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Date	9th February 2016

Ward (s) affected	All	Key Decision	Yes
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Subject	2016/17 Budget and Council Tax Resolution
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RECOMMENDATIONS

To recommend to the Council:

- (i) That the proposed budget for 2016/17 be set at £9,852,000.
- (ii) That the Band D Council Tax for 2016/17 be set at £163.65, representing a 1.95% increase on 2015/16
- (iii) That the proposed Capital Programme of £3,172,000 be approved
- (iv) That the Section 151 Officer's statement concerning the 2016/17 budget and the medium term financial outlook for the Council be noted
- (v) That the Council decide whether to increase Members' Allowances in line with the National Pay Award for staff

EXECUTIVE SUMMARY

This report identifies the key actions and projects that MVDC will deliver in 2016/17 to implement the Corporate Strategy. These are listed in Appendix A.

The report also provides analysis and key assumptions in formulating a budget for 2016/17 and presents the budget proposals. The proposed budget is balanced, protects service delivery and entails no reductions in service provision despite major reductions in government funding.

CORPORATE PRIORITIES

The budget proposals reflect the current corporate priorities of the Council and are consistent with the themes and priorities in the Corporate Strategy 2015/16 to 2018/19.

The Council has the authority to determine the recommendations.

INTRODUCTION

1. The financial outlook for Mole Valley District Council is challenging, with the amount of funding received from central Government through the Revenue Support Grant substantially reduced for 2016/17 and provisionally set to nil from 2017/18 onwards. At nil grant, the Government has proposed further reductions by increasing the tariff deduction on retained business rates from 2017/18 to 2019/20, thus extending the austerity programme to 2019/20 and the end of the Parliament.
2. The Council produced a Medium Term Financial Strategy (MTFS) in 2013 setting out the size of the challenge over the medium term to 2020/21. The Strategy recognised the impact of reduced grant and lower investment returns in the context of continuing austerity. It also recognised that the Government is encouraging Councils to take control of their own fortunes, to an extent, by attaching specific streams of funding to outcomes related to building and development - such as retention of a share of increased business rates and the New Homes Bonus. A major theme of the Strategy was therefore for the Council to make the best use of its assets in support of its financial position. The MTFS recognised the trend and direction of reducing Government financing for local authorities, but the recent grant settlement for 2016/17 has significantly accelerated the process. The level of the planned grant reductions has increased the importance of the Council shaping its own financial fortunes and generating funding streams independent of central government.
3. In countering the impact of reduced grant and falling investment income over recent years, the Council has been successful in identifying savings and improvements that have not significantly affected the provision of services. The proposals in this budget paper for 2016/17 demonstrate how the Council has once again balanced spending and funding without reducing the services provided. However, achievement of efficiencies is becoming increasingly challenging, having reduced the Council's budget by more than a third in recent years. As Government funding continues to fall, this challenge will require ever more innovative measures to maintain a balanced budget and protect services.
4. The following appendices are attached to this report:-
 - Appendix A – Aims & Objectives 2016/17
 - Appendix B – Revenue Budget Proposal 2016/17
 - Appendix C – Capital Programme 2016/17
 - Appendix D – Equality Impact Assessment on 2016/17 Budget

CORPORATE STRATEGY 2015/16 TO 2018/19

5. MVDC has a Corporate Strategy 2015-2019 that was agreed by the Council in March 2015. The Vision is for Mole Valley to be 'a place where people want to

live, work, do business and spend their leisure time'. Three priorities have been agreed that support achievement of the Vision. They are:

- Environment – a highly attractive area with housing that meets local need
- Prosperity - a vibrant local economy with thriving towns and villages
- Community Well-being – active communities and support for those who need it

The priorities are supported by three guiding principles:

- Sustainability
- Openness and effectiveness
- Cost effectiveness

6. One of the Council's 'Guiding Principles' set out in its Corporate Strategy is that 'by applying a cost-effective approach to delivering and developing services, we are able to give residents the best deal'. Reviewing the way in which we provide our services ensures that we focus on what matters most and that we deliver services that are value for money. This is a key principle that has driven the Business and Budget Planning process for 2016/17.
7. The report to Executive in September 2015, 'Business Planning & Budget 2016/17 - Scene Setting', set out the financial context for MVDC. It assessed the overall financial pressures facing MVDC and key national and local policy issues that would be considered in making plans and setting a balanced budget. This report builds on this, as well as on the monitoring of this year's budget to date and the financial settlement for local authority grant announced by Government in December. It proposes a legally balanced budget for 2016/17, consistent with the Corporate Strategy, its priorities and guiding principles.
8. 2016/17 is the second year of the four year Corporate Strategy. A set of key objectives is proposed that demonstrates progress to achieve the priorities. These are attached as Appendix A and will form the basis of regular reporting to the Executive as part of the Business and Budget monitoring reports. Examples of key objectives include:
 - Environment: Hope Springs Eternal – progression of the project to restore the Deepdene Estate
 - Prosperity : Transform Leatherhead – finalising the Master Plan for Leatherhead, including proposals for North Leatherhead
 - Community Wellbeing: Regenerate the football ground at Meadowbank

BUDGET PROPOSAL 2016/17

Revenue Budget Assumptions - Funding

9. The assumptions behind the figures in the proposed budget are set out in the

following paragraphs. The funding items are dealt with first (Council Tax, New Homes Bonus, investments etc.), followed by the assumptions on the spending side (inflation, pensions etc.)

