

AGENDA



For a meeting of the
RESOURCES POLICY DEVELOPMENT GROUP
to be held on
THURSDAY, 4 OCTOBER 2012
at
2.30 PM
in the
WITHAM ROOM, COUNCIL OFFICES, ST. PETER'S HILL, GRANTHAM. NG31 6PZ
Beverly Agass, Chief Executive

Group Members:	Councillor Jean Bevan, Councillor Michael Cook, Councillor Nick Craft (Chairman), Councillor Phil Dilks, Councillor Bob Sandall, Councillor Trevor Scott (Vice-Chairman) and Councillor Jacky Smith
Portfolio Holders:	Councillor Teri Bryant (Portfolio: Good Housing) Councillor Mike Taylor (Strategic Resources – Well Run Council)
Support Officer:	Jo Toomey Tel: 01476 40 61 52 E-mail: j.toomey@southkesteven.gov.uk

Members of the Group are invited to attend the above meeting to consider the items of business listed below.

1. COMMENTS FROM MEMBERS OF THE PUBLIC

To receive comments or views from members of the public at the Group's discretion.

2. MEMBERSHIP

The Group to be notified of any substitute members.

3. APOLOGIES

4. DISCLOSURE OF INTERESTS

Members are asked to disclose any interests in matters for consideration at the meeting.

5. ACTION NOTES FROM 2 AUGUST 2012

(Enclosure)

6. UPDATES FROM PREVIOUS MEETING

- Utilities supplier update
- Car parking update including financial modelling
- Repairs and maintenance budget
- Meres leisure centre – variance explanation
- Pre-application advice service – development management

7. FEEDBACK FROM THE EXECUTIVE

8. CYCLE CENTRE

9. FEES AND CHARGES IMPLEMENTATION

10. BUDGET MONITORING

Report number HOF208 by the Head of Finance.

(Enclosure)

11. WORK PROGRAMME

MEETING OF THE RESOURCES POLICY DEVELOPMENT GROUP

THURSDAY, 2 AUGUST 2012 2.30 PM



GROUP MEMBERS PRESENT

Councillor Jean Bevan
Councillor Michael Cook
Councillor Nick Craft (Chairman)
Councillor Phil Dilks

Councillor Bob Sandall
Councillor Trevor Scott (Vice-Chairman)
Councillor Jacky Smith

OFFICERS

Strategic Director – Corporate Focus (Daren Turner)
Head of Finance (Richard Wyles)
Property Development Manager (Neil Cucksey)
Community Engagement and Policy Development Officer (Carol Drury)
Principal Democracy Officer (Jo Toomey)

8. DISCLOSURE OF INTERESTS

No interests were disclosed.

9. ACTION NOTES FROM THE MEETING HELD ON 31 MAY 2012

The action notes from the meeting held on 31 May 2012 were agreed as a correct record and noted.

10. UPDATES FROM PREVIOUS MEETING

At its meeting on 31 May 2012, the PDG asked officers to investigate using a single utilities supplier for all council-owned properties and, if possible, all Council owned/leased buildings.

Following the PDG's recommendation on the cycle centre, its use was under review. Some PDG members suggested that following recent successes in the Tour de France and Olympic games, it would be a good time to advertise. The facility would be examined as part of the asset rationalisation programme where potential alternatives for its use would be considered. The PDG asked

for an update at its next meeting.

Action Points

- ***The Head of Community Assets to update the PDG on the possibility of using a single utilities provider for all council-owned or leased properties/buildings.***
- ***The Property Development Manager to provide an update on considerations in respect of the cycle centre.***

11. FEEDBACK FROM THE EXECUTIVE

At a working group meeting on Monday 18 June 2012, the PDG considered a policy for the localisation of Council Tax and made recommendations to Cabinet. The proposed scheme was scheduled for consideration by Cabinet on Monday 20 August 2012. Feedback to date had been positive, however members noted that new guidance had been circulated on technical changes (Class C discounts and exemptions). The Cabinet had asked officers to model further scenarios taking account of the changes.

