

BROMSGROVE DISTRICT COUNCIL

CABINET

5TH JANUARY 2011

UPDATE OF MEDIUM TERM FINANCIAL PLAN 2011/12 – 2013/14

Relevant Portfolio Holder	Geoff Denaro
Relevant Head of Service	Jayne Pickering
Key Decision / Non-Key Decision	

1. SUMMARY OF PROPOSALS

- 1.1. To provide information to enable Members to review the current position on the Medium Term Financial Plan 2011/12 – 2013/14 and to make changes to the draft budget proposals.

2. RECOMMENDATIONS

- 2.1 It is recommended that Executive Cabinet:

- 2.1.1 Consider the revenue bids 2011/12 – 2013/14 as identified in Appendix A and recommend any changes in priority categorisation.
- 2.1.2 Consider the new capital bids 2011/12 – 2013/14 at Appendix B and recommend any changes in priority categorisation.
- 2.1.3 Consider the current approved capital programme 2011/12 – 2012/13 and recommend any changes
- 2.1.4 Request Heads of Service continue to review the budget with the aim to present a balanced position to the Cabinet meeting in February 2011.

3. BACKGROUND

- 3.1 Following approval of the Council priorities officers prepared Business Plans to ensure their services were aligned to these priorities and were to be delivered in an efficient and effective way to give quality provision to the customer. As a result of these plans a number of revenue and capital bids have been identified by Heads of Service to enable services to improve.
- 3.2 An officer review has been undertaken of the bids and they have been classified as “High, Medium or Low” depending on the link to the Council priorities. Within the summary statement at 4.5 only those rated as “High”

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have been included for funding within the medium term financial plan. These bids are detailed at Appendix A (revenue) and B (capital).

- 3.3 In addition a full detailed review of all unavoidable pressures (costs associated with maintaining current delivery) and proposals for income generation have been identified.
- 3.4 To mitigate the impact of the assumed grant cuts an extensive line by line analysis of all expenditure and income was undertaken. This has realised a number of “quick wins” proposed by officers which will deliver savings with no impact on service delivery.
- 3.5 Any additional income currently generated that delivers more than the target revenue has been built into the projections as a revised target to achieve.
- 3.6 The summary position at 4.5 includes the financial impact of the areas reviewed above.

4. KEY ISSUES

- 4.1 On 13th December 2010 the Council received the 2 year provisional grant settlement from the Government. This reflected a significantly greater cut than was previously estimated and has resulted in the 4 year assumption of savings to be made now be realised over 2 years.
- 4.2 Officers have been working towards delivering £1.3m over a 4 year period through delivery of shared service and joint working arrangements together with realising efficiencies and transforming service provision. The increase in the reduction in grant may result in a number of the current plans to share services with Redditch Borough Council to be brought forward to ensure savings are realised earlier than previously assumed.

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4.3 The revised provisional grant settlement is as follows :

	2011/12 £'000	2012/13 £'000
Original Grant	5,047	5,047
Adjust concessionary Fares & Misc adj	-477	-477
Revised Grant	4,570	4,570
Provisional Settlement	3,805	3,308
Provisional Reduction	765	1,262
Provisional % Reduction	16.74%	27.61%
Assumed Reduction	424	720
Assumed % Reduction	8.40%	14.27%
Additional Reduction	341	542
Additional % Reduction	7.46%	11.86%

4.4 The current summary position includes:

- The impact of a reduction in the 2011/12 pay award to 0% - this would result in a zero pay across the Council staff. The current Government proposals are to award £250 for every employee earning under £21k. This has not been factored into the current budget position as the officer recommendation is to keep the award at zero for all staff.
- The Capital bids rated as "High" by Corporate Management Team. The impact of these proposals would ensure that the Councils services are delivered in a quality and effective way to our customers. A number of the Capital proposals are funded by Grant or reserve currently available. The remaining projects will be funded by Capital Receipts which would result in the Council entering into borrowing arrangements in 2013/14.
- All savings realised from the shared services implemented between Bromsgrove and Redditch and those resulting from the WETT arrangements.
- The anticipated savings from the sharing of HR & OD and Policy, Performance Communications and Equalities service across the Councils
- To maintain the ICT reserve of £100k for future years to ensure facilities are available to deliver improvements in technology during transformation.

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- A reduction to the Council Tax in 2011/12 to 0%. The difference of the original assumption of 2.5% increase to be offset by Government Grant allocation over the 4 year period.
- The implementation of the incremental charges at the pay on foot car park
- A surplus of £46k from the Collection Fund for 2010/11 which can offset the revenue budgets for 2011/12.

- 4.5 The revised summary position is shown below. This includes the proposed high pressures only for both revenue and capital.

