. In these circumstances the Cabinet believes it is right to continue the council tax freeze for a third year.

**4.5** In preparing the interim budget proposals, the Cabinet and officers have made the following assumptions:

- Prepared a standstill budget projection under a general philosophy of no growth in levels of service with the exception that it is a statutory requirement or there is a compelling business case for an 'invest to save' scheme. The full list of proposals for growth, including one off initiatives, is included in Appendix 3.
- Provided for inflation for contractual, statutory, and health and safety purposes at an appropriate inflation rate where proven.
- Budgeted for pay inflation at 1% for 2013/14.
- Increased income budgets based on an average increase in fees and charges of 2.5% with the exception of property rents which have not been inflated but are now set in line with rent projections based on property leases. The Cabinet intend to freeze car park, green waste and building control charges which have been shown as growth within the interim budget proposals.
- Assessed the impact of prevailing interest rates on the investment portfolio and the position in respect of Icelandic banks, the implications of which have been considered by the Treasury Management Panel.
- Allowed for a council tax freeze, in line with the coalition Government's request, on the basis that it will be funded through a specific grant equivalent to a 1% increase.

**4.6** The key aims in developing the approach to the budget were to:

- Do everything possible to protect frontline services
- Continue to develop longer term plans for efficiencies over the period of the MTFS including increasing emphasis on shared services and commissioning services.

**4.7** Once again, there has been a great deal of activity during the course of the year to develop this longer term strategy for closing the funding gap. The Cabinet has worked with officers to develop the 'Bridging the Gap (BtG)' programme using the BtG group supported by the Senior Leadership Team. The Cabinet's interim budget proposals for closing the budget gap in 2013/14, the result of this work, are detailed in Appendix 4, split into:

- Decisions already made by Council totalling £390k.
- Proposals yet to be agreed by Council which are not built into the base budget, totalling £968k. This includes a contribution from New Homes Bonus (NHB) of £200k to top up the 20 year property maintenance fund, removing the need to increase the base revenue budget contribution to this fund.

**4.8** The Bridging the Gap programme and the commissioning process have also helped the Council to move towards a robust five-year strategy for closing the funding gap. The work done on leisure and culture services, ICT services, management restructuring and accommodation strategy, as well as a number of smaller pieces of work, give the Council the opportunity to think ahead over a period of several years, rather than planning its budgets a year at a time.

**4.9** This budget proposes to change significantly the way that income from the New Homes Bonus is

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treated by the Council. This reflects the Government's view that the New Homes Bonus is part of local authorities' income stream, and not simply a "nice to have" extra. Instead of using a large proportion of the income for "bidding funds", the Cabinet proposes to contribute £200k of it to the property maintenance fund. This can hopefully be repeated in future years and will remove the need to increase the base revenue budget contribution to this fund (see separate Appendix 4). There will be a single bidding fund for community groups and parish councils, called Community Pride, which will be funded in 2013/14 by taking £50k from the projected under spend in 2012/13. We also propose to allocate a one off amount of £219k of NHB to support the commissioning of leisure and cultural services; and to take £30k per year to fund work to reduce the number of empty homes in the town (which will also generate substantial sums of extra NHB in future years).

- 4.10** The Cabinet and SLT have been anticipating the need to make significant savings and have been actively managing vacancies and staffing levels in order to minimise the impact of service reviews, systems thinking and savings initiatives.

### **5. Treasury Management**

- 5.1** Appendix 2 summarises the budget estimates for interest and investment income activity taking into account the following changes, considered by the Treasury Management Panel at its meeting on 21<sup>st</sup> November 2011.
- 5.2** Security of capital remains the Council's main investment objective. The solvency issues surrounding Europe and the downgrades of some UK banks, together with the expectation that interest rates will remain at low levels for the foreseeable future, has meant the Council has scaled back its lending list, and will start to repay temporary debt with maturing investments rather than re-invest. For 2013/14 interest payable will reduce by £64,800 and interest receivable will reduce by £23,800. As a result, the net impact on the 2013/14 budget is an increase in net treasury income of £41,900.

### **6. Reserves**

- 6.1** Further work on reserves will be undertaken prior to the presentation of the final budget in February 2013, including the ICT and Property Maintenance reserves. A projection of the level of reserves to be held at 31<sup>st</sup> March 2013 and 31<sup>st</sup> March 2014 respectively is detailed in Appendix 5.

### **7. Capital Programme**

- 7.1** The proposed capital programme for the period 2013/14 to 2017/18 is at Appendix 6.
- 7.2** The programme includes provisional sums for infrastructure investment to be funded from the Civic Pride reserve. The Council may well be concluding the sale of the Midwinter site, North Place and Portland Street car parks during 2013/14. A list of potential infrastructure investment projects across the town is being developed for approval by the Council, aimed at achieving our aspirations for a vibrant, beautiful and prosperous town.
- 7.3** The capital programme also includes the proposals the ICT Infrastructure Upgrade strategy, agreed by Cabinet on 11<sup>th</sup> December 2012.

### **8. Property Maintenance Programmes**

- 8.1** The budget proposals do not include an assessment of the 2013/14 property maintenance

programme as the detail is still being worked up. In line with the Budget Scrutiny Working Group's suggestions to Cabinet, the planned property maintenance programme will be reviewed by the Asset Management Working Group prior to the final budget preparation in February 2013.

### **9. Municipal Mutual Insurance (MMI)**

- 9.1** Municipal Mutual Insurance was a local authority insurer to which local authorities became members (as opposed to customers) and following insolvency in 1993 all of the members have a potential liability related to the claims made against the authorities. Since insolvency was announced they have been attempting a solvent run off of outstanding claims which has now proved unsuccessful. A scheme of arrangement was devised and approved by the HMRC to be triggered in the event of solvent run off failure which we are now advised has been triggered. The total exposure to Cheltenham Borough Council as of 30<sup>th</sup> September 2012 is £424,018.56. It is anticipated that a percentage levy will be imposed on this exposure to all scheme members in December ranging from 12% (£50,882.23) to 32% (£135,685.94) which would be payable almost immediately.
- 9.2** Following payment of the levy, the liability will continue until such a time as the scheme is wound up. It is therefore unknown whether any further levy will be imposed in the future. Unfortunately there is also no foreseeable end date to the liability, due to the claims generally being for diseases that can take 20-30 years to manifest such as mesothelioma (asbestosis). Following recent High Court rulings these claims would be directed against historical insurers such as MMI based on the date of exposure.

### **10. Reasons for recommendations**

- 10.1** As outlined in the report.

### **11. Alternative options considered**

- 11.1** The Cabinet have considered many alternatives in arriving at the interim budget proposals. Opposition groups will be able to suggest alternative budget proposals for consideration by Council in February 2013.

### **12. Consultation and feedback**

- 12.1** The formal budget consultation on the detailed interim budget proposals will be over the period **21<sup>st</sup> December 2012 to 25<sup>th</sup> January 2013**. The Cabinet will seek to ensure that the opportunity to have input into the budget consultation process is publicised to the widest possible audience. During the consultation period, interested parties including businesses, tenants, residents, staff and trade unions will be encouraged to comment on the initial budget proposals. They will be asked to identify, as far as possible, how alternative proposals complement the Council's Business Plan and Community Plan and how they can be financed. The Overview and Scrutiny Committee will be invited to review the interim budget proposals in the meetings scheduled for January 2013 and any comments will be fed back to the Cabinet.
- 12.2** Whilst the Cabinet will be as flexible as possible, it is unlikely that any comments received after the consultation period can be properly assessed to consider their full implications and to be built into the budget. Accordingly, if alternative budget proposals are to come forward, this should happen as early as possible.

**12.3** All comments relating to the initial budget proposals should be returned to the GO Shared Services Head of Finance by the end of the consultation period for consideration by the Cabinet in preparing their final budget proposals. Consultation questionnaires will be available in key locations and for completion on line via the council’s website. Comments can be e-mailed to [moneymatters@cheltenham.gov.uk](mailto:moneymatters@cheltenham.gov.uk).

