AGENDA ITEM 9.3

STAFFORDSHIRE MOORLANDS DISTRICT COUNCIL

Report to Cabinet

1st December 2015

TITLE:	**Updated Medium Term Financial Plan 2016/17 to 2018/19**
PORTFOLIO HOLDER	**Cllr Sybil Ralphs – Leader**
CONTACT OFFICERS:	**Claire Hazeldene – Finance & Procurement Manager**
WARDS INVOLVED:	**Non-Specific**

Appendix Attached

- **Appendix A (Medium Term Financial Plan 2016/17 to 2018/19)**

1. Reason for the Report

1.1 This report presents the Council's updated Medium-Term Financial Plan (MTFP). The MTFP places the Council's priorities in the context of the likely resources available, providing a financial context to future decision making.

2. Recommendations

2.1 That members of the Cabinet endorse the updated Medium-Term Financial Plan (Appendix A) with the recommendation that it should proceed to Council for approval.

3. Executive Summary

3.1 The medium term financial planning process provides the Council with the opportunity to plan its delivery of public services in accordance with local priorities and against the backdrop of unprecedented public sector financial constraint.

3.2 The MTFP is updated in accordance with the budget cycle. This version of the MTFP presents the Council's finances over a three-year period, namely 2016/17 to 2018/19. It sets the context for the preparation of the 2016/17 budget which will need to be approved by the Council in February 2016.

3.3 The Plan provides:

- Details of local spending influences in the context of the updated Corporate Plan
- A focus on the transformation programme and the consequential financial implications, including the capital programme and efficiency & rationalisation plan
- Updated inflation and interest assumptions using the latest forecasts and the impact of any budgetary demand
- An update on any national issues that will impact on the Council’s financial position, including core Government funding forecasts and the Business Rates retention scheme

3.4 The previous version of the MTFP was agreed by the Council in March 2015 when setting the budget for the current financial year. The Plan provided for a balanced budget position over the three-year period 2015/16 to 2017/18. This was to be achieved mainly through the Council’s efficiency and rationalisation strategy, but also allowed for a contribution to reserves over the three years.

3.5 The projections in this MTFP show although the Council can continue to make a contribution to reserves in both 2016/17 and 2017/18 (as committed in the previous plan), a deficit of some £337,510 occurs in the last year of the plan period i.e. 2018/19. This includes a forecast for the reduction in income from central government through revenue support grant of 80% over the three years (as per the announcement that revenue support grant will be phased out by 2020)

3.6 The ability to limit the impact of the reduction in central government support is underpinned by three major sources of income:

- Retained Business Rates through economic growth and the saving of the levy payable to central government as a consequence of the Council's membership of the Staffordshire Business Rates Pool;
- Maintaining the level of new homes bonus through a commitment to housing growth; and
- Reviewing fees and charges and identifying new sources of income generation

3.7 The MTFP also assumes an annual 1.9% increase in Council Tax over the life of the plan.

3.8 Achieving a balanced budget in the medium-term relies upon delivery of the Council's approved efficiency & rationalisation strategy. The strategy has been reprofiled as part of the MTFP update, and provides for ongoing financial savings of some £1.68 million by the end of the 2017/18 financial year (this includes some £781,200 in the current financial year). It is essential that the Council continues to implement this strategy.

3.9 As previously stated, this version of the MTFP sets the context for the development of the 2016/17 Budget. Members will receive a further update of the MTFP when considering the final budget proposals in February 2016. The following actions will need to be completed to ensure that these proposals are robust:

- Complete review of the Council's transformation programme and produce revised forecasts as required
- Assess the impact of the Government settlement announcement in December 2015
- Development of detailed budget plans for 2016/17
- Development of detailed proposals for Fees and Charges increases
- Complete review of reserves and balances
- Complete consultation process and present results
- Continue to monitor the ongoing issues arising from the retention of business rates and the associated financial implications for the Council

4. How this Report Links to Corporate Priorities

4.1 The successful delivery of all corporate priorities is dependent upon the effective management of financial resources, which is the subject of this report.

5. Options and Analysis

5.1 The report is a statement of fact. As such there are no options to consider.

6. Implications

6.1 Community Safety - (Crime and Disorder Act 1998)
None.

6.2 Workforce
None.

6.3 Equality and Diversity/Equality Impact Assessment
This report has been prepared in accordance with the Council's Equality and Diversity policies.

An Equalities Impact Assessment (EIA) has been undertaken on the Corporate Plan, which feeds into budget plans.

6.4 Financial Considerations
There are substantial financial considerations contained throughout the report.

6.5 Legal
None.

6.6 Sustainability
None.

6.7 External Consultation
The Council's budget plans are the subject of an annual public consultation exercise. Full details are contained within the plan

6.8 Risk Assessment
A full risk analysis has been undertaken which is contained within the plan

ANDREW P STOKES
Executive Director (Transformation) & Chief Finance Officer

Web Links and Background Papers	**Location**	**Contact details**
Various background working papers	Moorlands House	Claire Hazeldene Finance & Procurement Manager 01538 395400 Ext. 4191

APPENDIX A

STAFFORDSHIRE MOORLANDS DISTRICT COUNCIL

MEDIUM TERM FINANCIAL PLAN

2016/17 to 2018/19

November 2015

INDEX

1. Introduction

1.1 The Medium Term Financial Plan (MTFP) is a key element of the Council's budget and policy framework. It aims to ensure resources are directed effectively and efficiently towards delivery of the Corporate Plan. It describes the financial direction of the Council for planning purposes and outlines the financial pressures the Council is likely to experience over the next 3 years.

1.2 The medium term financial planning process establishes how available resources will be allocated to services in line with Council priorities which have been determined following consultation with residents, councillors and other stakeholders. The process facilitates the Council in planning the prudent management of its finances, in building resilience and in providing for the needs of residents over the long term.

1.3 The MTFP is updated regularly to fit in with the budget cycle. This review of the MTFP builds on the existing strategy and updates assumptions to reflect known changes to income, costs and funding. The plan incorporates revenue and capital financial projections over the three years 2016/17 to 2018/19.

1.4 The Council will demonstrate economy, efficiency and effectiveness in the application of its resources. Value for Money (VFM) is maximised when there is an optimum balance between economy, efficiency and effectiveness.

- Economy: the price the Council pays for providing its services
- Efficiency: how much the Council gets out of what's put in (productivity)
- Effectiveness: value of the impact achieved (quantitative or qualitative)

2 Strategic Priorities

2.1 The Medium Term Financial Plan is driven by local priorities. The Council's spending strategy is set out in the Corporate Plan formally adopted by members of the Council.

2.2 Following the recent elections in May 2015, there has been a fundamental review of the Corporate Plan focussing on the period 2015-2019 (up to the end of the current political administration)

2.3 The purpose of the Corporate Plan is to set out the Council's vision, corporate objectives and key priorities for the medium term. It in effect determines the Council's commitments in the delivery of services and community leadership to the citizens of Staffordshire Moorlands.

