

The Vale of Glamorgan Council

Environment and Regeneration Scrutiny Committee: 6th December 2018

Report of the Director of Environment and Housing

Initial Revenue Budget Proposals 2019/20 and Revised Budget 2018/19

Purpose of the Report

1. To submit for consultation the initial revenue budget proposals for 2019/20 and to inform Scrutiny Committee of the amended original budget for 2018/19 for services which form part of this Committee's remit.

Recommendations

It is recommended that:

1. The amended revenue budget for 2018/19 as set out in Appendix 1 be noted.
2. The initial revenue budget proposals for 2019/20 be considered and any recommendations, including those relating to cost pressures and savings, be passed to the Corporate Performance and Resources Scrutiny Committee as the lead Scrutiny Committee.

Reasons for the Recommendations

1. To advise Committee of amendments to the 2018/19 budget.
2. In order that Cabinet be informed of the recommendations of Scrutiny Committees before making a final proposal on the budget.

Background

2. The Council's budget is determined largely by the Revenue Support Grant (RSG) settlement set by the Welsh Government (WG). The provisional RSG settlement was received from WG on 9th October 2018, with the final settlement due to be received on 19th December 2018.
3. The Council is required under statute to fix the level of Council Tax for 2019/20 by 11th March 2019 and in order to do so, will have to agree a balanced revenue budget by the same date. To be in a position to meet the statutory deadlines and the requirements for consultation set out in the Council's Constitution, much of the work

on quantifying the resource requirements of individual services needs to be carried out before the final RSG settlement is notified to the Council.

Revised Budget 2018/19

4. Appendix 1 to this report sets out the amended budget for 2018/19, together with the necessary adjustments to be made to the original budget.
5. Asset Rents, International Accounting Standard (IAS) 19, Transfers and Recharges - These adjustments have no overall effect on the net budget of the Council. These are accounting adjustments largely outside the control of services. They reflect charges for the use of capital assets, changes to inter-service recharges and transfers and pensions adjustments to comply with accounting standards.
6. The following table compares the amended budget with the projected outturn for 2018/19. Services are anticipating drawing down from reserves this year with the main areas outlined in the following table.

Service	2018/19	2018/19	2018/19	Variance
	Original	Amended	Projected	(+)Favourable
	Budget £'000	Budget £'000	Outturn £'000	(-) Adverse £'000
Neighbourhood & Transport Services	25,518	25,194	25,509	-315
Unplanned use of reserves to fund overspend	0	0	(315)	+315
Building Services	0	0	0	0
Regeneration	2,075	2,065	2,065	0
Development Management	1,060	1,058	1,058	0
Total	28,653	28,317	28,317	0

7. Neighbourhood & Transport Services is currently projected to outturn on budget, however, there are some areas of concern to highlight and reserves will be utilised.
8. Within the Waste Collection Service there is still pressure on employee and transport budgets due to downtime involved in travelling to Cardiff to dispose of waste. There has recently been a change to the use of a site within Cowbridge for some elements of waste which is anticipated to decrease the level of downtime currently experienced. £200k had been set aside for 2018/19 within the Neighbourhood Services Reserve with an aim to offset this budget pressure. Due to an increase in treatment charges within the recycling market, primarily as a result of China's decision to reject elements of mixed recycling, there is also a pressure within the recycling treatment budget. Again funding had been set aside in reserves for 2018/19 to cover this pressure however this is only a one-off funding stream and a cost pressure has been submitted for 2019/20.
9. The Reshaping Services savings target for Neighbourhood and Transport Services for 2018/19 is £951k. £375k of this saving relates to the remaining balance to be found from the recent restructure within Neighbourhood Services. The restructure has been effective from 1st April 2018 however due to the timescales and notice periods required, some staff have remained in post longer than anticipated. This

may have some effect on the level of savings achievable. It is envisaged that the full £951k saving will not be made in this financial year and a shortfall of £315k is being reported. Plans for the remainder of the savings are currently being developed and will be reported to Cabinet in due course however the Neighbourhood Services Reserve will be required to meet any remaining shortfall in savings at year end.

