

	REPORT TO CABINET TO BE HELD ON 19 JANUARY 2016	
	Key Decision	YES
	Forward Plan Ref No	
Corporate Priority: Meets all Corporate Priorities	Cabinet Portfolio Holder	Cllr Helen Mallory

REPORT OF: DIRECTOR (NE) – 16/27

WARDS AFFECTED: ALL

SUBJECT: DRAFT REVENUE AND CAPITAL BUDGET 2016/17

RECOMMENDATION (S):

It is recommended that Cabinet approve:

- (i) the Council Tax Base for 2016/17 as 36,935.95 Band D equivalent properties;
- (ii) that a surplus of £1.580 million be declared on the Council Tax Collection Fund. This surplus will be distributed in proportion to the share of Council Tax attributable to each precepting authority and the Borough Council's share of the surplus will equate to a one-off sum of £210,206;
- (iii) that authority to approve the NNDR1 Return be delegated to the Director (Nick Edwards);

It is recommended that Cabinet:

- (iv) endorse the draft budget proposals set out in the appendices to this report prior to them being re-presented to Cabinet and Full Council for approval in February; with particular attention being given to the proposed 1.99% increase in Council Tax, which is the first increase applied by this Council since 2010, and the savings proposals listed at Appendix A3. If the Council Tax increase or any savings proposals listed are deemed by Members to be unacceptable alternative savings of an equivalent value must be identified;
- (v) note the outcome and details of the provisional Local Government Finance Settlement for 2016/17 and the indicative figures for the following three years to 2019/20; along with the resulting funding gaps of £2.047m in 16/17, £2.4million in 17/18, £1.6million in 18/19 and £1.6million in 19/20;

- (vi) note that the savings identified to date for 2016/17 total £1.608 million and the budget proposes a £270k draw from General Fund balances therefore **savings of £169k still need to be identified in order to set a balanced budget;**
- (vii) recommend that Council delegate the authority to approve funding from the 2016/17 'Investment Fund' to the Director's Team in consultation with the Portfolio Holder for Finance, Procurement and Legal;
- (viii) subject to the approval of recommendation (v) agree that officers enter into a period of consultation on the proposals contained within this report;
- (ix) recommend that Council approve the following Council Tax discount and premiums for the 2016/17 year, which remain unchanged from those approved for 2015/16:
 - 0% Council Tax discount on Class B second homes
 - 10% Council Tax discount on Class A second homes
 - 0% Council Tax discount on properties undergoing major repair or structural alteration
 - 100% discount for (Class C) properties which are empty and unfurnished for the first 28 days a property becomes empty, followed by a 0% discount thereafter
 - 50% Council Tax premium for properties which have been empty and unfurnished for more than 2 years

REASON FOR RECOMMENDATION (S):

All preceptors use the Council Tax Base figure as the denominator for calculating their Council Tax. It is a statutory requirement for the Council to notify the major Precepting Authorities of the approved Tax Base and any surplus or deficit on the Collection Fund by the 31 January of each year.

It is a statutory requirement to submit the NNDR1 form to the Department for Communities and Local Government and notify North Yorkshire County Council and North Yorkshire Fire & Rescue Service of their respective shares by the 31 January of each year.

Full Council must approve the 2016/17 budget, and associated Council Tax level at its meeting on 26 February 2016. It is important that the Council consults with the public on its budget prior to it being approved, and that the areas identified in the consultation process are taken into consideration in the budget setting process.

HIGHLIGHTED RISKS:

- That the Council does not set a robust or balanced budget in 2016/17.

1. INTRODUCTION

- 1.1 The purpose of this report is to set out the Council's Tax Base, draft revenue and capital budget proposals and Council Tax levels for 2016/17.
- 1.2 The Council is required to calculate its Council Tax Base and Council Tax Collection Fund surplus or deficit by the 31 January each year. Both Billing and Precepting Authorities use the Council Tax Base in calculating their Council Tax. Accordingly, the figures will be formally advised to the North Yorkshire County Council, North Yorkshire Police Authority and the North Yorkshire Fire and Rescue Service in order to enable them to determine their precepting requirements.
- 1.3 The Council is required to set a baseline income level for business rates collection during the year along with an estimate of the surplus or deficit on the Business Rates Collection Fund. These figures must be formally advised to Central Government, North Yorkshire County Council and North Yorkshire Fire and Rescue Authority through the submission of an NNDR 1 form by 31 January.
- 1.4 Full Council must approve the 2016/17 budget, and associated Council Tax level at its meeting on 26 February 2016. It is important that the Council consults with the public on its budget prior to it being approved.

2. CORPORATE AIMS/PRIORITIES AND THE COMMUNITY PLAN

- 2.1 The proposals set out in this report impact on all Council corporate aims and priorities.

3. BACKGROUND AND ISSUES

3.1 Revenue Budget

- 3.1.1 The Council's Financial Strategy comprises a five-year revenue plan, which is reviewed annually. The Council's revised Strategy for 2016/2026 will be presented to Full Council for approval in February. This report sets out the draft proposals for the revenue and capital budget, which form part of the overall Financial Strategy.

3.2 Council Tax Base Setting

- 3.2.1 The tax base is calculated for the whole area of the Scarborough Borough and is split across each parished and unparished area.
- 3.2.2 The tax base is the estimated full year equivalent number of chargeable dwellings in each parish, expressed as the equivalent number of discounted Band D Dwellings. The localised support for council tax scheme is treated as a council tax discount therefore affects the tax base. The Band D equivalent figure stated in this report includes a local discount of 87.5%. This level of discount has been recommended for approval by Cabinet and will be

considered by Full Council on 11 January. If the agreed local discount differs from the 87.5% currently included within the calculation the tax base would need to be adjusted accordingly.

3.2.3 The calculation process for each Parish is as follows:

- Take the number of chargeable dwellings from the valuation list
- Adjust for exemptions, discounts (including LSCT discounts) and disabled relief
- Adjust for estimated changes in these items during the year (new dwellings etc)
- Add an adjustment for second homes and empty properties
- Convert to Band D equivalents using the appropriate factor
- Having done this for each of the eight Council Tax Bands (A to H) in the Parish Area, compute the total Band D equivalents for that Parish area.
- Multiply by the estimated Collection rate
- Equals the Tax Base for that Parish area (**Appendix C**)
- Add the total for all Parishes to calculate the Tax Base for the Scarborough District

3.2.4 It is proposed that the Council Tax Base for tax setting purposes be set at 36,935.95 for 2016/17; with an estimated collection rate of 97.98%.

3.3 Council Tax Discounts and Exemptions

3.3.1 The Local Government Finance Act 2012 provided opportunities for Local Authorities to raise additional revenue from Council Tax by amending discounts on second homes and empty properties. The Borough Council opted to utilise this new legislation to reduce a number of Council Tax discounts in 2013/14 in order to raise additional Council Tax revenue. These changes came into effect on 1 April 2013 and were further reviewed for 2014/15 and 2015/16. The proposed position for 2016/17 is summarised below:

- The Council Tax Discount on second homes is set at 0% for 2016/17, which is in line with the 0% discount applied since 2013/14 (with an exception for properties meeting the historic 'Class A' categorisation as detailed in paragraph 3.3.2 below).

- The Council Tax Discount for properties undergoing major repair or structural alteration is set at 0% for 2016/17, which is in line with the 0% discount applied since 2013/14.
- The Council Tax Discount for properties which are empty and unfurnished (Class C) is set at 100% discount for the first 28 days a property becomes empty and unfurnished followed by a 0% discount, which is in line with the discount applied in 2015/16.
- The Council Tax Premium for properties which have been empty & unfurnished for more than 2 years is set at an additional 50%, which is in line with the 50% premium applied since 2013/14.

3.3.2 Second homes are furnished dwellings, which are no one's sole or main residence, and are defined in Council Tax legislation in two classes (A and B). Class A are second homes where occupation is prohibited by law for a continuous period of at least 28 days in the year, e.g. holiday homes or chalets subject to a planning condition restricting year round occupancy. Class B are second homes where occupation is not restricted. A 10% Council Tax discount will be applied for second homes that would historically have met the Class A criteria that was in force prior to April 2013. This discount is in line with the level applied in 2015/16.

3.4 **Business Rates Retention Scheme (NNDR 1 form)**

- 3.4.1 The localised business rate retention scheme came into effect on 1 April 2013. Under the localised scheme the Council is set a baseline income level for rates collection in a year. The income collected against this baseline is distributed between Central Government, North Yorkshire County Council and North Yorkshire Fire and Rescue Service in predetermined levels.
- 3.4.2 If the Council's share of business rate income is less than the baseline set for the Council the shortfall must be funded from Council resources; however the Council retains a proportional benefit of any surplus income generated above the baseline.
- 3.4.3 The Council submitted an application to create a business rate pool with North Yorkshire County Council, Ryedale District Council, Craven District Council, Hambleton District Council and Richmondshire District Council for the 2014/15 year and continued this arrangement into the 2015/16 year. All authorities within the pool have elected to extend this pooling arrangement into 2016/17.
- 3.4.4 Under the pooling regime authorities included within a pool are treated as a single authority for the localised business rate scheme. This has the benefit that any deficit relating to the Council's share of business rates could be offset by surpluses achieved by other pool members rather than from the Council's own resources; however if the Council makes a surplus on its own scheme this could be more than offset by deficits arising on other pool members schemes. The Council currently pays a levy of 50% on its share of surplus business rate income generated. The major advantage of creating a pool is that this levy rate

is reduced to nil when the authorities in the pool are treated as a single authority.

- 3.4.5 Under the localised business rate scheme the Council must approve its NNDR1 Return and submit it to the Department of Communities and Local Government by the end of January 2016. It must also notify North Yorkshire County Council and North Yorkshire Fire & Rescue Service of their respective shares of anticipated business rate income by the same date. It is proposed that the approval of the NNDR1 Return be delegated to the Director of Business Support.
- 3.4.6 The NNDR 1 form will include details of the anticipated surplus or deficit on the 2015/16 localised business rate scheme as well as the projections for 2016/17. Due to uncertainties relating to the likely outcome of prior year's appeals it is not yet possible to calculate the value of the surplus or deficit at this stage. Details will however be reported in the final budget report.
- 3.4.7 In the 2015/16 budget setting process the Council assumed that the Council's baseline income level for business rates would be exceeded by £700k and this was factored into the base revenue budget to reduce the level of cost savings that needed to be identified. Initial projections show that this income will continue to be achieved in 2016/17. Any surpluses over and above this level will be earmarked for the Investment Management Plan in 2016/17.