12. FEES AND CHARGES STRATEGY

The Head of Finance summarised report number HOF203 on the draft Fees and Charges Strategy, which was appended to the report. The revised draft reflected recommendations made by the PDG at its meeting on 30 May 2012. A further addition to the strategy was a requirement that charges should, as a minimum, increase with the Retail Price Index to ensure income levels are kept in line with inflationary expenditure. The strategy was designed as a framework that the Council could use as part of the budget setting process.

A template was included at appendix 3 of the draft strategy to guide the process of revising or introducing fees and charges. The template would test whether the service was subsidised and whether it supported and complemented the Council's priorities.

The other area the PDG had discussed previously was concessions. In introducing or revising any concessions, the Council needed to consider equality impact issues.

The PDG agreed to recommend the draft strategy to Cabinet for adoption. The Cabinet was scheduled to consider the draft strategy on 1 October 2012.

Recommendation:

That Cabinet adopt the draft Fees and Charges Strategy as appended to report HOF203.

13. CAR PARKING STRATEGY UPDATE

A Communities PDG working group was producing a car parking strategy; the Property Development Manager gave a presentation on its progress. He explained that the Communities PDG had held a number of workshops, considering parking arrangements in Grantham and Stamford. A further meeting would be held to consider availability in Bourne and the Deepings. The working group had also considered potential implications of the introduction of civilian parking enforcement (CPE) and residents' parking schemes.

As part of their considerations, the working group had taken account of income/cost per space, car park utilisation on weekdays and at weekends, a traffic movement study for Grantham, representations from residents' groups in Stamford and submissions by Stamford town council and the Chamber of Trade and Commerce.

The working group had considered potential opportunities for introducing other parking locations to prevent people driving through the town centre. Members were also investigating whether car parking arrangements ensured turnover of spaces and promoted movement. This work included considering whether there was a sufficient differential between short-stay and long-stay to encourage motorists to use an appropriate car park.

Lincolnshire County Council had received feedback from the Department for Transport (DfT) on their CPE application. The target for confirmation was October 2012 however some slippage was possible. In response to Councillors' questions, officers explained that the DfT was responsible for determining the confirmation date and there was nothing county or district councils could do to influence their deadline. Members noted that in other parts of the country car park usage increased after the introduction of CPE.

PDG members welcomed the work that was underway with the community groups and town councils and were assured that further consultation would be carried out with a wider selection of groups, including disability groups.

The working group had considered other payment methods for car parking, including telephone or text. Resources PDG members supported this. People without a mobile phone would still be able to pay at ticket machines in car parks.

When considering parking availability for tourists in the district, Councillors suggested that the strategy could include providing suitable parking facilities for motor homes.

Members were advised that the draft strategy would be presented to Cabinet for their consideration at the meeting on 5 November 2012.

Action point

- **Resources PDG asked for modelling of both one and two hours free parking in Grantham and Stamford.**
- **That the car parking review should consider the provision of car parking facilities suitable for motor homes.**

14. LATEST FINANCIAL SETTLEMENT PROPOSALS

The Strategic Director for Corporate Focus gave a presentation on the retention of non-domestic rate receipts and potential implications on future grant funding.

During 2011, the Department of Communities and Local Government ran a consultation on the retention of non-domestic rates collected by local authorities. A series of technical papers was also produced with proposals for the scheme:

- The multiplier would be set by the government, which meant local authorities would not be able to determine their own non-domestic rates.
- 50% of rates collected would be sent to government, while the remainder would be split between district (80%) and county (20%) authorities.
- Retention of non-domestic rates receipts would replace formula grant. Authorities whose total receipts collected are less than the grant they would have previously received would receive a top-up from a new revenue support grant.
- Revenue support grant would include a number of other grants, including the New Homes Bonus, council tax freeze grant and council tax support grant.
- A baseline would be calculated based on an average of previous levels of non-domestic rates collected together with a needs baseline based on 2012/13 grant allocations.
- Councils that generate receipts above the baseline would be tariff authorities, their surplus would top-up authorities whose receipts fell below the baseline. SKDC would be a tariff authority.
- The baselines would be reviewed from time to time (likely to be every 10 years).
- If during a year an authority lost a significant amount of non-domestic rates there was a safety net, however this would only be available when receipts dropped 7.5-10% below the baseline.
- On additional receipts (due to growth) in tariff authorities, government proposed to set a proportional levy ratio of 1:1 (for every 1% increase in business rates base, an authority would see no more than a corresponding 1% increase in income as measured against its spending baseline).
- Pooling arrangements would allow for the combining of top-ups/tariffs within a group of authorities. A pool would be treated as a single authority. A single levy rate would apply to income and growth levels and

the availability of the safety net would be calculated on an aggregate pool level.

Further slides showed modelling of the council's potential future position. In December 2012 the council would be notified of its provisional grant settlement. The new arrangements would take effect from April 2013.

15. BUDGET MONITORING INFORMATION AND OUTTURN SUMMARY

Report number HOF204 provided a summary of the Council's financial position at the end of the first quarter. The Head of Finance highlighted the key variances noted in the report.

General Fund Revenue Budget

- Public events celebrating the Olympic torch relay were funded from priority reserves
- Market rights in Grantham had been renegotiated, providing a £5k saving a year for the next three years.
- Income from development management and land charges was ahead of the budgeted position for the first quarter
- Take up for the green waste scheme was budgeted at 50%, however 85% of former customers had opted to participate in the scheme
- Building control income was down against the budgeted position for the first quarter
- The workforce efficiency target for the General Fund was forecast to be achieved by the end of the financial year

One Councillor queried the year to date budget, the net spend to date budget and the forecast outturn for Finance. The Head of Finance explained that the net spend to date exceeded budgeted levels because of a time lag between the payment of benefits to recipients and reimbursement from government. Councillors requested the addition of a note explaining this.

Action Point:

- ***The table showing the General Fund Revenue Summary should include a column showing year to date variance***
- ***Councillors asked for further information on an additional income stream identified for street cleaning in Stamford which was referred to in the report (para 3.5)***
- ***Add a note to the General Fund Revenue Budget to explain the variance in respect of benefit payments***

Housing Revenue Account

- Nothing significant of note

- The workforce efficiency target was forecast to be achieved by the end of the financial year
- There was a forecast underspend due to vacancies within the area

General Fund Capital Programme

- The timescales for the Business Innovation Centre/Station Approach schemes had been altered so the majority of the spend would occur in 2013/14
- The outturn for the shop front scheme was reduced to meet demand
- There were two variances in respect of street scene services as a result of purchasing two new vehicles
- An overspend was forecast for Bourne Community Access Point, which would be partly financed by set-asides from 2011/12 underspends

Housing Revenue Account Capital Programme

- The forecast outturn for refurbishment works in Barrowby was reduced following initial tender prices that were lower than anticipated
- The refurbishment of 2 large historic voids in 2012/13 had led to an overspend
- A saving was achieved as budget for a helpline software system upgrade was not required following the transfer of the call centre operation

The Head of Finance also advised members that the headcount was under the budgeted figure (601.7FTE against 626.1FTE) and that collection performance was on target.

PDG members were also provided with a summary of the outturn for 2011/12.

General Fund Revenue Account

The General Fund Revenue Account showed a small underspend. Key variances were highlighted:

- Savings were achieved through the renegotiation of the grounds maintenance contract
- Car parking in Stamford achieved greater income than budgeted
- Stamford markets achieved greater than budgeted income, whereas projections for Grantham were not met
- Neither Provision within the 2011/12 budget for an 'invest to save' reserve and a reserve which allowed provision for any pay settlement were used. The full amount was returned to general reserves
- The building control account returned a trading deficit of £34k which had created a negative building control reserve
- The key variance in the finance service area was a result of changes in

respect of the International Financial Reporting Standards. This was a notional cost which was the result of the changes to pension liability

Housing Revenue Account

- The HRA showed a surplus of £1.284m
- Performance improved in respect of dwelling rent income
- There was an underspend against the repairs and maintenance budget

Action point:

Provide councillors with details of overspend in the repairs and maintenance budget.