Council Tax

10. The budget proposal includes an increase in the District Council's proportion of Council Tax of 1.95% for 2016/17. The Government's financial settlement for 2016/17 has allowed Councils to increase the levy by up to 2% without the requirement for a local referendum.
11. The position has changed in relation to upper tier authorities with Adult Social Care responsibilities. The Government will allow a further 2% Council Tax increase for these authorities which is to be spent on Adult Social Care only. The increase in the County's portion of the total Council Tax bill will be 3.99% for 2016/17.
12. Council Tax increases in Mole Valley in recent years have been lower than the prevailing rate of inflation. Analysis of the period from 2008/09 to 2016/17 shows a Retail Price Index increase of around 24% over that period while the level of Mole Valley's Council Tax levied on residents increased by only 14% (from £144 to £164 on a Band D property).

Revenue Support Grant (RSG)

13. This is the main central government grant to local authorities and can be used to finance revenue expenditure on any service. The Local Government Finance Settlement 2016/17 announced the grant provisionally for 2016/17, to be confirmed in February 2016.

	Current Year 2015/16 £000	RSG Settlement 2016/17 £000
Revenue Support Grant	903	270

14. The figure for 2016/17 represents a 70% reduction on the current year figure (2015/16). It is lower than previously anticipated and reflects a fundamental redistribution of funding away from lower tier shire counties towards metropolitan districts and London boroughs. This redistribution has been implemented alongside a general reduction in grant funding across all tiers of local government. The revised funding figures represent a substantial reduction on funding projections in the medium term.
15. The Government has also announced, provisionally, that MVDC will be in receipt of nil grant in 2017/18 and thereafter. In our financial planning to date, the possibility of the Council reaching the minimum level of Government Grant had been identified, though it was assumed that the Government would hold firm on

its commitment to protect grant funding for the Council Tax Support Scheme and Freeze Grants, and that the lowest point for Mole Valley DC would be reached in 2017/18 at around £650,000. This accelerated reduction and change in minimum funding level has had a fundamental impact on MVDC's forward financial plan.

16. Furthermore, the Government has introduced a mechanism to continue to reduce funding beyond nil RSG. This takes the form of an increased tariff on business rates retained by authorities. The RSG figures in Appendix B from the current year to 2019/20 show a grant of £903,000 in the first year changing to a payment of £820,000 from MVDC to Government by the fifth year.
17. The redistribution of grant has had a particularly severe impact on Surrey authorities. There are 15 authorities, nationwide, that have had a provisional indication of nil grant in 2017/18 and 8 of them are Surrey districts or boroughs. Surrey County Council has also received a much reduced settlement.

New Homes Bonus

18. To incentivise the provision of new and recovered (from being 'long term empty') housing, the Government introduced a New Homes Bonus (NHB) for Local Authorities in 2011/12. For every net additional home provided, the Government has been awarding the Council a bonus equivalent to the national average Council Tax for six years. In two tier areas, the District or Borough Council retains 80% of this bonus.
19. The scheme had been introduced, initially, as a six year programme but the Government announced, as part of the latest financial settlement, that the scheme would continue beyond the initial period. A review of, and consultation on, the detail of the bonus and criteria within the scheme is currently taking place. The overall provisional figures provided by Government suggest that the scheme will continue in its present form for 2016/17 and 2017/18 before a significant reduction in the level of award from 2018/19 onwards. A transfer of funding to Adult Social Care had been indicated in the Autumn Spending Review.
20. MVDC will receive £1.325m in 2016/17, based on 171 homes either newly built or recovered from being "long term empty" in the period October 2014 to October 2015. In line with the MTFS and the expectation that the scheme would cease in 2016/17, the Council has utilised £1m of NHB grant in its revenue account each year and reserved the remainder for use after expiry of the scheme. The announcement of its extension, alongside the lower than expected RSG figures, gives the Council the opportunity to partially offset the reduced RSG with the full year's NHB in 2016/17. The indicative financial plans for 2017/18 to 2019/20, as set out in Appendix B, envisage the full reward for the New Homes Bonus being brought into the revenue account each year.

Business Rates

21. In 2013/14, the Government introduced the Business Rates Retention Scheme, a system that leaves a proportion of business rates in the hands of Local Authorities (LAs). LAs then assume the risk of reductions in rates and reap the rewards of increases. A system of top-ups, tariffs, safety nets and levies ensures

limitations on the extent of gains and losses. The Government's stated aim, over the course of this Parliament, is to move towards self-sufficient local authorities, retaining the full business rate yield, and to make this mechanism the main source of local authority funding. This will be subject to a full system review and consultation.

22. The assumption on Business Rates retained for 2016/17 is that the Council will receive a similar amount to that generated in 2014/15 and 2015/16. The Council joined a Business Rates "Pooling" arrangement with Surrey County Council and three other Surrey Districts/Boroughs for 2015/16, from which Mole Valley is expecting to benefit by £300,000 this year (though this will not be confirmed until the end of the year). The membership of the pool will change for 2016/17 to maximise the advantage for those included but will no longer include MVDC. However, Mole Valley has assumed intermittent membership of the scheme on average in one of every three years and has spread the benefit accordingly to include an additional £100,000 annualised receipt per year.
23. The Government's fundamental redistribution of funding through the latest financial settlement was outlined in the RSG explanation above. It also extended to business rates allocation. The scheme dictates that a tariff is set for billing authorities which determines the amount of collected business rates that must be redistributed to non-billing authorities entitled to a "top-up". MVDC is a tariff authority with a baseline funding level for business rates of around £1.2m. In years 2, 3 and 4 of the provisional settlement, at the point at which MVDC receives no more RSG, the Government has adjusted MVDC's tariff by £220,000, £500,000 and £820,000 so that additional deductions are made to the business rate yield.

Interest on investments

24. Interest on investments is set to reduce over the next few years due to the combined impact of prolonged, low interest rates and reduced reserves to invest due to the Council's extended capital programme.
25. The budget proposal includes investment income of £448,000 – a 10% reduction on the current year's target.