4. CONSULTATION

- 4.1 It is important that the Council considers the views of its stakeholders in the budget setting process.
- 4.2 All Members have been invited to attend seminars to go through the budget proposals in detail and will be asked to provide feedback at these sessions. A link will also be added to the Council's website to allow all stakeholders and interested party's feedback to be submitted via the web.

5. ASSESSMENT

- 5.1 The following appendices are attached to this report:

Appendix A - Revenue Budget and Council Tax 2016/17

This appendix sets out the details of the revenue budget, including ongoing investment in priority areas, efficiency and other savings proposals, staffing implications, and proposed Council Tax levels.

Appendix B – Capital Budgets and proposals 2016/17

This appendix sets out the details of the capital resources and expenditure proposals for 2016/17.

Appendix C - Council Tax Base by Parish

This appendix sets out the Council Tax Base split by Parish area.

5.2 The headlines set out in the draft budget proposals are as follows:

5.2.1 LOCAL GOVERNMENT FINANCE SETTLEMENT

On 17 December 2015 the Government announced the provisional finance settlement for 2016/17 alongside figures for the following 3 years up to 2019/20. The outcome of the provisional settlement for 2016/17 was a cut in grant funding of 15.3% (£1.093m) and despite being in line with the funding cuts projected in the Council's Medium Term Financial Plan this was still a hugely disappointing result for the Council.

The consultation document circulated alongside the provisional settlement sets out that 'the Government will offer any council that wishes to take it up a four-year funding settlement to 2019-20' and adds that this is 'subject to council's accepting the offer and publishing an efficiency plan'. At the current time no further details have been received on the opt-in/out process for accepting the offer, or the format and content of the efficiency plan.

The table below sets out the reductions in the Council's core grant funding over the period from 2010/11 to 2015/16 (2010 Spending Review Period) and the provisional figures to 2019/20 (2015 Spending Review Period).

Table 2 – Reductions in Local Government Finance Settlement Funding

YEAR	LGFS FUNDING* £'000	CASH REDUCTION £'000	% REDUCTION
2010/11	12,556		
2011/12	11,030	1,526	12.1%
2012/13	10,105	925	8.4%
2013/14	9,719	386	3.8%
2014/15	8,433	1,286	13.2%
2015/16	7,143	1,290	15.3%
REDUCTIONS OVER 2010 SR PERIOD		5,413	43.1%
2016/17 [^]	6,050	1,093	15.3%
2017/18 [^]	5,231	819	13.5%
2018/19 [^]	4,792	439	8.4%
2019/20 [^]	4,292	500	10.4%
REDUCTIONS OVER 2015 SR PERIOD[^]		2,851	39.9%

[^] provisional figures

CUMULATIVE REDUCTIONS OVER BOTH PERIODS		8,264	65.82%
--	--	--------------	---------------

*Figures have been adjusted to allow like for like comparisons between years.

The table shows that the Council will receive £8.264m less funding to run its services in 2019/20 than it did in 2010/11, which represents a substantial 65% cut in annual funding.

Although the principle of a 4-year settlement is welcomed and will aid the Council's longer term financial planning the implications and extent of the proposed funding cuts over the period to 2020 demonstrate that the Council will need to fundamentally review how it delivers services in future.

5.2.2 BUDGET SAVINGS

In order to set a balanced budget in 2016/17 there is a requirement to identify £2.046m in savings or additional income. The budget proposes a draw of £270k from General Fund balances and the savings currently identified and proposed for inclusion in the budget (per Appendix A3) total £1.608m, therefore **savings of £169k still need to be identified.**

The following savings options have been identified which may reduce the £169k shortfall, however the final figures and options associated with the savings are subject to further scoping and feasibility works:

- A review of TIC provision across all 3 towns;
- Efficiency savings resulting from transformational change (e.g. electronic service delivery);
- Creation of new kiosks on Whitby harbour land to generate additional rental income

Updates on these proposals will be contained within the final budget report in February.

The Council's Medium Term Financial Plan shows that there will be a requirement to identify further savings of at least £2.4m in 2017/18, £1.6m in 2018/19 and £1.6m in 2019/20 therefore it is considered essential that a balanced budget is set in 2016/17. If any of the savings included within the proposals detailed in Appendix A3 are not approved savings or cuts with an equivalent value will need to be identified.

5.2.3 COUNCIL TAX

Appendix A sets out the draft revenue budget proposals. At present the figures in the appendix assume that the Council will, for the first time since 2010, increase its proportion of the Council Tax charge by 1.99% in 2016/17. This will raise additional revenue of £153k per annum to reduce the 2016/17 and future year funding gaps and help protect services from further cuts.

The table below sets out the current Scarborough Borough Council element of the Council Tax levy by band and the levy by band with the 1.99% increase is applied.

Band	2015/16	1.99% Increase	
	£	2016/17 £	Increase £
A	140.87	143.68	2.81
B	164.35	167.63	3.28
C	187.83	191.57	3.74
D	211.31	215.52	4.21
E	258.27	263.41	5.14
F	305.23	311.31	6.08
G	352.18	359.20	7.02
H	422.62	431.04	8.42

The Localism Act includes the powers to allow local residents to veto excessive Council Tax rises and in 2012/13 the Government introduced arrangements for Council Tax referendums where an authority sets a Council Tax which exceeds principles endorsed by Parliament (i.e. is “excessive”).

The council tax referendum threshold applicable to the Council in 2016/17 is 2%.

5.2.4 UNAVOIDABLE COST PRESSURES

The extent of the Council’s budget shortfall each year is not only dependent on cuts in funding, but also by the level of growth required in the revenue budget. The Council has made a concerted effort to reduce the levels of growth included within this year’s budget and this is demonstrated by the restricted amounts of additional funding provided for ongoing priority investment; however unavoidable cost and inflationary pressures totalling £1.385m have had to be factored into the budget setting process and continue to put strain on the Council’s financial position.

5.2.5 INVESTMENT IN PRIORITIES

The draft budget makes provision for £210k for ongoing investment in the following areas:

- Increased contributions to capital and borrowing costs £180k
- Investment Fund £30k

During the year officers undertook a review of earmarked reserves with an aim of freeing up uncommitted resources. This review identified £448k of one-off monies that are available for allocation. In addition the Council’s share of the Council Tax collection fund surplus for 2015/16 is £210k. It is proposed that these one off monies be used to fund the following:

	£'000
Corporate Training	10
Sheffield International Venues (building works)	250
Tourism Destination Marketing System	25
South Bay Underground Repairs	30
Open Air Theatre running costs	32
Contribution towards Filey bus service	5
Open Air Theatre box office	17
Investment Fund	289
TOTAL	658

Further details on these areas of expenditure are provided in Appendix A2.1 and A2.2

A number of schemes have been identified within the budget setting process which require upfront investment but will result in the achievement of budget savings. These include:

- The creation of tourism information points that may be required as part of the review of TIC provision across the Borough;
- The creation of an MOT test centre at Dean Road Depot
- The creation of additional kiosks at Whitby Harbour
- The purchase of equipment for use at the travellers site rather than hiring equipment in annually
- The review of public conveniences

The budget proposals do not make specific provision for this investment, as in most cases the costs cannot be quantified at this time. The draft budget does however include the proposal to create an 'Investment Fund' of £589k in 2016/17, funded from the £289k freed up from the review of reserves and £300k Invest to Save funding. The £30k ongoing investment contribution to the Investment Fund represents the repayment of the Invest to Save borrowing.

These funds will not only help the Council delivers its savings targets in 2016/17 but, if carefully managed, should also provide a resource to drive forward the delivery of future year savings.

It is essential that strong governance arrangements are put in place to administer this funding to ensure that it is only used for investment which will result in clearly demonstrable cashable savings. Any bids made against the funding will need to be accompanied by a business case, risk assessment and financial appraisal which will be assessed by Finance. It is proposed that following Finance's scrutiny the bids will then be signed off by DT in consultation with the Portfolio Holder for Finance, Procurement and Legal.

5.2.6 CAPITAL PROPOSALS

Appendix B sets out the capital proposals and recommends that the following expenditure be incorporated in the capital programme for 2016/17:

Planned expenditure incorporated in Capital Development Projections:-

Scheme	SBC Contribution £'000
Vehicle and Equipment Replacement	
• Vehicles	1,189
• Equipment	157
• IT	189
Planned Infrastructure	
• Lighting Columns	100
Total	1,535

Priority expenditure to be funded from earmarked capital resources:

Scheme	SBC Contribution £'000
Robin Hoods Bay Coast Protection Scheme	77
Futurist	4,000
Eskside Wharf	1,500
Scarborough Spa asset management works	1,140
Pindar all-weather pitch	100
Cemetery provision	400
Total	7,217

Priority expenditure funded from other resources:

Scheme	SBC Contribution £'000	Funded from
Whitby shelters	80	Insurance Reserve
Harbour dredging equipment	250	Harbour reserves
Pindar all-weather pitch	93	Resources already earmarked for the pitch
Total	423	

Further details on all of the above schemes are provided in Appendix B1

6. IMPLICATIONS

6.1 Policy

There are no policy implications arising from this report

6.2 Legal

There are no legal issues arising from this report. An Equality and Impact Assessment on the proposals will be completed prior to the final budget report being presented in February.

6.3 Financial

The financial implications are set out in detail throughout the appendices to this report.

6.4 Staffing Implications

Appendix A3 to this report sets out the savings proposals for consideration in the 2016/17 budget. The appendix shows that, subject to the savings being approved, it will result in staffing reductions although a number of those posts proposed for deletion are already vacant.

This process will be closely managed and consultation will take place with Trade Unions. The Council has a strong commitment to try and minimise the impact on staff and number of compulsory redundancies by utilising natural wastage and providing some training for staff to support this.

All employees that could be directly affected by the changes will be notified of the proposals as soon as is reasonably practicable.

6.5 Planning Implications, Crime and Disorder Implications, Health and Safety implications, Environmental implications

I have considered whether implications arise from this report and am satisfied that there is no identified implication that will arise from this decision for this Council.

Nicholas Edwards

Nicholas Edwards
Director

Author: Kerry Metcalfe
Tel: 01723 383542
email: kerry.metcalfe@scarborough.gov.uk

Background Papers:

None

REVENUE BUDGET AND COUNCIL TAX 2016/17

1 INTRODUCTION

This appendix sets out the detailed movements in the revenue budget between 2015/16 and 2016/17, and recommends the proposed budget for 2016/17 along with the associated levels of Council Tax.

It provides details of:

- Areas of Budget Pressure and Unavoidable Cost Pressure
- The level of revenue resources available to the Council
- Areas of additional investment
- Efficiency and other savings proposals put forward

2 BUILD UP OF THE 2016/17 REVENUE BUDGET

A base revenue budget requirement of £17.063m was approved for the 2015/16 financial year, which forms the starting point for the 2016/17 budget.

