



BROMSGROVE DISTRICT COUNCIL

MEETING OF THE CABINET

WEDNESDAY 21ST FEBRUARY 2018
AT 4.00 P.M.

COMMITTEE ROOM, PARKSIDE COMMITTEE - PARKSIDE

MEMBERS: Councillors G. N. Denaro (Leader), K.J. May (Deputy Leader),
B. T. Cooper, M. A. Sherrey, C. B. Taylor and P. J. Whittaker

AGENDA

1. To receive apologies for absence
2. Declarations of Interest

To invite Councillors to declare any Disclosable Pecuniary Interests or Other Disclosable Interests they may have in items on the agenda, and to confirm the nature of those interests.
3. To confirm the accuracy of the minutes of the meeting of the Cabinet held on 7th February 2018 (Pages 1 - 8)
4. Minutes of the meeting of the Overview and Scrutiny Board held on 12th February 2018 (to follow)
 - (a) To receive and note the minutes
 - (b) To consider any recommendations contained within the minutes
5. Medium Term Financial Plan 2018/19 - 2021/22 (Pages 9 - 24)
6. To consider any other business, details of which have been notified to the Head of Legal, Equalities and Democratic Services prior to the commencement of the meeting and which the Chairman, by reason of special circumstances, considers to be of so urgent a nature that it cannot wait until the next meeting

K. DICKS
Chief Executive

Parkside
Market Street
BROMSGROVE
Worcestershire
B61 8DA

13th February 2018



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BROMSGROVE DISTRICT COUNCIL

MEETING OF THE CABINET

7TH FEBRUARY 2018, AT 6.00 P.M.

PRESENT: Councillors G. N. Denaro (Leader), K.J. May (Deputy Leader),
B. T. Cooper, M. A. Sherrey and C. B. Taylor

Observers: Councillor L. Mallett

Officers: Mr. K. Dicks, Ms. J. Pickering, Mrs. C. Felton, Ms. D. Poole,
Mr. D. Allen, Ms. A. Glennie and Ms. A. Scarce

79/17 **APOLOGIES FOR ABSENCE**

Prior to formally opening the meeting the Chairman invited Members to be upstanding for a minutes silence in memory of Jenny Delorenzo, a well respected colleague who had recently passed away.

An apology for absence was received from Councillor P. J. Whittaker.

80/17 **DECLARATIONS OF INTEREST**

There were no declarations of interest.

81/17 **MINUTES**

The minutes of the meeting of the Cabinet held on 10th January 2018 were submitted.

RESOLVED that the minutes of the meeting of the Cabinet held on 10th January 2018 be approved as a correct record.

82/17 **WORCESTERSHIRE OFFICE FOR DATA AND ANALYTICS (WODA)**

The Head of Business Transformation introduced the report and in so doing provided background information in respect of the Worcestershire Office for Data and Analytics, the progress made to date together with planned steps for the future. It was confirmed that endorsement of the charter was being sought from all partner organisations. Whilst there were no direct financial implications it was noted that a revenue bid for £10k had been submitted as a contribution to further support the project.

Councillor Cooper, as Portfolio Holder for Finance and Resources as the Head of Business Transformation to clarify the sort of data that would be

shared in order to reassure residents that only appropriate information would be processed. The Head of Business Transformation confirmed that there were clear guidelines around data sharing and the aim was to improve the services and only appropriate data would be shared.

Members raised concerns around the new GDPR legislation and changes to data protection arrangements, it was confirmed that any arrangements in place would not be affected by the WODA charter and the Council would continue to adhere to the data protection procedures. Members also raised the issue of those Councillors that were dual hatters and whether there would be any changes to how they received data, as currently they needed to have separate equipment for each Council. It was explained that this arrangement was due to constraints from the Cabinet Office and whilst the Council continued to discuss this matter with them it was unlikely that this would be resolved in the near future. It was also added that the ICT Transformation Manager was in discussions with Worcestershire County Council to try and find a satisfactory solution to this issue.

RESOLVED that the Worcestershire data sharing charter attached to the report at appendix 1 be noted and endorsed.

83/17

FLEXIBLE HOMELESSNESS SUPPORT GRANT

The Housing Strategy Manager introduced the report which set out how it was proposed that the homelessness resources would be funded. In addition to the Homelessness Grant there were additional resources which had been made available to the Council and the report set out the background to these additional grants together with details of how it was proposed that these would be used. As BDHT was the Council's recognised provider for this service the funds would be transferred to them in order for them to deal with matters on the Council's behalf.

Councillor Taylor, as Portfolio Holder for Strategic Housing, requested that Cabinet support the recommendations and gave Members the opportunity to comment on the reports content. Members asked for details in respect of the current number of homeless people in the District and an estimate of any increase in future years. Currently the Council had 70 Homelessness Acceptances per annum and between 700 – 800 housing options interviews each year. The position had remained relatively stable; however the Homelessness Reduction Act was likely to lead to more presentations. It was noted that in Wales, where the new approach had been in place for some time, they had seen an initial rise of 60% in households seeking assistance.