Capital Programme

- Overall, the capital programme showed an underspend of £4m
- Work in Bourne Core Area originally scheduled for 2011/12 rolled over to 2012/13
- Funding for Grantham Growth, which was not used rolled to 2012/13 and were likely to roll into 2013/14
- The majority of spend for the Bourne Community Access Point would take place in 2012/13
- The HRA Capital Programme outturn for 2011/12 was £4.709m which represented a variance (surplus) of £0.701m compared with the forecast position and a variance of £2.046m compared to the original budget (this was a result of reprofiling to work more economically and improve value for money)

Members noted variances in repairs and improvements. In response to questions from Councillors, officers advised that the only rights they had to enter a tenant's property was in health and safety related matters (for example replacing boilers or gas servicing).

Councillors asked for an explanation of the entry in appendix A which related to leisure centres, as a 102% variance was shown against Grantham Meres Leisure Centre.

Action Point:

Officers to investigate the variance at the Mere's leisure centre and provide an explanation for PDG members

16. REPORTS FROM WORKING GROUPS

The PDG had a working group that was considering the provision of development management pre-application advice and whether there should be a charge.

Action point

The Development Management Service Manager provides an update report for the PDG on the progress being made in respect of gathering the information for the possible charging for pre-application advice

17. WORK PROGRAMME

A draft work programme for the PDG was circulated and noted. This document would be updated on an ongoing basis.

18. CLOSE OF MEETING

The meeting was closed at 16:58.

REPORT TO RESOURCES PDG

REPORT OF: HEAD OF FINANCE

REPORT NO: HOF208

DATE: 4 OCTOBER 2012

TITLE:	Financial report for 2012/13 – Monitoring Information	
KEY DECISION OR POLICY FRAMEWORK PROPOSAL:	N/A	
PORTFOLIO HOLDER: NAME AND DESIGNATION:	Councillor Mike Taylor Well Run Council Portfolio Holder	
CONTACT OFFICER:	Richard Wyles – Head of Finance 01476 406210 Email: r.wyles@southkesteven.gov.uk	
INITIAL IMPACT ASSESSMENT:	Carried out and Referred to in paragraph (7) below:	Full impact assessment Required:
Equality and Diversity	N/A	
FREEDOM OF INFORMATION ACT:	This report is publicly available via the Your Council and Democracy link on the Council’s website: www.southkesteven.gov.uk	
BACKGROUND PAPERS	HOF 200, HOF204	

1. RECOMMENDATION

Members are asked to note the comments and figures contained in this report.

2. PURPOSE OF THE REPORT

In order to ensure effective budget management it is important that the members are updated with budget monitoring information. This serves the purpose of ensuring members are kept informed of actual spend compared to budget and the forecast outturn position. The report provides a summary of the year to date (YTD) position against original budget and the forecast position of the outturn and covers the following areas:

- General Fund Revenue Budget
- Housing Revenue Account Revenue Budget
- Capital Programme
 - General Fund
 - HRA

Forecast outturn work is undertaken during the course of the year by the service areas in order to anticipate the outturn position. This process enables options to be considered in respect of the spending proposals for the remainder of the year or alternatively it is used to identify emerging financial issues that can be then investigated and mitigating actions put in place. This is the second report for the current financial year and includes activity for the financial year 1st April – 31st August 2012.