Beyond 2016/17 - Funding prospects

26. To illustrate the impact of the funding reductions, the Government's indicative figures for 2017/18 suggest a combined total of RSG and Business Rates of around £1.2m as compared to the combined total of £2.3m (£0.9m plus £1.4m) expected in the current year. Although New Homes Bonus is set to continue, it will be in reduced form. A decrease of around 40% is expected in the total awarded through NHB in future years. It is therefore crucial to the financial stability of MVDC and to the survival of the services it provides that alternative income streams are developed and that the Council follows through on its MTFS commitment to make best use of its assets.
27. In the current financial climate, the Council is aiming to ensure financial stability through:-

- Review of all functions and ensuring efficiencies within the organisation
- Review of costs on an annual basis
- Maximising the return on all assets
- Minimising the impact on front line services
- Seeking alternative ways to increase income via alternative streams, while recognising the need to add value to the community

Revenue Budget Assumptions - Spending

28. The build-up of the proposed budget for 2016/17 is set out in Appendix B. It shows a number of additions and reductions on the base budget rolled forward from 2015/16. Each of these lines, representing either an addition to or a reduction on the previous year's budget, is explained in the following paragraphs.

Inflation (net addition of £14,000)

29. The net inflation provision of £14,000 comprises:-
- Pay award provision – 1% has been allowed for the 2016/17 pay award.
 - General inflation on expenditure - the assumption of 2.5% general inflation made in the MTFS has been replaced by 1% in view of the current rates of RPI (1.1%) and CPI (0.1%) and the general expectation of future inflation levels.
 - Inflation on fees and charges. A mix of increases has been applied. Budget Managers set the annual increases in the context of the Fees & Charges Principles, which require them to “maximise income” unless there is a clear decision not to do so. The commercial rates, on Dorking Halls and Community Support Services, have been set by the budget managers with a licence to negotiate the best possible outcome. The policy on other discretionary charges has been to increase them by 5% in most cases, though car parks pay and display will remain at 1p per minute. The non-controllable rates are separately imposed. The composite impact overall is an increase of around 1.7%.

Employer's National Insurance – loss of secondary pension rebate (budget increase of £200,000)

30. The cost of the Council's national insurance (NI) contributions will increase by £0.2m from April 2016 when the Government reduces the state pension system from two tiers to one. At that point, the “discounted” NI contribution paid by subscribers to Surrey's pension scheme because it contracted out of the additional state pension, will no longer apply. Employees will also lose a rebate on employee contributions.

Corporate Functions Review (budget reduction of £250,000)

31. A review has been undertaken for the Executive of the Corporate Functions within the Finance & Corporate Services Portfolio – these comprise HR, IT, Finance, Policy & Performance, Revenues & Exchequer, Democratic Services and Senior Management. A number of long and short term recommendations were made. The measures with an impact on the 2016/17 budget include reductions in the IT and Democratic Services budgets and the introduction, across all portfolio budgets, of a reduction to reflect the level of staff turnover.

Property and Investment Initiatives (estimated revenue budget reduction of £300,000)

32. A number of investment opportunities are being considered which will lead to a revenue budget saving of at least £0.3m. In particular, one of these options will be considered by the Council on 23 February for addition to the capital programme. The 23 February Council meeting will also consider an Investment Policy to underpin future investments.
33. The reduction in RSG has made the acceleration of such a scheme necessary to replace reduced funding. If the scheme, or a similar scheme, cannot be implemented in time, the Council will need to make a one-off transfer from its revenue reserves (currently standing at £4.6m) to balance the budget until an ongoing solution can be brought forward.

New Budget Proposals 2016/17 (budget addition of £65,000)

34. The Administration has included new proposals in the 2016/17 budget as follows:

Family Support Programme (FSP) - £20,000

The FSP co-ordinates multi-agency support to some of the most vulnerable families in the District and will provide invaluable resettlement support to families under the Vulnerable Persons Relocation scheme. This programme has been cost neutral until now. However, changes to existing funding (from DCLG and SCC) means that MVDC is being asked, along with its partners in Reigate and Banstead and Tandridge Councils, to contribute towards the delivery of the service from 2016/17.

Town Centre Transport Study - £40,000

An intended new traffic study for Dorking Town Centre to assess the causes of congestion and the impact the introduction of new traffic measures might have on the existing network and traffic flows will cost around £100K. A 60:40 split with Surrey County Council will involve a one-off cost of £40,000 for Mole Valley District Council.

Customer Care Programme - £5,000

A programme to improve customer care across the organisation.

Pension Contributions – backfunding of assessed deficit on the Pensions Fund (budget addition of £70,000)

35. The triennial actuarial valuation of the Pension Scheme is due to take place next year. In the meantime, for the third and final year of the previous valuation, the actuary has recommended a contribution of 15.5% of payroll plus a sum to address past service deficiency. The budget addition of £70,000 will provide the resource necessary to pay the increased contribution.

Items to be funded from reserves in 2016/17

36. The Council has approved the expenditure of approximately £0.5m on the Transform Leatherhead Project over the period 2014/15 to 2016/17 (the precise spend approval depends on Local Enterprise Partnership funding). The final £0.1m of this is expected to be incurred in 2016/17 and will be funded through the Council's revenue reserves which, at 31.3.15, stood at £4.6m.
37. As part of the Transform Leatherhead project, the Council purchased Claire & James House in Leatherhead during 2015/16. Pending development of these premises, ongoing annual costs for rates and security of around £80,000 are being charged to reserves.
38. Similarly, temporary additional funds will be required over the next two years to fund the extra resource necessary to produce the revised Local Plan. £30,000 per year, during 2016/17 and 2017/18, will be contributed from revenue reserves to fund this work. This initiative formed part of the 2015/16 budget proposal a year ago.

