

BRECKLAND DISTRICT COUNCIL

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

To: Cabinet, 24 February 2015
Full Council, 26 February 2015

(Author: Julie Kennealy, Executive Director (Place) and Maxine O'Mahony, Executive
Director (Commissioning and Governance)

Subject: The Corporate Plan, Budget, Medium Term Plan and Capital Strategy

Purpose: To consider the corporate plan, the capital and revenue budget estimates
and proposed council tax, the financial Medium Term Plan and the Capital
Strategy and recommend approval to Full Council

Recommendation(s):

- 1) That the Breckland revenue estimates and parish special expenses for 2015-16 and outline position through to 2018-19 are recommended to Full Council as set out in Appendix B
- 2) That the capital estimates, capital carry overs and associated funding for 2015-16 and outline position through to 2018-19 (as set out in appendix H) are recommended to Full Council
- 3) That the fees and charges shows at Appendix D and D2, for adoption 1 April 2015 are recommended to Full Council
- 4) Recommend to Full Council that Council Tax for a Band D property in 2015-16 be frozen at £69.03 (as set out in Appendix B)
- 5) That the financial Medium Term Plan at Appendix A is recommended to Full Council
- 6) That the capital strategy at Appendix G is recommended to Full Council
- 7) That the use of the Council's discretionary power (S47 Local Government Finance Act) to provide the transitional relief be approved and delegated authority be given to the Executive Director (Place), in consultation with the Executive Member for Finance, to determine the final guidelines for the operation of the transitional relief for 2015/16 and 2016/17 following the current scheme and guidance issued by Government
- 8) That the Corporate Plan and appendices are recommended to Full Council

1.0 BACKGROUND

- 1.1 The report and its appendices outline the Corporate Plan and priorities (2015-2019); the 2015-16 revenue and capital estimates for the General Fund, the proposals for the setting of discretionary fees and charges; the outline financial position through to 2018-19; the financial Medium Term Plan and the Capital Strategy.
- 1.2 Councils approve their planned expenditure budget on an annual basis. Many objectives are achieved across a longer term time frame. The Medium Term Financial Plan sets out the longer term strategic framework within which the budget for 2015/2016 is set. This is an important financial tool and is used to ensure the Council is able to achieve its corporate objectives across the period of the corporate plan. The capital strategy sets out a similar

framework for the capital budget setting.

1.3 The draft budget, medium term plan and capital strategy alongside the corporate plan have been considered by Overview and Scrutiny Committee, they have also been available for consultation on the Council's web site and presented to a specially convened meeting of the Town and Parish Forum in advance of any cabinet recommendations and formal Council decision.

1.4 Feedback received from the consultations was:

- Town and Parish Forum – A request was made that the council consider any support that can be provided to organisations enabling them to meet the associated costs of completion of Neighbourhood Plans in their area.
- No other feedback was received from the public or business communities on the budget following the close of web-based consultation on 31st January 2015.

1.5 The attached documents provide the detail of the financial proposals for the coming year and across the medium term. The council has managed its finances well securing considerable improvement to its financial sustainability during the last year, as a result it is well placed to face the inevitable future challenges of any national austerity measures. The table below illustrates the significant progress the council has made and provides a comparison between the proposed budget positions this year and that of the previous year. It should be noted that the council underpinned the previous budget with a planned allocation from reserves in the coming year to support the delivery of longer term savings. This facility is no longer required as the Council secured savings more quickly and at a higher level than had been anticipated.

| | 15-16 | 16-17 | 17-18 | 18-19 |
|--|-------|-------|-------|-------|
| | £'000 | £'000 | £'000 | £'000 |
| WHERE WE WERE – Budgeted MTFP | | | | |
| In Year Budget Gap | - | 1,347 | 1,354 | 2,123 |
| Cumulative Budget Gap/(Surplus) | - | 1,347 | 2,701 | 4,824 |
| Note this position assumes funding from reserves of £969k in 15-16 | | | | |

WHERE WE ARE NOW

| | | | | |
|---|---|---|---|-------|
| In Year Budget Gap | - | - | - | 0,688 |
| Cumulative Budget Gap/(Surplus) | - | - | - | 0,688 |
| Note this position assumes no funding from reserves | | | | |

1.6 The final overall annual budget and longer term medium plan shows the Council in a strong financial position moving forward as a result of the combined success in innovative saving solutions, effectiveness in securing planned savings ahead of schedule, certainty around funding sources (such as retained business rates) and the improved economic environment.