10. Regeneration - This budget covers the Countryside, Economic Development and Tourism & Events functions. Although the forecast is again shown as a balanced budget at year-end, there remains concern over the income targets for car parking charges and commercial opportunities within the Countryside Division, where historic savings targets are unlikely to be achieved this year. Efforts will however be made to maintain a balanced budget by year-end, but the situation will need to be closely monitored.
11. Development Management - Planning application fee income has now fallen well behind target as at 30th September. Application fee income is difficult to forecast as there is no regular trend to track, but in the absence of any major applications being received this year it seems unlikely that the current target can now be achieved. As there are underspends in staff costs and Building Control income remains buoyant, it is still anticipated that the overall position for this Division at year-end will be a breakeven position. The Section is also continuing to pursue the use of Planning Performance Agreements and other income generation initiatives such as pre-planning application advice to help support the regulatory process.

Savings 2018/19

12. As part of the Final Revenue Budget Proposals for 2018/19, a savings target of £6.298m was set for the Authority. Attached at Appendix 2 is a statement detailing the projected progress against savings targets for 2018/19 for this Committee.
13. Each savings target has been given a RAG status. Green indicates that it is anticipated that the target will be achieved in full within the year, amber indicates that it is considered that the saving in the year will be within 20% of the target and red indicates that the saving to be achieved in year will be less than 80% of the target.
14. Neighbourhood and Transport Services - There is a savings target this year of £951k however it is currently anticipated that £636k will be achieved leaving a shortfall of £315k to be identified. Work is continuing to identify schemes to close this gap however any shortfall at year end will need to be funded from the Neighbourhood Services reserve.

Budget Strategy 2019/20

15. Cabinet approved the Budget Strategy for 2019/20 on the 16th July 2018, min no. C366.
16. The Budget Strategy for 2019/20 outlines that in order to establish a baseline, services should prepare initial revenue budgets based on the cost of providing the current level of service and approved policy decisions and including the existing savings target.
17. Increases to budgets approved during the course of a financial year can restrict the freedom the Council has to allocate its resources to priorities during the following budget cycle when it is aware of all the competing demands. Consequently:
 - Supplementary estimates will only increase the base budget if Council has given specific approval to this effect. Increases met by virement within a year will not be treated as committed growth.

- Directors should find the cost of increments and staff changes from their base budget unless the relevant specific approval has been given for additional funding.
 - The effect of replacing grant from outside bodies that has discontinued will not be treated as committed growth. In addition, before any project or initiative that is to be met either wholly or partly by way of grant may proceed, the exit strategy must be approved.
 - Certain items of unavoidable committed growth will continue and these include the effect of interest changes and the financing cost of the Capital Programme, increases in taxes, increases in levies and precepts charged by outside bodies and changes to housing benefits net expenditure.
 - Services will be expected to achieve savings already approved by Cabinet as part of the 2018/19 final budget proposals and Directors are asked to continue work on achieving their Reshaping Services savings targets.
 - It is envisaged that the costs of service development will need to be met from within the respective Directorates.
18. Having regard to the above, it is therefore proposed in respect of the 2019/20 Budget Process that Directors be instructed to prepare initial revenue budgets in accordance with a timetable agreed by the Head of Finance. Preparation should be on the following basis:
- Capital charges, central accommodation costs and central support costs to be estimated centrally.
 - Services to prepare baseline budgets on current service levels as set out in the 2018/19 Final Revenue Budget report.
 - Budgets to be broken down subjectively and objectively in as much detail as deemed appropriate by the Head of Finance.
 - Budget reports to include revised estimates for 2018/19.
 - Full account to be taken of the revenue costs, other than debt charges, of new capital schemes coming into use.
 - Minimum savings targets to be met initially as detailed in the 2018/19 Final Revenue Budget report. Any savings made directly by services over and above individual service targets to count towards future saving targets or to meet unavoidable service cost pressures.
 - Directors will continue to draw up Service Plans that set out the aims and objectives for the service and any possible future developments and efficiencies.
 - As stated previously, it is expected that the revenue costs of service development will need to be met from within the respective services (in particular, from the savings made). As such, no revenue bids are initially to be made. However, services may still be asked to identify and prioritise any burgeoning revenue cost pressures for consideration.

Medium Term Financial Plan

19. The Medium Term Financial Plan (MTFP) 2018/19 to 2021/22 was presented to Cabinet on 17th September 2018 min no. C411.

20. It assumed a reduction in WG funding of 1% for the years 2019/20, 2020/21 and 2021/22. This resulted in the requirement to find savings of £15.714m over this period, with £3.627m currently having been identified. There was therefore further savings to be identified of £12.087m over the 3 year period.
21. The latest Plan factored in a managed level of cost pressures, a notional increase in Council Tax of 2.5% each year, projected annual pay awards and limited non pay inflation.