RESOLVED:

- a) that it be noted that the 2018/19 grant funding implications be included as part of the medium term financial plan report to Council in February 2018 and, subject to Council approval of the budget b) and c) below be resolved;

- b) that the initiatives in 3.12, 3.16 and 3.17 as detailed in the report be approved to receive allocation of funding in 2018/19; and
- c) that delegated authority be granted to the Head of Community Services following consultation with the Portfolio Holder for Strategic Housing to use any unallocated Grant during the year or make further adjustments as necessary to ensure full utilisation of the Grants for 2018/19 in support of existing or new schemes be approved.

84/17

MINUTES OF THE MEETING OF THE OVERVIEW AND SCRUTINY BOARD HELD ON 15TH JANUARY 2018

Councillor Mallett, as Chairman of the Overview and Scrutiny Board attended to present the recommendations within the Minutes of the meeting held on 15th January 2018. He explained that these had arisen from the work of the Finance and Budget Working Group. The initial work it had carried out in respect of the cost allocation of Shared Services had included a retrospective view of work the senior management team carried out at each Council together with a more detailed “time and motion” exercise. It came to light from this information that specific issues at Redditch had led to significant additional time being spent by officers on that work, hence the Working Group’s first recommendation. This then led into the Working Group’s second recommendation that a review of the Management Team re-charge be carried out.

The Executive Director, Finance and Resources confirmed that it was anticipated that the specific issues referred to would be concluded shortly. The Leader confirmed that, at one of his regular meetings with the Leader of Redditch Borough Council, he would discuss the second recommendation.

In respect of the minutes, Councillor Taylor, Portfolio Holder for Planning and Strategic Housing, asked for clarification in respect of the report referred to under the Transport Planning item and it was confirmed that the Strategic Housing and Conservation Manager would attend the March meeting of the Overview and Scrutiny Board with an outline of how he envisaged the report would like, in order to give Members an opportunity to make any changes they saw necessary before it was presented to Cabinet and Council in due course.

RESOLVED:

- a) that Redditch Borough Council refund Bromsgrove District Council for the additional officer time spent due to the additional management time being spent on housing services in Redditch;
- b) that a review of the Management Team re-charge between the two councils be carried out in light of the information received by the Finance and Budget Working Group; and
- c) that the Minutes of the Overview and Scrutiny Board meeting held on 15th January 2018 be noted.

85/17

RISK MANAGEMENT STRATEGY

The Executive Director, Finance and Resources explained that the Council had previously had a Strategy; however in updating it the Council had taken the opportunity to discuss this with its insurers, Zurich Alliance who had provided advice and examples of best practice. The following areas were highlighted:

- What Risk Management was and why it was needed
- How to approach risk management and areas to consider
- The Risk Management Framework
- The roles and responsibilities – which gives a clear guide as to responsibilities at various levels.

It was confirmed that once the Strategy had been endorsed then appropriate training would be rolled out across the Council.

Councillor Cooper, as Portfolio Holder for Finance and Enabling, highlighted that there were responsibilities for Councillors and asked whether appropriate training would also be made available to them. The Executive Director, Finance and Resources confirmed that, this would be included within the training provided to Members of the Audit, Standards and Governance Committee which took place prior to its first meeting in the new municipal year and that all Councillors were invited to attend.

It was also noted that there was a Risk Champion appointed at the Audit, Standards and Governance Committee's first meeting and this was currently Councillor P. Thomas.

RESOLVED that the Risk Management Strategy be approved.

86/17

TREASURY MANAGEMENT STRATEGY 2018/19 - 2021/22

Councillor Cooper, as Portfolio Holder for Finance and Enabling, asked the Executive Director, Finance and Enabling to present the report, which he acknowledged was exceptionally detailed and of a technical nature. The Executive Director, Finance and Resources explained that this was something which was a statutory requirement and that there was a set template which had to be followed. In presenting the report she highlighted the following:

- The finance requirement to produce a forecast to 2021, taking into account both external and internal borrowing.
- Approved investments counterparties and limits – it was noted that the Council used standard credit ratings from Fitch, Moody's or Standard and Poor's.
- Investment limits and non-specific investment limits.
- Authorised limits and operational boundaries.

- Various forecasts around interest rates and a general statement in respect of the Code of Practice.

RECOMMENDED:

- a) that the Strategy and Prudential Indicators at Appendix 1 to the report be approved; and
- b) that the Treasury Management Policy at Appendix 2 to the report be approved.

87/17

PAY POLICY STATEMENT

The Executive Director, Finance and Resources introduced the report and explained that under the Localism Act it was a requirement that local authorities produced a Pay Statement, which needed to be approved by full Council. That statement must include the following:

- The remuneration of its chief officers
- The remuneration of its lowest-paid employees and the relationship between the remuneration of its chief officers and the remuneration of its employees who are not chief officers.

Due to the figures within the Pay Statement being rounded, the Executive Director, Finance and Resources highlighted to Members the following amendments:

- Executive Director - National determined rate – Minimum £92,604 (cost to Bromsgrove becomes £47,212)
- Deputy Chief Executive – National determined rate – Minimum £101,979 (cost to Bromsgrove becomes £51,507)

An explanation was provided in respect of the Council's pay and grading structure and the increased for grades as agreed by the National Joint Council. For senior roles, these posted had been Hay evaluated and the report gave details of the workings of this scheme and the process. The external assessor used for the Council for the Hay Job Evaluation Scheme was West Midlands Councils, a regional grouping of the Local Government Association who were used widely for this purpose.