3. DETAILS OF REPORT

General Fund Revenue Budgets

The original net cost of service budget for 2012/13 was set at £16.108m. The financial position as at 31st August 2012, shows a current forecast under spend of £331k which is summarised in the table below:

General Fund Revenue Summary

Corporate Area	Annual Budget £'000	YTD Budget £'000	Net Spend to Date £'000	YTD Variance £'000	Forecast Outturn £'000	Forecast Variance £'000
Community Assets	2,987	551	580	29	3,032	45
Corporate	804	634	557	(77)	728	(76)
Development & Growth	2,187	582	467	(115)	1,973	(214)
Environmental Services	5,645	1,541	1,351	(190)	5,568	(77)
Finance	1,788	2,164	2,180	16	1,761	(27)
Housing & Neighbourhoods	606	356	345	(11)	486	(120)
Legal & Democratic	1,078	404	412	8	1,125	47
People, Projects & Performance	296	497	508	11	293	(3)
Property Development	123	(52)	(72)	(20)	218	95
Special Expense Areas	594	74	61	(13)	593	(1)
Net General Fund Charge						
	16,108	6,751	6,389	(362)	15,777	(331)

Key Forecast Variances by Corporate Area

Community Assets

- Expenditure relating to public events celebrating the Olympic torch relay in the District will be financed by year end set asides utilising the priority reserve and are not therefore included in the forecast outturn above. This is forecast to be in the region of £85k.
- A water filtration unit is required at Stamford Leisure Centre and is anticipated to cost £8k.
- Market Rights in respect of the Grantham Market has been re-negotiated for the next 3 years which is resulting in an annual saving of £5k.
- Ticket sales at the Guildhall Arts Centre are forecast to be £2k greater than the budgeted level.
- There are currently no vacancies at the Arts Centres and are not forecasting to achieve the workforce efficiency target at this time. However, this should be offset against efficiency targets being met from other service areas.

- The Grantham Market improvement works have affected trading year to date, however now the works have been completed it is anticipated that trading will resume and income will return to the budgeted level. This, in conjunction with adverse weather conditions during the first quarter which resulted in a reduction in the number of traders, is resulting in a forecast income reduction of £20k across Grantham and Stamford Markets.

Corporate

- Operational and Strategic Management are forecasting to achieve a salary saving due to the shared service arrangement in place with a neighbouring authority for senior posts.

Development & Growth

- Development Management and Land Charges budget headings are both experiencing a higher level of income for the first quarter of the financial year than anticipated. This is forecast to continue for the remainder of the year resulting in additional forecast income of £115k.
- A salary related under spend is forecast due to various vacancies within the service area.

Environmental Services

- The CCTV service is currently exploring a range of options to reduce the operational costs of the service (without reducing the level of the service quality). The service will seek to implement these cost reductions in the current financial year in order to meet its reduced operational budgets.
- The implementation of charging for the green waste service has been particularly successful with customers willing to pay the annual charge of £25 (for the first bin collection) in order to continue to receive the service. The 2012/13 income budget was set at a prudent level and based on experiences elsewhere in the country. The budget was set at a take up level of 50% and the current level is 90%. This has led to a forecast of additional £291k of income than budgeted for. In order to continue to offer the customers a quality waste service, an element of the income will be used to enhance the street cleansing service in the district (£35k).
- Recycling Credits have reduced by 7.7% for the first 5 months of the financial year compared to budgeted levels. This is due to tonnages being down by 5.2% compared to the budgeted level and LCC increasing their contamination rate by 2.5%. The financial impact of this is anticipated to be approx £50k.

- Waste & Recycling is forecasting a salary related under spend of £24k for a vacant Waste & Recycling Officer post. This post is being reviewed before recruitment is undertaken.

Finance

- A salary related under spend is forecast due to various vacancies within the service area.

Housing & Neighbourhoods

- The duties of a vacancy of a Housing Options Project Officer is currently being shared staff in the service resulting in an efficiency saving.
- Salary related savings have been identified following the transfer of the call centre operation of the Helpline service.

Property Development

- Building Control income is down compared to budget for the first 5 months of the financial year. The forecast income reflects this downward trend, resulting in a forecast income reduction of £60k.
- An increase in electricity tariffs is resulting in a forecast of an additional £28k of expenditure.

The workforce efficiency target of £353k for the General Fund is forecast to be achieved by the end of the financial year.