Provisional Settlement 2019/20

22. The Council's provisional settlement was announced by WG on 9th October 2018. The Council is currently in the process of responding to the provisional settlement and a report is being presented to Corporate Performance and Resources Scrutiny Committee which outlines a suggested response, with a reference to Cabinet for consideration on 19 November 2018.
23. WG has advised the Council that its provisional SSA (Standard Spending Assessment) for 2018/19 is £226.748m. SSA represents WG's view of the relative resources needed to provide a standard level of service in each Local Authority in Wales and its primary use is to allocate RSG to these Authorities.
24. The Council will receive from WG Revenue Support Grant of £110.163m and a share of the Non- Domestic Rates (NDR) of £41.76m. Together these figures constitute the Council's provisional Aggregate External Finance (AEF) of £151.923m. This represents a cash reduction of 0.7% (£1.037m) for 2019/20 after taking into account adjustments. This is a slightly smaller reduction than the 1% (£1.524m) projected in the MTFP, although it does not take into account inflation. Wales as a whole has seen a decrease of 0.3%.
25. As part of the 2018/19 settlement, WG had also provided an indicative figure for the change in AEF for 2019/20 as a further reduction of 1%. No indicative figure has currently been provided for 2020/21.
26. The value of some grant funding to be made available to Councils on an all Wales level has been received from WG. Several grants including Flying Start, Families First, Out of School Childcare, St. David's Day Fund, Communities First Legacy, Promoting Positive Engagement for Young People at Risk of Offending and Communities for Work Plus will be merged into one Children and Communities grant. Only an all Wales grant figure has been received at this point, however, the funding appears to be £1.2m (0.9%) lower than in 2018/19 and therefore the utilisation of the grant will need to be reviewed within the Council once the grant approval and full implication for the Council is received.
27. On 29th October 2018, as part of the Chancellor's Autumn Budget, over £550 million of additional funding was confirmed for the Welsh Government through to 2020/21. Details of whether any of this funding will be provided to Local Government and if so when and in what form, is currently unknown.

2019/20 Initial Budget Proposals

28. As part of these initial proposals, it has been necessary to revisit the cost pressures facing services in order to build up a complete and up to date picture of the financial position of the Council and an updated list relating to this Committee is shown in Appendix 3. These are not shown in any order of priority.
29. Details of the proposed areas for savings for 2019/20 to 2020/21 for this Committee are attached at Appendix 4. The savings do not include the cost of any potential

redundancies. Further work is ongoing to identify future projects that will realise savings for the Council via the Reshaping Service Tranche 4 process.

30. A summary of the base budget for 2019/20 for this Committee is attached at Appendix 5. This has been derived by adjusting the 2018/19 budget for items such as pay inflation and unavoidable growth, but does not include identified cost pressures or savings. These are shown as a note to the table and are further detailed in Appendix 3 and 4 respectively. Adjustments shown include the following :
- Asset Rents, International Accounting Standard (IAS) 19 - Relates to accounting items outside the control of services. They reflect charges to services for the use of capital assets and adjustments in respect of pensions to comply with accounting standards.
 - Recharges/Transfers - Relates to changes in inter-service and inter Directorate recharges.
 - Pay Inflation - This figure relates to pay awards for 2019/20. The projection is based on the preferred option included in the report that was approved by Cabinet on 17th September 2018 and is currently being consulted upon. Any further update will be included as part of the Final Budget Proposals report. Currently due to the level of the projected shortfall no non pay inflation has been included for 2019/20.
31. Once the base budget for 2019/20 has been established, it must then be compared to the funding available to identify the extent of any shortfall. With a projected AEF of £151.923m and Council Tax at a current level of £69.573m, total available funding would be £221.496m. When compared to a base budget of £226.416m, this would result in a funding deficit for 2019/20 of £4.920m.

If all identified cost pressures were funded, this would increase the shortfall to £14.164m. If all proposed savings were achieved, the shortfall would be reduced to £10.420m.