It was confirmed that it was a statutory requirement to produce this document and the Council would be seen as being non-compliant if it did not do so. It was noted that the cost of the senior management team actually 50% of the overall cost in line with the Shared Service agreement with Redditch Borough Council.

RECOMMENDED that the Pay Policy as detailed in Appendix 1 to the report be approved.

MEDIUM TERM FINANCE PLAN 2018/19 - 2021/2022

The Executive Director, Finance and Resources highlighted a number of areas within the report for further consideration by Members, this included:

- Pressures facing the Council over the coming years; reductions in New Homes Bonus Grant, Negative Revenue Support Grant, impact of the Localisation of Business Rates scheme being deferred until 2020/21.
- It was also highlighted that it had been discovered prior to the meeting that due to an error from the Valuation Office, there was a further small reduction.
- Council Tax – the potential to increase this by 2.99%. It was noted that the amount that this would increase the Council Tax by would equate to £76k.
- Business Rates pilot scheme – feedback was still awaited from Central Government, but it was understood that further rounds of bidding would be available in due course.
- The four year settlement which the Council had signed up to, whilst bringing some certainty there were still a number of areas which the Council was awaiting further information on.
- New Homes Bonus (NHB) had been less than anticipated for a number of reasons; the 0.4% levy on growth equated to 169 properties which would have generated approximately £217k additional income.
- The figures provided were on the assumption of an increase of 2.99% (£6.29) in Council Tax. Figures were also beginning to filter through from preceptors.
- The national pay increase was likely to be 2% as opposed to the 1% originally included.
- An increase in national planning applications fees which Members needed to be aware of as this was to be ring-fenced to cover additional resources.
- Assumptions had also been made in respect of the £20m allocated to Investments and Acquisitions, including income.
- The need for only the 2018/19 budget to be balanced at this stage.

In respect of the appendices for savings and additional income and new revenue bids the Executive Director, Finance and Resources drew Members' attention to £150k to fund transport assessment work, a revenue pressure in respect of the decline in the use of car parks and savings from the new Leisure Centre which would be made in future years.

A number of Capital Bids were also highlighted; £100k funding for Hagley Scouts headquarters extension and refurbishment. It was confirmed that following discussions the Head of Leisure and Cultural Services supported this bid and would be of benefit to the wider

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community. The figures for allotment fencing had been revised from £41k to £21k. Members felt this was still high and asked for further detail to be provided.

Following presentation of the report Members discussed a number of areas in more detail:-

- Members were pleased to note that there was no impact to service delivery.
- Members were happy to support the Hagley Scouts project.
- The capitalisation of wheelie bin replacement and there estimated life expectancy.
- The cost of resurfacing the car park in Catshill and at the depot. The new procurement guidelines were highlighted to Members to assure them that best value would be achieved.
- The Bromsgrove Energy Efficiency Fund – the increase that had previously been agreed at Council would be separated out to show how it was being funded, as would the additional £80k funding for the Hardship Fund.
- A number of queries were raised in respect of vehicle replacement and depot repairs and it was confirmed that the Executive Director, Finance and Resources had asked for further detail to be provided.

Members discussed whether it would be appropriate to include £150k in respect of transport assessment work in future years. However, after consideration it was agreed as there continued to be ongoing discussions with Worcestershire County Council and the desire on both sides to rebuild a working relationship, this would not be appropriate.

RECOMMENDED:

- a) that the additional income / efficiencies as attached at Appendix 1 be approved:
 - 2018/19 £ 580k
 - 2020/21 £ 53k
 - 2021/22 £272k
- b) that the unavoidable pressures as attached at Appendix 2 be approved:
 - 2018/19 £ 515k
 - 2019/20 £ 3k
- c) that the Revenue bids as attached at Appendix 3 be approved:
 - 2018/19 £165k
 - 2019/20 £15k
- d) that the Capital Programme bids as attached at Appendix 4 be approved:
 - 2018/19 £1.293m
 - 2019/20 £999 k

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2020/21 £1.940m

2021/22 £1.245m

- e) that the Capital Programme unavoidable pressures as attached at Appendix 4 be approved:
 - 2018/19 £110k
 - 2019/20 £110k

- f) that the budget savings and pressures for 2018/19-2021/22 are subject to change due to the potential impact of changes to service delivery and the localisation of Business Rates together with any future changes to New Homes Bonus; and

- g) that following the decision at Council on 24th January 2018, the sum of £80k is made available from balances to fund potential Hardship cases in relation to Council Tax Support in 2018/19.

The meeting closed at 7.27 p.m.