The budget is showing a sustainable position over the medium term, with no dependency on reserves. It includes funding for the delivery of the Council's transformation programme during the period. The transformation programme is the driver of service improvement, cost reduction and income generation and any early financial benefits delivered from transformation projects ahead of need will be re-invested enabling the project to become self funding in future years. The table below illustrates the longer term annual savings target and the amounts set aside for delivering the transformation programme.

| | 2015-16 | 2016-17 | 2017-18 | 2018-19 |
|---------------------------------------|---------|---------|---------|---------|
| Annual budget requirement | - | - | - | £688k |
| Investment in transformation projects | £563k | £283k | £79k | - |

1.7 The Council has maintained a strong financial focus in recent years, driving prudent and robust financial planning and decision making in a difficult economic climate. At this stage our budget assumptions take into account known current and future estimates, however we cannot account for the unknown. Further public sector pressures are likely to arise at a national level and the Council cannot avoid future impact of financial measures beyond its control. However our sustainable position across the medium term puts us in a strong position to face such future challenges.

1.8 Elected members have worked tirelessly to ensure the district and our residents remain at the heart of our financial planning. Key headlines of the attached budget are as follows:

- ▶ **No reduction in Services**
- ▶ **Free Parking Continues**
- ▶ **No Increase in Council Tax**
- ▶ **Parish Support Grant Maintained**
- ▶ **Additional investment in services (planning and Housing)**
- ▶ **Major capital investment in regeneration**
- ▶ **Focus on district growth supporting local businesses success and enabling a wide range of housing solutions.**
- ▶ **Income generation to support community investment.**
- ▶ **Investment to support transformation in service delivery**

1.9 The Local Government Act 2003 introduced a requirement that the Chief Financial Officer reports on the robustness of the budget. I am satisfied the estimates have been prepared in a prudent manner, although it is recognised that there are a number of elements outside of the Council's control and these are identified within the "risks" section of Appendix A and will be mitigated through the budget monitoring and risk management processes of the Council. I can confirm that there is no dependency on reserves to finance recurrent expenditure and appendix A gives details of the General Fund and earmarked reserve balances and movements, which I consider to be adequate for the purposes of the Council over the medium term. A full review of reserves was carried out during the year and reported separately to Members. The table below provides a summary overview of the forecast reserves position at the end of the proposed medium term financial plan and demonstrates a clear improvement from original forecast position.

| | Opening Balance | Closing Balance |
|--------------------------|------------------------|------------------------|
| | 01.04.14 | 31.03.19 |
| | £'000 | £'000 |
| General Fund | 2,908 | 2,908 |
| Other Earmarked Reserves | 12,297 | 9,069 |
| New Homes Bonus Reserve | 0 | 2,666 |
| Total | 15,205 | 14,643 |
| Previous forecast | 11,993 | 13,121 |
| Increase | 3,212 | 1,522 |

1.10 Business Rates Relief - Until recently a Non-Domestic Valuation List was valid for 5 years after which time a re-valuation exercise was carried out to re-assess the Rateable Value based on the rental value of the premises. The Government always ensure a zero impact

of a re-valuation nationally by adjusting the rate in the pound, however locally there are always 'gainers' and 'losers'.

- 1.11 In order to restrict the impact of the re-valuation on business a five year Transitional Relief scheme was introduced by Central Government in 2010. The scheme was self-financing nationally and meant that a cap was placed on increases and decreases in bills above a certain percentage. This percentage increased year on year so that over time the full rates bill was being paid. The cost of this scheme was borne by the Government.
- 1.12 The re-valuation that was due in April 2015 has been postponed until April 2017, however the transitional scheme, contained in statute, will end on 31/3/15 to coincide with the original re-valuation cycle.
- 1.13 In order to continue to support businesses the Government has decided to extend transitional relief for properties under £50,000 RV; however they are going to achieve this through use of an authority's discretionary powers to grant a Local Discount under section 47 of the Local Government Finance Act rather than through Regulation.
- 1.14 Guidance has been issued by CLG (Appendix I) setting out the eligibility criteria for relief, based on the existing scheme; however as this is a discretionary power, a local scheme should be adopted.
- 1.15 Any relief granted under these provisions will be fully funded by Central Government through a grant under Section 31 of the Local Government Finance Act 2003 so there is no financial impact on the Council. The number of properties which will fall under these provisions is likely to be minimal as in most cases transitional relief has already been phased out. State Aid rules will also apply.
- 1.16 Corporate planning is a key part 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 holds people to account
 - d) It enables the organisation and its managers to plan resource and budget more effectively
- 1.17 The council has an existing Corporate Plan that runs from 2011 to 2015. As this expires shortly, a new Corporate Plan has been developed in order to set the vision for the organisation going forward (Appendix 1). It sets out the proposed Four priorities: -
 - a) Supporting Breckland to thrive
 - b) Providing the right services, at the right time in the right way
 - c) Developing the local economy to be vibrant with continued growth
 - d) Enabling stronger, more independent communities
- 1.18 These priorities are 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 the Performance Management Framework. Progress will be reported on a quarterly basis to Overview and Scrutiny Committee and to Cabinet.
- 1.19 A consultation exercise on the draft Corporate Plan has now been concluded. Feedback has been considered and changes have been made as appropriate in the final document (Appendix 1). The majority of changes made to the document as a result of the consultations were minor wording amendments to clarify or strengthen the emphasis of the Council's corporate vision throughout.