Projected Budget Shortfall	2019/20
	£000
Funding Available	
Provisional AEF	151,923
Council Tax (Assumes no increase) *	69,573
Projected Funding Available	221,496
Base Budget	226,416
Projected Shortfall Against Base Budget	4,920
Assume all Cost Pressures Funded	9,244
Projected Shortfall with Cost Pressures Funded	14,164
Assume all Savings Achieved (including Schools)	(3,744)
Projected Shortfall	10,420

* This assumes no increase in Council Tax at this stage.

32. This shortfall above does not include any increase in Council Tax. A 1% increase in Council Tax equates to £696k. The following table shows the funding that could be raised from a range of Council Tax increases. The level of increase in Council Tax will need to be carefully considered in parallel with the other options available to the Council in order to reduce the funding gap and to consider the impact on the residents of the Vale.

Examples of Council Tax Increase %	Additional Funding Raised £000
2.5%	1,740
3%	2,088
3.5%	2,436
4%	2,784
4.5%	3,132
5%	3,480
5.5%	3,828
6.0%	4,176

33. The shortfall above is also based on the assumption that the savings target of £3.744m set for 2019/20 will be achieved in full. However, a high proportion of these savings relate to Reshaping Services schemes which reflect a new way of working and therefore require a lengthy period of time to implement. While all services are working towards achieving their 2019/20 targets, not all savings will be achieved in full for 2018/19. The potential for re-profiling savings will need to be assessed when setting the budget for 2019/20.
34. Further work will be undertaken by the Budget Working Group (BWG) in order to achieve a balanced budget for the final budget proposals for 2019/20. This will include a review of the use of reserves, a possible increase in Council Tax, a review of all cost pressures, possible changes to the approved saving targets, a review of the inflation assumptions and the current financial strategies.
35. The BWG will consider the results of the budget engagement process in determining priorities for future savings and service delivery.
36. The BWG will also ensure that budget proposals consider the requirements of the Well-being of Future Generations Act and the Council's 4 well-being outcomes as detailed in the Corporate Plan. They will also ensure that the budget proposals reflect the 5 ways of working which are:-
- Looking to the long term: The budget proposals are a means of planning for the future and should take a strategic approach to ensure services are sustainable and that future need and demand for services is understood.
 - Taking an integrated approach: The budget proposals should consider and encourage ways of working with partners.
 - Involving the population in decisions: As part of the budget proposal process there will be engagement with residents, customers and partners.

- Working in a collaborative way: The budget proposals should recognise that more can be achieved and better services can be provided by collaboration and this way of working in the future should be encouraged.
- Understanding the root cause of issues and preventing them: The budget process is proactive and will allow an understanding of the financial position so that issues can be tackled at the source during the process.

Next Steps

37. The next stage is for the estimates to be submitted to Scrutiny Committees for consultation. Committees are asked to review the level of cost pressures with a view to suggesting ways in which these could be managed downwards and/or mitigated and to consider proposals for savings. Corporate Performance and Resources Scrutiny Committee is the lead Scrutiny Committee and will consider both the Initial Revenue Budget Proposals and any recommendations that other Scrutiny Committees have made. The responses of Scrutiny Committee must be made no later than the 13th December 2018.
38. The BWG held a series of meetings in November 2018 with the relevant Cabinet Members and officers to consider the budget proposals and they will submit their recommendations so that the Cabinet may make its final budget proposal. Before making its recommendation, the BWG will consider the comments made by Scrutiny, together with the results of consultation. The final proposals to Cabinet will include a review of the financial strategies required to achieve a balanced budget, which is sustainable in future years. Currently, the approved timetable requires Cabinet to approve the final budget proposals by no later than 18th February 2019 and that Cabinet's final budget proposals will be considered by Council at a meeting to be held on 27th February 2019 to enable the Council Tax to be set by 11th March 2019.

Resource Implications (Financial and Employment)

39. Based on the assumption that all cost pressures will be funded in full, the estimated funding shortfall for 2019/20 will be £14.164m assuming no increase in Council Tax.
40. WG has not issued details regarding the level of funding post 2019/20, however, it is anticipated that there will be further reductions in funding for Local Government going forward. It is therefore important that Directors achieve approved savings and look to mitigate further cost pressures through alternative means of service delivery and collaborative ventures.
41. Reserves are a way of setting aside funds from budgets in order to provide security against future levels of expenditure and to manage the burden across financial years. Funds no longer required may be transferred to the Council Fund and then set aside for other purposes or used to reduce Council Tax.
42. The Council has always taken a prudent approach with regard to specific reserves and uses them to mitigate known risks (financial and service) and contingent items, e.g. Insurance Fund. Other reserves have been established to fund Council priorities, e.g. Neighbourhood Services. This is important as the Council has limited capacity to realise sufficient sums from the sale of assets for capital investment. Sums have also been set aside to assist in budget management.
43. The Council Fund Reserve as at 31st March 2019 is projected to stand at £13.634m. The possible use of this reserve will be considered by the BWG when setting the