2.4 The Council's Corporate Plan has been developed after taking into account the views and aspirations of Staffordshire Moorlands citizens and having come to a clear understanding of empirical evidence. The plan has given due recognition of the national and regional policy framework. It has taken on board learning from the progress made by the Council and has benefitted from input from members at a priority setting event which was held in September 2015.

2.5 The Council's vision is expressed as:

"Achieving Excellence in the delivery of high quality services that meet the needs and aspirations of our communities"

2.6 This vision is articulated further by four aims:-:

- Help create a safer and healthier environment for our communiites to live and work
- Meet our financial challenges and provide value for money
- Help create a strong economy by supporting further regeneration of towns and villages
- Protect and improve the environment

2.7 These aims are supported by a number of objectives which also provide the framework for the delivery of service plans. The Council's objectives are summarised below:

	Aim	Objectives
1	Help create a safer and healthier environment for our communities to live and work	• Increased supply of good quality affordable homes • Develop a positive relationship with communities • Effective relationship with strategic partners • Effective support of community safety arrangements including CCTV • Provision of sports facilities and leisure opportunities focused upon improving health
2	Meet our financial challenges and provide value for money	• Effective use of financial and other resources to ensure value for money • Ensure services are easily available to all our residents in the appropriate channels and provided "right first time" • A high performing and well motivated workforce • More effective use of Council assets
3	Help create a strong economy by supporting further regeneration of towns and villages	• Encourage business start-ups and enterprises • Flourishing town centres that support the local economy • Encourage and develop tourism • High quality development and building control with an "open for business" approach
4	Protect and improve the environment	• Effective recycling and waste management • Promote environmentally sustainable policies and practices • Provision of high quality public amenities, clean streets and environmental health • Provision of quality parks and open spaces • Car parking arrangements that meet the needs of residents, businesses and visitors

2.8 The Council is committed to playing the lead role in championing the local area. In so doing the Council recognises its community leadership role. Fulfilling this role effectively means influencing partners in a number of key areas in order to ensure that services are shaped and delivered around the needs and aspirations of citizens. The Council's influencing role is focused in the following areas:

- Support the police and other partners to reduce crime, the fear of crime and anti social behaviour
- Ensure there is effective health provision particularly for the elderly
- Support the development of rail links to the city of Stoke-on-Trent
- Ensure that the services provided by other public sector partners meet the needs of residents
- Support the development of a new entertainment facilities in Leek
- Work with Staffordshire County Council and other partners to ensure an effective partnership with central government
- Identify European Funding opportunities
- The provision of waste and recycling centres across the district

2.9 The Plan identifies key priority outcomes, which will be the highest priority in the development of perfromance targets and key actions. A significant proprtion of the Council's resources will be directed towards achieving them:-

	Aim	Objectives
1	Help create a safer and healthier environment for our communities to live and work	• Increased supply of quality affordable homes • Improved health • Improved community safety
2	Meet our financial challenges and provide value for money	• Balanced and sustainable medium term financial plan position • Council services provide value for money • High level of resident and customer satisfaction
3	Help create a strong economy by supporting further regeneration of towns and villages	• Sustainable towns and rural communities • Increased economic growth
4	Protect and improve the environment	• High recycling rates • Quality parks and open spaces and clean streets

2.10 The Council maintains a Strategic Alliance with High Peak Borough Council, formed around the principle of shared services in the pursuit of efficiency and realisation of savings. The Strategic Alliance has enabled the implementation and transformation of a joint management structure and services, consequently realising significant efficiency savings.

2.11 The Council intends to continue to drive savings and service improvements through collaboration with its Alliance partner, High Peak Borough Council.

3. Current Spending Levels

3.1 The starting point for the development of the MTFP is the current level of spending and the approved capital expenditure commitments.

3.2 The Council's current year (2015/16) General Fund budget can be summarised as follows:

Income and Expenditure	2015/16 Budget
	£
Employees	7,910,230
Premises	1,988,590
Transport	1,259,610
Supplies & Services	4,397,030
Benefits	43,510
Borrowing	481,260
Parish Grant	71,150
Financing Costs	555,000
Contribution to / (from) Reserves and Balances	299,140
Total Expenditure	**17,005,520**
Fees and Charges / Other Income	(5,696,950)
Interest Receipts	(57,000)
Ascent LLP Income	(703,120)
Recharges outside General Fund	(16,300)
Net Expenditure	**10,532,150**

3.3 The net expenditure is financed as follows:

Financing	2015/16 Budget
	£
Council Tax	(4,830,750)
Revenue Support Grant	(1,951,820)
New Homes Bonus	(981,130)
Business Rates Retention	(2,951,080)
Collection Fund Deficit	182,630
Total Financing	**(10,532,150)**

3.4 The medium-term projection for capital commitments approved by Members in February 2015 is detailed below: -

Service Area	2014/15	2015/16	2016/17	2017/18	Total
	£	£	£	£	£
Asset Management Plan	268,190	651,000	870,000	626,000	2,415,190
Affordable Housing Project	13,087,770	3,000,000	-	-	16,087,770
Growth Fund			700,000	800,000	1,500,000
Housing Grants	536,570	654,000	654,000	654,000	2,498,570
ICT Strategy	68,000	102,000	130,000	160,560	460,560
Other Schemes	998,960	165,000	277,910		1,441,770
Total Programme	**14,959,490**	**4,572,000**	**2,631,910**	**2,240,560**	**24,403,960**
Financed by:- External Grants & Contributions	661,140	654,000	654,000	654,000	2,623,140
Capital Receipts	282,500	40,000	225,000	200,000	747,500
General Fund Capital Reserve	700,000	-	-	-	700,000
S106 Planning Obligations	117,700	-	-	-	117,700
Borrowing	13,198,150	3,878,000	1,752,910	1,386,560	20,215,620
Total Financing	**14,959,490**	**4,572,000**	**2,631,910**	**2,240,560**	**24,403,960**

4. Transformation Programme

4.1 Introduction

4.1.1 The Council's 'transformation programme' incorporates all major projects which meet the strategic priorities of the authority and have significant financial implications, including:

- The capital programme
- The efficiency and rationalisation strategy
- Service reviews
- Member priority projects
- Other large scale projects

4.1.2 The delivery of transformation programme projects is monitored by the Transformation Board made up of Directors, Heads of Service along with key Corporate Service Managers and officers. A Director is allocated as 'project executive' and a full business case appraisal is completed for each project.

4.1.3 The progress and current financial projections of the transformation programme are explored below along with any potential revenue and capital financial consequences. Any further work required to identify the financial implications of the programme are discussed in order to ensure they are included within the next iteration of the MTFP (to be presented in February 2016)

4.2 The Capital Programme

4.2.1 The Capital Programme presented to Members in February 2015 has been reviewed, re-profiled and updated to reflect the latest position in terms of capital projections to 31st March 2019.