**13. Performance management – monitoring and review**

**13.1** The scale of budget savings will require significant work to deliver them within the agreed timescales and there is a danger that this could divert management time from delivery of services to delivery of savings. There are regular progress meetings to monitor the delivery of savings and this will need to be matched with performance against the corporate strategy action plan to ensure that resources are used to best effect and prioritised.

**13.2** The delivery of the savings workstreams included in the interim budget proposals, if approved by full council will be monitored via the BtG group.

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<b>Appendices</b>	<ol style="list-style-type: none"> <li>1. Risk Assessment</li> <li>2. Summary net budget requirement</li> <li>3. Growth</li> <li>4. Savings / additional income</li> <li>5. Projection of reserves</li> <li>6. Capital programme</li> <li>7. Budget Monitoring analysis as at 30<sup>th</sup> November 2013</li> </ol>
<b>Background information</b>	<ol style="list-style-type: none"> <li>1. MTFS 2012/13 – 2017/18</li> </ol>

The risk				Original risk score (impact x likelihood)			Managing risk				
Risk ref.	Risk description	Risk Owner	Date raised	I	L	Score	Control	Action	Deadline	Responsible Officer	Transferred to risk register
1.01	If the council is unable to come up with long term solutions which bridge the gap in the medium term financial strategy then it will find it increasingly difficult to prepare budgets year on year without making unplanned cuts in service provision.	Mark Sheldon	15 December 2010	4	5	20	R	The council continues to deliver savings and additional income from its Bridging the Gap (BtG) programme which now includes targets for commissioning projects based on approved business cases. The Cabinet have developed a budget strategy which identifies longer term savings targets for closing the MTFS funding gap.	ongoing	Director of Resources	26 January 2011
1.02	If the robustness of the income proposals are not sound then there is a risk that the income identified within the budget will not materialise during the course of the year.	Mark Sheldon	15 December 2010	3	3	9	R	Robust forecasting is applied in preparing budget targets taking into account previous income targets, collection rates and prevailing economic conditions. Professional judgement is used in the setting / delivery of income targets which are monitored throughout the year and reported through the budget monitoring reports to cabinet.	ongoing	Director of Resources	
1.03	If when developing a longer term strategy to meet the MTFS, the council does not make the public aware of its financial position and clearly articulates why it is	Jane Griffiths	15 December 2010	3	3	9	R	As part of the delivery of the BtG / commissioning programmes there needs to be a clear communication strategy. In adopting a	ongoing	Communications team to support the BTG programme	

	making changes to service delivery then there may be confusion as to what services are being provided and customer satisfaction may decrease.							commissioning culture the council is basing decisions on customer outcomes which should address satisfaction levels.			
1.04	If there is a reliance on shared services delivering savings and these savings do not materialise or shared service projects do not proceed as anticipated then other savings will need to be found to meet the MTFS projections.	Pat Pratley	15 December 2010	3	3	9	R	All shared services are operated under prince 2 principles, with clear business case and risk logs are maintained for the shared service. Savings / Benefit realisation are reviewed via the BTG and corporate plan monitoring	Ongoing	Pat Pratley	
1.05	If the council does not carefully manage its commissioning of services then it may not have the flexibility to make additional savings required by the MTFS in future years and a greater burden of savings may fall on the retained organisation	Mark Sheldon	15 December 2010	3	3	9	R	Contracts, SLAs and other shared service agreements will need to be drafted and negotiated to ensure that there is sufficient flexibility with regards to budget requirements	Ongoing	AD Commissioning	
1.06	If the assumptions around government support, business rates income, impact of changes to council tax discounts prove to be incorrect, then there is likely to be increased volatility around future funding streams.	Mark Sheldon	13 December 2012	4	3	12	R	Work with GOSS and county wide CFO's to monitor changes to local government financing regime and adjust future budgets for any significant variances.	Ongoing	Director of Resources	

## NET GENERAL FUND BUDGET 2012/13 REVISED AND 2013/14

<b>GROUP</b>	<b>2012/13 ORIGINAL</b>	<b>2012/13 REVISED</b>
<b>Projected cost of 'standstill' level of service</b>	<b>£</b>	<b>£</b>
Commissioning	3,153,000	5,320,700
Built Environment	862,600	1,219,250
Wellbeing & Culture	5,728,450	7,419,600
Resources	1,364,450	2,845,675
Operations	3,557,800	
Strategic Directors	(96,350)	572,450
Programmed Maintenance (Revenue)	1,079,000	
Business Change	591,325	
Savings from vacancies	(480,000)	
Bad debt provision	40,000	40,000
	<b>15,800,275</b>	<b>17,417,675</b>
Capital Charges	(1,913,300)	(1,170,500)
Interest and Investment Income	373,900	334,500
Use of balances and reserves	(95,955)	(2,254,255)
Proposed Growth recurring - Appendix 3		
Proposed Growth one-off - Appendix 3		270,500
Savings / Additional income identified - Appendix 4		
Savings required		
Specific Grant in lieu of council tax freeze 2011/12		
<b>NET BUDGET</b>	<b>14,164,920</b>	<b>14,597,920</b>
<b>Deduct:</b>		
Revenue Support Grant	(108,705)	(108,705)
National Non-Domestic Rate	(5,607,741)	(5,607,741)
New Homes Bonus	(250,000)	(583,000)
Specific Grant in lieu of council tax freeze 2012/13	(199,000)	(199,000)
Specific Grant in lieu of council tax freeze 2013/14		
High Street Innovation Grant		(100,000)
Council Tax Discount Grant		
Council Tax Support Funding		
Homelessness Prevention Funding		
Collection Fund Contribution	(34,000)	(34,000)
	<b>(6,199,446)</b>	<b>(6,632,446)</b>
<b>NET SPEND FUNDED BY TAX</b>	<b>7,965,474</b>	<b>7,965,474</b>
<b>Council Tax income assuming increase of 0.0%</b>	<b>7,965,474</b>	<b>7,965,474</b>
<b>Funding Gap</b>	<b>0</b>	<b>0</b>
Band 'D' Tax	£187.12	£187.12
Increase per annum		
Increase per week		
% Rise		
Gross Collectable Tax Base	42,998.80	42,998.80
Collection Rate %	99.00%	99.00%

Net tax base	42,568.81	42,568.81
Rounded tax base for calculation purposes	42,568.80	42,568.80



**2013/14**  
**ORIGINAL**  
**£**

5,113,500  
594,850  
6,630,100  
2,877,050

455,150  
1,000,000

(480,000)  
40,000

**16,230,650**

(1,970,800)  
332,900  
266,200  
131,000

(1,290,200)  
(67,846)

**13,631,904**

(5,183,786)  
(250,000)

(71,884)

(21,980)  
(812,747)  
(81,886)  
(21,200)

**(6,443,483)**

**7,188,421**

**7,188,421**

**0**

£187.12  
£0.00  
£0.00  
0.0%

38,902.40  
98.75%

38,416.12

38,416.10

Ref	Division	Project Name	Description	Revenue Costs			Capital Costs		
				2013/14 £	2014/15 £	2015/16 £	2013/14 £	2014/15 £	2015/16 £
<b>SUPPORTED GROWTH</b>									
1	Resources	IT Infrastructure	Remote working - additional revenue cost	6,000	6,000	6,000			
2	Commissioning	Elections	Additional postage budget to cover the increasing costs of postage	10,000	10,000	10,000			
3	Commissioning	Green Waste	To not increase green waste charges in line with inflation, to reflect decision to freeze prices in 2013/14.	11,600	11,600	11,600			
4	Built Environment	Building control income	To not increase building control fees in line with inflation, to reflect the current downturn in building control income levels. This will be offset by savings delivered from a staffing restructure - see BIG schedule (Appendix 4).	9,800	9,800	9,800			
5	Built Environment	Car Parking income	To not increase car parking income charges in line with inflation, to reflect the current downturn in car parking income levels.	93,600	93,600	93,600			
				<b>131,000</b>	<b>131,000</b>	<b>131,000</b>			
<b>SUPPORTED GROWTH (FUNDED FROM PROJECTED 2012/13 UNDERSPEND)</b>									
6	Built Environment	Joint Core Strategy	Support the JCS Overview and Scrutiny Task Group to look at alternative methods for looking at household size projections	10,000					
7	Built Environment	Joint Core Strategy	CBC contribution to Joint Core Strategy Costs to progress Cheltenham plan	90,000					
8	Commissioning	Community Pride	Community Pride 'bidding' budget for allocation in 2013/14	50,000					
9	Commissioning	Elections	The introduction of individual registration in 2014 to cover set-up costs and additional postage	25,000					
10	Wellbeing & Culture	Create a new charitable trust for leisure and culture	The creation of a new charitable trust for leisure and culture will incur set-up costs as detailed in the cabinet report of 11th December 2012	95,500					
				<b>270,500</b>					