Council Tax Support Scheme

39. The Council adopted, three years ago, the "default" scheme supplied by Government in relation to the introduction of Council Tax Support. In line with the Council's resolution in December 2013, the Corporate Head of Service, in consultation with the Executive Member for Community Engagement & Resident Services, has decided that the Council will continue to apply this scheme in 2016/17.

Members' Allowances

40. The Council, at its meeting on 18 February 2014, accepted the recommendations of the independent remuneration panel in relation to Members' allowances. Part of the recommendations included that, if the Council so determines, all Members' allowances can be increased on 1st April 2014, 2015, 2016 and 2017 to a maximum in line with the national pay award for local government staff. The national pay award for local government staff for 2016 is 1%. This is in line with the increase provided in the provisional budget.

Beyond 2016/17 – issues for the revenue budget in future years

41. The investment, through the capital programme (see below) in refurbishing Pippbrook and regenerating Meadowbank in Dorking, will impact on the revenue

budget in future years through reduced running costs of Pippbrook and a return through income generation on the Council's investment in Meadowbank.

42. The project to build 500 houses alongside the North Leatherhead By-Pass was mentioned in previous budget reports. If it happens, there will be an impact on Council Tax receipts and New Homes Bonus, but it was judged last year that the planning complications made these receipts too remote to be included in future years' budgets. This remains the case.
43. The project to combine provision of Waste Collection over a number of Surrey authorities will have an impact in Mole Valley during 2018/19, when the current contract ends. The target is an estimated £500,000 savings.

Council Tax

44. The Administration is recommending that Band D Council Tax levels increase by 1.95% in 2016/17 to give a Council Tax of £163.65 for properties in this Band

Capital Programme and Borrowing Strategy

45. The proposed capital programme of £3,172,000 for 2016/17 includes a range of major (over £50,000) and minor (under £50,000) schemes and is set out in Appendix C. The Appendix also shows current, ongoing schemes in 2015/16, many of which will be works in progress at the end of the year and will be automatically rolled forward to be progressed and spent in 2016/17.
46. With ongoing low levels of capital receipts, the Council will, in the future, need to borrow if it wishes to maintain a capital programme aimed at both improving the delivery of community services and investment. However, borrowing will not be undertaken in support of the day-to-day running of services.
47. The Treasury Management Strategy for 2016/17 is to be presented to Audit Committee on 10th February 2016. It provides for the council to borrow in 2016/17 if required and sets appropriate Prudential Code indicators to ensure that any borrowing is controlled, sustainable and affordable. The Strategy will be presented to Council on 23rd February 2016.
48. The Council's Investment Policy will also be presented to Council on 23rd February. The importance of new income streams, to replace reduced Government funding, has already been explained in this report. The Investment Policy will set out the framework for future investment and introduce the principle of a separate, "revolving" reserve fund to be used to fund purchases and to be topped up by income or receipts generated.

RESERVES AND BALANCES

Revenue Balances

49. The Council's available revenue balances and the movements on them resulting from the Administration's proposals are outlined below. The projection

demonstrates that the Council fulfils the commitment in the MTF5 to maintain a minimum of £1.3m revenue reserves.

MVDC Revenue Reserves 2015/16 – 2018/19		
Financial Year End	Balance £'000	Movement of reserves
31/03/15	4,384	Closing balance 2014/15
31/03/16	4,516	Addition of subsidence reserve, projected underspend, plus NHB reserve, less Transform Leatherhead costs.
31/03/17	4,270	Leatherhead project and Local Plan
31/03/18	4,240	Local Plan
31/03/19	4,240	

Capital Reserves

50. The Council's reserves that are available to finance the capital programme and the movement on them are summarised below.

MVDC Capital Reserves 2015/16 to 2018/19

	<u>2015/16</u> <u>(£000)</u>	<u>2016/17</u> <u>(£000)</u>	<u>2017/18</u> <u>(£000)</u>	<u>2018/19</u> <u>(£000)</u>
Opening Reserves	14,947	7,850	(1,448)	(1,927)
Additions to Reserves	1,969	2,329	1,727	1,827
Less : Use of Reserves	9,066	11,627	2,206	2,306
Closing Reserves	7,850	(1,448)	(1,927)	(2,406)

51. The table shows that the level of reserves is no longer sufficient to finance the size of the capital programme as set out in Appendix C. The programme includes the impact of substantial investment in Meadowbank, Pippbrook HQ and Claire & James House in Leatherhead.
52. The shortfall between capital spending and funding can be addressed by borrowing which is referred to in the earlier part of this report. The costs of servicing debt must be included in the business case for any investment to be funded by borrowing. The framework for future borrowing will be set by the Investment Policy, to be approved by Council and the Treasury Management Strategy, to be approved by Audit Committee and then presented for approval to Council. The alternative to borrowing would be to trim the capital programme, use revenue balances to close the funding gap or retrieve other investments to redirect towards capital funding, though none of these would address the Council's need to generate income from investment.

OPTIONS

53. The Executive has two options for consideration

Option One – to agree to the recommendations contained in this report having given consideration to the views of the Standing Budget Panel and Scrutiny Committee.

Option Two – To make alternative recommendations.

CORPORATE IMPLICATIONS

Monitoring Officer's Commentary

54. All relevant legal implications have been taken into account

Financial implications

Statement of s151 Officer: Adequacy of Reserves, Robustness of Estimates, Budget Monitoring and prudential indicators

55. The Local Government Act 2003 introduced responsibilities for the Chief Financial Officer (at MVDC this is the Deputy Chief Executive / Section 151 Officer pursuant to the 1972 Local Government Act) to form a view on the robustness of the budget calculations and the adequacy of revenue and capital balances and reserves and duly report that view at the time Members make decisions on the revenue and capital budgets.