4.2.2 The latest capital projections, specifically identifying the major schemes, are summarised in the table below. Full detail is attached in Annex A.

Service Area	2015/16	2016/17	2017/18	2018/19	Total
	£	£	£	£	£
Asset Management Plan	180,410	680,910	870,000	626,000	2,357,320
Affordable Housing	1,000,000	-	-	-	1,000,000
Growth Fund	-	700,000	800,000	-	1,500,000
Housing Grants	689,820	654,000	654,000	654,000	2,651,820
ICT Strategy	123,500	100,000	84,610	84,600	392,710
Other Schemes	584,310	280,380	50,000	-	914,690
Total Programme	**2,578,040**	**2,415,290**	**2,458,610**	**1,364,600**	**8,816,540**
Financed by:-					
External Grants & Contributions	689,820	730,490	654,000	654,000	2,728,310
Capital Receipts	-	40,000	225,000	200,000	465,000
General Fund Capital Reserve	825,000	-	-	-	825,000
S106 Planning Obligations	9,240	-	-	-	9,240
Borrowing	1,053,980	1,644,800	1,579,610	510,600	4,788,990
Total Financing	**2,578,040**	**2,415,290**	**2,458,610**	1,364,600	**8,816,540**

4.2.3 The capital projections above include the carry forward of £4,596,470 capital budgets from 2014/15 as approved by Members and one new scheme totalling £9,240 (in accordance with a section 106 planning obligation) added to the in year capital programme.

Asset Management Plan (AMP)

4.2.4 A stock condition survey is currently underway on the Council's property assets. This will inform as to the works required over the medium term to maintain the condition of the assets. In addition, the other direct costs of operating the assets and income generated will be assessed to enable informed decisions to be made in respect of the future usage of the assets. This will also be based on the future accommodation requirements of the Council and opportunities for shared facilities with external partners.

4.2.5 The capital costs of the AMP are based on current cost projections, with a revision based on progress in the current year - £680,910 assumed to be rolled into 2016/17. The programme will be updated in February based on the work that has been carried to that point, followed by an updated AMP to be presented during the course of 2016, which will feed into the 2017/18 – 2019/20 MTFP incorporating the results of the stock condition appraisal.

4.2.6 An important part of the process is to ensure a clear strategy for surplus and non operational assets. The current policy is designed to complement the AMP of only holding assets that meet the Council's objectives economic or investment; generate capital receipts from sale of surplus or underused properties; reduce liabilities; unlock the benefits of regeneration; enable Local Community Development Plan policies to be realised

4.2.7 Positive revenue implications of the asset management plan include reduced annual maintenance and utility costs due to fewer and/or more efficient buildings and income receipts from shared accommodation partners. £230,000 in savings as a result of more efficient usage of assets was included in the current Efficiency & Rationalisation Plan of which £70,740 has been achieved to date.

Affordable Housing Project

4.2.8 The Council's affordable housing project is being delivered via Ascent Housing – the joint venture established by the Council in partnership with Your Housing. Ascent has completed 276 units to date with the majority now occupied.

4.2.9 The £5 million debenture facility was fully drawn in 2014/15, and is generating annual income of £100,000 for the remainder of the 25 year period (subject to early repayments by Ascent).

4.2.10 £14 million of the £20 million loan facility has been drawn to date, current cash flow projections suggest that the remaining £6 million loan facility will not be drawn during the 3 year period of this plan. However, if further schemes are developed as part of the business plan, further drawdowns may be required.

4.2.11 It is assumed at this stage that Ascent will refinance with the Council on maturity the initial 5 year loans (£5.5 million maturing over the next 3 years) As per the agreement in regard to refinancing, an annual repayment of principal will be paid in addition to interest due.

Growth Fund

4.2.12 Members approved the establishment of a growth capital fund. The growth fund was set up with the aim of supporting capital projects that have a positive impact upon the Council's strategic objectives and generate revenue income streams.

4.2.13 Formal applications to the fund were invited at the end of 2014, however after an appraisal of the business cases, no external applications have progressed to the next stage of assessment. There are potential internal schemes currently being considered - the business case for moving forward with these projects will be assessed by the Transformation Board.

4.2.14 Growth related projects should aim to generate income receipts for the Council, for example via increased business rates, rental income or interest receipts. £150,000 in additional income was identified within the current efficiency and rationalisation plan – as external applications have been unsuccessful, the efficiency target has been re profiled into 2017/18.

Housing Grants

4.2.15 The District Council is the duty holder under the Housing Grants, Construction and Regeneration Act 1996 for the mandatory Disabled Facilities Grant and this status remains despite changes to funding arrangements. All eligible applicants are entitled to receive mandatory funding for certain major adaptations to their properties. The funding for these adaptations has previously been given directly to the council but from 2015/16, the funding has been incorporated into the Better Care Fund and paid to the county council.

4.2.16 The Better Care Fund is a single pooled fund for all health and social care provision and covers the whole range of services including public health, social care services and clinical commissioning groups. The 2015/16 provision for Disabled Facilities Grants was ring-fenced within the Better Care Fund, and has been received from the county council. It is not clear however what the level of funding or the payment mechanism might be for future years, and what outcome performance measures might be introduced. There is a risk that Staffordshire Moorlands will need to increase its level of funding - further updates will be provided as this becomes clear.

ICT Strategy

4.2.17 The framework for a new 3 year ICT Strategy has been established. The key drivers of which are to support delivery of the Efficiency and Rationalisation Plan (£100,000 revenue saving required), provide the infrastructure to support joint working, support new ways of working and improve access to services for our customers.

4.2.18 Implememation of the Strategy has commenced, involving discussions with service areas to ascertain requirements and with a view to finding an Alliance wide solution in regard to IT provision. The aim of which is to reduce the number of applications and software and consequently pressure on server space. It is anticipated that the overall capital provision included within the capital programme is sufficient; however, the profiling of expenditure may require revision dependent on prioritisation of each ICT project.

4.2.19 Capital investment is required to establish the infrastructure required to meet the key drivers. This in turn will identify the revenue consequences of capital purchases – increased costs including maintenance, updates and annual licence purchases, offset by savings resulting from better usage and consolidation of the Council's suite of systems.

4.2.20 To date £88,020 of the £100,000 efficiency target has been achieved as part of the ICT Strategy implementation.

Financing the Capital Programme

4.2.21 The capital programme can be funded from a number of options which include external grants and contributions from third parties comprising of Government and lottery funding; capital receipts from asset sales as part of the asset management plan; earmarked revenue reserves and borrowing. The main element of spending within the current programme which is expected to be funded from external resources is support towards Disabled Facilities Grants. Estimated capital receipts of £0.4m will be available over the next four years subject to a review of surplus assets. Revenue reserves of £0.8m are forecast to be applied in full in 2015/16.