Ref	Division	Project Name	Description	Revenue Costs			Capital Costs		
				2013/14	2014/15	2015/16	2013/14	2014/15	2015/16
				£	£	£	£	£	£
<b>SUPPORTED GROWTH (FUNDED FROM NEW HOMES BONUS)</b>									
11	Built Environment	Vacant Property enforcement	3 year fixed-term enforcement post and revisions to an existing administrative post to enable a further 23 vacant homes per year to be brought back into use	30,000	30,000	30,000			
12	Wellbeing & Culture	Create a new charitable trust for leisure and culture	The creation of a new charitable trust for leisure and culture will incur set-up costs as detailed in the cabinet report of 11th December 2012	219,000					
				<b>249,000</b>	<b>30,000</b>	<b>30,000</b>			
<b>SUPPORTED GROWTH (FUNDED FROM GENERAL BALANCES)</b>									
13	Wellbeing & Culture	Create a new charitable trust for leisure and culture	The creation of a new charitable trust for leisure and culture will incur set-up costs as detailed in the cabinet report of 11th December 2012	96,000					
				<b>96,000</b>	<b>60,000</b>	<b>60,000</b>			
<b>SUPPORTED GROWTH (FUNDED FROM CAPITAL RESERVE/RECEIPTS)</b>									
14	Wellbeing & Culture	Replacement of gym equipment	To replace worn out equipment and ensure that we retain a successful and competitive publicly accessible fitness provision				211,000		
15	Wellbeing & Culture	Replacement of chairs at Town Hall	To be considered during budget consultation period				80,000		
16	Wellbeing & Culture	Refurbishment of Town Hall corridors	To be considered during budget consultation period				140,500		
							<b>431,500</b>		

BRIDGING THE GAP STRATEGY							
	Approved Savings	2013/14	2014/15	2015/16	2016/17	2017/18	Total
MTFS Gap		1,358,046	808,469	449,137	548,285	394,895	3,558,832
<b>Total Current MTFS Funding Deficit</b>		<b>1,358,046</b>	<b>808,469</b>	<b>449,137</b>	<b>548,285</b>	<b>394,895</b>	<b>3,558,832</b>
<b>Organisational changes</b>							
Staff restructures							
- Public Protection		35,000					35,000
- Parks & Gardens (reduction of p/t post)		10,000					10,000
- Building Control (offset by inflation on income - see Appendix 3)		9,800					9,800
Built Environment Management Restructure		52,700					52,700
Economic Development Restructure		20,000					20,000
Revenues & Benefits Service Review		88,000					88,000
Car park retained organisation savings post GCC - car park income collectors		23,000					23,000
Retained organisation savings post GCC - target		150,000					150,000
Senior Management Team review			100,000	50,000	50,000		200,000
<b>Shared Services</b>							
Establishing Ubico with Cotswold District Council	*	91,700					91,700
Additional waste target		45,400					45,400
GO shared services							
- staff savings	*	221,800					221,800
- licensing savings	*	32,600					32,600
- ICT support and hosting costs	*	(53,200)					(53,200)
- retained organisation saving	*		30,000				30,000
- procurement savings							
1. Treasury management	*	4,500					4,500
2. CIPFA Publications	*	1,000					1,000
3. Audit fee	*	35,000					35,000
Shared Project Management with Forest of Dean		19,600					19,600
Shared GIS with Forest of Dean		30,000					30,000
<b>Commissioning</b>							
L&C Review - AGM savings	*	50,000					50,000
L&C Review - trust savings		40,000	175,600	174,100	111,700	131,800	633,200
L&C Review - reduction in retained organisation				33,900	33,800		67,700
ICT Review - per business case to Cabinet 11/12/12				159,500			159,500
Trade Waste service review				50,000			50,000
Review of Arle Nursery						50,000	50,000
Revenues & Benefits Review						50,000	50,000
Joint Management Unit for Waste						100,000	100,000
<b>Income</b>							
Planning fee income rise 15%		60,000					60,000
Townscape/Conservation planning advice		5,000					5,000
Fees & Charges Review inc. concessions				30,000			30,000
Provision of mortgages - interest					20,000		20,000
<b>Asset Management</b>							
Remove annual increase contribution to Programme Maintenance Reserve **		200,000	200,000	200,000	107,000		707,000
Rationalisation of asset portfolio				30,000		30,000	60,000
Accommodation Strategy					100,000	100,000	200,000
<b>Other</b>							
Supplies & services savings							
1. Corporate training budget	*	2,000	2,000				4,000
2. LGA - reduced membership costs	*	300		300			600
3. Building Control		6,000					6,000
4. Target saving			10,000	10,000	10,000	10,000	40,000
Additional recharge to HRA / CBH post HRA reform & revision to SLAs		69,000					69,000
Single Advice Contract tender saving		22,000					22,000
Reduction in Everyman Grant	*		5,000	5,000			10,000
Reduction in grant to Oakley & Hesters Way Regeneration Partnerships	*	4,000	4,000	4,000			12,000
Community Development - reduction in operational budget		15,000					15,000
Additional allotment sites	*		5,000				5,000
Reduction in grants				30,000			30,000
<b>Efficiency savings Target yet to be identified</b>		<b>67,846</b>	<b>276,869</b>	<b>-327,663</b>	<b>115,785</b>	<b>-76,905</b>	<b>55,932</b>
<b>Total Savings/Income over MTFS</b>		<b>1,358,046</b>	<b>808,469</b>	<b>449,137</b>	<b>548,285</b>	<b>394,895</b>	<b>3,558,832</b>
<b>shortfall / (surplus) against MTFS Funding Gap</b>		<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
* Denotes savings previously approved. NB: traffic lights denote risk associated with delivery							
** Make one-off contributions to Programme Maintenance reserve from New Homes Bonus							
<b>Summary of Savings</b>							
Approved savings	*	389,700	41,000	9,300	0	0	440,000
Savings to be approved		900,500	490,600	767,500	432,500	471,800	3,062,900
Savings target yet to be identified		67,846	276,869	-327,663	115,785	-76,905	55,932
		<b>1,358,046</b>	<b>808,469</b>	<b>449,137</b>	<b>548,285</b>	<b>394,895</b>	<b>3,558,832</b>