Chairman

MEDIUM TERM FINANCIAL PLAN 2018/19 -2021/22

Relevant Portfolio Holder	Brian Cooper
Portfolio Holder Consulted	Yes
Relevant Head of Service	Jayne Pickering (Exec Director)
Wards Affected	All
Ward Councillor Consulted	None specific

1. SUMMARY OF PROPOSALS

- 1.1 This report presents the final position on Revenue and Capital for the period 2018/19-2021/22.
- 1.2 Following the recommendations from Cabinet on 7th February 2018 changes have been made to the unavoidable pressures due to a withdrawal of funding from Worcestershire County Council together with a an update on the borrowing position for 2018/19. These are reflected in the recommendation at 2.1.2 and the table at 3.16.
- 1.3 In addition the layout of the table at 3.16 has been revised following discussions at Overview and Scrutiny on 12th February and the recommendations below reflect the ongoing pressures over the 4 year period.

2. RECOMMENDATIONS

2.1 Cabinet is asked to recommend to Full Council

2.1.1 Approve the additional income / efficiencies as attached at Appendix 1:

2018/19 £ 580k
2020/21 £ 53k
2021/22 £272k

2.1.2 Approve the unavoidable pressures as attached at Appendix 2:

2018/19 £ 515k
2019/20 £ 346k
2020/21 £200k
2021/22 £200k

2.1.3 Approve the Revenue bids as attached at Appendix 3:

2018/19 £165k
2019/20 £15k
2020/21 £15k
2021/22 £15k

- 2.1.4 Approve the Capital Programme bids (to exclude the energy efficiency programme) as attached at Appendix 4:**
2018/19 £1.293m
2019/20 £999k
2020/21 £1.940m
2021/22 £1.245m
- 2.1.5 Approve the unavoidable Capital Bids in relation to the energy efficiency programme of:**
2018/19 £110k
2019/20 £110k
- 2.1.5 The approval of the funding from balances of :**
2018/19 £ 9k
- 2.1.6 Approval of the Increase of Council Tax by 2.99% (£6.29 pa) per Band D equivalent for 2018/19**
- 2.1.7 That the budget savings and pressures for 2018/19-2021/22 are subject to change due to the potential impact of changes to service delivery and the localisation of Business Rates together with any future changes to New Homes Bonus.**
- 2.1.8 That following the decision at Council on 24th January 2018, the sum of £80k is made available from balances to fund potential Hardship cases in relation to Council Tax Support in 2018/19.**

3. KEY ISSUES

Financial Implications

- 3.1** The Council's Medium Term Financial Plan (MTFP) provides the framework within which the revenue and capital spending decisions can be made. For 2018/19 a 4 year plan is proposed to 2021/22. The plan addresses how the Council will provide financial funding to the Strategic Purposes and ensure residents receive quality services to meet their needs in the future. The Purposes that drive the financial considerations are :
- Help me find somewhere to live in my locality
 - Provide good things for me to see, do and visit
 - Help me live my life independently
 - Help me run a successful business
 - Help me be financially independent
 - Keep my place safe and looking good

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3.2 When reviewing the budget projections officers consider the impact of demand on service and the costs associated with this demand. This may result in additional costs (associated with maintaining current service delivery) or reductions in anticipated income revenue over the next 4 years.

3.3 As Members are aware there continue to be considerable pressures facing the Council over the next 4 years as a result of a number of issues including:

- Potential further reductions in New Homes Bonus Grant
- Impact of Negative Revenue Support Grant currently estimated at £740k in 2019/20. There is a consultation paper expected on this in Spring 2018.
- Impact of the Localisation of Business Rates scheme which is now deferred to 2020/21.
- Impact of the fair funding review which is to be implemented in 2020/21.

3.4 Officers will continue to work with our partners to identify the costs that may be associated with some of these changes.

3.5 Settlement

3.5.1 The provisional settlement was announced in mid-December 2017. A number of issues were included within the information, including;

- Local Government Funding Reform to be implemented in 2020/21. A Consultation paper to be published in Spring 2018.
- Advised that the Business Rates Baseline reset will be in 2020/21
- From 2020/21 all grants to be included in Business Rates Retention
- Council Tax – can increase Council Tax by 3% (previously 2%) without a referendum for both 2018/19 & 2019/20. This would increase Council Tax by approximately £47k.
- Business Rate Pilots – Worcestershire not approved as a pilot. Potential for further rounds of bidding. Therefore Bromsgrove will remain in GBS Pool for 2018/19
- No changes to New Homes Bonus
- Advised that there will be consultation in Spring 2018 in relation to “negative “ grant – currently £740k in 2019/20

3.6 Revenue Support Grant

3.6.1 This Council in common with virtually every other Council in the country signed up to the government offer of a four year funding settlement.

This brought more certainty to the funding figures but not complete certainty or protection from changes to the funding levels as described below.

3.6.2 As Members are aware from previous reports the Revenue Support Grant for the Council was withdrawn from 2016/17 with 2 years of transitional grant being paid to reduce the impact of the income shortfall. A transitional grant of £114k was paid in 2017/18 with no grant payable in 2018/19.

3.6.3 Within the current projections there is an assumption that a repayment will be made to Government in 2019/20. This is due to the calculated core spending power for the Council being less than the estimated funding received. For 2019/20 the provisional settlement provides for a £740k repayment. Officers have projected that this will continue into 2021/22.