4.2.22 Borrowing is therefore the main funding option for the programme. The Treasury Management Strategy then considers whether this is funded externally or internally - both options have a consequence on revenue either through reduced investment income or increased external interest liability as highlighted in the table below.

4.2.23 There remains a balance of £100,000 within the earmarked reserve established specifically to fund capital projects. It is proposed to use this fund where an options appraisal on the acquisition of vehicles, plant and equipment has been carried out and suggests that the most financially viable option is to outright purchase.

Revenue Consequences of the Capital Programme

4.2.16 The capital investment proposals above will result in estimated revenue consequences as follows:

Revenue Consequence (changes year-on-year)	2015/16 (baseline)	2016/17	2017/18	2018/19
	£	£	£	£
Ascent Loan Income	(490,000)	113,020	-	-
Debenture Income	(100,000)	-	-	-
Growth Fund (recovery of Borrowing costs)		(19,080)	(5,720)	24,800
*Additional Revenue Income/savings**	-	-	-	-
Borrowing Costs	481,260	21,820	40,720	56,310
*Additional Revenue Costs***				
Total	**(108,740)**	**115,760**	**35,000**	**81,110**

** Income generation from the growth fund, savings from asset rationalisation and implementation of the ICT Strategy are already assumed within the re-profiled Efficiency & Rationalisation Plan (see 4.3)*
***any other additional revenue costs will be further explored and identified within the next MTFP iteration*

4.3 Efficiency & Rationalisation Programme

4.3.1 The current Efficiency and Rationalisation Strategy was approved by Members in April 2014, which identified a programme of £2.3 million in savings to be made over the period 2014/15 – 2016/17. The profile of the financial savings proposed in the Strategy are summarised below (see ANNEX B for more detailed plan). The below table also illustrates progress to date and reprofiles the outstanding target efficiencies where required.

Efficiency Strategy	2014/15	2015/16	2016/17	2017/18	2018/19	TOTAL
	£	£	£	£		£
ORIGINAL PROGRAMME						
Enhancing Income & Improving Trading	52,940	135,740	78,760	-	-	267,440
Extending Shared Services	25,000	50,000	50,000	-	-	125,000
Corporate Efficiency Projects	425,000	520,000	235,000	-	-	1,180,000
Service Reviews	170,000	240,000	125,000	-	-	535,000
Innovation & Growth	-	25,000	125,000	-	-	150,000
Total	**672,940**	**970,740**	**613,760**	**-**	**-**	**2,257,440**
REPROFILED PROGRAMME	**582,020**	**781,200**	**494,220**	**400,000**	**-**	**2,257,440**

4.3.2 The Council is, at this stage, on course to realise £781,200 of the 2015/16 efficiency target, with the remaining £280,460 unachieved in 2014/15 and

2015/16 to be carried forward to 2016/17. A further £400,000 is to be re-profiled into 2017/18. Reprofiling has been undertaken primarily as a consequence of the short-term and one-off costs of the implementation of the service review process.

4.3.3 In establishing the current Efficiency & Rationalisation plan, importance was placed on ensuring the programme of savings was well focussed and recognised the capacity constraints on the organisation following the departure of a significant number of staff under voluntary redundancy. Therefore, external challenge work was commissioned to assist in identifying areas which have the greatest potential for further savings.

4.3.4 A number of principles were developed in order to ensure that the plans are focussed in the right areas and are deliverable. These were:

- Service reviews were completed on a structured basis
- Individual service structures are to be properly combined across the Alliance
- There will be continued protection of front-line services
- Non-priorities will be identified in discretionary services and targeted for savings if possible
- Mandatory services will be developed to ensure that they are efficient when compared with the best local authorities
- Transactional services to be delivered around the needs of customers and development of “channel shift”
- There will be strong focus on corporate efficiencies e.g. procurement, asset management to minimise the impact on staffing levels

4.3.5 After taking into account these principles a framework was developed to inform the finalisation of the delivery programme. The programme is focussed upon five areas:

Enhancing Income and Improving Trading
Focussed upon increasing the income generated from Council Services including, by identifying and generating new income streams, improving the effectiveness of services that compete with other service providers, and improving the yield from fees and charges through increased activity.

Extending Shared Services
Looking at new partners such as Staffordshire County Council, Peak National Park and other neighbouring Councils

Corporate Efficiency Projects
Targeting savings that do not directly impact on front line service provision including; implementation of the procurement strategy, further development of the Asset Management Plan, a review of administrative support, agreement of a longer term approach to workforce pay and benefits, a comprehensive review of the ICT strategy, finalisation of the current management review, more cost effective arrangements around utilisation of the third sector and development of alternative service delivery models.

Service Reviews
Structured and comprehensive review of all of the Council's services – removing service silos in order to realise savings from new approaches to delivery including exploiting channel shift, combining similar functions such as enforcement, and taking a joined up approach to corporate support services. An update with regard to the progress of service reviews and revenue implications is included in the next section.

Innovation and Growth
Creation of a Development Fund on an "invest to save" basis

4.3.6 An exercise is also underway to review the 2014/15 revenue underspend. This review will identify areas which have consistently under spent over recent years. Where considered appropriate, budget adjustments will be made in support of the Efficiency & Rationalisation Strategy.

4.4 Service Reviews

4.4.1 In agreeing the Efficiency Strategy, members approved the principle of conducting a programme of service reviews. These reviews ensure the services provided by the Council can be operated with a reduced level of financial resources.

4.4.2 The programme began during 2014/15, when all staff were given the opportunity to put forward their ideas on service improvement and efficiencies via 'Hearts and Minds' sessions.

4.4.3 The service reviews progressed in line with the SHAPE Review methodology and have now reached the implementation stage.

4.4.4 A report was presented to Committee (Resources Overview & Scrutiny) in September 2015, which summarised the service review outcomes, the financial and staffing implications that result from the proposals, and details of the implementation process.

4.4.5 The achievement of efficiency savings in respect of the service review process have been deferred as a result of the one off costs associated with implementation for example, the cost of redundancy, pay protection and temporary staff arrangements.