PROJECTION OF RESERVES TO 31ST MARCH 2014		2012/13	2013/14	2013/14	2013/14	2013/14	2013/14
Purpose of Reserve		Movement	Movement	Movement	Movement	budget and	31/3/14
		Revenue	Capital	Revenue	Capital	one off growth	£
		£	£	£	£	£	£
<b><u>EARMARKED RESERVES</u></b>							
<b>Other</b>							
RES002	Pension Reserve	(78,373.38)		(178,373.38)			(328,373.38)
RES003	Economic Development Reserve	(14,200.00)		(14,200.00)			(14,200.00)
RES004	IBS License Reserve	(148,700.00)		(148,700.00)			(148,700.00)
RES005	Keep Cheltenham Tidy Reserve - scheme contributions	(626.27)		(626.27)			(626.27)
RES006	Cultural Development Reserve	(22,361.00)		(22,361.00)			(22,361.00)
RES007	LABGI Reserve	(10,000.00)					0.00
RES008	House Condition Survey Reserve	(80,524.83)		(88,024.83)			(95,524.83)
RES009	Twinning Reserve	(17,400.00)		(7,400.00)			(7,400.00)
RES010	Flood Alleviation Reserve	(246,584.67)		(196,584.67)			(146,584.67)
RES011	Art Gallery & Museum Development Reserve	(1,976,720.98)	1,976,720.98				0.00
RES012	Pump Room Insurance Reserve	(17,066.11)		(17,066.11)			(17,066.11)
RES013	TIC Shop Reserve	(29.18)		(29.18)			(29.18)
RES014	GF Insurance Reserve	(121,371.44)		(79,371.44)			(79,371.44)
RES015	Vehicle Replacement Reserve	(116,085.24)		(116,085.24)			(116,085.24)
RES016	Joint Core Strategy Reserve	(238,246.88)		(55,246.88)			(46.88)
RES018	Civic Pride	(936,597.60)	395,000.00	(279,697.60)	100,000.00		(11,497.60)
		<b>(4,024,387.98)</b>		<b>(1,203,766.60)</b>			<b>(987,866.60)</b>
<b>Repairs &amp; Renewals Reserves</b>							
RES201	Comuted Maintenance Reserve	(224,629.37)		(185,629.37)			(146,629.37)
RES202	Highways Insurance Reserve	(15,000.00)		(15,000.00)			(15,000.00)
RES203	Revenues/Benefits IT Reserve	(30,000.00)		(30,000.00)			(30,000.00)
RES204	LT. Repairs & Renewals Reserve	(53,684.70)		(271,784.70)			(60,000.00)
RES205	Planned Maintenance Reserve	(713,977.12)	137,500.00	(190,477.12)	221,764.70		(83,477.12)
		<b>(1,037,271.19)</b>		<b>(692,871.19)</b>			<b>(325,106.49)</b>
<b>Equalisation Reserves</b>							
RES101	Rent Allowances Equalisation	(159,255.60)		(133,255.60)			(64,855.60)
RES102	Planning Appeals Equalisation	(38,955.09)		(101,232.09)			(101,232.09)
RES103	Licensing Fees Equalisation	(11,355.00)		(11,355.00)			(11,355.00)
RES104	Interest Equalisation	(912,719.76)		(212,719.76)			(212,719.76)
RES105	Local Plan Equalisation	(30.00)		(127,230.00)			(67,230.00)
RES106	Elections/Electoral Reg. Equalisation	(72,700.00)		0.00			(61,500.00)
		<b>(1,195,015.45)</b>		<b>(585,792.45)</b>			<b>(518,892.45)</b>
<b>Reserves for commitments</b>							
RES301	Carry Forward Reserve	(1,367,577.03)		(47,300.03)			(47,300.03)
<b>CAPITAL</b>							
RES401	Capital Reserve - GF Housing	(902,476.15)	400,000.00	(502,476.15)			(502,476.15)
RES402	Capital Reserve - GF	(1,270,757.96)	891,532.00	(1,079,225.96)	637,735.30	431,500.00	(709,990.66)
		<b>(2,173,234.11)</b>		<b>(1,581,702.11)</b>			<b>(1,212,466.81)</b>
		<b>(9,797,985.36)</b>		<b>(4,111,432.38)</b>			<b>(3,091,632.38)</b>
<b>TOTAL EARMARKED RESERVES</b>							
<b>GENERAL FUND BALANCE</b>							
B8000	General Balance - RR	(2,253,036.60)	80,000.00	(1,804,581.60)		96,000.00	(1,603,581.60)
		<b>(2,253,036.60)</b>		<b>(1,804,581.60)</b>			<b>(1,603,581.60)</b>
<b>TOTAL GENERAL FUND RESERVES AND BALANCES</b>		<b>(12,051,021.96)</b>	<b>3,880,752.98</b>	<b>(5,916,013.98)</b>	<b>959,500.00</b>	<b>527,500.00</b>	<b>(4,695,213.98)</b>
<b>Projected Annual Reduction</b>				<b>6,135,007.98</b>			<b>1,220,800.00</b>

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## GENERAL FUND CAPITAL PROGRAMME

Code	Fund	Scheme	Scheme Description	Original Scheme Cost	Payments to 31/03/12	Budget 2012/13	Revised Budget 2012/13	Budget 2013/14	Budget 2014/15	Budget 2015/16	Budget 2016/17
				£	£	£	£	£	£	£	£
		<b>RESOURCES</b>									
		<b>Property Services</b>									
CAP001	C/R	Programmed Maintenance	New cremators	655,000	517,552	131,000	137,500				
		<b>Financial Services</b>									
CAP010	C	GO ERP	Development of ERP system within the GO Partnership	421,700	376,713		80,000				
CAP011	C	Gloucestershire Airport	Contribution towards the redevelopment project - £1.2m loan	1,200,000	1,190,585	1,200,000	9,415				
		<b>ICT</b>									
CAP021	C	Working Flexibly	Deliver council services at a time and place which suit the customer. Implementation of Citrix environment to deliver business applications to the home / remote users desktop	35,300	26,576	120,000	8,700				
CAP024	C	IT Infrastructure	Upgrade of Microsoft Office required as version currently used is an end of life product and no longer supported by Microsoft - moved to 5 year ICT infrastructure strategy.			22,000	22,000				
CAP025	C	IT Infrastructure	Virtual e-mail appliance licence - setting up of e-mail connection between all GO Partner authorities.			56,200	56,200				
		<b>Revenues</b>									
CAP013	G	Localisation of Business Rates	Upgrade of Civica system to ensure PCI compliancy. 5 year ICT infrastructure strategy	35,000			35,000	409,500	241,100	275,600	77,400
		<b>WELLBEING &amp; CULTURE</b>									
		<b>Parks &amp; Gardens</b>									
CAP101	S	S.106 Play area refurbishment	Developer Contributions			50,000	50,000	50,000	50,000	50,000	50,000
CAP102	C	Play Area Enhancement	Ongoing programme of maintenance and refurbishment of play areas to ensure they improve and meet safety standards			80,000	80,000	80,000	80,000	80,000	80,000
		<b>Cemetery &amp; Crematorium</b>									
CAP002	C	Burial Chapel	Invest to save scheme to convert burial chapel to handle cremations.	110,000	100,642		9,300				
		<b>Cultural Services</b>									
CAP121	R/P	Art Gallery & Museum Development Scheme	Council's commitment to new scheme as agreed by Council 20th July 2008	6,300,000	1,013,448	4,270,000	5,286,552				
		<b>Community Safety</b>									
CAP141	C	CCTV/Town Centre initiative	Expansion of on street CCTV in the town centre to increase safety and secure the environment			50,000	53,800	50,000	50,000	50,000	50,000