	2011/12 £'000	2012/13 £'000	2013/14 £'000
Base cost of General Fund Services	12,834	12,958	13,491
Pressures – High bids & unavoids	1,355	1,233	1,233
Borrowing to fund capital programme			26
Savings (quick wins, additional income, shared services, adjustment re concessionary fares)	-2,307	-1,997	-2,005
Investment Income	-117	-94	-66
Recharge to capital programme	-100	-100	-100
Net operating expenditure	11,665	12,000	12,579
Area Based Grant	-135	-135	-135
Surplus from Collection Fund	-46		
Government Grant	-3,805	-3,308	-3,308
Assumed Council Tax @ 0% (offset by 2.5% Gov Grant) 2011/12 & 4.45% 2012/13)	-7,225	-7,442	-7,628
Overall Shortfall	454	1,115	1,508

- 4.6 The Council is to set a balanced budget for 2011/12 – 2013/14 and therefore will have to approve further savings, increase income or reduce high pressures for the 3 year period. Any additional spending, over and above the pressures identified above, would also need to be funded by additional savings.
- 4.7 In January 2010 a number of schemes were proposed and approved for the period 2011/12 – 2012/13. These are included in the projections at 4.5. The details of these proposed schemes are included in Appendix C for members consideration.

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4.8 Balances

- 4.8.1 The current projected level of balances at 31.03.11 is £1.174m assuming all costs approved are spent. The current prudent level of balances for the Council is £850k. .

4.9 Fees and charges

- 4.9.1 Fees and charges are currently under review with the aim to maximise the revenue generated whilst ensuring the charges are sustainable in the community. A report will be presented to the February Cabinet meeting to propose the fees and charges to be levied as part of the formal approval of the medium term financial plan..

5. FINANCIAL IMPLICATIONS

- 5.1 None other than those identified in this report.

6. LEGAL IMPLICATIONS

- 6.1 None as a direct result of this budget update.

7. POLICY IMPLICATIONS

- 7.1 None as a direct result of this budget update. Should a number of the bids be approved in February there are potentially policy changes to ensure their implementation. These will be advised to members if required.

8. COUNCIL OBJECTIVES

- 8.1 The delivery of a balanced budget demonstrates the Councils ability to fund objectives and priorities within a reasonable level of increase to residents.

9. RISK MANAGEMENT INCLUDING HEALTH & SAFETY CONSIDERATIONS

- 9.1 The main risks associated with the details included in this report are:
- 9.2 Non compliance with the statutory deadlines to set a balanced budget.
- 9.3 No formal consultation undertaken with the public
- 9.4 These risks are being managed as follows:

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9.5 Non compliance with statutory deadlines

Risk Register: Financial Services
Key Objective Ref.: 6
Key Objective: Effective and Efficient Accountancy Service

9.6 No formal consultation undertaken with the public

Risk Register: Financial Services
Key Objective Ref.: 6
Key Objective: Effective and Efficient Accountancy Service

9.7 Key actions and controls to manage these risks include:

- Detailed timetable in place to manage the budget process with departments and accountancy support
- Allocation of qualified and professional staff to focus on budget setting accounts
- Regular updates at Corporate Management Team in relation to budget processes
- Formal consultation on the budget with the Budget Jury
- Formal consultation in place with unions and individual employees

10. CUSTOMER IMPLICATIONS

10.1 The setting of the budget against the Corporate Priorities will ensure that the Council demonstrates to the customer that we have aligned our resources to the key services required.

11. EQUALITIES AND DIVERSITY IMPLICATIONS

11.1 The Equality and Diversity bids have been recommended for members consideration by the Forum. In addition all new bids / services will have an impact assessment prepared to ensure they meet the needs of all the community.

12. VALUE FOR MONEY IMPLICATIONS, PROCUREMENT AND ASSET MANAGEMENT

12.1 All funding received and expended by the Council is subject to a robust framework of procurement and value for money to ensure the Council is maximising its resources.

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13. CLIMATE CHANGE, CARBON IMPLICATIONS AND BIODIVERSITY

13.1 None as a direct result of this report

14. HUMAN RESOURCES IMPLICATIONS

14.1 The proposals contained within the report are subject to formal member decision in relation to the sharing of services and any potential employee implications. Staff are being kept fully informed of member and officer considerations together with the union representatives.

15. GOVERNANCE/PERFORMANCE MANAGEMENT IMPLICATIONS

15.1 None as a direct result of the budget update.

16. COMMUNITY SAFETY IMPLICATIONS INCLUDING SECTION 17 OF CRIME AND DISORDER ACT 1998

16.1 None as a direct result of the budget update

17. HEALTH INEQUALITIES IMPLICATIONS

17.1 None as a direct result of the budget update

18. LESSONS LEARNT

18.1 The budget report is reviewed to ensure the information enables members to make informed and considered decisions on the future budget and financial arrangements of the Council.

19. COMMUNITY AND STAKEHOLDER ENGAGEMENT

19.1 The Budget Jury has been involved fully in the budget review and rating of proposed bids and savings. The formal feedback from the Jury will be presented as part of the meeting.

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20. OTHERS CONSULTED ON THE REPORT

Portfolio Holder	Yes
Chief Executive	Yes
Executive Director (S151 Officer)	Yes
Executive Director – Leisure, Cultural, Environmental and Community Services	Yes
Executive Director – Planning & Regeneration, Regulatory and Housing Services	Yes
Director of Policy, Performance and Partnerships	Yes
Head of Service	Yes
Head of Resources	Yes
Head of Legal, Equalities & Democratic Services	Yes
Corporate Procurement Team	N/A

21. WARDS AFFECTED

All Wards

22. APPENDICES

Appendix A – Revenue Bids

Appendix B – Capital Bids

Appendix C – Currently Approved Capital Programme

23. BACKGROUND PAPERS

Detailed Budget working papers

AUTHOR OF REPORT

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