4.4.6 The current profile of savings is illustrated below:-

2014/15	2015/16	2016/17	2017/18	2018/19	TOTAL*
£ 73,590	£ 202,630	£ (682,910)	£ (86,250)	£ (41,650)	£ **(534,590)**

**Efficiency Target £535,500*

4.4.7 This will be updated as service review implementation progresses and any further savings are identified.

4.5 Member Priority Actions / Projects

4.5.1 During the development of the Corporate Plan a number of priority actions have been identified and prioritised by members. These are as follows:

Environment

- Refresh the processes for dealing with enforcement action against environmental crime (fly tipping and littering) in order to ensure that there is zero tolerance
- Agree and implement actions that will ensure that the waste collection service can deal with the reducing levels of recycling income and recycling credits
- Agree an approach that results in joint operating arrangements with High Peak for waste collection and street cleansing
- Reduce the Council's energy consumption and associated costs

Customer Services

- Implement the agreed Customer Services Strategy
- Agree and implement an approach to bring about effective channel shift
- Agree and implement a plan for further improvement of the Council's website
- Review and revise processes to ensure that they are focused upon the customer and are effectively aligned across services
- Develop a plan to ensure better sharing of information between services and with partners

Planning & Property

- Develop and implement a new approach that ensures that the planning applications process is quicker, linked to growth and focussed upon increasing income
- Develop and implement plans to extend the public market operation in Leek
- Develop and implement a plan which will address the planning enforcement backlog
- Ensure that delegations in respect of planning applications are appropriately applied and that Parish Council views' are taken into account
- Implement a system to ensure that planning conditions implementation is tracked effectively

Leisure, Sports, Parks, Countryside and Communities

- Agree an approach that results in joint leisure centre contract renewals across the Alliance
- Develop and implement a plan that is focussed on increasing footfall in Leisure Centres by the effective use of off-peak capacity
- Work with health services to develop a plan to enhance leisure provision with a focus on health improvement
- Identify and implement an approach to reduce the cost of country parks
- Develop a plan to improve Brough Park with HLF support
- Develop a strategy for further development of affordable and specialist housing

- Develop and agree a new empty properties strategy
- Develop and implement a plan to reduce anti-social behaviour
- Develop a scheme that supports the upgrading of security in vulnerable people's homes
- Support the Community Safety Partnership with improved provision of outreach workers for dealing with domestic violence

Leader

- Develop and implement a plan to identify new and innovative ways of generating income
- Implement the Growth Fund initiative to support small businesses
- Support the development of London Mill
- Support the development of Cornhill
- Support the development of improved rail links in partnership with Stoke-on-Trent City Council
- Support the development of a Cinebowl / Fast Food Outlet
- Implement the town deal in Biddulph in partnership with Biddulph Town Council

4.5.2 Any costs or revenue associated with these actions will need to be included in the MTFP. The impact of a number of them is already included in this iteration of the plan but additional work will need to be undertaken to develop a number of the actions further and at the same time identify any financial implications.

4.6. Other Projects

Channel Shift

4.6.1 In addition to the above, the Council is progressing the 'channel shift' project, which focuses on changing the way in which our customers interact with the Council with the enhanced use of technology. The aim of which is not only to achieve financial savings but also to improve the customer experience and streamline internal processes.

4.6.2 This project will potentially impact on the capital programme (investment as part of the ICT Strategy) and the savings generated from the project will support the efficiency programme.

4.6.3 The business case for this project is currently being completed which will outline the initial investment required and ongoing costs, and also identify the savings that implementation will achieve. The business case will also detail the strategy around channel shift and identify the outputs required to enable the procurement process to commence.

Significant Procurement Activity

4.6.4 During the life of the MTFP, there will be a number of large scale procurement projects that will either be completed or the initial review work will be commenced. Such projects include the Facilities Management contract expiring during 2016/17, work in preparation for the expiry of the leisure management contract and a review of the provision of waste management.

4.6.5 These exercises will potentially have a significant financial impact on the Authority, and therefore further updates will be provided as the projects progress.

5. Financial Forecasts

5.1 Interest Rates

5.1.1 Latest interest rate forecasts (from the Council's treasury advisors, Capita) are showing little change since forecasts in May and August and continue to price in the first Bank Rate increase during the quarter ending June 2016. In his press conference following the most recent MPC committee, Mark Carney focused on the need to balance two fundamental forces – domestic UK strength and foreign weakness. Moreover, the key to MPC decision making will always be inflation. Capita have determined that given the current trend of economic statistics, there is little justification for extending the forecast for the first increase in Bank Rate out to Q2 2017, commenting that such a view would only be warranted by a major downturn in world or UK growth and/ or a significant decline in inflationary pressures, such as a sharp increase in the pace of replacement of workers by automation.

5.1.2 Borrowing commentary continues to stress the unpredictable nature of PWLB rates and bond yields in the present climate. The country is experiencing exceptional levels of volatility which are highly correlated to geo-political and sovereign debt crisis developments.

5.1.3 Based on the current forecasts, changes in investment income and borrowing costs are highlighted below:-

Investment Income	2016/17	2017/18	2018/19
	£	£	£
Changes in Investment Income	(23,180)	(52,910)	(41,800)
Changes in Borrowing costs	(211,480)	48,010	15,240

5.2 Inflationary Projections

5.2.1 The Retail Price Index (RPI) and Consumer Price Index (CPI) 12 month rate, as at September 2015, stood at 0.8% and -0.1% respectively. Inflation forecasts are made reflecting the composition of the Council's expenditure, resulting in an inflation rate specific to the Council.

5.2.2 The MTFP presented to members in February 2015 was premised on inflation assumptions at that time. Those inflationary assumptions have now been rolled forward a further 12 months to incorporate the 2018/19 financial year and have been updated to reflect the latest available information from authoritative sources such as the Office for National Statistics (ONS). The additional costs to the Council arising from inflation are forecast in the table below.

Expenditure/Income	2016/17	2017/18	2018/19
	£	£	£
Employee Costs	253,630	260,340	256,610
Premises Costs	41,960	33,760	32,930
Transport	6,480	15,450	15,130
Supplies and Services	36,500	59,640	66,490
In-Year Inflation Pressure	**338,570**	**369,190**	**371,160**

5.3 Budgetary Demand

5.3.1 The Medium Term Financial Plan presented to Council in February 2015 analysed and projected forward both income and expenditure. This has been revised to reflect known increases and decreases in budgetary demand.

5.3.2 The current known changes in budgetary demand are highlighted below:-

Increased / (Reduced) Budget Demand	2015/16	2016/17	2017/18	2018/19
	£	£		
Staff conference costs (biennial)	10,000	(10,000)	10,000	(10,000)
Local Resilience Forum (LRF) secretariat funding	(1,000)	-	-	-
Reduction in level of Parish Council Local Council Tax Support	(14,850)	(14,230)	(11,380)	(9,110)
ICT costs – Corporate Intranet (one off 2014/15)	(12,000)	-	-	-
World War One Commemorative / Nicholson Institute 2014 /15 Events	(10,000)	-	-	-
National Insurance Employers Rebate abolition	-	93,000	-	-
Dry Recyclate Processing costs	94,300	133,380	-	-
Uniforms – Customer Services	(4,500)	4,500	(4,500)	4,500
Discontinuation of Decriminalised Parking Enforcement Arrangement with SCC	18,000	-	-	-
Insurance Premium Tax – rate increase		9,200	-	-
Internal Audit – 5 yearly external review		2,500	(2,500)	-
Local Plan Delivery Costs		25,000	-	-
Reduction in Civil Contingencies Unit contribution		(960)		
Total	**79,950**	**242,390**	**(8,380)**	**(14,610)**

5.4 Budget Growth

5.4.1 In previous years, very few additions in respect of budget growth have been included in the MTFP. It is assumed in light of the financial pressures faced by the Council, that any local issues that necessitate budget growth will be financed by internal spending reductions elsewhere.

