

MEDIUM TERM FINANCIAL STRATEGY 2009-14

Section 1.0 Where are we now?

Introduction

The Council's medium term financial strategy 2009 – 2014 was written to develop and promote Breckland as 'A Better Place a Brighter Future'. It is the link between the Corporate Plan, which sets out the aims and ambitions of the Council, and the medium term financial plan, which sets out the cost of what the council is currently providing. The strategy also establishes a set of financial policies and principles which will provide a sound basis for maintaining the financial integrity of the Council over the medium term.

Context

Breckland District covers an area of 1,305sq kilometres and is one the largest rural districts in England. Nestled just on the Norfolk/Suffolk border and covering much of the South, West and central parts of Norfolk, Breckland is centred round the five market towns of Attleborough, Dereham, Swaffham, Thetford and Watton. The largest of these is Thetford with a population of over 21,000 and the smallest Watton with a population of just over 6,000. There are 107 Parish Councils, some covering more than one parish and more than two thirds of these have fewer than 500 residents. The area is one of the most rurally sparse in the country which sets particular challenges in terms of service delivery and demands on resources.

Breckland is one of the fastest growing areas in England; the population is 128,300 (according to the latest population figures) and is estimated to have grown by more than 12% since 1991, compared with a national average of 2.5%. Growth is predicted to increase by a further 4.9% by 2012. There are also a growing number of residents moving to the District mainly from Europe which is not reflected in census data. Breckland has successfully promoted community cohesion but is also campaigning for more funding from central government to invest in services to meet this increased demand.

Retail, distribution, catering, and manufacturing are key economic activities. Although unemployment is relatively low at or below 2% for much of the last decade some of these sectors are in decline. Some of the wards are the most deprived in the region, and there is a relatively large proportion of young people particularly in Thetford entering the job market. To

respond to these trends the Council's regeneration and economic development activity centres on attracting high value technology and skilled employment opportunities.

Much of the land in Breckland is given over to agriculture and large open spaces of heath land, known as the Brecks, from which the district gets its name. The distinctive landscapes of natural habitat are of national and international importance. The climate combined with the soil conditions of sandy soil, chalk and flint, supports outstanding wildlife and plants. The area encompasses ancient heath lands and lowland pine forest most of which have public access. With its natural beauty, its wealth of history and many other attractions Breckland attracts an estimated 1.5 million visitors each year.

Local attractions include Banham Zoo, the National Trust's historic Oxburgh Hall near Swaffham, and the Neolithic flint mines at Grimes Graves, near Weeting. Just outside Dereham the Gressenhall Rural Life Museum is housed in a former workhouse or 'House of Industry'. Some 16 kilometres east of Thetford, just off the A11 Snetterton motor racing circuit is located which hosts major sporting events throughout the year.

Review of the existing Medium Term Financial Strategy

- We have been able to maintain the level of Council Tax increase in 2008/09 to that indicated within our medium term financial plan. Our Council Tax is the lowest of any District in the UK.
- We have effectively redirected resources to our corporate priorities.
- We have managed to maintain our reserves position and found resources to support areas such as organisational development.
- Bidding for external funding in support of corporate objectives has been successful, for example achieving funding for Travellers Sites, Thetford Growth Point and Thetford Enterprise Park.
- We have reviewed our balance sheet to reflect the 2007 SORP.
- Effective budget control has highlighted potential issues such as a shortfall in income due to market forces in a timely manner and allowed them to be successfully managed.
- Embedding the Value for Money strategy across the council has been actively led by the Corporate Management Team.
- Key trading areas have been reviewed, such as Planning and Building Control and alternative service delivery options are being explored.

- As a result of improved monitoring during the year, we have moved towards a nil balance on the Collection Fund.
- The three year grant settlement has assisted in Council Tax forecasting. The Workforce policies, such as the Breckland Remuneration and Reward Scheme will help with long term resource planning.
- We are increasing the number of payments taken using electronic methods year on year and reducing volumes of cash and cheques taken.
- The performance of our commercial property trading has exceeded all expectations and been central in providing value for money to the local taxpayer.
- We have met and exceeded our 3 year efficiency targets set by Government.
- We have successfully integrated our budgetary and policy framework with our performance framework.
- The journey of recognising sustainability in our decision making has started and is becoming evermore embedded within our culture.