Although the Council has made a concerted effort to minimise budgetary growth a number of unavoidable cost increases and budgetary pressures have arisen during the year, as summarised in the following table:

Table 1 – Unavoidable Costs

	£'000
Pay and Price Inflation	520
Other Budget Pressures	865
Total Unavoidable Costs	1,385

2.1 Pay and Price Inflation

This increase reflects the inflationary allowances across budget heads along with salary increments and variations. All income and expenditure budget heads have been fixed at 2015/16 levels and any cost increases will therefore need to be absorbed within individual service area budgets. A contingency of £200k has been retained to cover unavoidable or corporate inflationary cost increases and this will be allocated to budget heads throughout the 2016/17 year as areas of growth are identified. The budget makes provision for a 1% pay award.

2.2 As in previous years the 2016/17 budget does not include a corporate provision for salary savings. This reflects that staffing savings are not

expected to accrue due to a slowdown in staff turnover. The Council does not budget for recruitment costs therefore it is also assumed that any short term staffing savings will be required to fund associated recruitment and advertising costs.

2.3 Other Budget Pressures

A breakdown and further details of these costs are included within Appendix A1 to this report.

3 RESOURCES

3.1 Finance Settlement

On 17 December 2015 the Government announced the provisional finance settlement for 2016/17 alongside figures for the following 3 years up to 2019/20. The outcome of the provisional settlement for 2016/17 was a cut in grant funding of 15.3% (1.093m) and despite being in line with the funding cuts projected in the Council's Medium Term Financial Plan this was still a hugely disappointing result for the Council.

The consultation document which accompanies the provisional settlement sets out that 'the Government will offer any council that wishes to take it up a four-year funding settlement to 2019-20' and adds that this is 'subject to council's accepting the offer and publishing an efficiency plan'. At the current time no further details have been received on the opt-in/out process for accepting the offer or the format and content of the efficiency plan.

The table below sets out the reductions in the Council's core grant funding over the period from 2010/11 to 2015/16 (2010 Spending Review Period) and the provisional figures to 2019/20 (2015 Spending Review Period).

Table 2 – Reductions in Local Government Finance Settlement Funding

YEAR	LGFS FUNDING* £'000	CASH REDUCTION £'000	% REDUCTION
2010/11	12,556		
2011/12	11,030	1,526	12.1%
2012/13	10,105	925	8.4%
2013/14	9,719	386	3.8%
2014/15	8,433	1,286	13.2%
2015/16	7,143	1,290	15.3%
REDUCTIONS OVER 2010 SR PERIOD		5,413	43.1%
2016/17 [^]	6,050	1,093	15.3%
2017/18 [^]	5,231	819	13.5%
2018/19 [^]	4,792	439	8.4%
2019/20 [^]	4,292	500	10.4%

REDUCTIONS OVER 2015 SR PERIOD[^]		2,851	39.9%
---	--	--------------	--------------

[^] provisional figures

CUMULATIVE REDUCTIONS OVER BOTH PERIODS		8,264	65.82%
--	--	--------------	---------------

*Figures have been adjusted to allow like for like comparisons between years.

The table shows that the Council will receive £8.264m less funding to run its services in 2019/20 than it did in 2010/11, which represents a 65% cut in annual funding.

Although the principle of a 4-year settlement is welcomed and will significantly aid the Council's longer term financial planning the implications and extent of the proposed funding cuts over the period to 2020 demonstrate that the Council will need to fundamentally review how it delivers services in future.

3.2 **Council Tax levels and previous Council Tax Freeze Grants**

Since 2011/12 the Government awarded grants to those Council's which opted to freeze or reduce their Council Tax levels. The levels and duration of grants differed each year and are summarised in the table below:

Table 3 – Summary of Council Tax Freeze Grant Offers

Year	% C Tax increase that grant value is based on	Duration of Grant based on initial grant offer	Annual value of grant to SBC	Proportion of Authorities that accepted the grant
2011/12	2.5%	4 years	£219k	421(100%)
2012/13	2.5%	1 year	£219k	358 (85%)
2013/14	1%	2 years	£90k	257 (61%)
2014/15	1%	2 years	£90k	251 (60%)
2015/16	1%	1 year	£90k	240 (57%)

The Borough Council elected to freeze its Council Tax at 2010/11 levels in each of the above years and accept the associated Council Tax Freeze grant.

The duration of the grant receipts shown in the table above reflect the announcements set out in the government's original grant offer letters. The Council's Medium Term Financial Plan originally made provision for the loss of the freeze grant funding in the relevant years, however the government subsequently announced that the funding in respect of all but the 2012/13 year (489k) would continue to be provided to local authorities as part of their Revenue Support Grant (RSG) which forms part of the core settlement funding. This recognised that by accepting the freeze grant offer the Council had foregone the ongoing income stream that would have been generated from the Council Tax increase.

The Government announcements and provisional settlement figures show that the RSG element of the settlement grant will be phased out by 2019/20 therefore the long term financial benefit of accepting the freeze grants will be lost in its entirety.

3.2.1 2016/17

The Government has not offered a Council Tax freeze grant for the 2016/17 year. Given the funding pressures the Council faces it is proposed that a 1.99% Council Tax increase be applied for the 2016/17 year. This will be the first Council Tax increase the authority has made since 2010 and will generate an ongoing income stream of £153k per year.

Table 4 shows the resultant Scarborough Borough Council element of the Council Tax levy by band if Council Tax levels are increased by 1.99%.

Table 4 – Council Tax levy per band

Band	2015/16	1.99% Increase	
	£	2016/17 £	Increase £
A	140.87	143.68	2.81
B	164.35	167.63	3.28
C	187.83	191.57	3.74
D	211.31	215.52	4.21
E	258.27	263.41	5.14
F	305.23	311.31	6.08
G	352.18	359.20	7.02
H	422.62	431.04	8.42

3.2.2 Council Tax Capping and the Public’s Right to Veto ‘Excessive Council Tax Increases’

The Localism Act includes the powers to allow local residents to veto excessive Council Tax rises and in 2012/13 the Government introduced arrangements for Council Tax referendums where an authority sets a Council Tax which exceeds principles endorsed by Parliament (i.e. is “excessive”).

The council tax referendum threshold principles for 2016/17 have been set at 2% for this council.

3.2.3 Increase in Council Tax Base and Collection Fund Surplus

Each year the Council calculates its tax base based on the number of properties listed on the Council Tax system. This calculation takes into account chargeable properties, discounts, and exemptions listed in the

system as well as projected changes for the following year. In 2016/17 an increase in the projected Council Tax Base will generate additional income of £153k for the Council. This additional income is due to increases in the number of properties as well as reductions in the costs of the Localised Support for Council Tax scheme discount (LSCT).

In addition to the increase in the Council Tax Base the Collection Fund projections anticipate that the fund will also hold a surplus at the end of 2015/16, which will be available for distribution in 2016/17. As at 31 March 2015 the Collection Fund held a surplus of approximately £761k due to the lower than expected costs of LSCT and increase in properties in the 2014/15 year, which can now be declared for distribution in 2016/17. In addition current projections show that a further surplus of £819k will be generated in the current financial year. The total surplus which can be declared for 2016/17 is therefore £1.58 million. The Council's share of this surplus is £210k and as these are one off monies they have been earmarked for one off priority investment.

3.3 **New Homes Bonus (NHB)**

In February 2011 the government published the proposals for the NHB – a scheme that was designed to incentivise local authorities to welcome new housing developments. The headline details announced in the original scheme were as follows:

- The scheme is intended to incentivise local authorities to increase housing supply by rewarding them with a grant, equal to the national average for the council tax band on each additional property and paid for the following six years as an unringfenced grant.
- In addition to the above there is a flat rate enhancement of £350 per annum for affordable homes.
- 80% of the Bonus is retained by the Borough Council, the remaining 20% is paid to North Yorkshire County Council
- The NHB is paid as an “unringfenced grant” therefore the Council can decide how it wishes to utilise any monies received.

In its Spending Review and Autumn Statement 2015 the Government announced that it aimed to reduce New Homes Bonus funding by £800m over the Spending Review period and redirect those resources to fund increasing adult social care costs. A technical consultation paper on the proposed changes to the distribution method was issued alongside the provisional settlement in December 2015.

The consultation set out the following options:

- To reduce the period of the grant from six to four years;

- To withhold NHB allocations where an authority doesn't have a local plan in place;
- To reduce payments for any houses built on appeal;
- To only make payments for housing delivery above a predetermined national baseline figure;

To achieve the targeted £800m saving in NHB allocations it is likely that a number of the options contained within the consultation document will need to be implemented. The Council's NHB allocation for 2016/17 is £1.288m and can be broken down as follows:

Year Awarded	£'000
2011/12	6
2012/13	285
2013/14	264
2014/15	266
2015/16	132
2016/17	335
TOTAL	<u>1,288</u>

Due to the financial difficulties facing the Council this grant has been fully committed to balance the Council's revenue budget in 2016/17 in order to minimise cuts in service. The consultation paper states that the funding reductions will not be applied until 2017/18 but the option to reduce the allocation from six to four years in isolation will reduce the Council's resources by £549k in 2017/18 and £530k in 18/19.

3.4 **Localised Business Rate Income**

The Local Government Finance Bill was introduced by the Secretary of State in December 2011. The legislation contained within the Bill represented a radical change to the local government finance system and aimed to take forward proposals designed to encourage local economic growth, reduce the financial deficit and drive decentralisation of control over Local Authorities finances. One of the key proposals contained within the legislation was the localisation of business rate income.

Prior to the 2013/14 financial year business rates revenue was collected by local authorities, who then paid it over to central government. Central government pooled the income generated and then redistributed it to local authorities, based on an assessment of their needs. Local authorities were then notified of the amounts that would be distributed as part of the Local Government Finance Settlement.

As local authorities did not retain business rate income it was felt that there was only a limited financial incentive to promote business growth and maximise business rate income collection in their area. In July 2011 the Government published its proposals to allow councils to retain locally raised business rates. These proposals presented a fundamental shift in the way that local authorities are funded, and aimed to free councils from dependence

upon central government grant and give them a strong financial incentive to drive local economic growth. The new scheme came into effect on 1 April 2013.

Under the new legislation the Council is set a baseline income level for rates collection in a year. The income collected from business rates is distributed between Central Government, North Yorkshire County Council and North Yorkshire Fire and Rescue Service in predetermined levels and the Council receives a proportional benefit of any surplus income generated above its baseline.