- 1.20 The following more significant changes have been made to the Corporate Plan as a result of the consultation exercise: -
- a) The 'Vision and Priority' page has been restructure to give greater emphasis and focus on the Corporate Vision and Priorities.
 - b) The contents of the 'Our District' pages have been amended to give greater emphasis to developments in Thetford and Attleborough as the key growth areas in the district; to give greater emphasis to the schools rated good or outstanding in the area; to strengthen the commentary around tourism to reflect the significant contribution it makes to the local economy.
 - c) The 'Finance' page has been restructured to give a clear and more accessible picture of the council's financial position over the next four years.
 - d) The 'Digital Age' page has been reformatted to make it similar to the rest of the document whilst making it more visually interesting to draw the reader's attention. It was felt this was necessary to promote its status as one of the key elements of the Council's proposed transformation programme.
- 1.21 The existing corporate plan 2011-15 has been closed down and a review of achievements undertaken with key accomplishments being included within the proposed new plan as 'We have' sections.
- 1.22 In order to deliver the Corporate Plan successfully it is important that the council continues to develop and support successful partnership working across the district. Underpinning this is our policy for working in partnership (Appendix 2).

2.0 **OPTIONS**

2.1 That recommendations 1 to 8 are made to Full Council

2.2 Make amendments before recommendations 1 to 8 are made to Full Council

3.0 **REASONS FOR RECOMMENDATION(S)**

3.1 To comply with 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 corporate plan will set the Council's priorities and the critical activities that support their delivery. The budget supports 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 and appendices are of a financial nature and financial information is included.

5.8 **Health & Wellbeing**

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

5.9 **Risk Management**

5.9.1 Risk is included within the reports and appendices

5.10 **Staffing**

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

5.11 **Stakeholders / Consultation / Timescales**

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

5.12 **Other**

5.12.1 None

6.0 **WARDS/COMMUNITIES AFFECTED**

6.1 All

7.0 **ACRONYMS**

7.1 BPI – Basic Performance Increase

7.2 CIPFA – Chartered Institute of Public Finance and Accountancy

7.3 CLG – Communities for Local Government

7.4 CMT – Corporate Management Team

7.5 LABV - Local Asset Backed Vehicle

7.6 LCTRS – Localised Council Tax Reduction Scheme

7.7 LEGE – Local Enterprise Growth & Efficiency

7.8 LEP – Local Enterprise Partnership

7.9 NHB – New Homes Bonus

- 7.10 NNDR/NDR – National Non-Domestic Rates (Business Rates)
- 7.11 NPDO – Non Profit Distributing Organisation
- 7.12 PFI – Private Finance Initiative
- 7.13 PRP – Performance Related Pay
- 7.14 RSG – Revenue Support Grant
- 7.15 S31 – Section 31
- 7.16 VFM – Value For Money

Background papers:- [See The Committee Report Guide](#)

Lead Contact Officer

Name and Post: Alison Chubbock, Accountancy Manager
Telephone Number:01362 656865
Email:Alison.chubbock@breckland.gov.uk

Director / Officer who will be attending the Meeting

Name and Post: Julie Kennealy, Executive Director Place

Key Decision: Yes

Exempt Decision: No

This report refers to a Mandatory & Discretionary Services

Appendices attached to this report:

Budget:

- 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 F – Sensitivities
- Appendix G – Capital strategy
- Appendix H – Capital estimates
- Appendix I – Business Rates Transitional Relief Guidelines

Corporate Plan:

- Appendix 1 – Corporate Plan
- Appendix 2 – Policy for working in partnership