3.7 **Business Rates**

3.7.1 For 2018/19 the government assessed baseline for business rates is £1.680m, if business rates grow above the baseline, then this council keeps a proportion of that funding. The opposite applies for any losses with the Council having to repay some of it its formula funding. It is anticipated that there will be a reset of business rates in 2020/21 which will absorb any growth and the Government has proposed that the changes to the Business Rates funding will be applicable from 2020/21, however no further details have been received on this.

3.8 **New Homes Bonus (NHB)**

3.8.1 The amount of NHB for 2018/19 has been confirmed as £1.643m which is £128k less than anticipated in the MTFP. This is due to the Band D equivalent properties being less than anticipated due to redevelopments not being delivered in the District. The 2018/19 income is £315k. The 0.4% levy on growth equated to 169 properties which would have generated approximately £217k additional income.

3.8.2 The Government also announced in the settlement that they expect to make further changes to NHB in future years. So not only can we expect significantly less than we would have earned, there is also increased risk to this funding stream in future years.

3.8.3 The MTFP will continue to be refreshed annually to take account of future changes in funding.

3.8.4 An assumption has been made that the Community Bid scheme will continue at a level of 25% per annum based on the additional New Homes Bonus payable for the year. For 2018/19 this equates to £79k.

3.9 **Council Tax**

3.9.1 Within the settlement the Government allowed Councils to increase Council Tax by up to 3% without the need for a referendum. The Council will decide the level of the council tax for 2018/19 on 21st February 2018. If the recommendations contained in this report are approved, the demand on the collection fund to meet the Council's own needs will be £7,910,079 representing a 2.99% (£6.29) increase on Band D Council Tax compared to the current financial year. The Council Tax relating to the Councils services will rise from £210.24 to £216.53.

3.10 **General Fund**

3.10.1 The level of the general fund balance is currently £4.2m. As part of the budget proposals for 2017/18 it was estimated that £279k would be returned to balances which would result in £4.5m remaining at 1st April 2018.

3.10.2 Should the budget be approved as included in the projections at 3.16 the draw down over the 4 years will be £2m and therefore retain £2.5m for future use. The minimum level of balances is £1.1m. As members are aware a report will be presented in March to consider options and funding requirements for the replacement Sports Hall. It is assumed that the majority of the funding will be drawn down from balances and therefore it is important to ensure that future savings are made to mitigate the impact of the pressure on the balances position.

3.11 **Collection Fund**

3.11.1 The collection fund has a declared surplus of over £600k as at March 2017 which will be distributed amongst the major preceptors using the prescribed formulae. This Councils share of the surplus payable as a one off sum is £109k.

3.12 **Precepts**

3.12.1 The precepts from Worcestershire County Council, the Hereford and Worcester Combined Fire Authority, and the West Mercia Police Authority have not yet been received. The precepting bodies have until 28 February to provide this information, which will be needed to enable the Council to make its formal decisions. Precept notifications have been received from all of the parish and town councils.

3.13 **Capital Programme**

3.13.1 The Capital Programme has been extended to a 4 year rolling and officers are currently working to ensure that the level of expenditure falls within the current estimated project allocation. The borrowing costs

associated with any schemes have been factored into the revenue summary statement. The Capital Programme is attached at Appendix 4 for consideration. There are detailed business cases available for all capital projects should members wish to consider them further. The bid for the £110k re energy efficiency has been classed as unavoidable as this was approved by Council to be included in the capital programme.

3.14 **Efficiency Plan**

3.14.1 The Efficiency Plan as approved in October 2016 included a number of areas whereby the costs to the Council could be reduced in a number of ways. The following key themes were identified to enable officers to manage the shortfalls in funding:

- Identifying opportunities to increase income and growth
- Identify alternative models of delivery in the provision of services and to consider the most appropriate provider
- Identify further efficiency by continuing to drive waste out of services and reduce cost
- Continue to redesign services to provide quality support and service to the customer whilst releasing savings
- Assessing the value for money of service provided and demonstrating where resources can be realigned note 1
- Designing services across public and voluntary sector organisations to secure better outcomes and reduce overall spend
- Resetting future budget to meet prior years expenditure and income

3.14.2 The budget includes the delivery of the savings and income as identified in the Efficiency Plan. As reported in the 2017/18 budget proposal there may be changes to the way that the savings are delivered when officers have reviewed the plans. The savings for 2018/19 detail how the financial pressures affecting the Council will be realised.

3.15 **Current Position**

3.15.1 When proposing the budget officers have also identified a number of budget pressures that have been deemed “unavoidable”. Unavoidable includes the ongoing effects of pressures identified during 2017/18 together with any issues that have been raised as fundamental to maintaining service provision as part of the budget process. In addition income shortfalls that cannot be managed by improved marketing or price increases have been addressed during the budget planning. The pressures and income shortfalls are identified at Appendix 1

3.15.2 In addition to the unavoidable pressures revenue bids have been identified and included at Appendix 2. The main bid relates to £150k in relation to the ongoing transport assessment work that is being undertaken for the Council. This is a one year only request for 2018/19.