Housing Revenue Account Budgets

The financial position as at 31st August 2012, shows a forecast under spend of £66k which is summarised in the table below:

Area	Annual Budget £'000	YTD Budget £'000	Net Spend To Date £'000	Forecast Outturn £'000	Forecast Variance £'000
Housing Management	2,722	704	671	2,715	(7)
Supported Housing	365	345	318	333	(32)
Repairs & Maintenance	7,490	2,483	2,412	7,527	37
Dwelling Rents	(22,780)	(9,555)	(9,577)	(22,834)	(54)
Rents & Payments	298	114	110	288	(10)
Other Income	(361)	(140)	(143)	(361)	0
Other Expenditure	5,313	2,214	2,214	5,313	0
(Surplus)/ Deficit	(6,953)	(3,835)	(3,995)	(7,019)	(66)

Key Forecast Variances

- A salary related forecast under spend of £11k is due to vacancies within the area which is offset by achieving the workforce efficiency target of £106k.
- The current void rate is 1.3% compared to a budget of 1.5%, therefore additional income of £54k is predicted on Dwelling Rents.

Capital Budgets

The capital programmes include a number of significant capital projects for 2012/13. The current financial position is outlined in the table below;

Programme	Annual Budget £'000	YTD Budget £'000	Total Spend to Date £'000	YTD Variance £'000	Forecast Outturn £'000	Forecast Variance £'000
General Fund	6,477	1,494	1,552	58	5,262	(1,215)
HRA	4,731	1,976	2,019	43	4,631	(100)

General Fund Key Variances

- Business Innovation Centre and Station Approach schemes – These schemes are now likely to occur in 2013/14 and the allocated sums will be transferred accordingly.
- Shop Front Scheme – Applications are being received and the budget is forecast to be utilised in the financial year.
- Street Scene Vehicle Procurement – A replacement freighter has been ordered (£150k) due to a vehicle being damaged and written off during a serious accident in June 2012. A new vehicle will be purchased in year (£30k) to enhance the street cleansing service in the district. This will be financed by the additional green waste income received following the introduction of the new scheme.
- Bourne Community Access Point – This project is currently underway and is expected to be operational by March 2013.

- Bourne Core Area – This project is also underway with the first phase of the development expected to be completed by January 2013.

HRA Key Variances

- Refurbishment Works (Rectory Close, Barrowby) – Initial tender prices are less than anticipated so forecast outturn has been reduced by £100k accordingly.
- Property Refurbishments – An additional £93k is forecast on this scheme due to the refurbishment of 2 large historic voids being refurbished in 2012/13. This will be funded from other capital schemes within the overall programme.
- Helpline software system upgrade – Following the transfer of the call centre operation to City of Lincoln Council, the budget is no longer required generating a saving of £82k.

Headcount and Budgets

The position as at 31st August 2012 shows that against an original FTE budget of 626.1 the actual FTE (including agency and wages staff) is 607.6 which equates to a variance of (18.5) FTE.

Collection Performance

	YTD Target £'000	YTD Actual £'000	YTD Target %	YTD Actual %
Council Tax	29,017	29,202	48.6	48.8
NDR	20,368	20,386	51.8	51.9
Rents	9,137	9,695	41.4	43.9

4. OTHER OPTIONS CONSIDERED

None applicable

5. RESOURCE IMPLICATIONS

None applicable

6. RISK AND MITIGATION

None applicable

7. ISSUES ARISING FROM EQUALITY IMPACT ASSESSMENT

None applicable

8. CRIME AND DISORDER IMPLICATIONS

None applicable

9. COMMENTS OF FINANCIAL SERVICES

Financial considerations are included in the report.

10. COMMENTS OF LEGAL AND DEMOCRATIC SERVICES

As part of good governance it is important members are kept updated in respect of the financial position of the Council expenditure during the course of the year.

11. COMMENTS OF OTHER RELEVANT SERVICES

None applicable

12. APPENDICES

None