## GENERAL FUND CAPITAL PROGRAMME

Code	Fund	Scheme	Scheme Description	Original Scheme Cost	Payments to 31/03/12	Budget 2012/13	Revised Budget 2012/13	Budget 2013/14	Budget 2014/15	Budget 2015/16	Budget 2016/17
				£	£	£	£	£	£	£	£
		<b>BUILT ENVIRONMENT</b>									
		<b>Integrated Transport</b>									
		Civic Pride	CBC contribution to East Promenade repaving by GCC, plus street furniture costs.			145,000	145,000				
		Civic Pride	CBC contribution to West Promenade repaving by GCC.								
		Civic Pride	Upgrade of Promenade pedestrianised area including remodelling of tree pits, providing seating, re-pointing existing Yorkstone.			100,000	100,000	100,000			
		Civic Pride	Remodelling of Sherborne Place Car Park into a Green car park for short stay bus use.			100,000	100,000				
		Civic Pride	Scheme for St. Mary's churchyard			50,000	50,000				
CAP026	C	Civic Pride	Improvements to Grosvenor Terrace Car Park (Town Centre East) including making a Green car park, improving linkages to the High Street, improved sustainability - rainwater harvesting, PV cells etc.			150,000	150,000				
CAP201	C	CCTV in Car Parks	Additional CCTV in order to improve shopping areas and reduce fear of crime			50,000	64,300	50,000	50,000	50,000	50,000
CAP202	C	Car park management technology	The upgrade of the car park management technology at selected sites such as Regent Arcade is essential as the existing management systems and hardware have now reached the end of their life cycle.	250,000	26,192	120,000	223,800				
		<b>Housing</b>									
CAP221	C/SCG	Disabled Facilities Grants	Mandatory Grant for the provision of building work, equipment or modifying a dwelling to restore or enable independent living, privacy, confidence and dignity for individuals and their families.			600,000	671,848	600,000	600,000	600,000	600,000
CAP222	C	Adaptation Support Grant	Used mostly where essential repairs (health and safety) are identified to enable the DFG work to proceed (e.g. electrical works).			26,000	26,000	26,000	26,000	26,000	26,000
CAP223	PSDH	Health & Safety Grant / Loans	A new form of assistance available under the council's Housing Renewal Policy 2003-06								
CAP223	PSDH	Vacant Property Grant	A new form of assistance available under the council's Housing Renewal Policy 2003-06				303,674				
CAP223	PSDH	Renovation Grants	Grants provided under the Housing Grants, Construction and Regeneration Act 1996								
CAP224	LAA / C	Warm & Well	A Gloucestershire-wide project to promote home energy efficiency, particularly targeted at those with health problems			60,000	60,000	60,000			
CAP225	C/S	Housing Enabling	Expenditure in support of enabling the provision of new affordable housing in partnership with registered Social Landlords and the Housing Corporation				400,000				
CAP226	C/S	Housing Enabling	Transformational improvements to private households in St. Paul's to assist them in raising the standard of their dwellings in line with new build council housing stock.				130,000				
CAP227	C/S	Housing Enabling	Expenditure in support of enabling the provision of new affordable housing in partnership with Cheltenham Borough Homes			2,900,000	2,900,000				



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<b>Detailed analysis of budget variances</b>	Overspend / (Underspend) £	para. ref:
<b>Employee costs</b>		
Salary savings vacancy target	480,000	1.1
Salary savings identified as 30 <sup>th</sup> November 2012	(401,300)	1.1
<b>Sub-total</b>	<b>78,700</b>	
<b>Service costs</b>		
Airport consultancy fees	7,700	
Cemetery Gate-keeper	10,000	
Insurance premiums	(12,100)	
Other insurance related costs	20,100	
Utilities costs	(105,100)	1.2
NNDR charges	(26,100)	
Leasing charges	(305,700)	1.3 – 1.6
Minimum Revenue Provision (MRP)	42,800	1.3 – 1.6
Audit Fees	(15,000)	
MMI Provision	80,000	
Reduced administration charges to on-street car parking	22,700	
Other	18,700	
<b>Sub-total</b>	<b>(262,000)</b>	
<b>Income</b>		
Shared project management resource	(34,800)	
Arle Nursery	(32,900)	
Property rentals and service charges	(58,800)	1.7
Planning fees	(82,500)	1.8
Building control	40,000	1.9
Recycling	(23,600)	
Increase volume of waste bins/sacks	41,700	1.10 – 1.12
Household waste bins	14,000	
Trade refuse	93,800	1.13
Investment income and interest payable	(39,400)	1.14
Other	(4,700)	
<b>Sub-total</b>	<b>(87,200)</b>	
<b>Total projected variance to original budget</b>	<b>(270,500)</b>	

- 1.1 The 2012/13 original budget included a target of £480,000 from salary savings to be made throughout the council from vacant posts arising during the year. An assessment of vacant posts (i.e. staff turnover) in the first seven months of the year indicate that £401,300 has been identified to date leaving a further £78,700 to be generated in the remainder of the financial year.
- 1.2 There is a net saving in gas and electricity budgets for 2012/13 of £105,100 as a result of a new contract negotiated up to 30<sup>th</sup> April 2014. The gas prices are around 15% cheaper than the previous contract and electricity prices were on average 10% cheaper.
- 1.3 There is a one-off net saving of £216,900 in 2012/13 in respect of MRP and leasing costs, as follows:
- 1.4 The adoption of International Financial Reporting Standards (IFRS) necessitated the need to review all council leases to determine whether they should be classified as operational or finance leases. The review concluded that leases drawn for the purchase of vehicles and recycling bins are deemed to be finance leases and as such must be represented on the council's balance sheet as external borrowing.
- 1.5 As a consequence of the above, officers reviewed and compared the costs associated with leasing against prudential borrowing and concluded that whilst the gains from prudential borrowing were marginal in the early years, it gave the council more flexibility in terms of ownership. Council, at its meeting on the 11<sup>th</sup> February 2011, agreed to fund the replacement of vehicles and recycling bins through prudential borrowing where it was deemed appropriate.
- 1.6 The decision to fund the replacement of vehicles and recycling bins through prudential borrowing has resulted in a one-off saving of £305,700 in leasing costs. This is due to the accounting entries surrounding the financing of assets from prudential borrowing in so much that they equate to the depreciation charge levied on that asset. The depreciation policy for CBC is that newly acquired assets are depreciated from the year following that in which they are acquired. Consequently the financing costs via Minimum Revenue Provision (MRP) have increased by £42,800 in 2012/13.
- 1.7 The projected income position for property rentals and service charges is a positive variance of £58,800. This is due to the commercial approach being taken by Property Services to rent reviews. However, this level of income is not necessarily sustainable in light of the current economic climate and the number of organisations approaching the Council requesting ongoing rent reductions. A review will be undertaken over the next year to ascertain any sustainable increase to base budget.
- 1.8 Planning fee income is showing a positive variance of £82,500 at the end of November. This position is somewhat surprising in view of prevailing economic conditions and a downturn in the current trend cannot be ruled out. The sustainability of this income target is being regularly monitored and reviewed in light of developments around the borough.
- 1.9 There is a projected shortfall in the building control income figures of £40,000 for 2012/13. Limited growth and available finance has impacted significantly

on the local construction industry. The overall result appears to be that although the same number of applications is being received, the income from those applications has reduced. Domestic works are generally smaller in size than they were two or three years ago.

- 1.10** It is anticipated that there will be a shortfall in income of £41,700 from receipts for the sale of Garden Waste Bins and Garden Waste sacks. The renewal rate for bins is currently 95% and there are 2,000 new bin sales since 1<sup>st</sup> January 2012 until 30<sup>th</sup> November 2012. At that date there were 12,636 current bin subscriptions in the scheme.
- 1.11** The take up in the Garden Waste bag scheme has not been as large as anticipated and has contributed to the shortfall in income of £12,100.
- 1.12** Previous calculations have been based on customer numbers', however; the number of Garden Waste bin sales is greater than the number of customers, which has contributed a further £8,100 to the anticipated income stream. The renewal rate in the current financial year at 95% is 3% lower than the initial prediction of 98% and is expected to contribute a further £12,400 to the shortfall. Also, the continuation of the renewal discount period and the introduction of a further discount period for new bin sales are anticipated to contribute the balance of the overall shortfall of £25,300.
- 1.13** There is a projected shortfall in trade waste income of £93,800 for 2012/13 as a result of the loss of a significant trade contract with effect from September 2012. This has been incorporated into the revised 2012/13 budgets.
- 1.14** Security of capital remains the Council's main investment objective. The solvency issues surrounding Europe and the downgrades of some UK banks, together with the expectation that interest rates will remain at low levels for the foreseeable future, has meant the Council has scaled back its lending list, and is repaying temporary debt with maturing investments rather than re-investing. For 2012/13 interest payable will reduce by £29,900 and interest receivable will increase by £9,500. As a result, the net impact on the 2012/13 budget is an increase in net treasury income of £39,400.

