

MEDIUM TERM FINANCIAL STRATEGY 2010-15

Section 1.0 Where are we now?

Introduction

The Council's medium term financial strategy 2010 – 2015 is 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, the Local Area Agreement, which sets out the shared aims and ambitions agreed with our partners, 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. This strategy will also sit above and guide our other key resource documents, such as our Capital strategy, Asset management plan, Audit plan, Procurement strategy and Efficiency strategy.

Context

Breckland District covers an area of 1,305sq kilometres and is one of 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 23,900 and the smallest Watton with a population of just over 7,400. There are 107 Parish Councils, some covering more than one parish and just under 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 129,935 (according to the latest population figures) and is estimated to grow by a further 39,200 by 2031, which is an increase of 30% compared to the national average of 16% over the same time period. 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 in the Breckland area and for much of the last decade some of these sectors have been in decline. Unemployment levels in the District had been relatively low at around

2% until 2008, when levels started to rise as a result of the current economic downturn. By May 2009 unemployment levels had risen to 3.6%, however this level is still below the national average of 4.1%. 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, against a backdrop of the economic recession and rising unemployment.

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

- 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 economic growth, match funded projects and the Local Development Framework.
- Bidding for external funding in support of corporate objectives has been successful, for example achieving funding for new affordable housing across the district and Thetford Growth Point.
- We have reviewed our balance sheet to reflect the 2009 SORP.

- Effective budget control has highlighted potential issues such as a shortfall in income and increases in utility costs in a timely manner and allowed them to be successfully managed.
- Embedding the Efficiency 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 have been sought.
- Our prudent management of reserves has enabled us to respond to the impacts of recession without the need to reduce services or change our plans on local taxation.
- The budget setting process was greatly enhanced by additional opportunity for scrutiny and a much extended period of public consultation.
- The three year grant settlement has assisted in Council Tax forecasting.
- 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 is providing value for money to the local taxpayer. Whilst the economic recession makes this a challenging time for property management our occupancy remains high and our rates of return are favourable when compared to other opportunities for investment.
- 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. We can see this with the inclusion of various “Green” initiatives within our revenue and capital spending plans.

Key Facts:

Breckland's **Budget Requirement** for 2009/10 is **£14.1m**, compared to £13.5m in 2008/09 (an increase of 4.5%).

The average **Band D Council Tax Charge** in 2009/10 is **£64.05**. It was £61.98 in the previous year (an increase of 3.35%).

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 £100 as a result of lost interest.

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

	Norfolk County Council £	Norfolk Police Authority £	Breckland (excl. Special Expenses) £	Parish £	Total £	Increase %
2003/04	879.12	121.95	50.60	38.59	1,090.26	-
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
2009/10	1,123.74	185.58	64.05	55.99	1429.36	3.3

Of all the homes in our area 78% are in Bands A-C, 55% are in Band A or B. The majority of homes pay less than £1.23 a week towards the District 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 total council tax in Breckland in 2009/10 is £1,112 rather than the headline figure of £1,429. This represents an increase of £0.67 per week on an average property in Breckland.

In England the average council tax in 2009/10 for a Band D dwelling (occupied by two adults, including parish precepts) is £1,414, compared with £1,373 in 2008/09. This equates to an average increase in council tax between 2008/09 and 2009/10 of 3% (£0.79 per week). (*Source: CLG June 2009*).

Forward Projections

The existing 5 year financial plan is based on a council tax increase of 3.35%, which was representative of RPI in October/November 2008. As a result of the current economic downturn, our policy for 2010/11 will be to aspire to a 0% council tax increase with an aspirational target to maintain a 0% increase for 2 further years. This aspiration will be subject to the Councils ability to provide the necessary services to its community and maintain the stability of the public finances. 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 0.50% in 2010/11 and 1% annually thereafter.

We recognise that the settlement projections are a key risk to the Council and will continue to liaise with organisations such as LGA and CIPFA to show that the later years projections are based on current thinking.