Although the scheme does provide an opportunity for the Council to grow its business rate income and to retain a proportion of any excess, it does invariably also increase the Council's level of budgetary risk as the Council also needs to fund a proportion of any in-year business rate income shortfalls from its own resources. In effect the new legislation switched a large proportion of the Councils core funding from a fixed grant to a variable income source.

Under the localised business rate scheme the Council must approve its NNDR1 Return and submit it to the Department of Communities and Local Government by the end of January 2016. The NNDR 1 form will include details of the anticipated surplus or deficit on the 2015/16 localised business rate scheme as well as the projections for 2016/17. Due to uncertainties relating to the likely outcome of prior year appeals it is not yet possible to calculate the value of the surplus or deficit at this stage or income projections going forward. Details will however be reported in the final budget report.

In the 2015/16 budget setting process the Council assumed that the Council's baseline income level for business rates would be exceeded by £700k and this was factored into the base revenue budget to reduce the level of cost savings that needed to be identified. Initial projections show that this income will continue to be achieved in 2016/17. Any surpluses over and above this level will be earmarked for the Investment Management Plan in 2016/17.

3.4.1 Business Rate Pooling

In 2014/15 the Council entered into a business rate pool with North Yorkshire County Council, Ryedale District Council, Craven District Council, Hambleton District Council and Richmondshire District Council. This pooling arrangement has been extended to cover the 2016/17 year. The Borough Council is the lead authority for the pool.

Under the pooling regime authorities included within a pool are treated as a single authority for the localised business rate scheme. This has the benefit that any deficit relating to the Council's share of business rates could be offset by surpluses achieved by other pool members rather than from the Council's own resources; however if the Council makes a surplus on its own scheme this could be more than offset by deficits arising on other pool members schemes.

Individually the Council would be required to pay Central Government a 50% levy on its share of surplus business rate income under the localised scheme. The major advantage of creating a pool is that the pool levy rate is reduced to nil when each of the authorities are treated collectively as a single authority. The levies saved through pooling are then distributed back to pool members through a pool dividend.

The key aim of the North Yorkshire pool is that no participant will receive less funding than if they had not pooled. The first call on any net pool surplus will be to put each authority in the position it would have been in had the pool not existed. Any residual surplus will be distributed as follows:

- 20%, upto a maximum of £250k, will be allocated to an economic development fund which will be administered by the Chief Executives and Leaders of the pool authorities as a function of an established subgroup of the NYLEP.

Any remaining pool dividend will be distributed as follows:

- 30% to NYCC
- 35% to districts in proportion to their growth above DCLG baselines
- 35% to districts in proportion to their funding targets

The business rate pool projections cannot be determined until each authority in the pool has completed their NNDR1's and will be reported within the final budget report.

4 INVESTMENT IN PRIORITY AREAS

Members, Directors and Service Unit Managers, in conjunction with Finance Staff, have been asked to identify any areas where additional investment is required, with particular reference to Local and National Priority Areas.

The areas proposed for additional investment are summarised in Table 5 below, with further details provided in Appendix A2.1

Table 5 – Meeting Priorities: Ongoing Investment

Service	Bid	£'000
Corporate	Increase in revenue contributions to fund capital expenditure and borrowing costs	180
Corporate	Contribution to Investment Fund	30
		210

During the year officers undertook a review of earmarked reserves with an aim of freeing up uncommitted resources. This review identified £448k of one-off monies that are available for allocation. It is proposed that these monies be

earmarked, along with the £210k funding from the Council Tax surplus detailed in Section 3.2.3, for the following:

Table 6 – Meeting Priorities: One Off Investment

	£'000
Corporate Training	10
Sheffield International Venues (building works)	250
Tourism Destination Marketing System	25
South Bay Underground Repairs	30
Open Air Theatre running costs	32
Contribution towards Filey bus service	5
Open Air Theatre box office	17
Investment Fund	289
TOTAL	658

Further details of the expenditure contained within the above tables are provided in Appendix A2.2

5 FUNDING GAP

Taking into account the funding allocations detailed in Section 3 and the investment in priority areas in Section 4, and assuming the acceptance of the freeze grant, the following table summarises the funding gap for 2016/17:

Table 7 – Summary of Funding Gap for 2016/17

	£'000	£'000
Base Revenue Budget for 2016/17		17,063
Unavoidable Costs (Per Table 1)		1,385
Investment in Ongoing Priorities (Per Table 5)		210
		<u>18,658</u>
Last Year's Financing	17,063	
Reduction in Settlement Grant (Section 3)	(1,093)	
2016/17 New Homes Bonus allocation	335	
Increase in Council Tax Base (Section 3)	153	
Increase in Council Tax Charge (Section 3)	<u>153</u>	
Resources available		<u>(16,611)</u>
Funding Shortfall		2,047

This leaves a shortfall of £2.047m that needs to be addressed through additional funding, efficiency and other savings.

6 PROPOSED SAVINGS OPTIONS

Senior Management have adopted the identification and achievement of savings as an integral part of the Council's budget setting process. Work to identify savings starts early in the preceding financial year, ensuring that there is sufficient time to implement full year's savings and to consult with relevant stakeholders.

The savings options identified to date total £1.608m, have been reviewed by the Corporate and Financial Strategy Group and are detailed in Appendix A3.

The Council's Medium Term Financial Plan recognised that costs of £270k per annum would be incurred when new rules came into effect in regards to the contracting out of additional state pension. The Plan included these additional costs from 2017/18 onwards however the legislation will come into effect on 1 April 2016. As the costs were built into the plan in 2017/18 it is proposed that £270k be drawn from the General Fund Reserve in 2016/17 to fund the additional costs in that year.

7 STAFFING IMPLICATIONS

The Council has recognised that to achieve efficiency savings that minimise the impact on the delivery of front line services there will be a need to reduce staffing numbers, which will inevitably result in redundancies.

Where possible, all employees that could be directly affected by the changes will be notified prior to this report being published. Any savings proposals affecting staff will be closely managed and consultation will take place with all Trade Unions. The Council has a strong commitment to try and minimise the impact on staff and number of compulsory redundancies by utilising natural wastage and providing some training for staff to support this.

8 SUMMARY OF THE 2016/17 BUDGET POSITION

Table 7 summarises the net budgetary position as detailed in this report.

Table 7 – Summary of Budget Position

	Report Table Reference	£'000
Funding Gap	Table 5	2,047
Efficiency and Other Savings	Section 6	(1,608)
Contribution from General Fund Reserve	Section 6	(270)
Shortfall		169

The table above shows that savings of £169k still need to be identified.

The following savings options have been identified which may reduce the identified shortfall, however the final figures and options associated with the savings are subject to further scoping and feasibility works:

- A review of TIC provision across all 3 towns;
- Efficiency savings resulting from transformational change (e.g. electronic service delivery);

- Creation of new kiosks on Whitby Harbour land to generate additional rental income

Updates on these proposals will be contained within the final budget report in February.

The Council's Medium Term Financial Plan shows that there will be a requirement to identify further savings of at least £2.4m in 2017/18, £1.6m in 2018/19 and £1.6m in 2019/20 therefore it is considered essential that a balanced budget be set in 2016/17.

In order to set a balanced budget there is a requirement to approve all of the savings proposals identified in this report. Where savings are not deemed to be acceptable alternative savings of an equivalent value will need to be identified.

9 ASSESSMENT

The Revenue Budget for 2016/17 continues to build upon the success of the Financial Strategy, which is now clearly embedded throughout the Council; and the budget efficiency and other savings requirements were identified in the Medium Term Plan well in advance.

As resources become tighter it becomes even more important to ensure that the budgets approved in a year are robust and achievable. Directors and Service Unit Managers receive a high level of support from the finance team however it is acknowledged corporately that the responsibility for setting, monitoring and controlling budgets must lie with the managers and directors responsible for running the services. Directors will be asked to sign off the savings included within this report to confirm that they believe them to be deliverable and both Service Unit Managers and Directors will be required to sign off the final budget figures for their service areas.

Central Government have provided provisional grant settlement figures for the four year parliamentary period to 2019/20 and, although the principle of a four-year settlement is welcomed and will aid the Council's longer term financial planning, the level of the funding cuts proposed are extensive and show that in cash terms the Council's core annual funding from Central Government in 2019/20 will be £8.264m (65%) less than the funding received in 2010/11. The funding pressures faced by the Council are exacerbated by the decision to aid tax payers by freezing Council Tax levels between the periods from 2010/11 to 2015/2016 and forego the associated ongoing revenue streams that Council Tax increases could have secured.

The extent of the Council's budget shortfall each year is not only dependent on cuts in funding, but also by the level of growth required in the revenue budget. The Council has made a concerted effort to reduce the levels of growth included within this year's budget and this is demonstrated by the minimal amounts of additional funding provided for ongoing priority investment; however unavoidable cost and inflationary pressures totalling £1.385m have been identified and continue to put a strain on the budget position. As the

Council's funding sources reduce, and budgets get tighter, it will become increasingly important to restrict growth in budgets and be mindful that any growth allowed in budget will need to be funded from corresponding cuts in other service areas.

The Council's Medium Term Financial Plan shows that there will be a requirement to identify further budget savings of at least £2.4m in 2017/18, £1.6m in 2018/19 and £1.6m in 2019/20 and it is clear that strong long term financial planning will become increasingly important as funding reduces and resources become scarcer.

The financial forecasts and extent of funding cuts over the period to 2020 demonstrate that the Council will need to fundamentally review how it delivers services in future and that Members will be asked to make difficult decisions in the coming years to prioritise services in order to balance the budgetary position and maintain the Council's financial sustainability.