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## Cheltenham Borough Council

**Cabinet – 21st December 2012**

### **Housing Revenue Account - Revised Budget 2012/13 and Interim Budget Proposals 2013/14 for Consultation**

<b>Accountable member</b>	Cabinet Member for Finance, John Rawson
<b>Accountable officer</b>	Director of Resources (Section 151 Officer), Mark Sheldon
<b>Ward(s) affected</b>	All
<b>Key Decision</b>	Yes
<b>Executive summary</b>	This report summarises the Housing Revenue Account (HRA) revised budget for 2012/13 and the Cabinet’s interim budget proposals for 2013/14 for consultation.
<b>Recommendations</b>	<ol style="list-style-type: none"> <li>1. Note the revised HRA budget for 2012/13.</li> <li>2. Approve the interim HRA budget proposals for 2013/14 for consultation including a proposed average rent increase of 3.43% (applied in accordance with national rent restructuring guidelines) and increases in other rents and charges as detailed at Appendix 5.</li> <li>3. Approve the proposed HRA capital programme for 2013/14 as shown at Appendix 3.</li> <li>4. Delegate authority to the Director of Resources, in consultation with the Cabinet Member for Finance, to determine and approve any additional material that may be needed to support the presentation of the interim budget proposals for consultation.</li> <li>5. Seek consultation responses by 31st January 2013.</li> </ol>

<b>Financial implications</b>	<p>As contained in the report and appendices.</p> <p><b>Contact officer: Mark Sheldon.</b></p> <p><b>E-mail: <a href="mailto:mark.sheldon@cheltenham.gov.uk">mark.sheldon@cheltenham.gov.uk</a></b></p> <p><b>Tel no: 01242 264123</b></p>
<b>Legal implications</b>	<p>As this report proposes an interim budget for consultation purposes, there are no specific legal implications at this stage.</p> <p><b>Contact officer: Peter Lewis</b></p> <p><b>E-mail: <a href="mailto:peter.lewis@tewkesbury.gov.uk">peter.lewis@tewkesbury.gov.uk</a></b></p> <p><b>Tel no: 01684 272012</b></p>

<b>HR implications (including learning and organisational development)</b>	No direct HR implications arising from this report.  <b>Contact officer: Julie McCarthy</b>  <b>E-mail: julie.mccarthy@cheltenham.gov.uk</b>  <b>Tel no: 01242 264355</b>
<b>Key risks</b>	As outlined in Appendix 1
<b>Corporate and community plan Implications</b>	The aim of the interim budget proposals is to direct resources towards the key priorities identified in the Council's Corporate Business Plan.
<b>Environmental and climate change implications</b>	The draft budget contains proposals for improving the local environment particularly in addressing the issue of energy reduction in Council owned dwellings

## 1 Background

- 1.1** The Council's Constitution requires that the Cabinet prepare an interim budget for consultation before it makes recommendations to full Council in February 2013. The Cabinet is then required to draw up its firm budget proposals having regard to the responses it has received during the consultation period, and its report to Council in February 2013 should reflect the Cabinet's response to such comments.
- 1.2** The HRA budget proposals for 2013/14 reflect the impact of the new self financing regime for local authority housing. In February 2012 the Council approved a new 30 year HRA business plan which anticipated significant additional resources arising from the implementation of self financing. The Council also approved a strategy to use these resources to finance a programme of new build, further improvements to existing stock and additional support services for tenants. CBH were requested to bring forward delivery plans to meet these objectives and those plans are described in this report.

## 2. 2012/13 Revised Budget

- 2.1** The revised budget at Appendix 2 shows an increase in surplus for the year of £61,400 compared to the original estimate. This additional surplus, together with an increase of £385,200 in the balance brought forward from 2011/12, will give revenue reserves of £3,113,000 at 31<sup>st</sup> March 2013.
- 2.2** Significant variations have been identified in budget monitoring reports and are summarised below:-

<b>Budget Heading</b>	<b>Change in resources</b>
	<b>£'000</b>
Reduction in interest payable - lower rate achieved on debt settlement	214
Supporting People – existing contract extended	75
Transfer from Major Repairs Reserve – confirmation of accounting practice	94
Revenue contributions to fund capital programme – additional expenditure on pv pilot scheme	-360
Other net	38
<b>Net Increase in Surplus</b>	<b>61</b>

### **3. 2013/14 Budget**

- 3.1** The financial projections included in the 30 year HRA Business Plan have been updated for known variations to date. The adjusted figures for the 3 year period to 31<sup>st</sup> March 2016 have then been further amended to reflect the investment proposals detailed in paragraph 3.3 below. It is recommended that future HRA budget preparation includes a medium term financial strategy based on a rolling 3 year period whilst also recognising the longer term impact of spending plans.
- 3.2** Government social rent policy has used the retail price index (RPI) in the preceding September plus 0.5% to uplift the formula rent for each property in the following financial year. In September 2012 RPI was 2.6% so formula rents for each property will be increased by 3.1% for 2013/14.

Rent restructuring, which will bring the actual rents of all local authority properties to their formula rent, is still timetabled to be completed by 2015/16. The application of rent restructuring guidelines in Cheltenham will result in an average rent increase of 3.43% from April 2013. The assumption that this process would continue was used by the Government in the debt settlement calculations and also in the 30 year HRA Business Plan projections.

Appendix 4 details the proposed average rent for 2013/14 with recommended charges for other services where available. Provision has been included for a 2.6% increase in garage rents both to reflect inflation and to fund an ongoing improvement programme in garage sites.

- 3.3** Estimates of service charge income assume an increase of 2.6% for grounds maintenance and 4.3% for cleaning (reflects rising fuel and materials costs). Charges for power to communal areas are still under review.

### **3.4 Investment plans**

#### **3.4.1 New Build**

Although no decision has yet been taken, the Cabinet Members for Finance and Housing and Safety are, at this stage, of the view that the preferred option for the next phase of new build schemes is CBH ownership with development being financed by a combination of developer grant, CBC capital grant and prudential borrowing through the General Fund to CBH. This approach, which would be subject to necessary Government consents and financial viability, would allow HRA resources to be concentrated on the other business plan objectives of enhancements to the existing stock and improved services to tenants.

#### **3.4.2 Improvements to Existing Stock**

Stock investment and repair plans have been prepared that include a further £4.5m of additional spend over the period to March 2016. These will include a particular focus on delivering the action plan from the energy reduction and sustainability statement recently prepared by CBH, specifically the installation of pv panels and cost effective solutions for non-traditional stock. It is also intended to bring forward the window replacement programme. The summarised plans are shown at Appendix 3 with the individual projects for 2013/14 detailed at Appendix 4.

#### **3.4.3 Enhanced Services**

CBH have requested the Council to consider a new approach to service development. This would be initiated by the transfer of £1m to the company for investment in four discrete areas over the next three years. This would enable CBH to plan with more certainty and speed up the delivery of service improvements without recourse to the Council for further approval and funding.

It is proposed that service development is focussed on the following areas:-

Welfare Reform (£400,000)  
Enhanced services to vulnerable people (£300,000)  
Partnerships and Communities (£200,000)  
Enabling new business (£100,000)

Detailed proposals for expenditure in 2013/14 are being developed and will be brought to Cabinet in February 2013 but the areas to be covered by each investment stream are described below:-

### **(1) Welfare Reform**

The introduction of Welfare Reform over the forthcoming months will see a dramatic change in the way in which benefits are paid to tenants.

CBH propose to engage more staff, both in supportive advice and arrears collection roles. Staff will be fully trained and have the capability to offer advice and assistance using up to date technology. The company will also consider funding of external partners such as voluntary organisations who can deliver bespoke and specialist debt advice. By working effectively with partner organisations we will ensure that tenants are supported to maintain their tenancy and thereby minimise the demand on social housing stock. This will include work to address fuel poverty.

CBH will also deliver a marketing campaign that will enable tenants to access services and advice across the town.

An enhanced scheme to assist tenants to move to smaller accommodation is already in place and further profiling work will be undertaken to identify those tenants who will be affected by the reforms.

### **(2) Enhanced services to vulnerable people**

It is essential to develop support services that meet the needs of vulnerable tenants to ensure they enjoy a good quality of life and obtain skills to maintain their tenancies.

Enhanced services may include proposals such as a hub based service delivery approach to enable older people and tenants with a disability to access services and activities locally which will improve health, well-being and reduce social isolation.

Additional resources will enable further support to be offered to children, individuals and families and for the development of projects to reduce hardship.