Key Facts:

Breckland's **Budget Requirement** for 2008/09 is **£13.5m**, compared to £13m in 2007/08 (an increase of 3.85%).

The average **Band D Council Tax Charge** in 2008/09 is **£61.98**. It was £60.32 in the previous year (an increase of 2.75%).

A 1% increase in council tax (60p for a band D property) would yield extra income of around £25k.
Capital expenditure of £10,000 would create an additional revenue cost of around £500 as a result of lost interest.

The following table shows the Band D Council Tax levels over the last seven years:

	Norfolk County Council £	Norfolk Police Authority £	Breckland (excl. Special Expenses) £	Parish £	Total £	Increase %
2002/03	758.52	100.35	48.89	36.42	944.18	
2003/04	879.12	121.95	50.60	38.59	1,090.26	15.5
2004/05	929.70	138.69	56.84	39.86	1,165.09	6.9
2005/06	956.70	145.53	57.98	42.21	1,202.42	3.2
2006/07	1,004.40	154.17	59.14	46.37	1,264.08	5.1
2007/08	1,052.10	164.88	60.32	49.25	1,326.55	4.9
2008/09	1,091.52	178.56	61.98	52.15	1,384.21	4.4

Of all the homes in our area 78% are in Bands A-C, 55% are in Band A or B. The majority of homes will pay less than £1.19 a week towards the Services we provide.

An average property in Breckland is in band B rather than band D as originally assumed by the Government. Therefore, the average council tax in Breckland for this year is £1,077 rather than the headline council tax of £1,384. This represents a decrease of £5.90 per week on an average property in Breckland.

In England the average council tax in 2008/09 for a Band D dwelling (occupied by two adults, including parish precepts) is £1,374, compared with £1,321 in 2007/08. This equates to an average increase in council tax between 2007/08 and 2008/09 of 4% (*Source: CLG March 2008*). Average Band D council taxes are £1,292 in London, £1,408 in shire areas and £1,328 in metropolitan areas. These figures are before any reductions due to discounts or benefits.

Forward Projections

The desired level of council tax increases has been indicated by the Cabinet. The forecast budget below is based on existing six year plans. The CSR 2007 outlines provisional grant figures for 2008/09 to 2010/11; future years' estimates assume a 2.27% annual increase. Tax base is estimated to increase by 3% annually.

	2007/08	2008/09	2009/10	2010/11	2011/12	2012/13	2013/14
Target Council Tax Band D	£60.32	£61.98	£63.68	£65.43	£67.23	£69.08	£70.98
Target Council tax increase		2.75%	2.75%	2.75%	2.75%	2.75%	2.75%
Forecast Base Budget (excl Parish Precept & Special Expenses)	£12.99m	£13.53m	£14.03m	£14.48m	£14.59m	£14.97m	£15.36m
Predicted Government Grant	(£10.40m)	(£10.77m)	(£11.06m)	(£11.31m)	(£11.57m)	(£11.83m)	(£12.10m)
Estimated Collection Fund surplus/(deficit)	(£0.00m)	£0.06m	(£0.00m)	(£0.00m)	(£0.00m)	(£0.00m)	(£0.00m)
Other Grants	(£0.00m)	(£0.10m)	(£0.18m)	(£0.27m)	(£0.00m)	(£0.00m)	(£0.00m)
Special Expenses	(£0.09m)	(£0.12m)	(£0.08m)	(£0.08m)	(£0.08m)	(£0.08m)	(£0.08m)
Target Budget	£2.50m	£2.60m	£2.71m	£2.82m	£2.94m	£3.06m	£3.18m
Estimated Council Tax Base	41,447	41,996	42,552	43,116	43,687	44,266	44,852

