

BRECKLAND DISTRICT COUNCIL

Report of: Ellen Jolly, Executive Member for Finance
Ian Sherwood, Executive Member for Communications, Organisational Performance & Development

To: Overview & Scrutiny Committee 8 January 2015

Author: Jo Russell and Mark Finch

Subject: Draft Budget, Medium Term Financial Plan and Draft Corporate Plan

Purpose: To consider the Draft Budget, Medium Term Financial Plan and Corporate Plan

Recommendation(s):

- 1) That the contents of the draft Budget, Medium Term Financial Plan and Corporate Plan are noted.
- 2) That members consider the context of our strategic financial objective to support the delivery of the corporate plan and in so doing secure a longer term sustainable financial position. That members provide comments and feedback for consideration by Cabinet as part of the formal budget setting process.

1. BACKGROUND

- 1.1 This report and its appendices outline the draft Corporate Plan and priorities (2015-19); 2015-16 revenue and capital estimates for the General Fund; the proposals for the setting of discretionary fees and charges; the outline position to 2018-19; the Medium Term Financial Plan (MTFP) and the Capital Strategy.
- 1.2 The Medium Term Financial Plan sets out the framework within which the budget is to be set to ensure that it enables the Council to achieve its own corporate objectives. The capital strategy sets out the framework for the capital budget setting.
- 1.3 In accordance with best practice, at the half year position the council was able to re-base its budget for the current year. This provides a solid foundation from which to build a sound financial planning process with no dependency on reserves across the medium term. The positive change in our financial position has been as a result of the combined effect of four main elements:
 - o **Certainty-** around the impact of recently introduced changes to our funding sources, for example business rates retention, new homes bonus and council tax collection rates under the localised council tax support scheme, since we now have a full year's financial data following implementation
 - o **Timing** – earlier than planned implementation of a number of agreed savings has delivered positive results
 - o **Innovation** – identification and implementation of additional savings since the budget setting process
 - o **Economic climate** – a generally improved wider economic climate is driving better than forecast treasury returns and, completion of some major new developments delivers further positive benefits under the new business rate retention scheme

- 1.4 The combined effect of the above enables us now to consider balancing our budget across a longer term financial planning framework than was previously possible. At this draft budget stage Appendix B illustrates a balanced budget position for the coming year. Across the longer term under the heading "Financial Sustainability" Appendix B illustrates the remaining challenges the Council faces in future years, which if met will secure a sustainable financial position.
- 1.5 Meeting these future challenges will be the primary focus for the council's final budget proposals. The corporate plan provides a clear route to achieving this alongside delivery of the Council's key priorities. Balancing financial pressures and delivering priorities to meet the needs and aspirations of our District is critical and it drives a different approach to achieving efficiency. Simply cutting services does not support the delivery of the corporate plan priorities. We need to embrace innovation and adopt different approaches. This will involve a range of different tools and techniques, some requiring short term investment to secure longer term revenue gains.
- 1.6 The council has maintained a strong financial focus in recent years, driving prudent and robust financial planning and decision making in a difficult and turbulent economic climate. At this stage our budget assumptions take into account known current and future issues. However, we cannot account for the unknown and further public sector pressures are likely to arise at a national level. The Council can't avoid future impact of financial measures beyond its control. However, by securing a sustainable position across the medium term now we will be in the strongest position possible to face any such future challenges.
- 1.7 The combined strength of our financial and corporate planning will focus our resources on clearly identified priority areas in the context of securing a longer term sustainable financial position.
- 1.8 Corporate planning is a key part of running a successful organisation. A corporate plan ensures:
 - a. Everyone in the organisation is working to the same priorities, pulling in the same direction and clear about what they are trying to achieve
 - b. It helps ensure that risks are effectively managed
 - c. It provides a tool to measure performance, success and hold people to account
 - d. It enables the organisation and its managers to plan resource and the budget more effectively
- 1.9 The Council has an existing Corporate Plan that runs from 2011 to 2015. As this expires shortly, a new Corporate Plan has been drafted in order to set the vision for the organisation (appendix I). Four priorities are proposed:
 - a. Supporting Breckland to develop and thrive
 - b. Providing the right services, at the right time and in the right way
 - c. Developing the local economy to be vibrant with continued growth
 - d. Enabling stronger, more independent communities
- 1.10 These priorities will be supported by a series of Critical Activities that the Council will undertake. The progress of these will be monitored through the Corporate Delivery Plan and Performance Management Framework. Progress will be reported on a quarterly basis to Overview and Scrutiny Committee and to Cabinet.