Adequacy of Reserves

56. There is a statutory requirement for the Chief Financial Officer to report at budget time on the adequacy of reserves held by the Council. The forecast position on revenue, capital balances and earmarked reserves is outlined in the report above. The Section 151 Officer confirms that, for 2016/17, the Council's revenue reserves are adequate. However, the increase in the capital programme from 2015/16 onwards has generated increased capital spending. In 2016/17, the level of capital reserves is forecast to fall below the £8m level, which the Council has previously adopted as its guideline minimum. This is an inevitable and expected consequence of the increased capital spend activity and the report sets out the proposed way forward through a capital financing plan in 2016/17 underpinned by a revised Treasury Management Strategy and an Investment Policy.

Robustness of Estimates

57. The 2003 Act requires an authority's Chief Financial Officer to make a report to the authority when it is considering its budget and Council Tax. The report must deal with the robustness of the estimates.
58. The Section 151 Officer's overall view is that the estimates are sufficiently robust, having been prepared following well-established processes based on best

practice and officer's professional judgment that have produced robust estimates in the past.

Budget Monitoring

59. The 2003 Act also requires local authorities to monitor their income and expenditure against their budget, and to take action if overspends or shortfalls in income emerge. If monitoring establishes that the budgetary situation has deteriorated, authorities are required to take the necessary remedial action. This might include, for instance, action to reduce spending in the rest of the year, or to increase income, or to finance the shortfall from reserves (within the parameters of the MTFS).
60. Three years ago, the Council moved from a quarterly performance and budget monitoring cycle to a monthly one. Officers will continue to report financial monitoring and performance information monthly during the year to Members.
61. The position reported at the end of 2015/16 month 8 identified a £107,000 projected underspend. The factors contributing to this position have been taken into account in formulation of the new budget.

Prudential Indicators

62. Under the Prudential Code on Capital Finance introduced in April 2004, the capital programme is based on the Council's assessment of affordability, sustainability and prudence.
63. The Section 151 Officer has considered the revenue consequences of the proposed capital programme in agreeing the budget for 2016/17 and the resultant risk and dependency the budget has on interest earned from capital and revenue balances. The revenue costs of the programme are built into the budget for 2016/17 and future years.
64. The Prudential Code of Practice requires the Council to set a series of indicators to show that the capital programme has due regard to affordability, sustainability and prudence. The recommended indicators, including explanatory notes will be presented to Audit Committee on 10th February 2016 and will be presented to Council on 23 March 2016 in the Council's Treasury Management Strategy 2016/17.

Risk Implications

65. The Council's Corporate Strategy is underpinned by a set of robust risk management arrangements which are reviewed by the Audit Committee on a regular basis. A strategic review of risk across the organisation has resulted in the identification of key strategic risk areas and these are set out in the Strategic Risk Register.
66. One of the strategic risks in the register is the failure to deliver the Medium Term Financial Strategy and a mitigating control is undertaking the annual budget setting process.

Equalities Implications

67. An Equality Impact Assessment (EIA) has been completed for the new budget proposals and is attached at Appendix D.

Employment Issues

68. Human Resource implications have been fully considered in the report.

Sustainability Implications

69. The budget supports delivery of the aims of the Corporate Strategy which currently includes specific priorities on the delivery of improved recycling rates and taking an active role in flood management.

Communications

70. The revised level of Council Tax will be notified to residents by newspaper announcement as well as via the Council's website. Monitoring of the budget during 2016/17 will be reported monthly to the Executive.

Consultation

71. This report sets out the Administration's budget proposals, which have been considered by the Standing Budget Panel; this report will be considered by the Scrutiny Committee and the Executive. Separate consultation discussions have taken place with Parish Councils, Chambers of Commerce and other representative organisations.

Background Papers

None.

ENVIRONMENT PRIORITY

A highly attractive area with housing that meets local need

Corporate Strategy 2015-19 Aims	Key Objectives 2016/17	Business Unit
a) Protect and enhance the natural and built environment and ensure our areas of natural beauty are well looked after	<p>Deepdene restoration</p> <p>Progress the Hope Springs Eternal project to restore the Deepdene estate</p>	Parks
b) In consultation with the community, develop plans for how land is used in Mole Valley. Whilst safeguarding the Green Belt, we will set out proposals for jobs and homes, retail, leisure and commercial development	<p>Local Plan</p> <p>Create a robust evidence base, including an Infrastructure Needs Assessment, and consult with the community (in accordance with the Statement of Community Involvement) to help prepare a new Local Plan</p>	Planning Policy
c) Identify opportunities to create more affordable housing	<p>Affordable housing</p> <p>Encourage the development of more affordable housing within Mole Valley and achieve an average of 50 new affordable homes completions per year over three years</p>	Housing
d) Encourage residents to protect the environment by reducing their use of our natural resources, reusing materials and recycling more	<p>Waste and recycling</p> <p>Implement Waste and Recycling Plan</p> <p>Work with the Surrey Waste Partnership to develop alternative future funding and service delivery arrangements for waste in Mole Valley, including pooled budgets, joint contracts and waste infrastructure e.g. Community Recycling Centres</p>	Environmental Services
e) Help protect our communities and their properties by taking an active role in flood management	<p>Flooding preparedness</p> <p>Work with multi-agency partners to ensure readiness for flooding, including raising community awareness of how to be prepared and who can help</p>	Democratic Services
f) Encourage our communities to take care of their environment, and support them by tackling fly-tipping, littering and dog fouling	<p>Environmental enforcement</p> <p>Develop and implement a zero tolerance Environmental Enforcement Strategy</p>	Environmental Services