5.4.2 However, applications for budget growth have been invited in preparation for the 2016/17 – 2018/19 MTFP, with the instruction that any growth requests must either be as a result of a change in statute/legislation and therefore unavoidable, or have a strong link to the Council's strategic objectives. In the second case, a sound business case would need to be developed prior to any budget growth being formally approved.

5.4.3 At this stage, the known areas of budget growth are highlighted below:

Budget Growth	2015/16	2016/17	2017/18	2018/19
	£	£	£	£
Webcasting of council meetings	14,510	-	-	-
Individual Electoral Registration – postage	20,000	-	-	-
Conditions Survey of Council Assets	30,000	(30,000)	-	-
Total	**64,510**	**(30,000)**	**-**	**-**

5.5 Pensions

5.5.1 The Staffordshire Pension Fund is due to undergo a triennial actuarial valuation in 2016, which will assess the overall funding level (the ratio of Fund assets to liabilities) and determine what changes in employers contributions are necessary to achieve a balanced fund. At the last valuation in 2013 the Fund had a funding level of 71.7%, and a scheme deficit of £1,209 million.

5.5.2 The Staffordshire Moorlands District Council portion of the Fund had a funding level of 61% at the 2013 valuation and a deficit £24.8 million. Since this valuation the Council has budgeted to make contributions into the Fund of £0.97 million in 2014/15 and £1.08 million in 2015/16.

5.5.3 In 2016/17 there is a requirement to make a contribution of £1.18 million - an increase of £96,000 in budget terms.

5.5.4 These additional pension costs are included in the employee inflation element of the Medium Term Financial Plan.

6. Funding & Income Generation

6.1 Council Tax

6.1.1 The 2010 settlement heralded the introduction of 0% Council Tax increases, restricting the capacity of Local Authorities to raise council tax to meet budget pressures and cuts in Central Government funding. Government initially provided funding to mitigate the shortfall in local authority income over the short term. Council Tax freeze grants, equivalent to 1%, were extended to 2015/16.

6.1.2 The Council has the capacity to vary Council Tax levels, following the abolition of capping. However the Council's ability to increase Council Tax by more than 1.99% is subject to referendum.

6.1.3 The Authority took advantage of the Council Tax freeze grant once again in 2015/16. However, as the grant will no longer be available from 2016/17, it has been assumed at this stage that a 1.9% Council Tax increase will be implemented in 2016/17, 2017/18 and 2018/19.

6.1.4 Provision for tax base growth of £61,090 has been included in the Medium Term Financial Plan for 2016/17. Further tax base growth has been assumed for 2016/17 and 2017/18.

6.1.5 The table below sets out the additional yield from Council Tax as assumed in the Medium Term Financial Plan:

Increased Council Tax Income	2016/17	2017/18	2018/19
	£	£	£
Revenue from Council Tax increase	(91,780)	(94,690)	(97,170)
Revenue from tax base growth	(61,090)	(35,790)	(36,320)
TOTAL	**(152,870)**	**(130,480)**	**(133,490)**

6.2 Business Rates Retention

6.2.1 The 2013/14 Local Government Finance Settlement saw the introduction of the new business rates retention system, replacing the previous system of financing with a system based on the retention of business rates.

6.2.2 The Chancellor announced at the Conservative Party Conference in October that he would further devolve business rates to Local Authorities. The main headlines are:

- Local authorities will retain 100% of business rates raised by 2020
- The uniform business rate will be abolished and local authorities will be able to cut the business rates multiplier with no restriction
- The core grant to local government (Revenue Support Grant) will be phased out by 2020.

6.2.3 There is some uncertainly surrounding how the new system will be phased in. Any further update will be included in the February MTFP

6.2.4 Under the current system, the Authority retains 40% of Business Rates less a tariff that is payable into a pool maintained by a number of Staffordshire Authorities. This amount is then compared to a Funding Baseline (estimated at £2,425,650 for 2016/17): any amount in excess of this Baseline is subject to levy, or conversely if the amount of retained Business Rates is below this

Baseline, the loss is capped by a safety net payment. The MTFP does not anticipate the Council falling below the Baseline.

6.2.5 As part of the Staffordshire Pool, the levy or the safety net payment is made to or from the Pool instead of Central Government. If the Council was not in the Staffordshire Pool it would have to pay 50p in the £1 to the Government as a levy, effectively limiting the income the Council can gain from business rates growth. However, as part of the Pool, the Council is able to retain 40% of this levy; meaning that each £1, achieved above the baseline, is distributed as follows:

- 70p is retained by the Council;
- 20p is paid to a Central Incentive Fund which is managed by the Pool Board;
- 10p is paid to a Contingency Fund maintained by the Pool Board to assist should a safety net payment be triggered.

The benefit to the Council of being part of the Pool arrangement is estimated to be approximately £142,400 in 2016/17.

6.2.6 The MTFP anticipates that Business Rates retention will be below the baseline. This is due to the extension of reliefs announced in the Chancellor's Autumn Statement, including increased small business rate relief, multiplier cap relief, retail relief, re-occupied long-term empty property relief, and newly built empty relief.

6.2.7 To compensate for the loss of business rates income resulting from the reliefs, funding has been made available to Councils under Section 31 of the Local Government Act 2003. The Chancellor's 2015 Autumn Statement, scheduled for December, will confirm the position of these grants going forward. At this point the MTFP assumes these grants will continue.

6.2.8 Changes in the level of the Council's business rates will be impacted by a range of factors, including the Staffordshire Pool's success in generating new and retaining existing business within its area. At this stage, predicted levels of business rates income are based on known and expected changes to the business rates listing.

Business Rates Retention	2016/17	2017/18	2018/19
	£	£	£
In year:			
Baseline Funding	(2,425,650)	(2,472,000)	(2,519,240)
Achievement against Baseline	25,020	11,590	6,460
Section 31 Grant	(693,710)	(698,840)	(712,820)
Total	**(3,094,340)**	**(3,159,250)**	**(3,225,600)**
Change between years:			
Business Rates retained	(50,890)	(59,780)	(52,370)
Section 31 Grant	(92,370)	(5,130)	(13,980)
Total	**(143,260)**	**(64,910)**	**(66,350)**

6.3 Collection Fund

6.3.1 The Council maintains a Collection Fund to record the receipt of Council Tax and Business Rates and their distribution to precepting authorities. Any surplus or deficit generated is distributed or recovered from the preceptors in subsequent years.

6.3.2 It is expected that the Staffordshire Moorlands share of a surplus in respect of Council Tax will be £77,330 in 2016/17.