BUDGET PRESSURES

		£
Superannuation Contributions	<p>Every 3 years the actuary undertakes a valuation of the Council's pension scheme to determine the level of contributions required over the following 3 year period. The most recent valuation was received by the Council at the end of November 2013 and covers the period 2014 / 17.</p> <p>The triennial valuation carried out by the actuary assessed the level of contributions required to recover the Council's pension fund deficit (£84.894 million as at 31 March 2013) over a 27 year period (the previous triennial valuation set in place a 30 year repayment plan). The costs of funding the scheme are split between a future service contribution and a back funded element.</p> <p>The back funded element remains fixed during the valuation period regardless of the number of employees contributing to the pension scheme and inflates each year in line with the actuarial assumption on average pay growth. The cost of this back funded element will increase by £88k in 2016/17.</p>	88
Benefits and Localised Support for Council Tax Administration Subsidy	<p>The Council receives an annual subsidy for Housing Benefit and Local Support for Council Tax Administration. In 2015/16 the grant allocation totalled £784k, for which £162k was for administering the Localised Support for Council Tax (LSCT) Scheme and £622k was for administering the Housing Benefit Scheme. In addition the Council received a one off 'new burdens' grant of £30k to reflect the additional recovery costs incurred by Council Tax billing authorities following the introduction of the LSCT scheme.</p> <p>Responsibility for the reporting and investigation of all Benefit Fraud, including Housing Benefit, transfers to DWP with effect from 1 February 2016. This transfer will see three members of staff TUPE to DWP and, with this no longer being the responsibility of the Council, the admin grant for administering the Housing Benefit scheme will reduce by £72k.</p> <p>In similar vein to recent years, Central Government have again cut the administration grants to account for efficiency targets. Whilst the Council have not yet received an indication of the LSCT element of the grant from DCLG, it is expected that the Borough Council's award for 2016/17 will be cut to £598k (£100k for administering the Localised Support for Council Tax Scheme and £498k for administering the Housing Benefit Scheme).</p> <p>The reduction in grant funding (excluding the effect of transferring responsibility of reporting and investigation of all Benefit Fraud) equates to £120k (16.7%)</p>	120

		£
End of pension contracting out	<p>One of the implications of the Government's decision to introduce a single-tier state pension is that it will end the contracting out arrangements from April 2016.</p> <p>Under the current state pension system, employers who provide final salary / defined benefit pension schemes are able to contract out their employees (who contribute to these pension schemes) from the State Second Pension. As a result both employees and employers can pay lower National Insurance Contributions (NICs) in exchange for building up rights in their workplace pension, rather than from the state.</p> <p>Contracting out will be abolished under this system because there will be no earnings related (state) pension to contract out of, and future pensioners who had previously been contracted out will be contracted back into the single-tier state pension</p> <p>The Council will therefore see an increase in National Insurance costs for all employees who contribute into the pension scheme and likewise the individuals will also see additional deductions from their monthly pay from April 2016.</p>	270
Council Tax and NNDR court costs	<p>On 30 April 2015 the judgement in a High Court case which concerned the legality of the process undertaken by the Magistrates to award the Council costs against a charge payer for non-payment of Council Tax resulted in a review of Scarborough Borough Council's process.</p> <p>Scarborough Borough Council has followed the advice given by the Judge in this case and as a result is now requesting a reduced amount of costs for each Council Tax liability order. The Council previously had £100 costs approved by the Magistrates but is now requesting £60 costs. The costs requested for a Business Rate liability order remain unchanged at £130 per case.</p> <p>This will result in a shortfall to budget of £80k.</p>	80
Recycling costs and income	<p>Under current arrangements the Council has a contract with a third party provider for the disposal of recycling waste. This contract is due for renewal in the 2016/17 financial year. Under the terms of the contract the Council currently receives a premium of £7.50 per tonne for all recycling material collected (excluding garden waste). Based on an average of 10,000 tonnes per annum this has historically represented income of £75k to the council. As a result of reductions in the international markets for the price of recycling materials the Council will no longer be able to receive a premium under the new contract but will instead incur a cost of in the region of £32.5 per tonne for its disposal. The overall net position is therefore an additional cost of £40 per tonne for the disposal of recycling waste, amounting to £400k per annum. These changes to the contracted</p>	

		£
	<p>prices are anticipated to materialise in the 2nd quarter of the year and therefore the impact in 2016/17 is anticipated to be £300k.</p> <p>In addition the Council receives credits from the County Council for the collection of recyclable waste. This level of income within 2014/15 exceeded budget as a result of the volumes of recycling waste collected. Projections for the 2015/16 financial year again show an anticipated surplus against budget. Officers believe this level of collection will continue, providing a benefit of £100k per annum. This increased recycling credit income will partly offset the disposal charges resulting in a net cost to the Council of £200k in 2016/17 with a further £100k anticipated in 2017/18 as a result of the full year contractual changes.</p>	200
Housing – Temporary Leased Accommodation	<p>The Council currently utilises Kealia Court to accommodate people who are homeless. Kelia Court is run by York Housing Housing and is funded from a combination of Housing Benefit payments and an annual grant paid to them by the Council.</p> <p>A proportion of the Housing Benefit payment paid out by the Council is recoverable from the Department of Work and Pensions (DWP) through the subsidy process. Under the rules of the scheme, the Council isn't able to recover the full costs of the payments made and is therefore already subsidising the process. It should be noted however that Kealia Court enables the council to save significant sums of money when compared against the previous position which was utilising Bed and Breakfast accommodation.</p> <p>Included within the monies claimed through the subsidy process is a £60 (a week) management charge per claim. The recent Settlement announcement, whilst vague, suggests that the £60 payment will no longer be made to Council's although there may be other income streams which partially offset this reduction in income. This position will be reviewed when additional information is received about the changes.</p> <p>The Council can accommodate 23 homeless cases within Kealia Court and at reduced subsidy income of £60 (per week per case) budget growth of £72k is required. It would be unreasonable to expect York HA to absorb this additional cost and run this scheme at a loss. If the subsidy shortfall cannot be met there is a strong likelihood that they would give notice on the current arrangements. This would result in the Council struggling to discharge its statutory duties and is likely to result in significant cost increases overall.</p>	72
Asset Register Software	The council currently relies on an excel spreadsheet for maintaining its asset register. Whilst the	

		£
	<p>spreadsheet is robust, legislative changes are becoming increasingly more complex to build into the model and the year end processing of the accounting transactions is a manual process.</p> <p>The Council's Estates team also rely on an in-house database system to record details of valuations (and revaluations) of properties together with rental incomes. This system does not maintain historical records of valuations as they have to be overwritten when new data (new valuations) are input.</p> <p>Mazars, the Council's external auditors, have recently highlighted that since the Estates system does not maintain historic data that the valuer has to recreate it when a request is made for audit evidence. This means that the data is not readily available and also uses resource to recreate the data. This is not an effective use of resource and the auditors have asked the Council to consider introducing a new system.</p> <p>The new asset management software will combine these two processes into one system and will automate some of the year end processes. This is particularly important given the continuing strain on finance resource and will be necessary to ensure that the Council is able to meet the new reduced year end closedown period of 2 months (currently 3 months) due to be introduced shortly. It will also allow better management of the Councils' lease contracts.</p>	20
Potential loss of external contract income	<p>The Council currently provides a 24 hour CCTV monitoring service. The service also provides a 24 hour 'Coastcall' service on behalf of Yorkshire Coast Homes.</p> <p>This contract is currently up for renewal and, whilst the Council has expressed an interest in continuing to provide this service, Yorkshire Coast Homes may elect to choose another supplier.</p> <p>The budget shortfall relates to contributions the contract makes to the Council's support services which will not reduce if the contract terminates.</p>	15
TOTAL		865

MEETING PRIORITIES – BASE BUDGET GROWTH

BID	DETAILS	£'000
Increase in revenue contributions to fund capital expenditure and borrowing costs	The Council must increase its annual contributions into the Capital Development Reserve to make provision for future projected capital expenditure and borrowing costs, particularly in respect of asset management and coast protection works.	180
Contribution towards Investment Fund	<p>A number of schemes have been identified within the budget setting process which require upfront investment but will result in the achievement of budget savings. These include:</p> <ul style="list-style-type: none"> • The creation of tourism information points that may be required as part of the review of TIC provision across the Borough; • The creation of an MOT test centre at Dean Road Depot • The creation of additional kiosks at Whitby Harbour • The purchase of equipment for use at the travellers site rather than hiring equipment in annually • The review of public conveniences <p>The budget proposals do not make specific provision for this investment, as in most cases the costs cannot be quantified. It is therefore proposed that an 'Investment Fund' of £589k be created using £289k freed up from the review of reserves (per Appendix A2.2) and £300k Invest to Save funding. The £30k ongoing investment represents the repayment of the Invest to Save borrowing.</p> <p>These funds will not only help the Council delivers its savings targets in 2016/17 but, if carefully managed, should also provide a resource to drive forward the delivery of future year savings.</p>	30
TOTAL		210

MEETING PRIORITIES – ONE OFF INVESTMENT

BID	DETAILS	£'000
Corporate training	Provision of a corporate training budget, with a particular emphasis on further development of people management skills for managers and supervisors	10
Sheffield International Venues	Sheffield International Venues have approached the Council in regards to providing a one off funding contribution of £250k to fund unforeseen building repair works costs at Scarborough Spa and Whitby Pavilion. Negotiations in regards to the contribution are ongoing.	250
Tourism DMS system	<p>This will fund the cost of a Destination Management System; a fully integrated e-tourism solution which will provide tools to enable tourism content management, customer relationship management, e-marketing, a newly developed responsive web-site which will poll pricing and availability for major booking channels such as late rooms, booking.com, evivo and, lastminute.com. The system will also enable the team to track tourism performance Indicators, marketing campaigns, TIC/tourism bureau booking and enquiries. It will also provide a repository for the collection of tourism data, provide business support and allow for inspirational content production and publication.</p> <p>The system will allow for data to be published across many channels including desktops, mobile phones, kiosks, large screens as well as through e-newsletters. The system will also enable tourism businesses to showcase event and attraction data as well as accommodation availability thus allowing them to cross sell each other.</p>	25
South Bay Underground repairs	Remedial works are needed to rectify defects to the main supporting beams within the South Bay Underground car park. Earlier in the year the car park had to be closed as a result of concrete falling within the car park, and although the facility has been made safe, the works are considered essential to ensure no similar events occur in future.	30
Open Air Theatre running costs	<p>The Council has recently agreed with Cuff and Taylor that they will programme and produce events at the Open Air Theatre for the next five years. The costs of this arrangement in 2016/17 will be £32k higher than the Council's current revenue budget but will significantly reduce the financial risk that the Council is exposed to.</p> <p>This increase in cost (against current budget) is only for one year since the agreement with Cuff and Taylor sees a reduction in costs during each remaining year of the contract.</p>	32
Contribution towards Filey bus service	The Council provided funding contributions of £5k per annum towards the operation of a Filey bus scheme in 2014/15 and 2015/16. This funding will provide a further contribution towards the running costs in 2016/17. The Town Council has been made aware that no funding support will be provided to the scheme after 2016/17.	5

BID	DETAILS	£'000
Open Air Theatre box office	This funding will be used to convert the shelter near the Open Air Theatre entrance into a box office. The relocation of the box office will improve its location and visibility, therefore raise the profile of the Open Air Theatre and help attract more sales for the OAT. In addition the new location will assist considerably on show days as it is just outside the venue, therefore make on the day sales easier and ticket collections more accessible. The new box office and its location will also bring opportunities to sell tickets on behalf of other venues and services, giving the potential raise an income from commission to help cover the yearly staffing costs.	17
Investment Fund	See Appendix A2.1 for details	289
TOTAL		658