3.15.3 In addition to Heads of Service proposed savings there have been a number of suggestions from staff in relation to efficiencies and income that could be realised. These are included at Appendix 3. The appendix shows the in year position on savings and these are then built into the base as they will be delivered in future years.

3.16 Financial Position

3.16.1 The final summary position below includes the financial impact of the above in addition to the following assumptions:

- 2% pay award in relation to the National Agreement in place. The initial budget was increased by 1% but the revised 2018/19-2019/20 takes into account the nationally proposed 2% increase for staff
- General inflationary increases in relation to contract arrangements
- An nationally set increase of 20% in planning fees that are to be utilised on investments and resourcing to the service.
- Payment of “negative grant” to the Government in 2019/20 - 2021/22 of £740k pa. This remains to be confirmed as part of the localisation of business rates implementation
- Increases as per the fees and charges proposals
- Borrowing costs resulting from the capital programme
- An estimation of the New Homes Bonus income based on planning numbers
- Additional growth income estimated in relation to the Business Rates receivable by the Council
- Council Tax at 2.99% for 2018/19-2019/20 and £5 for 2020/21-2021/22
- Draw down of £327k of reserves relating to vehicles
- Assumed that £20m investment and acquisition will be made by 2021/22. A rate of return of 5.33% has been included in the budget projections. Members should be aware that the draw down from balances will increase should no investments be identified.

BROMSGROVE DISTRICT COUNCIL

CABINET

21st FEBRUARY 2018

	2018-19	2019-20	2020-21	2021-22
	£000	£000	£000	£000
Departmental Expenditure (includes in year savings built into base)	10,583	10,180	10,245	10,192
Incremental Progression/Inflation on Utilities	202	180	337	514
Unavoidables	540	346	200	200
Revenue Bids/Revenue impact of capital bids	165	15	15	15
Savings and Additional income (in year savings)	-580	-	-53	-272
Transfer from reserves (one year only transfer)	-327	-	-	-
Net Service Expenditure	10,583	10,720	10,744	10,649
Interest Payable	71	464	712	1,171
Minimum Revenue Provision (Principal)	497	569	822	1,079
Recharge to Capital Programme	-25	-25	-25	-25
Net Operating Expenditure	11,126	11,727	12,253	12,874
Business Rates Retention (Baseline Funding)	-1,622	-1,735	-1,735	-1,735
Tariff Adjustment	-	740	740	740
Expected Levy Payment (net)	88	81	83	84
New Homes Bonus	-1,643	-1,672	-1,520	-1,260
New Homes Bonus Community Scheme	79	79	79	79
Collection Fund Surplus (Council Tax)	-109	-	-	-
Council Tax - 2.99% 18/19 & 19/20 +£5 20/21 & 21/22	-7,910	-8,328	-8,612	-8,881
Investment Income	-	-267	-640	-1,066
Proposed Transfer to Balances	-9	-	-	-
Funding Total	-11,126	-11,101	-11,605	-12,039
Shortfall	0	626	648	835

3.17 As the table above shows there is a shortfall from 2019/20-2021/22 to be found by savings and additional income. Officers will continue to address the shortfall to ensure the balances position is maintained for future projects.

3.18 Over the last 12 months the Finance and Budget working group, as established by the Overview and Scrutiny Committee has met on a regular basis to review costs, fees and charges and the capital programme and have made a number of recommendations to Cabinet.

Legal Implications

3.19.1 As part of the budget and the Council Tax approval process, the Council is required by the Local Government Finance Act 1992 to make specific calculations and decisions in approving a balanced budget for the following financial year and setting the Council Tax Level

3.19.2 There are a number of requirements that the Council's Section 151 Officer (the Council's designated Senior Finance Officer) has to include in the budget report. These are set out below, together with S.151 comments on each of the issues:

a)The level and use of reserves to be formally determined by the Council must be informed by the judgement and advice of the Chief Financial Officer (CFO).

Section 151 Officer's comments: The level of reserves and budgets are consistent with the framework established in the approved MTFP. I believe this strategy to be robust. However further work needs to be done to identify savings in future years to maintain balances at an acceptable level.

b)The CFO to report the factors that have influenced his/her judgement in the context of the key financial assumptions underpinning the budget, and ensure that his/her advice is formally recorded. Where that advice is not accepted, this should be formally recorded in the minutes of the meeting.

Section 151 Officer's comments: The main assumptions included in the calculation of the budget are included within the report. The budget updates and considerations at previous Cabinet meetings have been formally recorded.

c)The report should include a statement showing the estimated opening balance on general fund reserves for the year ahead, any contribution to/from the fund, and the estimated closing balance.

Section 151 Officer's comments: statement included in this report (3.10.2)

d)The report should show the extent to which reserves are financing ongoing expenditure.

Section 151 Officer's comments: reserves are used to fund specific expenditure and not ongoing liabilities.

e)The report should include a statement from the CFO on the adequacy of general reserves and provisions both for the forthcoming year and in the context of the medium term financial plan.

Section 151 Officer Comments: the Council holds adequate reserves to manage future liability and financial constraints

f)The report should include a statement on the annual review of earmarked reserves showing:

- i)list of earmarked reserves
- ii)purpose of reserve
- iii)advice on appropriate levels
- iv)estimated opening / closing balances
- v)planned additions / withdrawals.