6.3.3 It is assumed that a deficit, after providing for appeals, of £424,260 will be distributed in 2016/17 in respect of retained Business Rates generated in the current and previous years. It is assumed the Business Rates element of the collection fund will break even in future years, leaving no surplus or deficit for distribution.

6.3.4 These and future year movements are set out in the table below:

Changes in Collection Fund Income	2016/17	2017/18	2018/19
	£	£	£
Council Tax	(3,830)	24,690	(1,200)
Business Rates	168,130	(424,260)	-
Total	**164,300**	**(399,570)**	**(1,200)**

6.4 Income from Government Grants

Revenue Support Grant

6.4.1 As part of the Chancellor's announcement in regard to Business Rates reform at the Conservative Party Conference in October 2015, one of the key headlines was that Revenue Support Grant (RSG) will be phased out by 2020. What is not clear at present is what the annual percentage reduction will be.

6.4.2 For the purposes of this Plan, it has been assumed that 20% of the 2015/16 RSG will be lost in 2016/17 and that a further 30% will be lost in each of the following two years

6.4.3 In addition, it has been announced that the Department for Communities and Local Government have agreed to cut 30% from its budget over the next four years after reaching a provisional Spending Review deal with the Treasury. This excludes the Local Government settlement and applies to Department's own revenue spending. Therefore it is uncertain if this will also have an impact of Local Authorities

6.4.4 The Chancellor, in the 2014 Autumn Statement, confirmed only the 2015/16 settlement figure. The 2015 settlement announcement will take place in

December, at this stage it is not clear if Authorities will be given confirmation of core grant funding for just 2016/17 or including future years.

6.4.5 The MTFP has been provisionally updated to assume a level of funding loss of £343,000 in 2016/17, £514,500 in 2017/18 and £514,500 in 2018/19.

New Homes Bonus

6.4.6 New Homes Bonus represents an increasingly important element of Government funding. New Homes Bonus (NHB) is aimed at encouraging local authorities to grant planning permission for the building of new houses, in return for additional revenue. New Homes Bonus (NHB) awards are based on a rolling period of six years. The Council has thus far been awarded £209,040 (2011/12), £152,870 (2012/13), £60,640 (2013/14), £310,160 (2014/15) and £248,415 (2015/16) in New Homes Bonus. Government will announce in December the 2016/17 New Homes Bonus award, for the purposes of this report, the Council has assumed £246,900 in line with current estimates of new homes brought into usage over the last year.

6.4.7 New Homes Bonus receipts of £123,450 have been anticipated in the MTFP for both 2017/18 and 2018/19. In 2017/18 the funding received in respect of 2011/12 drops off the six year rolling funding programme, costing the Council £209,040 in reduced grant, giving an anticipated net impact of £85,590 in lost funding. Similarly, in 2018/19 the funding received in respect of 2012/13 drops off having a net impact of £29,420 on the Authority.

6.4.8 The positive impact of the Council's Affordable Housing programme on New Homes Bonus receipts in recent years, is forecast to come to an end in 2017/18 with the majority of the completions having fed into the system. This has been factored into the assumptions used in the Plan.

6.4.9 The Council's commitment to encouraging the building of new homes also has the effect of generating additional revenue from an increase in the council tax base. However, increased costs are also incurred in servicing the needs of the additional properties.

Local Council Tax Support Grant

6.4.10 The Council operates a scheme whereby funding received from Central Government in respect of Local Council Tax Support is passed on to the Parishes by means of an annual grant. The allocation of this grant is based on the eligibility of parish residents for Council Tax discounts.

6.4.11 The level of resources made available for this grant has been reduced each year in line with the reduction in overall Government funding suffered by the Authority. The Medium Term Financial Plan assumes that this approach will continue (see changed budget demand as set out in table 5.3.2 above)

Summary of Income from Government Grants

6.4.9 The table below summarises the movement in Government funding from the 2014/15 baseline:-

Government Grant	2014/15 (baseline)	2015/16 (actual)	2016/17 (forecast)	2017/18 (forecast)	2018/19 (forecast)
	£	£	£	£	£
Revenue Support Grant	(2,542,260)	827,170	343,000	514,500	514,500
Council Tax Freeze	(234,840)	(54,800)	161,690	-	-
New Homes Bonus	(732,710)	(248,420)	(246,900)	85,590	29,420
Change in Government Funding	**(3,509,810)**	**523,950**	**257,790**	**600,090**	**543,920**

6.5 Fees and Charges

6.5.1 Charging for local services makes a significant contribution to the Council's finances. The Council also uses charging to influence individual choices and behaviour, and to bring other benefits to local communities. The Council's Charging Policy sets out the following principles for establishing the level of fees and charges:

- The cost of providing services should be fully met by income
- There is a standard approach to concessions for those on low incomes
- Where a subsidy is agreed, this should be used to support the development of Council services in accordance with priorities
- Subsidies should be reconfirmed annually

6.5.2 The Council's external transformation partner was commissioned to carry out a review of the Authorities current level of fees & charges and policy, the results of which have been incorporated into the 2016/17 fees and charges process. Services are currently completing the fees and charges templates, the outcomes of the process will be included in the February MTFP.

6.5.3 The Medium Term Financial Plan currently projects that the Council will increase fees and charges (and other income) broadly in line with inflation. However, it is also recognised that certain income streams (such as car parking, planning receipts) will not increase each year and that other income streams (such as grants and rental income) are fixed or subject to periodic review.

6.5.4 The projected revenue from increased fees and charges (and other income) is summarised in the table below:

Increased Fees and Changes	2016/17	2017/18	2018/19
	£	£	£
Revenue from increased Fees and Charges	(55,390)	(55,000)	(55,000)
Total	**(55,390)**	**(55,000)**	**(55,000)**

7. Risks, Contingencies & Use of Reserves

7.1 Risk Identification and Management

7.1.1 The early identification and management of risks is critical to the Medium Term Financial Planning process. Risks to the MTFP are assessed, mitigated and actively managed to ensure that the Council delivers its services effectively within the funding at its disposal. The principal risks to the Medium Term Financial Plan are summarised in ANNEX C.

7.1.2 The table below highlights specific financial risks that are embedded within this Medium Term Financial Plan:

Revenue Risks	Capital Risks
• Inflationary assumptions • Interest rates • Housing benefits • Fees and charges • Universal Credit • Business Rates • Council Tax collection • Government grants • Financial benefits from partnerships / shared services • Pension costs • Insurance costs • Waste management costs	• Interest rates • External funding • Capital receipts • Capacity to deliver capital programme • Project overspend • Project overrun • External factors (e.g. planning objections, judicial reviews etc. leading to project delay) • Housing Joint Venture • Suppliers / Contractors • Weather

7.2 Contingencies

7.2.1 The Medium Term Financial Plan is underpinned by a number of assumptions. These assumptions have been made in the light of currently available information. New information, when it emerges, may require the Council to alter its assumptions with a consequential effect on the Council's financial position.