2019/20 budget, however, use of this reserve to balance the revenue budget will result in a higher level of savings being required in future years. The Section 151 Officer currently believes that the minimum balance on the Council Fund Reserve should be no less than £7m. This is considered sufficient to cover unforeseen expenditure whilst, in the short term, maintaining a working balance. Unforeseen expenditure can be substantial and several instances can occur in a year. Whilst there is no set requirement for the minimum level for the Council Fund Reserve, some commentators use 5% of the net budget as a guide. For the Vale this is about £11m. However, in view of the prudent approach the Council takes with regard to specific reserves, £7m is considered a reasonable minimum.

44. The Council presently benefits from a reasonable level of reserves, however, they are not inexhaustible and have taken years of careful financial management to develop to their current level. As part of the usual Budget process, an examination of the level of reserves is undertaken to ascertain their adequacy and strategy for use. A view to their level (i.e. whether the amount held in the fund is sufficient to requirements) and purpose (i.e. whether the need to hold the fund is still relevant) has been taken. The requirement for each specific reserve has also been considered in light of the Council's priorities and at this stage of the budget process no transfers between reserves are proposed.
45. Appendix 6 sets out actual reserves for this Committee as at 31st March 2018 and shows the estimated reserves balance for each year up to 31st March 2022.
46. The Council is planning to use a considerable amount of its specific reserves over the coming years, however, as reserves are a non-recurring means of funding, they can only be used as part of a specific financial strategy. The use of all reserves will be reviewed further, by the BWG, as part of the final budget setting process.
47. Not all the savings required to meet the shortfall in funding will result in a reduction in staffing. Although the impact on individuals is likely to be mitigated as a result of natural wastage and the deletion of vacant posts, it is, nevertheless, expected that there will be a number of redundancies. The trade unions will be consulted on the details of any possible redundancies once known. Staffing implications relating to budget pressures within schools, will need to be considered by individual governing bodies.

Sustainability and Climate Change Implications

48. The promotion of sustainability and action to arrest climate change is central to the work of the Council and a key consideration when allocating scarce resources to meet the needs of the present without compromising the ability of future generations to meet their own needs.

Legal Implications (to Include Human Rights Implications)

49. The Council is required under statute to fix its Council Tax by 11th March 2019 and in order to do so will have to agree a balanced revenue budget by the same date.

Crime and Disorder Implications

50. The obligations of the Council with regard to Section 17 of the Crime and Disorder Act 1998 needs to be fully considered in the budget decision making process.

Equal Opportunities Implications (to include Welsh Language issues)

51. These initial budget proposals have due regard to the requirements of the Council's Strategic Equality Plan including the Equalities Act 2010 and Public Sector Equality Duty for Wales. The subsequent development of individual strategies for achieving savings will require the completion of Equality Impact Assessments. This involves systematically assessing the likely (or actual) effects of policies on individuals who have a range of protected characteristics under the Act.

Corporate/Service Objectives

52. Funds allocated in the budget contribute to the wide range of Corporate/Service Objectives as set out in the Corporate Plan.

Policy Framework and Budget

53. This report is following the procedure laid down in the Constitution for the making of the budget and so does not need to be referred to Council at the proposal stage. However, the final 2019/20 budget will require the approval of full Council.

Consultation (including Ward Member Consultation)

54. The Corporate Management Team has been consulted on this report. The initial budget proposals will be the subject of consultation with Scrutiny Committees. The Trade Unions and Schools Forum will also be consulted.