SAVINGS PROPOSALS

DESCRIPTION	SERVICE AREA	Low Risk	Medium Risk	High Risks	Total	FTE	Comment
Chief Executive	-						
Increase staffing recharge rates to capital schemes by 10%	Projects	21,878			21,878	0.00	Recharge rates will be increased by 10% for externally funded schemes and 5% for internally funded schemes.
Deletion of post in Human Resources following the expiry of a Fixed Term contract	Human Resources		3,260		3,260	1.00	This saving will be made possible through the further development of the iTrent HR and payroll system which will allow further streamlining and automation of processes
Net saving arising from the transfer of the Fraud Team to DWP as part of the Single Fraud Initiative.	Internal Audit	10,000			10,000	3.00	One existing post will be retained. The remaining fraud workload will be allocated between the remaining post, Internal Audit and Housing Benefits.
Achievement of external income from tenancy fraud	Internal Audit		5,000		5,000	0.00	Anticipated income achievable from undertaking tenancy fraud work for Yorkshire Coast Homes.
Achievement of external income from internal audit	Internal Audit		15,000		15,000		Anticipated income achievable from undertaking internal audit work for Yorkshire Coast Homes. The income is subject to the negotiation of a 3 year contract but early indications suggest that this will be achieved.
General budget reductions	IT	11,478			11,478	0.00	Savings identified on various budget heads including overtime, telephony lines and Ipad contracts
Reductions in corporate ICT costs	IT	48,302			48,302	0.00	Benefits derived from new ICT infrastructure and the implementation of new digital technology
Senior Management Restructure	Corporate	90,000			90,000	1.00	Deletion of Deputy Chief Executive post following retirement of postholder
					0		
Sub Total Chief Executive		181,658	23,260	0	204,918	5.00	
Director (NE)	-						

SAVINGS PROPOSALS

DESCRIPTION	SERVICE AREA	Low Risk	Medium Risk	High Risks	Total	FTE	Comment
Reduction in external audit fees	Corporate Finance	17,600			17,600	0.00	Savings realised in external audit fees following the abolition of Audit Commission
Restructure of Local Taxation	Corporate Finance	26,000			26,000	1.00	Efficiencies derived from the review of internal processes and the implementation of an automated recovery module within the Local Taxation IT system. The restructure has already been implemented
Efficient recovery and management of Housing Benefit overpayments	Corporate Finance	50,000			50,000	0.00	Additional income derived from the collection of overpaid Housing Benefits following continued improvements in working practices
Postage efficiencies	Corporate Finance	9,000			9,000	0.00	Efficiencies derived from the outsourcing of printing and postage of Local taxation annual bills and better use of email and text reminders for outstanding debts and remittance advice notes
Local Taxation penalty charges	Corporate Finance		14,000		14,000	0.00	Introduction of a £70 penalty charge for a failure to notify the Council of a change in circumstances.
Finance charges to capital schemes	Corporate Finance	18,000			18,000	0.00	Charges to reflect finance officer time on capital schemes
Reduction in the level of the Localised Support for Council Tax discount from 90% to 87.5%.	Corporate Asset Management and Treasury				0	0.00	This proposal has been recommended for approval by Cabinet but is still subject to Full Council approval. The savings resulting from this change are factored into the Council's tax base calculation and are therefore presented in the budget as additional Council Tax income. A separate equality and diversity plan has been prepared and was included within Member reports
Increase in interest receivable	Asset Management and Treasury	40,000			40,000	0.00	Additional interest achieved through prudent operating of cash resources
Increase in rental income	Asset Management and Treasury		50,000		50,000	0.00	This saving is currently on target to be achieved however is at risk should development commence in year on the Atlantis site

SAVINGS PROPOSALS

DESCRIPTION	SERVICE AREA	Low Risk	Medium Risk	High Risks	Total	FTE	Comment
Admin fee for service charges and memorial benches	Asset Management and Treasury	5,000			5,000	0.00	Redirection of current income to fund administration
Increase in rental income at Town Hall	Asset Management and Treasury	10,000			10,000	0.00	Continuation of maximisation of income from using available space within the Town Hall
Asset Management charges to capital schemes	Asset Management and Treasury	10,000			10,000	0.00	Charges to reflect estates officer time on capital schemes
Cease production and issuing of recycling calendar	Street Scene	10,000			10,000	0.00	The 2017 calendar will be produced online rather than posted to households
Garden Waste Scheme	Street Scene		100,000		100,000	0.00	Introduction of a charge for the collection of garden waste. The proposal has already been approved by Members. A further £100k saving is anticipated in 2017/18
Public Conveniences Review	Street Scene				0	0.00	The review of public conveniences has commenced and proposals will be reported to Members for approval once finalised
Restructure of Whitby Depot operations	Street Scene	18,000			18,000	1.00	Efficiencies derived through the deletion of 1FTE post
Reductions in administrative support	Street Scene	8,000			8,000	0.50	Efficiencies derived through the deletion of 0.5 FTE post
Deletion of recycling education post	Street Scene	7,000			7,000	0.50	Efficiencies derived through the deletion of 0.5 FTE post
General budget reductions	Street Scene	10,000			10,000	0.00	Removal of general budgets which are no longer required
Alterations to Waste Licence at Dean Road Depot	Street Scene	5,000			5,000	0.00	Reductions in licence costs resulting from changes to the category of waste licence through better management of waste
Reductions in budget for litter bin replacements	Street Scene	7,000			7,000	0.00	Cuts to the budget available for the replacement of litter bins

SAVINGS PROPOSALS

DESCRIPTION	SERVICE AREA	Low Risk	Medium Risk	High Risks	Total	FTE	Comment
Reductions in budget for household bin replacements	Street Scene	40,000			40,000	0.00	A finance review has identified the scope to reduce the budget for bin replacements
Reductions in the number of mechanical sweepers	Street Scene	30,000			30,000	0.00	Efficiencies derived from better use of the large mechanical sweepers by reducing them from 2 to 1. Some monies have been retained to fund the costs of increased maintenance on the remaining vehicle
Introduction of an admin and delivery charge for bin replacements	Street Scene	20,000			20,000	0.00	Introduction of a £15 charge for new / replacement bins
Senior Management Restructure in cleansing	Street Scene	33,000			33,000	1.00	Efficiencies derived through the deletion of 1 FTE post
Deletion of Wetlands Project officer	Street Scene	33,000			33,000	1.00	Cease officer support for the Wetland Project
Reductions in Minimum Revenue Provision (internal loan repayments)	Corporate	5,000			5,000	0.00	Savings arising from the repayment of outstanding borrowing on old Invest to Save schemes
Harbour Dues from Dalby Offshore development	Harbours		10,000		10,000	0.00	Additional harbour dues from development at Whitby harbour
Increase in kiosks at Whitby Fish Quay	Harbours		8,000		8,000	0.00	Subject to the provision of upfront funding being provided and planning and the relevant consents being achieved
Introduction of parking charges on Vincents Pier	Harbours		10,000		10,000		Introduction of parking charges at Vincent's Pier for Scarborough harbour users
Increase in fees and charges	Harbours		27,500		27,500	0.00	Above inflation increase in certain fees and charges at Scarborough and Whitby Harbour. Could result in opposition from operators
Sub Total Director (NE)		411,600	219,500	0	631,100	5.00	
Director (LD)	-						
Reductions in central administrative support		9,750			9,750	0.50	Efficiencies arising from reductions in hours and removal of vacant posts

SAVINGS PROPOSALS

DESCRIPTION	SERVICE AREA	Low Risk	Medium Risk	High Risks	Total	FTE	Comment
Reduced spend on legal Counsel fees	Legal		6,000		6,000	0.00	Upskilling of internal staffing resource should reduce the need to appoint external advisors and will generate a net saving for the Council
Increase in external legal income	Legal		10,000		10,000	0.00	Generation of additional external income by the Legal Service Team
Removal of surplus budget in corporate subscriptions	Corporate	2,000			2,000	0.00	Reductions in the corporate subscriptions budget. Savings already being achieved
Removal of dedicated Officer support post	Democratic	35,200			35,200	1.00	Removal of post and redistribution of duties to remaining employees
Reduction in vehicle hire costs for mayoral car	Civic	7,000			7,000	0.00	Savings achieved from re-procurement of contract
Reductions in mayoralty hospitality budget	Civic		6,000		6,000	0.00	Scaling back on hospitality and events
Removal of Civic Pride budget	Civic	500			500	0.00	Budget no longer required
Restructure in Council committees and removal of the associated budgets for meeting chairs	Democratic			13,300	13,300	0.00	Removal of Area Committee chair allowance, Scrutiny Committees Chair allowance and potential amalgamation of Standards and Audit Committee (not yet approved)
Review of Licensing	Licensing			50,000	50,000	0.00	Efficiencies derived through a review of the service (to be finalised)
Increase in income from Printplus	Print Plus		5,000		5,000	0.00	Generation of additional external income by the Printplus Service
Income received for the Council's role in Universal Credit			20,000		20,000	0.00	The provision of government funding to support the Council's role in Universal Credit. The additional duties will be absorbed within existing resources
Sub Total Director (LD)		54,450	47,000	63,300	164,750	1.50	
Director (TW)							

SAVINGS PROPOSALS

DESCRIPTION	SERVICE AREA	Low Risk	Medium Risk	High Risks	Total	FTE	Comment
Reductions in the contribution to Scarborough Museums Trust	Outsourced Services			60,000	60,000		This could lead to an increased sustainability risk for the Trust. Reductions are not yet finalised and negotiations with the Trust are ongoing
Increase in outdoor leisure fees and charges	Leisure Services		10,000		10,000		Percentage uplift (2%) in outdoor leisure fees and charges
Above inflationary increases on chalets	Leisure Services	8,000			8,000		Additional increase of 5% on chalet fees. Should be sustainable given the size of waiting lists
Additional race days at Olivers Mount	Leisure Services		5,000		5,000		New charge for an additional race days. To be reviewed after one year
Introduce a fee for Clubs using playing fields	Leisure Services		2,000		2,000		Introduction of charge where facilities currently provided for free
Restructure of Management within Leisure Services	Leisure Services		38,500		38,500	1.00	Efficiencies achieved through the restructuring of management within leisure services and reallocation of residual workload
Capitalisation of commuted sum monies	Housing		23,000		23,000		Redirection of housing commuted sum monies to fund operational costs
Additional income from the Home Improvement Agency	Housing	12,000			12,000		This level of income is on track to be achieved in current year
Procurement of rough sleeper contract	Housing		8,000		8,000		Reduce budget in line with contract already in place
Review of Environmental Services	Housing		18,500		18,500	1.00	Part year efficiencies generated through a review of environmental services
Increase in crematorium fees	Crematoria and Cemeteries		45,000		45,000		Increase in fees to reduce net operational cost of providing the service. £40 (6.5%) increase proposed which still ensures that the cost is competitive
Increase in burial charges	Crematoria and Cemeteries		4,000		4,000		2% increase to current charges
Increase in car parking charges and the introduction of winter charges	Car Parking		300,000		300,000		Detailed proposals were reported to Cabinet in December and are subject to call in (report ref 15/349)

