

**BROMSGROVE DISTRICT COUNCIL**

**EXECUTIVE CABINET**

**2<sup>ND</sup> DECEMBER 2009**

**UPDATE OF MEDIUM TERM FINANCIAL PLAN 2010/11-2012/13**

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

**1. Summary**

- 1.1. To provide information to enable Members to review the current position on the Medium Term Financial Plan 2010/11 – 2012/13 and to make changes to the draft budget proposals.

**2. Recommendations**

2.1. It is recommended that Executive Cabinet:

- 2.1.1 Consider the pressures as identified in Appendix A and recommend any changes in priority categorisation.
- 2.1.2 Consider the unavoidable pressures identified at Appendix B and recommend any changes
- 2.1.3 consider the savings identified at Appendix C
- 2.1.4 consider the new bids for the Capital Programme as included at Appendix D and recommend any changes in scheme priority.
- 2.1.5 Request Heads of Service continue to review the budget with the aim to present a balanced position to the Cabinet meeting in January 2010.

**3. Background**

- 3.1. As reported to this meeting in November 2009 a number of revenue and capital bids, unavoidable pressures and proposals for income generation and savings have been identified by Heads of Service.
- 3.2. Following the meeting a review has been undertaken of the bids and a number of them have been reclassified to ensure that only those with a direct impact on the Council priorities are to be funded within the medium term financial plan.

3.3. The appendices included within this report reflect the revised position :

- Appendix A – new bids – revenue High, Medium and Low
- Appendix B – Unavoidable revenue costs to maintain current service levels
- Appendix C – Proposed savings and additional income generation
- Appendix D – Capital new bids – High, Medium and Low

3.4. The revised position includes:

- The impact of a reduction in the 2010/11 pay award to 1% - this may be reduced depending on the level of budget gap that requires funding.
- The impact of the majority of the JE appeals – a number are still being undertaken and any relating costs will be factored into the final budget position.
- A significant reduction in the Capital Programme in relation to the development of the cemetery – the reduction to £95k will enable an increase to the spaces available and provide information in regard to the land use in the future.
- A removal of the LNPs across the District and an addition to the LSP funding of £25k to be used to fund priorities in partnership with the LSP.
- An increase to the base budget savings already achieved for 2010/11 of £523k by a further £148k to reflect the shared services for ICT and CCTV/Lifeline, together with the proposed savings generated from changing the service delivery arrangements at the Dolphin Centre
- To establish a repairs and renewals fund to provide for maintenance and replacement of vehicles and equipment over the financial plan
- A reduction to the Council Tax in 2010/11 and 2011/12 to 2.5%
- The inclusion of the car parking income in relation to pay on foot and the temporary car park when the market hall is demolished
- A surplus of £51k from the Collection Fund for 2008/09 which can offset the Council Tax charges for 2010/11.
- The removal of the requirement to borrow funds due to the reduction in the Capital Programme over the 3 year period.

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

	<b>2010/11 £'000</b>	<b>2011/12 £'000</b>	<b>2012/13 £'000</b>
Base cost of General Fund Services	12,482	12,860	13,433
Pressures – High bids & unavoids	743	694	672
Savings	-807	-501	-550
Investment Income	-67	-93	-85
Recharge to capital programme	-136	-136	-136
Net operating expenditure	12,215	12,824	13,334
Area Based Grant	-23	-22	-22

Surplus from Collection Fund	-51		
Government Grant	-5,047	-4,795	-4,555
Assumed Council Tax @ 2.5% (2010/11-2011/12 & 4.45% 2012/13)	-7,023	-7,234	-7,594
<b>Overall Shortfall</b>	<b>71</b>	<b>773</b>	<b>1,163</b>

- 3.6 The Council is to set a balanced budget for 2010/11-2012/13 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 Balances**

- 4.1 The current projected level of balances at 31.03.10 is £1.547m assuming all costs approved are spent. It is anticipated that a proportion of the balances will be utilised to meet the severance costs associated with the joint management structure. An update to the balances position will be reported to Members as part of the ongoing budget process.

#### **5 Fees and charges**

- 5.1 A detailed review of the high volume income areas is currently underway together with a detailed analysis of the impact of a 2.5% increase on income as included in the base budget.

#### **6 FINANCIAL IMPLICATIONS**

- 6.1 None other than those included in the report.

#### **7 LEGAL IMPLICATIONS**

- 7.1 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.

#### **8. CORPORATE 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**

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

9.5 These risks are being managed as follows:

9.6 Non compliance with statutory deadlines

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

9.7 No formal consultation undertaken with the public

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

9.8 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

9.9 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

## 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. **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

## **12. 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>

## **13 APPENDICES**

Appendix A – Unavoidable pressures

Appendix B – High, Medium and Low Pressures

Appendix C – Savings / additional income generated

Appendix D – Capital Programme – proposed

## **14 BACKGROUND PAPERS**

Budget timetable

Detailed budget working papers

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