Relevant Scrutiny Committee

55. The lead Scrutiny Committee is Corporate Performance and Resources.

Background Papers

Medium Term Financial Plan 2018/19 to 2021/22
Budget Strategy 2019/20

Contact Officer

Carolyn Michael
Operational Manager - Accountancy

Officers Consulted

Corporate Management Team

Responsible Officer:

Miles Punter
Director of Environment and Housing

AMENDED BUDGET 2018/19

APPENDIX 1

	2018/19 ORIGINAL AMENDED BUDGET	ASSET RENTS, IAS19, TRANSFERS & RECHARGES	2018/19 AMENDED BUDGET
	£,000	£,000	£,000
Neighbourhood and Transport Services	25,518	(324)	25,194
Building Services	0	0	0
Regeneration	2,075	(10)	2,065
Development Management	1,060	(2)	1,058
TOTAL BUDGET 2018/19	28,653	(336)	28,317

Title of Saving	Description of Saving	Target Saving £000	Projected Saving	RAG Status	Update Comments, Issues & Actions	Relevant Scrutiny Committee	Project Manager
<u>Neighbourhood and Transport</u>							
Reshaping Services	Completion of the implementation of the new target operating model for service delivery for Visible Services and other service initiatives	775	522	Red	£375k of this saving is the balance of the recent restructure. There is a £147k saving from Regulatory Services. Further savings are in progress however it is unlikely that they will be achieved in 2018/19.	Environment & Regeneration	Emma Reed
Reshaping Tranche 3 - Procurement	More efficient and effective procurement of goods and services	52	52	Green	Saving pro-rated across all areas	Environment & Regeneration	Emma Reed
Reshaping Tranche 3 - Establishment Review	Review of various payments to staff and efficient utilisation of staff	124	62	Red	Recent restructure within Neighbourhood & Transportation has limited the potential to make additional staff savings.	Environment & Regeneration	Emma Reed
Total Neighbourhood and Transport		951	636	Red	67%		
<u>Regeneration</u>							
Reshaping Tranche 3 - Procurement	More efficient and effective procurement of goods and services	44	44	Green	Savings allocated and will be achieved in-year	Environment & Regeneration	Marcus Goldsworthy
Reshaping Tranche 3 - Establishment Review	Review of various payments to staff and efficient utilisation of staff	8	8	Green	Savings allocated and will be achieved in-year	Environment & Regeneration	Marcus Goldsworthy
Total Regeneration		52	52	Green	100%		
<u>Development Management</u>							
Reshaping Tranche 3 - Procurement	More efficient and effective procurement of goods and services	10	10	Green	Savings allocated and will be achieved in-year	Environment & Regeneration	Marcus Goldsworthy
Reshaping Tranche 3 - Establishment Review	Review of various payments to staff and efficient utilisation of staff	16	16	Green	Savings allocated and will be achieved in-year	Environment & Regeneration	Marcus Goldsworthy
Total Development Management		26	26	Green	100%		
COMMITTEE TOTAL		1,029	714	Red	69%		

Green = on target to achieve in full

Amber = forecast within 20% of target

Red = forecast less than 80% of target

315

SHORTFALL

No.	Service	2019/20 £'000	2020/21 £'000	2021/22 £'000
	Neighbourhood and Transport Services			
V1	Waste increase in cost of Recycling Treatment contract - The recycling treatment contract was tendered in 2017/18 with a start date of April 2018. Due to the crash in the value of recycling the cost of the co-mingled treatment contract has risen to around £850k per annum. This was funded by £430k of reserves in 2018/19 however funding from this source is unsustainable.	450	0	0
V2	Waste - Reduction in Grant funding - Environment and Sustainable Development Grant was reduced by £175k in 2018/19 which is approximately 7.5% of the total grant. A large proportion of the grant has now been subsumed into the Revenue Support Grant. Further reductions of 10% on the remaining grant have been assumed for future years	85	80	75
V3	Waste - Cost of Refuse Collection for new housing developments - The continual increase in new housing developments within the Vale of Glamorgan has led to increased waste collection and disposal costs.	300	0	0
V4	Highways Highway and Footway Network - Due to the reduction in the level of Resurfacing being undertaken on the carriageway and footway since the cessation of the LGBI funding it is anticipated that the amount of patching required will increase.	350	0	0
V5	Highways Big Fill - Funding for Big Fill set aside until end of 2019/20. Reduction in funding will lead to faster deterioration of the highway network and increased levels of insurance claims.	0	300	0
V6	Highways Structures Periodic Inspections - There is a backlog of inspections with costs greater than the current budget available.	100	0	0
V7	Street Lighting Structural Testing - There is a need to undertake significant levels of structural testing on street lighting as the stock ages. There is currently a backlog of testing which will cost more than the current budget.	20	0	0
V8	Concessionary Fares Bus Passes - The Vale currently receive £3 for each bus pass in circulation. There is a new application process in 2019 which may cause the number in circulation to decrease.	15	0	0
	Total for Neighbourhood and Transport Services	1,320	380	75
	Building Services			
V10	Building Services - Corporate Compliance Team - Following the introduction of the auditing function for Corporate Building Compliance, the team function has changed and now delivers an Auditing function to all corporate buildings, including those which have not previously subscribed to the Service Level Agreement. This has had considerable impact on the cost recovery within the team which has previously operates on a fee earning basis. This fee recovery is no longer sufficient to support the team in a function which ensures the Council and its buildings are safe for employees and the general public to use. Previously trading activity and any surplus or deficit, has been posted to the Building Services Trading Account, however, the increase in staff costs is no longer sustainable for this corporate safeguarding function.	90	0	0
	Total for Building Services	90	0	0
	Regeneration			
R2	Countryside - Former Natural Resources Wales grant funding subsumed into WG grant for last 2 yrs but WG have recently advised there will be no funding for bio-diversity after 2018/19.	17	0	0
	Total for Regeneration	17	0	0
	TOTAL COST PRESSURES 2019/20	1,427	380	75