Section 151 Officer's Comments: The current reserves are reported on a regular basis through the financial monitoring reports

3.20 Service / Operational Implications

3.20.1 The MTFP will enable services to be maintained and, where achievable, improvements to the community.

Customer / Equalities and Diversity Implications

3.21 The impact on the customer has been reduced due to the savings being realised by reduction of waste in the services and ensuring that all service that create value to the customer are resourced.

4. RISK MANAGEMENT

4.1 To mitigate the risks associated with the financial pressures facing the Authority regular monitoring reports are presented to both officers and Members to enable proactive action being undertaken to address any areas of concern. Risks include:

- Reductions in government funding leading to a reduction in the level of services delivered to the public
- Reductions in business rates income as a result of appeals or reduction in the rateable value leading to a lower level of income for the Council.
- Identification of sufficient and ongoing revenue savings to deliver a balanced budget.
- Allocation of sufficient resources to meet the needs of service delivery and the Councils priorities.
- Maintain adequate revenue and capital balances as identified in the MTFP to ensure financial stability.

The regular financial monitoring by Officers and Cabinet will provide a framework to mitigate the above risks.

5. APPENDICES

Appendix 1 – Additional income / Efficiencies

Appendix 2 – Unavoidable Pressures

Appendix 3 - Revenue Bids

Appendix 4 – Capital bids

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SAVINGS & ADDITIONAL INCOME - BDC

TABLE SHOWING IN YEAR SAVINGS ONLY - ALL SAVINGS CONTINUE IN FUTURE YEARS

APPENDIX 1

Department	Strategic Purpose	Description of saving	2018-19 £'000	2019-20 £'000	2020-21 £'000	2021-22 £'000	Comments
Business Transformation - ICT	All Strategic Purposes	Annual Revenue Budget Saving	-123				Saving from efficiencies and contract reviews
CCTV	Keep my place safe and looking good	acommodation charges	-12				Already included in support recharges
CCTV	Keep my place safe and looking good	telephone charges	-6				Savings from new contract
housing strategy	Help me find somewhere to live in my locality	staff savings from reduced mileage and reduced hours	-3				Savings from staff member reducing working hours
housing strategy	Help me find somewhere to live in my locality	removal of budget historical DFG monies	-7				Review of budget efficiencies
lifeline	Help me live my life independently	acommodation charges	-12				Already included in support recharges
community services	Help me live my life independently	various	-28				Review of budget efficiencies
Corporate	Enabling	Reduction in External Audit Costs	-16				Reduced as per new contract arrangements
Corporate	Provide good things for me to see and visit	Appeals in Asset of Community	-20				Savings to be offered, subject to any future appeals to be drawn down from balances
Customer Access and Financial Support	Enabling	Reduction in Hrs	-5				Savings from staff member reducing working hours
Environmental Services	Keep my place safe and looking good	Utilities	-36				More efficient lighting and boiler
Environmental Services	Keep my place safe and looking good	Maintenance	-9				Saving on Depot Maintenance
Environmental Services	Keep my place safe and looking good	Additional Garden Waste income	-54				Price increase to £45 in 18/19
Environmental Services	Keep my place safe and looking good	Fuel and Veh R&M	-117				Fuel and R&M due more efficient working lower fuel costs.
Environmental Services	Keep my place safe and looking good	Domestic Bin Replacements	-53				Revenue saving achieved by moving replacement of bins to capital.
Environmental Services	Keep my place safe and looking good	Trade Bin Replacements	-10				Revenue saving achieved by moving replacement of bins to capital.

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Department	Strategic Purpose	Description of saving	2018-19 £'000	2019-20 £'000	2020-21 £'000	2021-22 £'000	Comments
Environmental Services	Keep my place safe and looking good	Garden Waste Bin Replacements	-3				Revenue saving achieved by moving replacement of bins to capital.
Sports Development	Give me good things to see, do and visit	Efficiency Saving	-5				Review of budget efficiencies
Sports Development	Give me good things to see, do and visit	Savings on accomodation costs	-8				Review of budget efficiencies
Sports Services	Give me good things to see, do and visit	Year 3 and 4 income based upon operators offer at bscl	0		-53	-272	Additional income generated from new service provider at the Bromsgrove Leisure Centre
Business Development	Give me good things to see, do and visit	NNDR on George House	-18				Savings following demolition of building
Business Development	Give me good things to see, do and visit	R & M for Parkside Building	-25				This saving relates to the repairs and maintenance of the building that are less than initially. This will be used to offset the income pressure against Parkside Hall which has been difficult to achieve but additional marketing will aim to mitigate the shortfall
Building Control	Keep my place safe and looking good	Additional cross boundary partnership working	-2				Additional income generated following marketing of service.
Planning	Enabling	Reduction in car mileage costs	-8				Review of budget efficiencies
TOTAL			-580	0	-53	-272	