Section 2.0 Our Strategy

No.	Action To:
1.0	Manage a budget process that will make progress in re-directing and focusing the budget on corporate priorities. In doing so recognise the intrinsic link between the MTFs, Capital strategy and Treasury Management strategy.
2.0	Adopt a corporate approach to budget preparation and implement strong timely budgetary control
3.0	Use sound modern financial systems procedures and principles and promote electronic record keeping and approval processes. Integrate financial reporting within corporate performance systems.
4.0	Ensure that there is a rigorous scrutiny of the financial planning process and work towards a more effective consultation process to engage the public and stakeholders.
5.0	Maintain balances and reserves that will provide for known risks and liabilities, and provide capacity for managing peaks in expenditure
6.0	Operate strategies on capital and external funding that supports the council's corporate objectives.
7.0	Undertake a risk assessment of material items of income and expenditure, the risks will be reported to members as part of the budget setting process
8.0	Manage and use our resources to deliver value for money and better and sustainable outcomes for local people.
9.0	Set targets for trading accounts and if services fail to achieve these they will be subject to a more fundamental review
10.0	Aim for a zero balance on the Collection Fund
11.0	Lobby to ensure that the needs of Breckland are recognised and incorporated into funding mechanisms.
12.0	Support LABGI (Local Authority Business Growth Incentive) or successor scheme rewards by encouraging economic development and vice-versa
13.0	Prepare robust and realistic income, expenditure and resource requirement plans for the next five years.
14.0	Ensure full engagement in the proposed Local Government Review of Norfolk to ensure the long term financial interests of local residents are fully considered
15.0	Promote take-up of benefits and reliefs
16.0	Maximise income collection

Section 3.0 How we will achieve our strategy

1.0

To manage a budget process that will make progress in re-directing and focusing the budget on corporate priorities

- Achieve at least target efficiency gains each year
- Use a resource allocation model to support the re-direction of resources
- Implement the Value for Money Strategy
- Implement a continuous review of staffing requirements to attain optimum efficiency.
- Seek to minimise benefit subsidy losses through the Anglia Revenues Partnership
- Budget for staffing at 97%
- Work through our Strategic Service Delivery Partnerships
- Ensure members receive financial awareness training

2.0

To adopt a corporate approach to budget preparation and implement strong timely budgetary control

- Adopt the laid down budget principles

	<ul style="list-style-type: none"> ➤ Have a clear corporate reporting timetable ➤ Provide training for non-finance staff
<p>3.0</p>	<p>To use sound modern financial systems, procedures and principles and promote electronic record keeping and approval processes.</p> <ul style="list-style-type: none"> ➤ Review the financial procedures and contract procedure rules annually ➤ Use Technology to disseminate guidance. ➤ Enhance our profiling of budgets and variance analysis ➤ Produce regular outturn forecasts ➤ If one off expenditure can result in ongoing savings showing a payback period then consideration will be given to drawing upon balances to finance the investment ➤ Reduce or maintain expenditure by procuring services in the most effective and efficient way in line with our procurement strategy. ➤ Ensure that the financial implications of any enforcement action are clearly identified and documented before action commences. ➤ Implement a continuous review of staffing requirements to attain optimum efficiency. ➤ Pay suppliers promptly, which we believe contributes to the local economy.
<p>4.0</p>	<p>To ensure that there is a rigorous scrutiny of the financial planning process and work towards a more effective consultation process to engage the public</p>

	<ul style="list-style-type: none"> ➤ Enhance our council tax consultation process ➤ Work with the Audit Committee to improve the scrutiny of financial and non-financial processes and information
5.0	<p>To maintain balances and reserves that will provide for known risks and liabilities, and provide capacity for managing peaks in expenditure</p> <ul style="list-style-type: none"> ➤ Undertake a risk assessment on general balances ➤ Follow procedures for maintenance of reserves ➤ Ensure where possible that cyclical expenditure is absorbed in the budget to avoid peaks and troughs which might otherwise result in unnecessary fluctuations in council tax bills by making use of earmarked reserves
6.0	<p>To operate strategies on capital and external funding that supports the council's corporate objectives, to meet Government targets and to improve services</p> <ul style="list-style-type: none"> ➤ External funding will be sought if it supports corporate objectives ➤ There will be clear exit strategies and six months before the funding ceases there will be a decision on how the service will proceed ➤ We will comply with best practice on grant funding arrangements
7.0	<p>There will be a risk assessment of material items of income and expenditure, the risks will be reported to members as part of the budget setting process</p> <ul style="list-style-type: none"> ➤ Strategic and operational risk registers will be maintained and monitored