CURRENTLY PROPOSED SAVINGS 2019/20 and 2020/21

APPENDIX 4

Title of Saving	Description of Saving	2019/20 £000	2020/21 £000
ENVIRONMENT AND HOUSING			
<u>Neighbourhood Services</u>			
Reshaping Services	To be realised through a range of initiatives	600	0
Total Neighbourhood Services		600	0
<hr/> Total Environment and Housing		600	0

BASE BUDGET 2019/20**APPENDIX 5**

	Original Budget 2018/19 £'000	Asset Rents/ IAS 19 £'000	Original Budget 2018/19 £'000	Rechgs/ Transfs £'000	Pay Inflation £'000	Base Estimate 2019/20 £'000
Neighbourhood and Transport Services	25,518	(3,798)	21,720	31	400	22,151
Building Services	0	46	46	0	0	46
Regeneration	2,055	(32)	2,023	(26)	56	2,053
Development Management	1,076	(7)	1,069	(46)	45	1,068
TOTAL	28,649	(3,791)	24,858	(41)	501	25,318

Savings Applied £'000	Cost Pressures £'000
(600)	1,320
0	90
0	17
0	0
(600)	1,427

ANALYSIS OF RESERVES

Name	Bal	In	Out	Est	Comments	Est	Est	Est
	31/03/18			Bal		31/03/20	31/03/21	31/03/22
	£000	£000	£000	£000		£,000	£,000	£,000
<u>Specific Reserves</u>								
Environment and Housing								
Neighbourhood Services	7,200	0	-4,150	3,050	To be used for initiatives to improve Neighbourhood Services, including Parks and Highway services plus any potential costs of waste disposal initiatives.	600	220	0
Waste Transfer Station	1,500	0	0	1,500	Establishment of a Waste Transfer Station.	0	0	0
Winter Maintenance	423	0	-127	296	To fund necessary works during periods of severe weather conditions.	150	0	0
Building Services Improvement	249	0	-144	105	Monies set aside for improvements to the Building Services department.	0	0	0
Regeneration and Planning								
Local Development Plan	178	40	0	218	Set aside for costs relating to the production of the Local Development Plan.	243	243	143
Regeneration & Planning	796	0	-41	755	Monies set aside to cover various commitments within the service.	755	755	755
Planning Fees	100	0	0	100	To provide for reduction in planning fees income.	100	100	100
Building Control	296	0	0	296	Reserve set aside to fund future deficits on the ringfenced Building Control Trading Account.	246	196	146
Donations	24	12	-15	21	Income received from visitors which is used to fund general projects and to match-fund expenditure incurred by the Friends of the Heritage Coast.	21	18	15
Capital								
Regeneration Fund	312	0	-32	280	To fund various regeneration schemes in the Vale, including committed capital schemes.	22	22	22
Repairs and Renewals Vehicle	2,414	900	-590	2,724	This fund is primarily for the replacement of plant and vehicles. Vehicles are purchased from the fund and the transfer in represents the equivalent "rental" amount reimbursing the fund.	940	940	940
COMMITTEE TOTAL	13,492	952	-5,099	9,345		3,077	2,494	2,121