### **(3) Partnerships and Communities**

CBH has developed a strong track record in working in partnership with the council, voluntary and statutory organisations to deliver services and projects which benefit tenants and the wider communities. If appropriate resources are in place, CBH can work in partnership with a range of organisations with capacity, knowledge and expertise to improve outcomes in the communities across Cheltenham. This will be particularly relevant in the St Peters/The Moors following the recent award of Big Lottery funding for the area.

Additional resources will help to expand the CBH employment and apprenticeship service and develop services for young people and family support projects.

### **(4) Enabling new business**

There have been ongoing discussions between the Council and CBH about the possibility of extending the functions delegated to CBH to include the management of other housing related services. These resources would provide a contingency to fund such a transfer of service.

3.4.4 It is recommended that an annual report on these service development areas is prepared to identify progress, any necessary changes to delivery plans and further opportunities for investment.

3.5 Other key assumptions used for the draft budget for 2013/14 are:-

- Revised supporting people contracts will be negotiated with Gloucestershire County Council (GCC) from April 2013. Income is based on the initial proposals recently submitted to GCC.
- The Government stimulus for Right to Buy sales has not yet substantially increased completions. Stock estimates used in the projections assume 10 sales per annum.

The projections for 2014/15 and 2015/16 are based on a retail price index at 2.5%.

3.6 The Government has confirmed that the depreciation charge in the HRA will continue to provide a resource to finance capital expenditure through the major repairs reserve. Movements on that reserve are shown at Appendix 3.

3.7 Significant changes to the HRA in 2013/14 as compared to the revised estimates for 2012/13 are itemised in the table below. There is a forecast deficit of £264,300 for the year which leaves revenue reserves at £2,848,700 at 31<sup>st</sup> March 2014.

Budget Heading	Change in resources
	£'000
CBH service enhancements (3 year investment)	1,000
Revenue contributions to capital – increased capital investment	854
Increase in base CBH management fee	184
Increase in bad debt provision – impact of welfare reform	95
Increase in repairs and maintenance arising from inflation	58
Depreciation of dwellings	126
Increase in rents	-631
Reduction in Interest payable (follows debt repayment)	-53
Other (net)	39
<b>Net reduction in surplus</b>	<b>1,672</b>

#### 4. Cheltenham Borough Homes (CBH)

4.1 The draft budget includes provision for the management fees and other charges payable to CBH. The company has submitted its own detailed budget and fee proposal for 2013/14.

4.2 CBH draft budgets for 2013/14 show a breakeven position on CBC services. The HRA management fee represents an increase of 4% over the current year reflecting provision for a 1% pay award and the impact of significant investment in ICT and accommodation. The additional charge of £50,000 for management of the capital programme will allow sufficient resources for the delivery of the significant increase in expenditure. The overall cost of repairs and maintenance has increased by 2% incorporating estimates of demand for materials. The cost of delivering the estate cleaning contract has risen by £17,100 to recognise an anticipated increase in waste disposal costs.

4.3 During a period of service expansion CBH have emphasised the need to continue to demonstrate value for money, requiring full business cases to be prepared for each new initiative. They will seek corporate economies of scale as the level of activity increases.

4.4 The fee submission for the main areas of activity is shown below and compared with 2012/13.

	2012/13	2013/14
	£	£
Management Fee	4,514,500	4,698,400
Revenue & Capital Repairs	3,447,500	3,519,500
Management of Capital Programme	405,000	455,000
Block Cleaning Service	276,400	293,500

**6. Areas of Further Work**

6.1 This provisional budget is based on information held to date. There may be further adjustments to support service and accommodation recharges to both CBH and the Housing Revenue Account (HRA) and work will continue to finalise service charges for tenants and leaseholders.

**7. Consultation process**

7.1 The Council is proposing to consult on these budget proposals during the period to 31<sup>st</sup> January 2013. This extended period will allow the CBH to respond at their Board meeting on 30<sup>th</sup> January 2013. The results from this consultation will be fed back to the Cabinet and taken into account in the formulation of the final budget proposals.

7.2 As part of the interim consultation process the Cabinet’s proposals will be included on the Council’s web site, made available at the Municipal Offices, Area Offices and publicised through the local press. All interested parties will be encouraged to respond. Consultations meetings will be held with both tenant and leaseholder representatives.

7.3 In preparing the consultation document it may be helpful to provide supplementary information, for instance relating to the main changes in the budget. It is therefore recommended that the Director of Resources and Cabinet Member for Finance be given delegated authority to approve any supplementary information for consultation.

<b>Report author</b>	<b>Bob Dagger, Strategic Financial Advisor, Cheltenham Borough Homes</b>  <b>Tel. 01242 264225;</b>  <b>e-mail address bob.dagger@cheltborohomes.org</b>
<b>Appendices</b>	<ol style="list-style-type: none"> <li>1. Risk Assessment</li> <li>2. HRA Operating Account</li> <li>3. Major Repairs Reserve and HRA Capital Programme (summary)</li> <li>4. HRA Capital Programme (detail)</li> <li>5. HRA – Rents and Charges</li> </ol>

<b>Background information</b>	<ol style="list-style-type: none"><li>1. HRA 30 year Business Plan</li><li>2. CBH Budgets and Plans 2013/14</li></ol>
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The risk				Original risk score (impact x likelihood)			Managing risk				
Risk ref.	Risk description	Risk Owner	Date raised	I	L	Score	Control	Action	Deadline	Responsible officer	Transferred to risk register
1.01	If welfare reforms have a greater impact on tenants than anticipated and planned for, it may increase the level of debt or impact on vulnerable families	Jane Griffiths	December 2012	3	4	12	R	The HRA budget includes specific resources to address welfare reform	Mar 2016	CBH through management agreement	
1.02	If supporting people contracts are not renewed it will impact on the tenants in sheltered accommodation	Jane Griffiths	December 2012	2	3	6	R	An evaluation of alternative service and funding options is in progress. The draft budget currently assumes contract income of £130,000	Sept 2013	CBH through management agreement	
1.03	If void rent loss is higher than estimated it will impact on assumed rent income in the HRA	Jane Griffiths	December 2012	3	2	6	R	Demand for social housing remains high with significant waiting list. Current void levels are low and CBH is achieving high performance on re-letting time. Quality of accommodation needs to be maintained and changes in tenancy termination rates monitored	Mar 2014	CBH through management agreement	
1.04	If the demand for reactive repairs increases there may be insufficient budget to meet demand	Jane Griffiths	December 2012	4	3	12	R	Maintain robust stock condition data. Major peril to the stock is fire which is covered by appropriate insurance. HRA reserves are maintained at a level considered sufficient for uninsured stock damage	Mar 2014	CBH through management agreement	



1.05	If there is insufficient capacity to deliver the ambitious programme of building works then the programme may not be deliverable	Jane Griffiths	December 2012	2	3	6	R	The HRA budget includes specific resources to address capital programme works	Mar 2016	CBH through management agreement	
1.06	If the £1m. investment in services is not planned to maximise the use of collective partnership resources there is a risk of duplication and lack of value for money	Jane Griffiths	December 2012	3	3	9	R	Officers from CBC will be working with CBH to ensure that there is a co-ordinated development of expenditure plans	Mar 2016	CBH through management agreement	