PROSPERITY PRIORITY

A vibrant local economy with thriving towns and villages

Corporate Strategy 2015-19 Aims	Key Objectives 2016/17	Business Unit
g) Begin the transformation of Leatherhead town centre	Transform Leatherhead Finalise the Master Plan for Leatherhead, including proposals for North Leatherhead	Property
h) Work with rural communities and businesses to help them thrive	Neighbourhood development Support the preparation of Neighbourhood Development Plans for Ashted, Bookham, Capel, Ockley, and Westcott Work with communities and partners to identify opportunities for funding in respect of business development in rural communities e.g. LEADER funding	Planning Policy
i) Promote the culture and economy of the market town of Dorking	Promotion of Dorking Promote Dorking town centre, including through a programme of events coordinated by the Economic Development Team	Planning Policy
j) Promote business opportunities across the district	Business Improvement Districts (BIDS) Facilitate consideration of the introduction of Business Improvement Districts with initial focus on Dorking	Planning Policy
k) Make best use of our town centre parking, balancing the needs of residents and local businesses	Car parking Undertake work in line with the strategic objectives in the Car Parking Strategy	Parking
l) Look for innovative ways to minimise the cost to taxpayers of Mole Valley District Council whilst protecting the standard of services	Shared services Progress the potential for shared services for Environmental Health and Building Control Explore opportunities for shared services across corporate functions	Environmental Health Building Control Various

COMMUNITY WELLBEING PRIORITY

Active communities and support for those who need it

Corporate Strategy 2015-19 Aims	Key Objectives 2016/17	Business Unit
m) Improve opportunities for residents to live active lives	Wellbeing Strategy Implement initiatives to combat health inequalities and improve physical and mental wellbeing, including tackling social isolation	Partnerships and Communities
	Meadowbank regeneration Regenerate the football ground at Meadowbank	Property
n) Deliver a programme of inclusive sports and wellbeing activities, which increase participation across all generations, targeting our communities most in need	Sports and wellbeing Deliver a programme of inclusive sports and wellbeing activities	Partnerships and Communities
o) Promote community spirit, encourage individuals, families and communities to support each other and help our neighbourhoods to be more resilient in times of need	Connecting communities Provide support and guidance to local communities seeking to promote community resilience through the development of the Community Connect network	Strategic Leadership
	Community transport Evaluate and maximise community benefits and cost effectiveness of Community Transport, working with neighbouring local authorities to explore additional opportunities	Community Support
p) Support individuals and families who find themselves unintentionally homeless so that education and employment are not put at risk	Tackling homelessness Work towards achieving the National Practitioner Standard for Homelessness, including promotion of services to prevent homelessness occurring	Housing
q) Make the most of local cycling opportunities to promote sustainable travel and support our rural economy whilst educating cyclists and other road users, and protecting residents and businesses from the impacts of formal and informal cycling events	Safe cycling Implement the actions in the Mole Valley Local Cycling Action Plan	Strategic Leadership

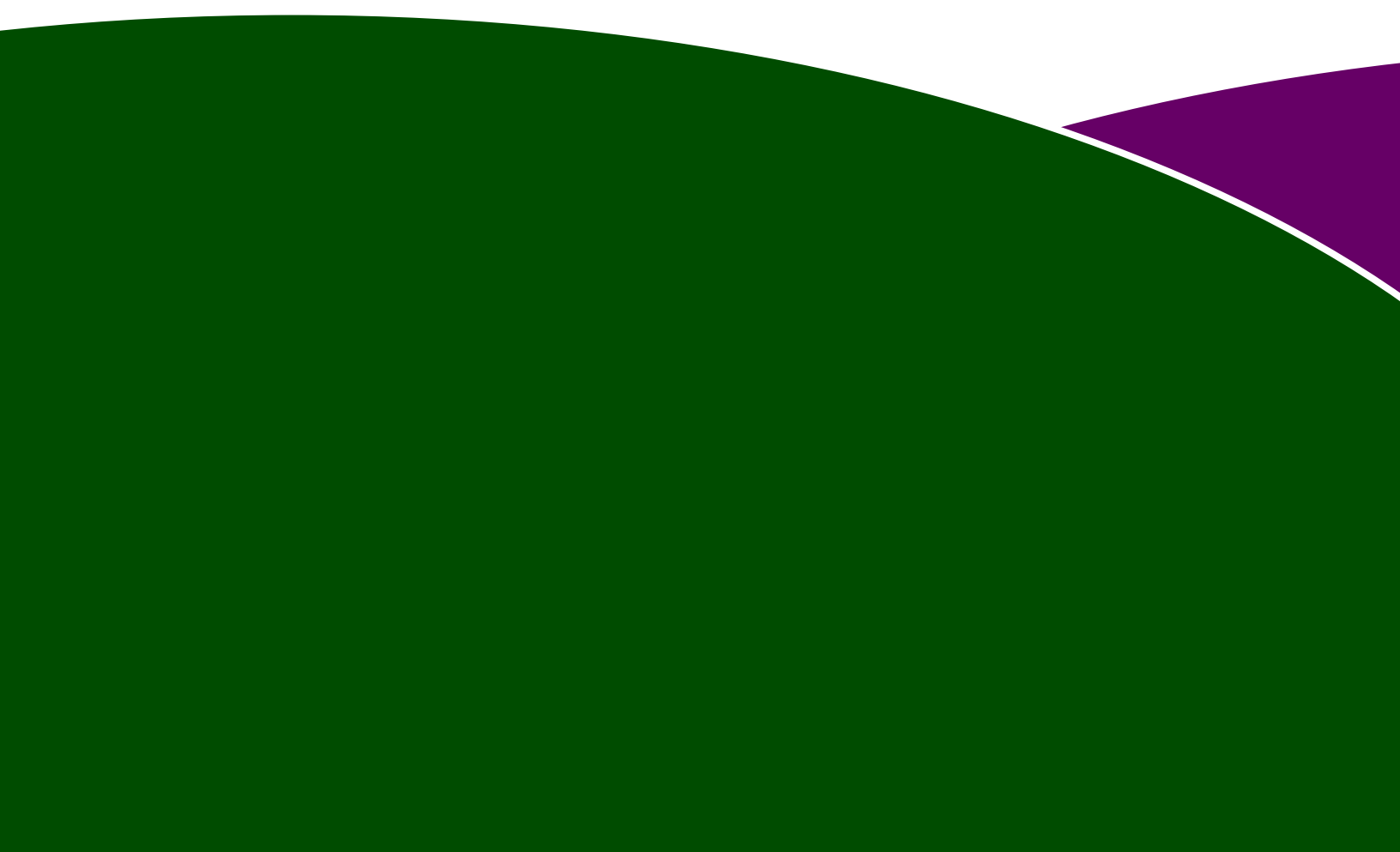
APPENDIX B					
PROPOSED REVENUE BUDGET 16/17 & INDICATIVE BUDGETS 17/18, 18/19 & 19/20					
	BASE BUDGET 2015/16 £000	PROPOSED BUDGET 2016/17 £000	INDICATIVE BUDGET 2017/18 £000	INDICATIVE BUDGET 2018/19 £000	INDICATIVE BUDGET 2019/20 £000
FUNDING					
Council Tax	-6,299	-6,441	-6,586	-6,734	-6,885
Business Rates	-1,355	-1,369	-1,396	-1,424	-1,452
Government Grant - RSG	-903	-270	220	500	820
New Homes Bonus	-1,000	-1,325	-1,332	-837	-803
Interest on investments	-498	-448	-419	-390	-361
TOTAL INCOME	-10,055	-9,852	-9,513	-8,885	-8,681
SPENDING					
Base Budget					
- pay	9,892	10,394	10,448	10,682	10,896
- contracts and other costs	13,113	12,449	12,709	12,503	11,832
- income from fees & charges, specific grants and recharges	-12,941	-12,788	-13,305	-13,672	-13,843
	10,064	10,055	9,852	9,513	8,885
Inflation - pay, price and fees & charges	233	14	233	230	222
Amendments and changes (previous year)	-242				
Additional National Insurance - increased thresholds		200			
Corporate Functions Review		-250			
Investment opportunity		-300			
New Spend Proposals		65	-40		
Minor Adjustments		-2			
Pension contributions		70	70	70	70
<u>Beyond 2016/17</u>					
- Revenue implications of capital investment in Pippbrook HQ		0	-60		
- Revenue implications of capital investment in Meadowbank Regeneration		0	-200	0	
- Apprenticeship levy			25		
- Joint Waste Initiative		0		-500	
Savings to be achieved through Medium Term Financial Strategy		0	-367	-429	-496
TOTAL COSTS	10,055	9,852	9,513	8,885	8,681
Costs of Leatherhead Town Centre project	217	136			