	<ul style="list-style-type: none"> ➤ Ensure that the Audit Committee is effective
8.0	<p>Manage and use our resources to deliver value for money and better and sustainable outcomes for local people.</p> <ul style="list-style-type: none"> ➤ Comply with the Value for Money Strategy ➤ Carry out regular Value for Money reviews of services ➤ Ensure our natural resources are fully considered in all aspects of service delivery ➤ Develop our processes to comply with the latest key lines of enquiry
9.0	<p>We will set targets for trading accounts and if services fail to achieve this they will be subject to a more fundamental review</p> <ul style="list-style-type: none"> ➤ A comprehensive review of fees and charges will be completed in 2008 ➤ Targets for managers will be incorporated into the performance management framework
10.0	<p>We will aim for a zero balance on the Collection Fund through effective service provision of the Anglia Revenues Partnership</p> <ul style="list-style-type: none"> ➤ Use robust forecasting methods ➤ Monitor the account on a monthly basis, check and review council tax discount and exemption entitlements (removing them increases the tax base) ➤ Publicise and promote the need to promptly report changes that could affect discount and exemption entitlements and the fact that we invoke penalties for failure to comply

	<ul style="list-style-type: none"> ➤ Keep abreast of new developments in the area; encourage our Benefits and Revenues Inspector to be vigilant in this regard ➤ Serve council tax completion notices where appropriate to minimise council tax avoidance ➤ Make realistic provisions for bad debts
11.0	<p>We will lobby to ensure that the needs of Breckland are incorporated into funding mechanisms.</p> <ul style="list-style-type: none"> ➤ We will support the Authority's membership of special interest groups that reflect our issues. We will also work with the Norfolk Finance Officers' Association and the Society of District Council Treasurers.
12.0	<p>We will support LABGI by encouraging local economic development</p> <ul style="list-style-type: none"> ➤ Effective monitoring, review and inspection of empty properties ➤ Close liaison with Planning and Building control to pick-up and report new and altered premises to the Valuation Office Agency ➤ Economic Development Strategy

<p>13.0</p>	<p>We will prepare income, expenditure and resource requirement plans for the next five years</p> <ul style="list-style-type: none"> ➤ Five year financial plan and business plan ➤ Key issues papers will be prepared by Budget Managers for consideration by CMT
<p>14.0</p>	<p>Ensure full engagement in the proposed Local Government Review of Norfolk to ensure the long term financial interests of local residents are fully considered</p> <ul style="list-style-type: none"> ➤ We will actively engage in the financial affordability on the consulted outcomes ➤ Our staff will be represented to ensure they are well placed in any future model for Norfolk local government ➤ Local Residents will be asked to contribute to the consultation process and we will effectively represent their views ➤ We will review our financial plans to ensure the best long term results are delivered for local residents during any transitional period
<p>15.0</p>	<p>To promote take-up of benefits and reliefs</p> <ul style="list-style-type: none"> ➤ Target an increase of benefits take-up for people aged over 60 ➤ Publicise availability of benefits and target specific groups ➤ Effectively implement and communicate the discretionary rate relief policy ➤ Undertake Joint benefit publicity campaigns through the Anglia Revenues Partnerships
<p>16.0</p>	<p>Maximise income collection</p> <ul style="list-style-type: none"> ➤ Maintain upper quartile performance on council tax and NNDR ➤ Operate within our approved investment and treasury policy ➤ Update fees and charges in line with opportunities for maximising income where social and economic justification exists ➤ Make it convenient for customers to pay ➤ Use enforcement remedies effectively e.g. Bailiffs, attachment of earnings and such like

Outputs

The following are key outputs to help monitor the effectiveness of this strategy and the underlying principles:

- Annual Management letter
- CPA use of resources judgement
- Financial Plan
- Council Tax leaflet
- Cabinet Governance reports
- Grant returns submitted on time
- Audit Committee reports
- Annual Governance Statement.