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**HRA OPERATING ACCOUNT**

	2012/13		2013/14	2014/15	2015/16
	Original £	Revised £	Estimate £	Projections £	
<b>EXPENDITURE</b>					
General & Special Management	1,832,200	1,817,700	1,853,600	1,891,000	1,910,000
ALMO Management Fee	4,514,500	4,514,500	4,698,400	4,769,000	4,841,000
ALMO Service Enhancements	0	0	1,000,000	0	0
Rents, Rates, Taxes and Other Charges	34,400	34,800	35,100	35,400	35,800
Repairs and Maintenance	3,844,900	3,844,900	3,903,000	3,961,000	4,020,000
Provision for Bad Debts	225,000	225,000	320,000	380,000	440,000
Interest Payable	1,951,300	1,737,500	1,684,700	1,684,700	1,684,700
Depreciation of Dwellings	5,032,000	5,032,000	5,157,800	5,286,700	5,418,900
Depreciation of Other Assets	95,100	94,400	108,400	123,200	135,300
Debt Management Expenses	46,500	46,500	80,900	81,700	82,500
Rent Rebate Subsidy Limitation	64,200	64,200	41,400	20,700	0
Housing Revenue Account Subsidy	0	-5,100	0	0	0
<b>TOTAL</b>	<b>17,640,100</b>	<b>17,406,400</b>	<b>18,883,300</b>	<b>18,233,400</b>	<b>18,568,200</b>
<b>INCOME</b>					
Dwelling Rents	17,716,000	17,727,900	18,359,300	18,881,600	19,466,800
Non Dwelling Rents	431,800	437,200	443,500	448,200	452,900
Charges for Services and Facilities	735,600	735,900	746,700	766,000	785,500
Supporting People Grant	75,000	150,000	130,000	130,000	130,000
<b>TOTAL</b>	<b>18,958,400</b>	<b>19,051,000</b>	<b>19,679,500</b>	<b>20,225,800</b>	<b>20,835,200</b>
<b>NET INCOME FROM SERVICES</b>	<b>-1,318,300</b>	<b>-1,644,600</b>	<b>-796,200</b>	<b>-1,992,400</b>	<b>-2,267,000</b>
Amortised Premiums / Discounts	6,200	6,200	-10,100	-10,100	-10,100
Interest Receivable	-34,500	-35,200	-35,200	-23,400	-30,700
<b>NET OPERATING INCOME</b>	<b>-1,346,600</b>	<b>-1,673,600</b>	<b>-841,500</b>	<b>-2,025,900</b>	<b>-2,307,800</b>
<b>Appropriations</b>					
Revenue Contributions to Capital	0	360,000	1,214,200	275,300	3,345,100
Transfer from Major Repairs Reserve	0	-94,400	-108,400	-123,200	-135,300
<b>HRA Surplus / (Deficit) carried to reserve</b>	<b>1,346,600</b>	<b>1,408,000</b>	<b>-264,300</b>	<b>1,873,800</b>	<b>-902,000</b>
<b>Revenue Reserve brought forward</b>	<b>2,711,800</b>	<b>3,097,000</b>	<b>3,113,000</b>	<b>2,848,700</b>	<b>4,722,500</b>
<b>Repayment of Debt</b>	<b>-1,392,000</b>	<b>-1,392,000</b>			
<b>Revenue Reserve carried forward</b>	<b>2,666,400</b>	<b>3,113,000</b>	<b>2,848,700</b>	<b>4,722,500</b>	<b>3,820,500</b>

<b>Average Rent:-</b>					
<b>Increase 1st April</b>			<b>3.43%</b>	<b>3.33%</b>	<b>3.33%</b>
<b>48 wk</b>	<b>81.27</b>	<b>81.27</b>	<b>84.06</b>	<b>86.86</b>	<b>89.75</b>
<b>52 wk</b>	<b>75.02</b>	<b>75.02</b>	<b>77.58</b>	<b>80.18</b>	<b>82.85</b>
<b>Average Stock</b>	<b>4,582</b>	<b>4,582</b>	<b>4,574</b>	<b>4564</b>	<b>4554</b>

**MAJOR REPAIRS RESERVE**

	2012/13		2013/14 Estimate £	2014/15 2015/16 Projections £	
	Original £	Revised £		£	£
<b>Balance brought forward</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
Depreciation of Dwellings	5,032,000	5,032,000	5,157,800	5,286,700	5,418,900
Depreciation of Other Assets	95,100	94,400	108,400	123,200	135,300
	<b>5,127,100</b>	<b>5,126,400</b>	<b>5,266,200</b>	<b>5,409,900</b>	<b>5,554,200</b>
Utilised in Year to fund Capital Programme	-5,092,000	-5,032,000	-5,157,800	-5,286,700	-5,418,900
Transfer to HRA re Other Assets		-94,400	-108,400	-123,200	-135,300
<b>Balance carried forward</b>	<b>35,100</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>

**HRA CAPITAL PROGRAMME**

	2012/13		2013/14 Estimate £	2014/15 2015/16 Projections £	
	Original £	Revised £		£	£
<b>EXPENDITURE</b>					
Property Improvements & Major Repairs (see detail at Appendix 5)	4,732,000	5,032,000	5,762,000	5,152,000	8,354,000
Adaptations for the Disabled	350,000	350,000	400,000	400,000	400,000
Environmental Works (Tenant Selection)	60,000	60,000	60,000	60,000	60,000
Repurchase of Shared Ownership Dwellings	50,000	50,000	50,000	50,000	50,000
Contribution to ICT Infrastructure			200,000		
	<b>5,192,000</b>	<b>5,492,000</b>	<b>6,472,000</b>	<b>5,662,000</b>	<b>8,864,000</b>
<b>FINANCING</b>					
Capital Receipts	100,000	100,000	100,000	100,000	100,000
HRA Revenue Contribution	0	360,000	1,214,200	275,300	3,345,100
Major Repairs Reserve	5,092,000	5,032,000	5,157,800	5,286,700	5,418,900
	<b>5,192,000</b>	<b>5,492,000</b>	<b>6,472,000</b>	<b>5,662,000</b>	<b>8,864,000</b>

<b>PROPERTY IMPROVEMENTS &amp; MAJOR WORKS 2013/14</b>	
<b>Description of Works</b>	<b>£</b>
<b>INTERNAL IMPROVEMENTS</b>	<b>792,000</b>
<b>PATHS, FENCES &amp; WALLS</b>	<b>100,000</b>
<b>WORKS TO BUILDING FABRIC</b>	<b>236,000</b>
<b>PV INSTALLATION &amp; OTHER SUSTAINABILITY MEASURES</b>	<b>1,288,000</b>
<b>NON TRADITIONAL PROPERTIES</b>	<b>260,000</b>
<b>RENEWAL OF HEATING SYSTEMS</b>	<b>335,000</b>
<b>MAJOR REFURBISHMENTS TO VOID PROPERTIES</b>	<b>367,000</b>
<b>WINDOWS &amp; DOORS</b>	<b>125,000</b>
<b>ASBESTOS</b>	<b>75,000</b>
<b>SHELTERED ACCOMMODATION</b>	<b>50,000</b>
<b>NEIGHBOURHOOD WORKS</b>	<b>515,000</b>
<b>DOOR ENTRY SCHEMES</b>	<b>430,000</b>
<b>STRUCTURAL WORKS</b>	<b>100,000</b>
<b>CARBON MONOXIDE DETECTORS</b>	<b>50,000</b>
<b>FIRE PROTECTION</b>	<b>233,000</b>
<b>LIFTS</b>	<b>41,000</b>
<b>SCOOTER STORES</b>	<b>30,000</b>
<b>INTERNAL COMMUNAL IMPROVEMENTS</b>	<b>100,000</b>
<b>GARAGE IMPROVEMENTS</b>	<b>100,000</b>
<b>ELECTRIC SUB MAINS</b>	<b>80,000</b>
<b>FEE FOR MANAGING PROGRAMME</b>	<b>455,000</b>
<b>TOTAL BUDGET</b>	<b>5,762,000</b>

**HOUSING REVENUE ACCOUNT - RENTS & CHARGES**

	<b>2012/13</b>	<b>2013/14</b>
	<b>£</b>	<b>£</b>
Dwelling Rents (average)		
48 wk basis	<b>81.27</b>	<b>84.06</b>
52 wk basis	<b>75.02</b>	<b>77.58</b>
Garages (per month)	<b>26.00</b>	<b>26.68</b>
Communal Heating Schemes (52 wk basis)		
Gas		
1 person flat	<b>7.90</b>	<b>tbc</b>
2 person flat	<b>10.65</b>	<b>tbc</b>
Cumming Court		
1 person flat	<b>4.54</b>	<b>tbc</b>
2 person flat	<b>6.24</b>	<b>tbc</b>
Guest Bedrooms (per night)	<b>10.00</b>	<b>10.00</b>