APPENDIX C

CAPITAL PROGRAMME 2016/17 - 2019/20						
		2015/16	2016/17	2017/18	2018/19	2019/20
	Budget Manager	Updated Capital Programme £000	Capital Programme £000	Capital Programme £000	Capital Programme £000	Capital Programme £000
MAJOR PROJECTS						
<u>CAPITAL PROJECTS</u>						
Emergency Accommodation (Phase 2)	Alison Wilks		300			
Clare & James House	Paul Brooks	3,420				
Pippbrook HQ Refurbishment	Paul Brooks	4,500				
Meadowbank Wellbeing Centre, Dorking	Richard Burrows	4,100				
HOPE Springs Eternal (HLF funded)	Paul Anderson	928				
Leatherhead Youth Football Club	Paul Brooks	920				
Leatherhead High Street (Developer Contributions)	Jack Straw	353				
Ashtead Village Centre	Jack Straw	49				
Carbon Reduction Project	Paul Brooks	300				
KGV Playing Fields Improvements	Paul Anderson	100				
Pippbrook House	Paul Brooks	201				
<u>CAPITAL BLOCK SUMS</u>						
Disability Adaptations	Richard Haddad	500	500	500	500	500
Affordable Housing	Alison Wilks	735	735	500	500	500
S106 Projects	Jack Straw	30	250	250	250	250
Community Grants	Patrick McCord	127	50	74	74	74
Playground Refurbishment	Paul Anderson	127	60	60	60	60
Capitalised salaries	Phil Mitchell	473	477	487	497	507
Telecare Equipment	Tim Ward	151				
Dial-A-Ride Vehicle Replacement	Tim Ward	200				
Property Projects	Paul Brooks	150				
TOTAL MAJOR PROJECTS		17,364	2,372	1,871	1,881	1,891
MINOR CAPITAL PROJECTS		1,834	800	800	800	800
TOTAL CAPITAL		19,198	3,172	2,671	2,681	2,691
<u>Reserves</u>	-	<u>End 2014/15</u>	<u>End 2015/16</u>	<u>End 2016/17</u>	<u>End 2017/18</u>	<u>End 2018/19</u>
Usable reserves for capital programme funding - includes capital receipts and revenue contributions towards Minor Works		£14,947	£7,850	-£1,448	-£1,927	-£2,406

Equality Impact Assessment

MVDC Budget 2016/17



What is being assessed?	MVDC Budget 2016/17
Department	Finance
Name of assessor/s	Phil Mitchell
Strategic Management Lead	Nick Gray
Date	January 2016
Is this a new or existing function or policy?	New budget proposals for 2016/17 that have been added to the roll forward of existing budget from 2015/16

Section 1: Introduction and background

Please describe your service or function .

The proposed budget for 2016/17 maintains the existing scope, range and level of service provision.

The proposed new budget will protect services at their existing levels despite reductions in or withdrawal of funding to Mole Valley District Council.