	2009/10	2010/11	2011/12	2012/13	2013/14	2014/15
Target Council Tax Band D	£64.05	£64.05	£64.05	£64.05	£65.97	67.95
Target Council tax increase	3.35%	0%	0%	0%	3%	3%
Forecast Base Budget (excl Parish Precept & Special Expenses)	£14.14m	£14.4m	£14.75m	£15.04m	£15.42m	£15.81m
Predicted Government Grant	(£11.06m)	(£11.31m)	(£11.57m)	(£11.83m)	(£12.10m)	(£12.37m)
Estimated Collection Fund (surplus)/deficit	£0.04m	£0.06m	£0	£0	£0	£0
Other Grants	(£0.28m)	(£0.29m)	(£0.29m)	(£0.29m)	(£0.29m)	(£0.29m)
Special Expenses	(£0.15m)	(£0.15m)	(£0.16m)	(£0.16m)	(£0.16m)	(£0.16m)
Target Precept	£2.69m	£2.71m	£2.73m	£2.76m	£2.87m	£2.99m
Estimated Council Tax Base	42,051	42,261	42,684	43,110	43,541	43,976

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 and that supports the targets of our Local Area Agreement.
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 which will be recognised under the Comprehensive Area Assessment for Norfolk.
9.0	Set realistic targets for trading accounts (taking into account the current economic downturn) and if services fail to achieve these they will be subject to a more fundamental review
10.0	Aim for a minimum 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 Local Government Review of Norfolk to ensure the long term financial interests of local residents are fully considered should there be any proposed change
15.0	Promote take-up of benefits and reliefs
16.0	Maximise income collection
17.0	Recognise our role in the community throughout and beyond the period of economic hardship by providing assistance to individuals, groups and businesses

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 an Efficiency/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 95%
- Run the budget setting process alongside the business planning process
- Plan to resource the requirements of the Local Delivery Framework and key pieces of work around Thetford, Attleborough and Snetterton
- Work with our Strategic Service Delivery Partners
- Ensure elected members receive adequate financial 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"> ➤ Keep up to date our financial procedures and contract procedure rules ➤ 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, this will include purchase cards and framework agreements. ➤ 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 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 Efficiency/Value for Money Strategy ➤ Carry out Value for Money reviews of services at budget time ➤ Ensure our natural resources are fully considered in all aspects of service delivery ➤ Undertake reviews within service areas leading to transformation of the service and associated processes ➤ Plan to resource the requirements of the Local Delivery Framework and key pieces of work around Thetford, Attleborough and Snetterton ➤ 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 further comprehensive review of fees and charges will be completed in 2009 ➤ Targets for managers will be incorporated into the performance management framework
10.0	<p>We will aim for a minimum 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 accounts on a monthly basis, check and review council tax discount and exemption entitlements (removing them increases the tax base)

	<ul style="list-style-type: none"> ➤ 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 ➤ Keep abreast of new developments in the area; encourage our Benefits and Revenues employees 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 ➤ Award a business start up grant towards commercial property rental through a competition process ➤ Economic Development Strategy
13.0	<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 financial issues will be prepared by Service Managers for consideration by CMT ➤ Detailed spending plans developed to support budget choices

<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 ➤ Undertake Joint benefit publicity campaigns through the Anglia Revenues Partnerships ➤ Effectively review, implement and communicate the discretionary rate relief policy
<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

17.0 Recognise our role in the community throughout and beyond the period of economic hardship by providing assistance to individuals, groups and businesses

- Promote benefit take up
- Ensure we pay our suppliers promptly
- Deliver economic development opportunities
- Provide support for affordable housing
- Seek to encourage community cohesion and local pride
- Provide financial assistance for community based projects
- Improve access to information throughout our market towns
- Award a business start up grant towards commercial property rental through a competition process
- Join up our services with other public and voluntary bodies

Outputs

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

- Annual Audit letter
- CAA use of resources judgement
- Financial Plan
- Council Tax leaflet
- Governance and performance reports
- Grant returns submitted on time
- Audit Committee reports
- Annual Governance Statement.