

**BROMSGROVE DISTRICT COUNCIL**

**OVERVIEW BOARD AND SCRUTINY BOARD**

**6TH JANUARY 2009**

**UPDATE MEDIUM TERM FINANCIAL PLAN 2009/10-2011/12**

Responsible Portfolio Holder	Councillor Geoff Denaro
Responsible Head of Service	Jayne Pickering – Head of Financial Services

**1. SUMMARY**

- 1.1. To provide an update on information to enable the Boards to review the current position on the medium term financial plan (revenue and capital budgets) for 2009/10-2011/12 including the proposed pressures and savings. In addition a presentation will be delivered to the Boards at the meeting to summarise this report.

**2. RECOMMENDATIONS**

- 2.1. It is recommended that the Boards:

- 2.1.1 Consider the pressures as identified in Appendix A and recommend to Cabinet any changes in priority categorisation;
- 2.1.2 Consider the unavoidable pressures identified at Appendix B and recommend any changes to Cabinet;
- 2.1.3 Consider the savings identified at Appendix C; and
- 2.1.4 Consider the Capital Programme as included at Appendix D and recommend any changes in scheme priority to Cabinet

**3. BACKGROUND**

- 3.1. The draft budget report was presented to this Board on 2nd December 2008 to include the background in the preparation and process that the Council has undertaken in the development of the Medium Term Plan. This report presents updated Appendices to the Boards which will be included in the final report to Cabinet on 7th January 2009 and for final approval by Full Council on 22nd January 2009. The Council Tax level will be proposed to Full Council on 25th February for final approval.

#### **4. UPDATED BUDGET INFORMATION**

4.1. The current budget book that was sent to all members in February 2008 includes the Base budget for 2009/10 and 2010/11. These budgets have been used as the starting point of the plan and the proposed pressures and savings will be included to form the new approved budget for 2009/10-2011/12.

4.2. The base budget for 2009/10-2010/11 included a number of approved changes to the funding of services from the financial position of 2008/09. These included:

- Savings in relation to delivering leisure services by alternative methods. (£150k)
- Income generated from the charging for the green waste service £400k
- Identified savings in relation to providing services in the planning department following the delivery of the spatial project of £170k
- Identified savings in relation to the reduction in software licenses from the delivery of the spatial project of £60k
- Council Tax level to be 4.45% increase per annum

4.3 The attached Appendices detail the revised position on the budget requirements to include:

- Appendix A – High, Medium and Low pressures
- Appendix B – Unavoidable pressures
- Appendix C – Savings / additional income
- Appendix D –Capital Programme 2009/10-2011/12

#### **5. OVERALL POSITION**

5.1 Based on the assumptions and the proposed pressures and savings the estimated position for each of the three years is as follows:

	<b>2009/10</b>	<b>2010/11</b>	<b>2011/12</b>
	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>
Base cost of General Fund Services	12,113	12,514	13,048
Pressures – High bids & unavoids	1,060	977	963
Transfer re grants received – Planning Delivery & Local Authority Business Grant	-362	-23	-22
Savings	-572	-1043	-1173
Investment Income	-147	-116	-134
Cost of Borrowing		6	65
Recharge to capital programme	-133	-136	-136

Net operating expenditure	11,959	12,179	12,611
Transfer from (-) to balances	-146	-71	
Collection Fund surplus	-40		
Government Grant	-4,945	-5,047	-5,097
Assumed Council Tax @ 4.45%	-6828	-7167	-7524
<b>Overall Shortfall</b>	<b>0</b>	<b>-106</b>	<b>-10</b>

5.2 The above table demonstrates a slight surplus that will be transferred to balances for costs associated with future transformational projects that the Council will utilise to deliver the significant savings included in this plan.

## **6. BALANCES**

6.1 The current projected level of balances at 31.03.09 is £1.088m assuming all costs approved are spent. The level of balances can be utilised for one off costs and it is proposed that the funds required for any redundancy or early retirement costs are met from this area. .

## **7. FEES AND CHARGES**

7.1 The financial plan 2008/09-2010/11 currently assumes a 2.5% increase in all income. The high pressures proposed at Appendix A include the cost of not increasing the car park tariff for 2009/10.

7.2 Currently budget holders are reviewing the volume of transactions and income received together with any other areas that could be chargeable.

## **8. FINANCIAL IMPLICATIONS**

8.1 None other than those included in the report.

## **9. LEGAL IMPLICATIONS**

9.1 None as a direct result of the draft budget. Legal and Human resource issues will be addressed during any discussions in relation to restructures and redundancies.

## **10. CORPORATE OBJECTIVES**

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

## **11. RISK MANAGEMENT**

11.1 The main risks associated with the details included in this report are:

11.1.1 Non compliance with the statutory deadlines to set a balanced budget.

11.1.2 No formal consultation undertaken with the public

11.1.3 Poor use of resources scoring in relation to consideration of the budget

11.2 These risks are being managed as follows:

11.2.1 Non compliance with statutory deadlines

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

11.2.2 No formal consultation undertaken with the public

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

11.2.3 Poor use of resources scoring in relation to consideration of the budget

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

11.3 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
- Formal consultation with customer panel via SNAP in place

## **12. CUSTOMER IMPLICATIONS**

12.1 The consideration of the current position of the budget will give the public an opportunity to comment on the proposals which will be reported back to Council at the meeting in January. 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.

## **13. OTHER IMPLICATIONS**

Procurement Issues - N/A
Governance/Performance Management - N/A

Community Safety including Section 17 of Crime and Disorder Act 1998 - N/A
Policy - N/A
Environmental - N/A
Equalities and Diversity - N/A

#### **14. OTHERS CONSULTED ON THE REPORT**

Portfolio Holder	<b>Yes</b>
Chief Executive	<b>Yes</b>
Corporate Director (Services)	<b>Yes</b>
Assistant Chief Executive	<b>Yes</b>
Head of Service	<b>Yes</b>
Head of Financial Services	<b>Yes</b>
Head of Legal & Democratic Services	<b>Yes</b>
Head of Organisational Development & HR	<b>Yes</b>
Corporate Procurement Team	<b>Yes</b>

#### **15. APPENDICES**

Appendix A – High, Medium and Low pressures  
Appendix B – Unavoidable pressures  
Appendix C – Savings / additional income  
Appendix D –Capital Programme 2009/10-2011/12

#### **16. BACKGROUND PAPERS**

Budget timetable  
Detailed budget working papers

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