SAVINGS PROPOSALS

DESCRIPTION	SERVICE AREA	Low Risk	Medium Risk	High Risks	Total	FTE	Comment
Capitalisation of commuted sum monies	Planning	15,000			15,000		Introduction of new charge to contribute towards scheme administration costs
Increase in Permitted Development Enquiry Charges	Planning		8,000		8,000		All three of these charges are discretionary elements of the planning process. Increases to the charges are being made to ensure that they better reflect the cost of delivering these elements of the process.
Increase in pre-application advice charges	Planning		8,000		8,000		
Increase in charges for street naming and numbering	Planning	5,000			5,000		
Reductions in voluntary sector grants	Customers and Communities	8,000			8,000	0.00	20% saving in voluntary sector grant funding
Rental from Community Impact Team	Customers and Communities	3,000			3,000	0.00	Additional rental income from Community Impact Team (CIT) partners
Efficiencies within the customers and communities business unit	Customers and Communities	26,000			26,000	0.00	It is anticipated that this saving will be delivered by generating additional income from partnership working arrangements with the CCG. If the partnership working proposal does not proceed the saving will be delivered through staffing reductions within the unit
Review of Tourist Information Centre provision	Tourism				0		Review of TIC provision across all 3 towns
Sub Total Director (TW)		77,000	470,000	60,000	607,000	2.00	

Overall Total (excluding those where savings not known)		724,708	759,760	123,300	1,607,768	14	
---	--	---------	---------	---------	-----------	----	--

CAPITAL PROPOSALS 2016/17**1 INTRODUCTION**

This appendix focuses on the Council's Capital Strategy which is underpinned by the Capital Development Reserve and Investment Management Plan.

It provides details of:

- Capital Development Reserve projections
- Investment Management Plan projections
- Capital Contingency Reserve projections
- Capital receipts
- Proposed additions to the Capital Programme 2016

2 CAPITAL DEVELOPMENT RESERVE

The Capital Development Reserve (CDR) identifies the capital funding available to the Council to progress:-

- Planned vehicle and equipment replacements
- Planned infrastructure works and replacements
- Asset Management works; and
- Statutory requirements (such as the provision of disabled facility grant funding)

The reserve aims to match available capital resources to scheduled investment over a 10 year period to ensure that capital resources are not over committed. It provides a mechanism by which capital spending is controlled, and ensures that the implications of capital spending in terms of the revenue impact are planned and minimised.

In order for Members to have confidence when making the major strategic decisions required on capital investments, clear direction is required on the availability of resources and the impact of decisions made.

The 2015 Financial Strategy set out that the CDR projections showed an overdrawn balance of £674k over the 10 year period to 2025 and an overdrawn balance of £296k in 2016/17. The Financial Strategy reported that the 2016/17 shortfall would likely be addressed through slippage and a review of vehicle replacements therefore it was not a significant concern in the short term, however would need to be addressed in the medium to longer term. The Financial Strategy therefore set a target to reduce the shortfall to at least £500k by 31 December 2015.

The budget monitoring report to end September 2015 projected a revenue budget underspend of £350k for the 2015/16 year and stated that this, along with £140k revenue savings in MRP (repayment of borrowing) and interest costs arising from delays in the borrowing requirements for capital schemes such as the Waterpark and Leisure Village, would be used to reduce the CDR overdrawn balance.

The CDR projections have been rolled forward one year for the 2016 Financial Strategy and, after allowing for the additional contributions, show a revised surplus balance over the 10 year period to 2026 of £349k. The reserve does however still show overcommitted

balances in some of the later years therefore there are no proposals to commit monies from this balance in the 2016/17 budget.

3 INVESTMENT MANAGEMENT PLAN (IMP)

Despite significant financial constraints the Council has developed, and continues with, an ambitious investment and regeneration plan for the Borough.

The Investment Management Plan (IMP) provides a structured approach to support the delivery of major investment and regeneration schemes over the medium term. The key aim of the IMP is to focus on making continuous well balanced, affordable investments in order to improve and change the face of the Borough; with a clear focus upon economic regeneration, employment and new homes.

In the same way as the Capital Development Reserve identifies the funding available to progress scheduled and essential expenditure the IMP details those monies available and earmarked for regeneration projects.

The 2015 Financial Strategy set out that the IMP had an uncommitted balance of £735k. Additional capital receipts of £1.723m have been added to the reserve in 2015/16 from the sale of Seamer Road and land at Middle Deepdale therefore the uncommitted balance now stands at £2.458m.

4 CAPITAL RECEIPTS

Major capital receipts are not factored into the capital projections until they are received, although general capital receipts of £250k are factored into the CDR for 2016/17 and 2017/18. These targets are still deemed to be achievable.

5 CAPITAL CONTINGENCY RESERVE (CCR)

The current uncommitted balance on the CCR is £600k and a further £100k contribution will be added to the reserve in 2016/17. With the imminent commencement of significant capital schemes such as the construction of the Leisure Village and renovation of Scarborough market it is deemed prudent to retain the balance at this level.

6 CAPITAL PROPOSALS FOR 2016/17

The 2015 Financial Strategy set out that the Council has a significant backlog in asset management capital schemes which must be addressed. A large proportion of this backlog will be resolved through the redevelopment of the Futurist site, the review and rationalisation of public conveniences and replacement of Scarborough's indoor leisure facilities with the Leisure Village.

Funding for immediate maintenance requirements at Scarborough Spa (£1.142m) and the Town Hall Civic building (£487k) are not however specifically recognised in current budgets and must be found alongside monies for Coast Protection schemes.

Given the funding pressures on the revenue budget it is essential that capital resources are not overcommitted, however it is also important that plans are in place to progress essential schemes in a timely manner.

In addition to monies set aside in the IMP the following funds were identified within the 2015 Financial Strategy to progress priority and essential schemes:

- £2.8m capital expenditure funded from borrowing in 2015/16
- £261k already committed for Eskside Wharf

The 2015 Strategy also set out that the Council's Medium Term Financial Plan assumed growth of £100k per annum for the period from 2016/17 to 2019/20 to provide funding for additional unsupported borrowing and that this would be sufficient to fund new borrowing of £1.5m in each of those years. The additional borrowing built into the Medium Term Financial Plan up to the end of 2020 has been reassessed during 2015 and is no longer deemed to be affordable therefore the borrowing increases have been scaled back and will cease in 2017/2018 to reduce the pressures on the revenue budget.

6.1 AVAILABLE RESOURCES

Taking the above into account the table below sets out the resources available to the Council to progress capital schemes in 2016/17:

	£'000
Investment Management Plan	2,458
Borrowing included in the 2015/16 budget	2,800
Borrowing included in the 2016/17 budget proposals	1,500
Monies previously committed for Eskside Wharf repairs	261
Partial Exemption VAT contingency budget*	200
	7,219

* one off revenue saving in 2016/17

6.2 PROPOSED ADDITIONS TO THE CAPITAL PROGRAMME IN 2016/17

The 2015 Financial Strategy set out that the following schemes needed to be addressed in 2015, and listed them in order of priority:

1. Eskside Wharf infrastructure works
2. Futurist redevelopment
3. Scarborough Spa asset management works
4. Town Hall Civic building asset management works

In addition it was noted that, although monies would not be required in 2015, consideration must also be given to the provision of funding for essential Coast Protection works required at Scarborough Spa and Whitby Piers. New capital schemes in respect of the replacement all-weather pitch at Pindar Leisure Centre and cemetery provision across the Borough have been identified during 2015 and are recognised in the 2016 budget proposals.

The capital requirements have been prioritised and it is recommended that the Council approves the following additional capital investment in 2016:

Planned expenditure incorporated in Capital Development Reserve Projections:-

Scheme	SBC Contribution £'000
Vehicle and Equipment Replacement	
• Vehicles	1,189
• Equipment	157
• IT	189
Planned Infrastructure	
• Lighting Columns	100
Total	1,535

Priority expenditure funded from the available resources detailed in Section 6.1:

Scheme	SBC Contribution £'000
Robin Hoods Bay Coast Protection Scheme	77
Futurist	4,000
Eskside Wharf	1,500
Scarborough Spa asset management works	1,140
Pindar all-weather pitch	100
Cemetery provision	400
Total	7,217

Priority expenditure funded from other resources:

Scheme	SBC Contribution £'000	Funded from
Whitby shelters	80	Insurance Reserve
Harbour dredging equipment	250	Harbour reserves
Pindar all-weather pitch		Resources already earmarked for the pitch
	93	
Total	423	

Further details on all of the above schemes are provided in Appendix B1

7 UNFUNDED CAPITAL EXPENDITURE

7.1 COAST PROTECTION

The budgets for the Scarborough Spa and Whitby Piers Coast Protection schemes are not expected to be needed until 18/19. The costs and contributions towards Coast Protection schemes are significant and regularly fluctuate therefore it is essential that the Council's anticipated budget requirement is ascertained and reported as soon as possible.

It is proposed that a long term Coast Protection Strategy recognising a capped £3m Council contribution be developed during 2016/17. £77k of the overall £3m budget has been earmarked for Robin Hoods Bay Coast Protection works in 2016/17. No further commitments will be made from the £3m capped funding until the overall Coast Protection funding strategy is developed and approved.

It is anticipated that the £3m budget will be funded from the additional borrowing factored into the Council's budget in 2017/18 and future capital receipts.

7.2 OTHER SCHEMES

The budget does not make provision for Town Hall Civic asset management works and a further £600k anticipated for cemetery provision across the Borough. These schemes will be considered in future year Financial Strategies.