There are three new budget proposals covering (i) Family Support Programme , (ii) Town Centre Transport Study and (iii) Customer Care.

- (i) The Family Support Programme co-ordinates multi-agency support to some of the most vulnerable families in the District and will provide invaluable resettlement support to families under the Vulnerable Persons Relocation (VPR) scheme. Following changes to existing funding from Government and the County Council, MVDC is being asked to contribute £20,000 towards the delivery of the service.
- (ii) An intended new traffic study for Dorking Town Centre to assess the causes of congestion and the impact the introduction of new traffic measures might have on the existing network and traffic flows will cost around £100K. A 60:40 split with Surrey County Council will involve a one-off cost of £40,000 for Mole Valley District Council.

(iii) A programme aimed at improved customer care will be undertaken at a cost of £5,000.

Now describe how this fits into the Council’s Corporate Priorities or other local, regional or national plans and priorities.

The 2016/17 budget proposals reflect the priorities in the Mole Valley District Council Corporate Strategy 2015/16 to 2018/19.

If you are not carrying out an equality impact assessment, briefly summarise reasons why you have reached this conclusion, the evidence for this and the nature of any stakeholder verification of your conclusion.

N/A

Section 2: Analysis and assessment

Given available information, what is the actual or likely impact on minority, disadvantaged, vulnerable and socially excluded groups?

Indicate for each of the ‘protected characteristics’ whether there may be a positive impact, negative impact, a mixture of both or no impact.

Protected characteristics	Positive	Negative	No impact	Reason
Age	√			The Family Support Programme is focussed on helping families with children. MVDC’s proposed preference for the size and characteristics

Given available information, what is the actual or likely impact on minority, disadvantaged, vulnerable and socially excluded groups?

Indicate for each of the 'protected characteristics' whether there may be a positive impact, negative impact, a mixture of both or no impact.

Protected characteristics	Positive	Negative	No impact	Reason
				of refugee households to be assisted per year over the five years of the Vulnerable Person Relocation (VPR) scheme includes families with one or two children under 18-years old; it also includes single or couple households who are over 55 years old
Disability	√	√		<p>Positive -The VPR scheme aims to protect refugees with medical needs or disabilities</p> <p>Negative – It is possible that some homeless families (potentially including people with disabilities) living in either bed and breakfast accommodation or emergency accommodation waiting for a private rented home may not be moved on as quickly, as refugee households are resettled.</p>
Gender reassignment	√			The VPR scheme aims to protect refugees at risk due to their sexual orientation or gender identity
Marriage and civil partnership			√	It is not considered that the budget changes will have a particular impact on marriage

Given available information, what is the actual or likely impact on minority, disadvantaged, vulnerable and socially excluded groups?

Indicate for each of the 'protected characteristics' whether there may be a positive impact, negative impact, a mixture of both or no impact.

Protected characteristics	Positive	Negative	No impact	Reason
				or civil partnership status..
Pregnancy and maternity		√		It is possible that some homeless families (including pregnant women and mothers of babies) living in either bed and breakfast accommodation or emergency accommodation waiting for a private rented home may not be moved on as quickly, as refugee households are resettled.
Race	√			The VPR scheme is specifically for refugees from Syria
Religion or belief			√	It is not considered that the budget changes will have a particular impact on any religious/belief groups.
Sex	√			The VPR scheme aims to protect refugee women who are at risk and survivors of violence. MVDC's proposed preference for the size and characteristics of refugee households to be assisted per year over the five years of the VPR scheme includes one single adult female who has been subject to violence

Given available information, what is the actual or likely impact on minority, disadvantaged, vulnerable and socially excluded groups?

Indicate for each of the 'protected characteristics' whether there may be a positive impact, negative impact, a mixture of both or no impact.

Protected characteristics	Positive	Negative	No impact	Reason
Sexual orientation	√			The VPR scheme aims to protect refugees at risk due to their sexual orientation or gender identity
Other aspects to consider	Positive	Negative	No impact	Reason
Carers			√	It is not considered that the budget changes will have a particular impact, positive or negative, on carers.
Rural/urban issues			√	It is not considered that the budget changes will have a particular impact, positive or negative, on rural/urban areas.
HR issues			√	It is not considered that the budget changes will have a particular impact, positive or negative, on HR issues

What can be done to reduce the effects of any negative impacts? Where negative impact cannot be completely diminished, can this be justified, and is it lawful?

N/A

Where there are positive impacts, what changes have been or will be made? Who are the beneficiaries? How have they benefited?

Beneficiaries of the £20,000 contribution towards the Family Support Programme will be some of the most vulnerable families in the District.

Section 3: Evidence gathering and fact-finding

What evidence is available to support your views above? Please include:

- A summary of the available evidence
- Identification of where there are gaps in the evidence (this may identify a need for more evidence in the action plan)
- What information is currently captured with respect to usage and take up of services.
- What the current situation is in relation to equality and diversity monitoring (where relevant)

The budget proposals for 2016/17 are in line with the corporate priorities in the Mole Valley District Council Corporate Strategy 2015/16 to 2018/19. These latter priorities were developed against findings from extensive consultation and needs analysis work.

How have stakeholders been involved in this assessment? Who are they, and what is their view?

The budget proposals are being considered by the Standing Budget Panel, Scrutiny Committee and the Executive. Separate consultation discussions have taken place with Parish Councils,

Chambers of Commerce and other representative organisations.

Recommendations

Please summarise the main recommendations arising from the assessment. NB If it is impossible to diminish negative impacts to an acceptable or even lawful level the recommendation should be that the proposal or the relevant part of it should not proceed.

N/A

Summary

Review date	January 2016
Person responsible for review	Phil Mitchell
Strategic Management Lead signed off	Nick Gray