NEW REVENUE BIDS - BDC

APPENDIX 2

Department	Strategic Purpose	Description of revenue bid	2018-19 £'000	2019-20 £'000	2020-21 £'000	2021-22 £'000	Comments
Environmental Services	Keep my place safe and looking good	Street light repair and maintenance (Not Car parks)	5	5	5	5	No budget exists for maintaining Council owned street lights not on car parks
Strategic Planning and Conservation	Help me run a successful business Help me find somewhere to live in my locality Provide good things for me to see, do & visit Keep my place safe & looking good	Transport Consultancy	150	n/a	n/a	n/a	To provide funding for transport assessment
Business Transformation	Enabling	Worcestershire Office for Data and Analytics (WODA) Funding	10	10	10	10	Funding to support a County wide data sharign agreement. WODA aims to facilitate enhanced data sharing between partner organisations.
TOTAL			165	15	15	15	

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UNAVOIDABLE PRESSURES - BDC

APPENDIX 3

Department	Strategic Purpose	Description of Pressure	2018-19 £'000	2019-20 £'000	2020-21 £'000	2021-22 £'000	Comments
community	Help me live my life independently	sunrise project staff cost - one year fixed term initially	16	-	-	-	To provide funding to the Sunrise Project in the District to ensure additional resource is available to provide the community with support - one year fixed term initially
Across all services	Enabling	Insurances - Due to inflation	30	30	30	30	Inflationary pressures to increase in insurance costs
Environmental Services	Help me run a successful business	Car Park Income	100	100	100	100	Decline in the number of people using the car parks
Sports Services	Give me good things to see, do and visit	Pressure based upon operators offer at bsic	140	21	-	-	Pressure based upon operators submission as part of the BSLC procurement exercise - additional income in future years
Business Development	Give me good things to see, do and visit	Parkside Hall Income	25	25	25	25	Shortfall in income from the Parkside Suite due to lower than anticipated usage. Additional marketing will be undertaken with the aim to mitigate the shortfall. The savings from the repairs and maintenance will offset this shortfall.
Business Development	Give me good things to see, do and visit	Bromsgrove Public Conveniences	10	10	10	10	Additional budget required for cleaning equipment and supplies to maintain the current standard of service provision.
Business Development	Give me good things to see, do and visit	Roundabout Sponsorship	10	10	10	10	Sponsorship income target has not been achieved this year (17/18) due to a move away from more traditional marketing methods and on to on line platforms. The Bromsgrove A38 sites and those located near the town centre are successful/sponsored -however the sales of outlying sites proves to be very difficult with little interest shown and/or with issues around cost being apparent when interest is shown.
Business Development	Give me good things to see, do and visit	Council House	62	0	0	0	NNDR and essential utility costs continue to be incurred whilst the future use of the building/land is resolved.
Corporate	Salary pressure - 1% increase to 2%	to reflect the increase in estimated pay award for 2018/19 & 2019/20	122	125	-	-	To provide the funding between the initial estimated pay award of 1% to the proposed award of 2% - pressure for 2018/19 & 2019/20
TOTAL			515	321	175	175	

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CAPITAL BIDS - BDC

APPENDIX 4

Department	Strategic Purpose	Description	2018-19 £'000	2019-20 £'000	2020-21 £'000	2021-22 £'000	Commentary
Strategic Housing	Help me to live my life independently	Home Repairs Assistance Lifetime Loans	50	50	50	50	To continue the current initiative that was funded for 3 years
Strategic Housing	Help me to live my life independently	Disabled Facilities Grants	780	750	750	750	
Strategic Housing	Help me to be financially independent, help me to live my life independently, keep my place safe and looking good	Bromsgrove Energy Efficiency Fund	110	110	-	-	To further extend the current project for 2 years.
Leisure and Culture	Provide good things to see do and visit	Hagley Scouts	100		-	-	To provide £100k of funding towards the extension and refurbish of the Hagley Scouts headquarters to enable the group to meet the demand from new residents and to enhance the premises available for use by the wider community. The overall cost is £375k.
Environmental Services	Keep my place safe and looking good	Depot Site resurfacing phase 2	150	100	-	-	Depot Site resurfacing phase 2
Environmental Services	Help me run a succesful business	resurfacing Golden Cross Lane Car park Catshill	40	-	-	-	resurfacing Golden Cross Lane Car park Catshill
Environmental Services	Keep my place safe and looking good	Multi 10T Gritter	25	-	-	-	Multi 10T Gritter
Environmental Services	Keep my place safe and looking good	Update Boundary Security at the Depot	20	-	-	-	Update Boundary Security at the Depot
Environmental Services	Keep my place safe and looking good	Vehicle replacement Schedule	-	-	1,046	351	
Environmental Services	Keep my place safe and looking good	Wheelie bin replacement	107	99	94	94	

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CAPITAL BIDS - BDC

APPENDIX 4

Department	Strategic Purpose	Description	2018-19 £'000	2019-20 £'000	2020-21 £'000	2021-22 £'000	Commentary
Allotments	Give me good things to see, do and visit	Replacement Perimeter Fencing to Stoke Road (200m) & Rigby Lane (180M) allotments	21	-	-	-	Essential works now required and the fencing lines can no longer be maintained as they are at the end of their useful life.
TOTAL			1,403	1,109	1,940	1,245	