CAPITAL EXPENDITURE PROPOSED FOR INCLUSION IN 2016/17

Scheme	SBC Contribution £'000	Detail
VEHICLE AND EQUIPMENT REPLACEMENT		
Vehicles	1,189	Separate provision exists within the Capital Development Reserve for the replacement of essential, operational vehicles. The Transport Manager and Service Unit Manager access the condition of existing assets prior to relevant replacement decisions being made.
Equipment and bin replacements	157	The Council holds a separate provision for the replacement of refuse bin stock. This includes the provision of new stock to address the demands of additional housing within the Borough.
IT systems and enhancements	189	<p>The Capital Strategy provides £2.312 million worth of investments in IT over the 10 year period covering the financial years 2015/16 – 2025/16. The strategy incorporates a base investment of £189k per annum in order to keep the Councils IT infrastructure up to date and compatible with modern working practices. One off works currently identified within the IT strategy to which funding has previously been identified include:</p> <ul style="list-style-type: none"> • Corporate Data Storage – Improving business continuity and disaster recovery • Corporate VPN solution to support home working • Wireless Solution - providing wireless access across selected SBC buildings.
PLANNED INFRASTRUTURE		
Lighting Columns	£100	Previous approval has been granted for the allocation of £1 million from the Council's capital programme for the replacement of concrete lighting columns across the Borough. This is a 10 year phased programme in conjunction with North Yorkshire County Council. As a result of the joint working, on-going responsibility for the maintenance and electricity costs of the columns will transfer to NYCC.
OTHER PRIORITY EXPENDITURE		

Robin Hoods Bay Coast Protection Scheme	77	<p>The 12-14m high seawall at Robin Hoods Bay is currently in a poor condition with a residual life of less than 10 years. There is significant corrosion and spalling of the concrete which in the short term poses a significant health and safety risk to users of the beach. Given the age and exposure of the wall, the concrete exhibits very high chloride content therefore corrosion will continue, and could lead to failure of all or parts of the wall.</p> <p>The residual life can be extended with a capital maintenance scheme delaying the need for expensive full seawall replacement by sweating the asset. Without any remedial works the risk of failure will increase in the future as a result of ongoing corrosion and the additional pressures of climate change through sea level rise and increased frequency in storms.</p> <p>If the seawall at Robin Hood's Bay were to fail the toe of the cliff would be exposed to coastal erosion. This will lead to the destabilisation and retreat of the cliff. Consequently properties and businesses will be at risk of being lost to the sea.</p> <p>Following a detailed appraisal, the preferred option is a phased replacement of the facing wall. This will be based on the removal and reinstatement of entire concrete panels on the face of the seawall with installation of anodes at the edges of the new panels. The phased approach ensures that the most cost effective approach is undertaken and will ensure the seawall can continue to provide protection to the village from coastal erosion over the next 100 years.</p> <p>The cost of these works has been valued at £642k, with Environment Agency Funding of £455k allocated as a contribution. Alternative Sources of funding have been identified totalling £110k resulting in a current projected shortfall of £77k.</p>
Futurist	4,000	This will provide a budget to regenerate the Futurist site. The costs of the scheme and scope of works are yet to be finalised and a detailed report will be brought to Members for consideration when they are available.
Eskside Wharf	1,500	This will provide up to £1.5 million match funding to undertake stabilisation works at Eskside Wharf. Negotiations continue in regards to the scheme and updates will be reported to Members throughout the year.
Scarborough Spa asset management works	1,140	Following the building condition survey of the Scarborough Spa Complex in

		<p>2012 numerous elements of the roof structure and coverings were identified as requiring renewal or refurbishment. These areas primarily consisted of the Grand Hall, Sun Court, Roof Gardens and Terraces, together with lead renewal throughout.</p> <p>Given the value of the works and the date of the condition survey a further survey will be conducted prior to works commencing to ensure that the expenditure is correctly targeted.</p>
Pindar all-weather pitch	193	<p>The investment required in Pindar all-weather pitch is subject to a separate Cabinet report on this agenda. £100k of the cost will be provided from capital resources and £93k will be provided from monies already set aside for the pitch.</p>
Cemetery provision	400	<p>Cemetery provision in Filey, Whitby and Scarborough is nearing capacity and will need to be increased over the short to medium term. An officer working group will be established in the coming months to collate and assess the options available to the Council and updates will be reported to Members throughout the year.</p> <p>Initial, high level estimates suggest that funding of £1million may be required to address the situation across all three towns. It is proposed that a £400k budget be established in 2016/17 to commence the works and undertake the required surveys and feasibility studies. The remaining funding will be provided in future year Financial Strategies.</p>
Whitby shelters	80	<p>Three shelters in Whitby were affected by storm damage in late 2015. All of these shelters a Grade 2 listed structures.</p> <p>Asset Management Officers have examined the structure and the remnant parts along with the Conservation Officer. It was agreed that the structures were beyond practical repair and would have to be rebuilt using as many original features as possible but in reality this would only be the cast metal elements.</p> <p>In order to rebuild the shelters accurately and to the satisfaction of Historic England a full set of working drawings will be required. A Conservation Architect that has worked on historic restoration work in the past has been approached and asked for a quote to supply drawings and liaise with Historic England.</p>

		<p>Enquiries are also being made to determine if any original drawings still exist which will help greatly to improve historical accuracy and also reduce costs. Once a full set of drawings is received and has been approved by Historic England prices will be sought from specialist joinery firms for the re-instatement of the shelters.</p> <p>This cost will be funded from the insurance reserve and it is hoped that it will be sufficient to replace or repair the shelters, however detailed costings have yet to be prepared. Asset Management Officers are working closely with local Civic Groups to identify possible sources of external funding</p>
Harbour dredging equipment		<p>The overall condition of the Council's dredging system was previously highlighted to the Whitby Harbour Board in a report by the Director of Business Support (14/32) on 20 January 2014.</p> <p>The dredging system essentially consists of two vessels; firstly the vessel used to dispose of the spoil, the self-propelled split hopper barge 'Sandsend'. This vessel was commissioned in 2003 and is subject to periodic inspections by the Maritime and Coastguard Agency with no major issues encountered to date. The second vessel is the excavation system, this is a spud leg back hoe excavator pontoon 'Saltwick'. This vessel was converted from a salvaged mid-section of a Jack-Up rig in 1993, the date of the original manufacture is unknown but is considered to be in excess of 60 years old. It is equipped with a Komatsu PC240-8 Excavator, fitted in 2006, and is not self-propelled but towed with the 'Sandsend'.</p> <p>Unlike land based equipment these vessels and the excavator, work in an extremely harsh marine environment and as such are subject to significantly increased wear and tear. The overall condition of the Komatsu Excavator and 'Saltwick' pontoon, while generally fit for purpose, are rapidly deteriorating. It is probable that the Excavator will need replacing within the next 12 months and the pontoon will require major works or replacement within a similar timeframe.</p> <p>Due to the age and condition of the Excavator and Pontoon, consideration should be given to procure and install an excavator on the 'Sandsend', thus making the 'Saltwick' redundant. This would make the dredging unit a much more efficient, safer and manoeuvrable system and additionally may prove to</p>

	250	<p>be more marketable for third party contracts. Furthermore this proposal would offer ongoing savings with just one vessel to maintain, insure, dry dock etc.</p> <p>The viability of this project is currently been evaluated by Officers in conjunction with naval Architects, Shiptech Ltd of Hull and the Maritime and Coastguard Agency. Factors currently under consideration are structural reinforcement, stability calculations and additional stress forces on the hopper barge. Exact costs or feasibility of this proposal is presently unknown but it is anticipated to be in the region £250,000, which would be funded from harbour reserves. The alternatives would be to replace the pontoon or undertake extensive and costly works to the existing aged and deteriorating pontoon followed by procurement of a new excavator. While any works/replacements to the 'Saltwick' may prove to be the only alternative it would not conceivably be the better use of limited resources and would offer no long term savings.</p>
--	-----	---

PARISH	Tax Base adjusted for non collection
AISLABY	142.33
AYTON EAST	576.87
AYTON WEST	358.12
BARNBY, ELLERBY & MICKLEBY	122.10
BORROWBY, ROXBY, NEWTON MULGRAVE	79.46
BROMPTON	216.00
BURNISTON	592.57
CAYTON	841.90
CLOUGHTON	284.59
DANBY GROUP	695.64
EASTFIELD	1,065.57
EGTON	206.27
ESKDALE CUM UGGLEBARNBY	982.54
FILEY	2,924.27
FOLKTON	179.37
FYLINGDALES	685.16
GLAISDALE	470.71
GOATHLAND	231.80
GRISTHORPE & LEBBERSTON	225.41
GROSMONT	156.01
HACKNESS & HARWOOD DALE GROUP	202.68
HAWKSER CUM STAINSACRE	274.84
HINDERWELL	801.53
HUNMANBY	1,084.83
HUTTON BUSCEL	142.45
HUTTON MULGRAVE & UGTHORPE	96.49
IRTON	141.56
LYTHE	255.97
MUSTON	125.38
NEWBY & SCALBY	3,507.80
NEWHOLM CUM DUNSLEY	108.49
OSGODBY	481.19
REIGHTON	162.24
SEAMER	1,462.67
SNAINTON	358.10
SNEATON	77.50
STAINTONDALE	140.77
WHITBY	4,723.21
WYKEHAM	98.73
SCARBOROUGH	11,652.84
TOTAL	36,935.95

Risk Matrix

Risk Ref	Date	Risk	Consequences	Mitigation	Current Risk Score	Target Score	Service Unit Manager/ Responsible Officer	Action Plan
1	January 2016	That the Council does not set a robust budget in 2016/17	Potential overspends and unforeseen draws from reserves in 2016/17.	Review of savings proposals to ensure that they are achievable. Regular programme of budget monitoring Responsibility for achieving savings allocated to members of the Senior management team.	B4	B4	Director of Business Support / Corporate Finance Manager	None
2	January 2016	That the Council's medium to long term budget provision is not sustainable	Cuts in front facing and priority services	Strong Financial Strategy and embedding of a 5 year Medium Term Financial Plan which identifies savings targets at an early stage.	D4	D4	Director of Business Support / Corporate Finance Manager	None
3	January 2016	That capital resources are overcommitted	Increases in the required levels of borrowing Increased pressure on the revenue budget	Long term capital plan Capital contingency Reserve	B4	B4	Director of Business Support / Corporate Finance Manager	None

Glossary of Terms

Risk	An event which may prevent the Council achieving its objectives
Consequences	The outcome if the risk materialised
Mitigation	The processes and procedures that are in place to reduce the risk
Current Risk Score	The likelihood and impact score with the current mitigation measures in place
Corporate Objectives	An assessment of the Corporate Objectives that are affected by the risk identified.
Target Risk Score	The likelihood and impact score that the Council is aiming to achieve
Service Unit Manager	The Service Unit or Officer responsible for managing the risk
Action Plan	The proposed actions to be implemented in order to reduce the risk to the target score

Risk Scoring

Impact	5					
	4					
	3					
	2					
	1					
		A	B	C	D	E
	Likelihood					

Likelihood:

- A = Very Low
- B = Not Likely
- C = Likely
- D = Very Likely
- E = Almost Certain

Impact

- 1 = Low
- 2 = Minor
- 3 = Medium
- 4 = Major
- 5=Disaster