- 1.11 Consultation on the draft Corporate Plan and budget will take place during the month of January 2015 to enable any feedback to be considered and changes made as appropriate in the final documents, which will go forward for a decision in February.
- 1.12 The existing Corporate Plan 2011-15 will be closed down via a review undertaken of key achievements and these are included within the proposed new plan.

2. OPTIONS

2.1 That the draft capital and revenue budget estimates, medium term financial plan and capital strategy are noted as part of the consultation. Any feedback as a result of the consultation will be considered before the final position is presented to Cabinet and Council in February.

2.2 There are no alternative options presented.

3.0 REASONS FOR RECOMMENDATION(S)

3.1 To comply with the budgetary and policy framework.

4.0 EXPECTED BENEFITS

4.1 To set an affordable and balanced budget for 2015-16 which delivers on the Council's priorities.

4.2 To set a clear direction for the Council resulting in improved transparency and clearer objectives being able to be set for all employees.

4.3 The revised Performance Management Framework will ensure that the delivery of these priorities will be able to be more effectively measured and monitored.

5.0 IMPLICATIONS

5.1 Carbon Footprint / Environmental Issues

5.1.1 It is the opinion of the Report Author that there are no implications.

5.2 Constitution & Legal

5.2.1 It is the opinion of the Report Author that there are no implications.

5.3 Contracts

5.3.1 It is the opinion of the Report Author that there are no implications.

5.4 Corporate Priorities

5.4.1 Approval and ratification of a final Corporate Plan will set the Council's priorities and the Critical Activities that support their delivery. The budget should support the Council's priorities.

5.5 Crime and Disorder

5.5.1 It is the opinion of the Report Author that there are no implications.

5.6 **Equality and Diversity / Human Rights**

5.6.1 It is the opinion of the Report Author that there are no implications.

5.7 **Financial**

5.7.1 The report is of a financial nature and all implications are covered within the appendices.

5.8 **Risk Management**

5.8.1 Risks have been given careful consideration and have been reported within the appendices.

5.9 **Staffing**

5.9.1 It is the opinion of the Report Author that there are no implications.

5.10 **Stakeholders / Consultation / Timescales**

5.1 Consultation will take place following Overview and Scrutiny Committee on 8th January 2015. The final Corporate Plan and Budget will be taken to Full Council on 26th February 2015.

5.11 **Health & Wellbeing**

5.11.1 It is the opinion of the Report Author that there are no implications.

5.12 **Other**

5.12.1 No other impacts identified

6.0 **WARDS/COMMUNITIES AFFECTED**

6.1 As this sets the direction of the Council going forward, all wards and communities are indirectly impacted.

7.0 **ACRONYMS**

7.1 BPI – Basic Performance Increase
CIPFA – Chartered Institute of Public Finance and Accountancy
CLG – Communities for Local Government
CMT – Corporate Management Team
LABV - Local Asset Backed Vehicle
LCTRS – Localised Council Tax Reduction Scheme
LEGE – Local Enterprise Growth & Efficiency
LEP – Local Enterprise Partnership
NHB – New Homes Bonus
NNDR/NDR – National Non-Domestic Rates (Business Rates)
NPDO – Non Profit Distributing Organisation
PFI – Private Finance Initiative
PRP – Performance Related Pay
RSG – Revenue Support Grant
S31 – Section 31
VFM – Value For Money

Background papers:- None

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Director / Officer who will be attending the Meeting Name and Post:

Maxine O'Mahony – Executive Director of Governance and Commissioning

Julie Kennealy – Executive Director of Place

Key Decision: No

Exempt Decision: No

This report refers to a Mandatory Service / Discretionary Service

Appendices attached to this report:

Appendix A – Budget estimates and medium term financial plan

Appendix B – General Fund Summary

Appendix C – Tax Base

Appendix D & D2 – Fees and charges

Appendix E – Reserves

Appendix E2 – Reserves review

Appendix F – Sensitivities

Appendix G – Capital strategy

Appendix H – Capital estimates

Appendix I – Corporate Plan