

BROMSGROVE DISTRICT COUNCIL

CABINET

5TH NOVEMBER 2014

MEDIUM TERM FINANCIAL PLAN 2015/16 – 2017/18

Relevant Portfolio Holder	Michael Webb
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 To enable Members to review costs associated with strategic purposes and the current summary position for the period 2015/16 – 2017/18.

2. RECOMMENDATIONS

- 2.1 **Cabinet are asked to consider the costs associated with the delivery of the strategic purposes and request officers continue work on the financial plan to realise savings and additional income to meet the projected shortfalls.**

3. KEY ISSUES

Financial Implications

- 3.1 As members are aware the Council's Medium Term Financial Plan (MTFP) provides the framework within which the revenue and capital spending decisions can be made over a 3 year period. It is revised and updated on an annual basis to take into account any alterations that may be required as a result of changes that impact on the Councils services.
- 3.2 The current position for 2015/16 and 2016/17 is shown in the table below. The shortfalls to budget are mainly as a result of further cuts to Government funding together with additional demand on service provision.

	2015-16	2016-17
	£000	£000
Departmental Expenditure	11,504	11,271
Unavoidable Pressures	210	232
Bids		0
Savings identified	-400	0
Net Service Expenditure	11,314	11,503

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Investment Income	-58	-58
Cost of Borrowing	726	1,008
Recharge to Capital Programme	-25	-25
Net Operating Expenditure	11,957	12,428
Funding from balances	-326	-518
Revenue Support Grant	-1,175	-893
Business Rates Retention	-1,598	-1,598
Business Rates Growth	-176	-176
Funding from Reserves (re Essential Living Fund)		
New Homes Bonus	-1,076	-1,202
Collection Fund Surplus (Council Tax)	0	0
Council Tax - based on 1.9%	-6,993	-7,157
Funding Total	-11,344	-11,544
Shortfall	613	884

3.4 The summary position above includes the following assumptions:

- 1% pay award estimate relation to inflationary increase. This will be subject to the National negotiation that the Council is signed up to.
- General inflationary increases in relation to contract arrangements
- Inclusion of the provisional settlement for 2014/15 & 2015/16
- 3% increase in fees and charges (where appropriate)
- Potential costs of the development of Parkside with the County Council
- Increased pension contributions as agreed with the actuary to reduce the pension fund deficit over a 21 year period
- An estimation of the New Homes Bonus income for 2015/16 based on 108 properties being added to the current position
- Additional income estimated in relation to the Business Rates receivable by the Council

Transformation

- 3.5 The significant reductions in funding are not anticipated to improve for a number of years and therefore officers have looked at alternative ways to deliver savings whilst improving services to the community. As previously reported the services provided by the Council are undergoing transformational change using a different approach to assessing the value provided by the service. This work will focus on the purpose of services to the community and will aim to realise savings and protect those services that create value to our customers.
- 3.6 Officers will continue to review the financial position of the authority within a framework of financial principles. These are:
- Reduce Waste in a system (Stop it now)
 - Design a new system to reduce waste and cost
 - Reduce the costs associated with enabling service provision rather than those that create the value to the customer.
- 3.7 There are 3 levels of costs associated with services delivered by the Council;
- Create Value – these are the costs to deliver front line service, those which create real value to the customer
 - Add Value – these costs provide support to those services on the front line. They add value to the customer but do not directly deliver the service
 - Enable – there are a number of costs that relate to the enabling functions across the Council. These include the management and support services that provide advice and support to the services who add and create value. As part of the financial principles officers are looking at the ratio of the cost of the enabling function compared with those that create value with the aim to align resources to those that provide the most value to our customers.
- 3.8 **Strategic Purposes.**
- The Council has 6 Strategic Purposes;
- Provide Good Things for me to See, Do and Visit
 - Keep my Place Safe and Looking Good
 - Help me be Financially Independent
 - Help me find Somewhere to Live in my Locality
 - Help me live my life independently
 - Help me Run a Successful Business
- 3.9 In addition costs associated with the enabling services (supporting the organisation) form part of the total costs of the Council.

- 3.10 Appendices 1 - 6 include the 2014/15 budgets for every service undertaken by the Council aligned with the Strategic Purposes. In addition the enabling costs are shown. It is worth noting that the service areas reflect statutory descriptions for service provision from the accounting system and may not always seem reflective of some of the services provided by the Council. In addition the allocation to the Strategic Purposes is based on the data we have available to best fit the service against the purpose.
- 3.11 The budgets are shown as gross expenditure less income. It is worth noting that any shared service budgets include both the cost and the income chargeable to Redditch Borough Council.
- 3.12 It is proposed that officers bring further information to future Cabinet meetings the relevant measures that can inform the value of the spend against the demand for the service by our community. Members are asked to consider the information and request any further detail from officers to inform future budget decisions.

3.13 **Measures**

Measures show how the services we provide link to the purposes of the Council and reflect how we are meeting demand and customer expectation in those services. The aim is to clearly demonstrate that the measures drive the costs of the Council to ensure we are focusing our funds on those areas that require additional support. It is anticipated that measures will be reported to the Committee shortly, however should members wish they can discuss the measures with the relevant Heads of Service.

Service / Operational Implications

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

Customer / Equalities and Diversity Implications

- 3.15 Consideration of the budget at an early stage will ensure that any resulting consultation can be undertaken with the public.

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.

5. APPENDICES

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- Appendix 1 – Enabling Services
- Appendix 2 – Help me be Financially Independent
- Appendix 3 – Help me to find somewhere to live in my Locality
- Appendix 4 – Help me live my life independently
- Appendix 5 – Help me run a successful business
- Appendix 6 – Keep my place safe and looking good
- Appendix 7 – Provide Good things for me to see, do and visit

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