7.2.2 Key risk areas will be closely monitored and reviewed on an ongoing basis and remedial action taken. Members will receive quarterly updates on performance against the budget. The Council will carry adequate reserves as a contingency against risks that cannot be fully mitigated.

7.2.3 Section 25 of the Local Government Act 2003 requires the Chief Finance Officer (CFO) to report on the robustness of the estimates included in the budget and the adequacy of the reserves that the budget provides. The Council is currently required to hold a general (contingency) reserve of £1,000,000 to meet unforeseen expenditure.

7.3 Use of Reserves and Balances

7.3.1 The February Medium Term Financial Plan included a £12,180 contribution from General Fund Reserves in 2015/16. This reflected usage of the Section 106 (Commuted Sum) Reserve. It is assumed this level of reserve usage will continue throughout the life of this plan.

7.3.2 The February MTFP also included a contribution of £311,320 into General Fund contingency reserves made possible by the anticipated levels of Business Rates Retention. At this stage no movement to or from balances has been included in the financial projections for 2016/17, 2017/18 or 2018/19. Based on the current forecast, over the 3 year life of the MTFP the Authority will be drawing £337,510 from reserves. This position will be reviewed in preparation for the February iteration of the MTFP.

8. General Fund Revenue Position

8.1 The medium term general fund revenue position is as set out in the table below, which summaries the impact of the discussions in the previous sections of the report:

Summary Revenue Position	2016/17	2017/18	2018/19
	£	£	
Revenue Consequences of Capital Spend (section 4.2)	115,760	35,000	81,110
Interest Rate Changes (section 5.1)	(234,660)	(4,900)	(26,560)
Inflation Pressures (section 5.2)	338,570	369,190	371,160
Increased / (Reduced) Budget Demand (section 5.3)	242,390	(8,380)	(14,610)
Budget Growth (section 5.4)	(30,000)	-	-
Increased Council Tax Income (section 6.1)	(152,870)	(130,480)	(133,490)
Business Rates Retention (section 6.2)	(143,260)	(64,910)	(66,350)
Changes in Collection Fund Surplus (section 6.3)	164,300	(399,570)	(1,200)
Reduction in Government Grant (section 6.4)	257,790	600,090	543,920
Additional Fees and Charges (section 6.5)	(55,000)	(55,000)	(55,000)
Contribution to Reserves & Balances (section 7)	(311,320)	-	-
In Year Change in Position	**191,700**	**341,040**	**698,980**
Efficiency & Rationalisation Plan (section 4.3)	(494,210)	(400,000)	-
Budget (Surplus) / Deficit	**(302,510)**	**(58,960)**	**698,980**
Cumulative (Surplus) / Deficit	**(213,360)**	**(361,470)**	**337,510**

8.1.1 The table above predicts a cumulative deficit position of £337,510 over the life of the Medium Term Financial Plan.

8.1.2 ANNEX D shows the indicative detailed revenue budget for the period 2016/17 – 2018/19.

9. Consultation

9.1 The Council is committed to consulting with residents and other stakeholders to help inform the budget setting process and spending priorities/non-priorities. A variety of techniques have been used and the approaches have been iterative, building year on year on what has gone before. The Council already holds comprehensive information gathered about residents' spending priorities. Much of this information was gathered in times of rising expenditure. The financial challenges for the Council are now very different.

9.2 The consultation process for 2016/17 has the aim of ensuring that the Council has an understanding of community priorities in relation to its services, activities and priorities. Consultation will be undertaken via an online survey available on the Council's website in preparation for the final budget proposal and MTFP to be presented in February 2016.

9.3 It will be particularly important that the Council, as it makes difficult budgetary decisions, is able to evidence that it has considered the impact of its decisions on groups with 'protected characteristics'.

9.4 Going forward, the Council will be developing a timetable of consultation, which will focus on specific emerging issues that will potentially have a significant impact on the Council's finances over the medium term.

ANNEX A

Draft Capital Projections (2015/16 to 2018/19)

Capital Schemes	2015/16	2016/17	2017/18	2018/19	Total
	£	£	£	£	£
Asset Management Plan					
Council Offices/ Public Buildings	77,910	212,110	281,000	216,000	787,020
Leisure Centres	-	55,000	340,000	340,000	735,000
Car Parks	-	302,310	170,000	70,000	542,310
Infrastructure	102,500	111,490	79,000	-	292,990
	180,410	**680,910**	**870,000**	**626,000**	**2,357,320**
Affordable Housing Project	**1,000,000**	**-**	**-**	**-**	**1,000,000**
Growth Fund	-	**700,000**	**800,000**	**-**	**1,500,000**
Private Sector Housing Grants	**689,820**	**654,000**	**654,000**	**654,000**	**2,651,820**
ICT Projects	**123,500**	**100,000**	**84,610**	**84,600**	**392,710**
Other Schemes					
Conservation	28,000	37,000	50,000	-	115,000
Other Housing Projects	9,240	-	-	-	9,240
Street Scene & Depots	66,000	218,380	-	-	284,380
Outdoor Sports Facilities	481,070	25,000	-	-	506,070
	584,310	**280,380**	**50,000**	**-**	**914,690**
TOTAL PROGRAMME	**2,578,040**	**2,415,290**	**2,458,610**	**1,364,600**	**8,816,540**
CONTRIBUTIONS	**689,820**	**730,490**	**654,000**	**654,000**	**2,728,310**
NET PROGRAMME	**1,888,220**	**1,684,800**	**1,804,610**	**710,600**	**6,088,230**

ANNEX B

Summary of Approved Efficiency and Rationalisation Strategy (April 2014)

Efficiency Strategy	2014/15	2015/16	2016/17	TOTAL
	£	£	£	£
ENHANCING INCOME & IMPROVING TRADING				
Income Generation	6,000	75,000	19,000	100,000
Trading Effectiveness	40,000	50,000	40,000	130,000
Improving Yield from Fees and Charges	6,940	10,740	19,760	37,440
	52,940	**135,740**	**78,760**	**267,440**
EXTENDING SHARED SERVICES				
Further Sharing with Local Authorities & Partners	25,000	50,000	50,000	125,000
	25,000	**50,000**	**50,000**	**125,000**
CORPORATE EFFICIENCY PROJECTS				
Procurement	160,000	200,000	90,000	450,000
Asset Management	115,000	75,000	40,000	230,000
Workforce Planning, Pay & Other Benefits	10,000	20,000	20,000	50,000
Administration	20,000	30,000	-	50,000
ICT Strategy	20,000	50,000	30,000	100,000
Management Savings	100,000	-	-	100,000
Third Sector Commissioning	-	35,000	15,000	50,000
Development of Trusts / Social Enterprises	-	80,000	20,000	100,000
Development of Alternative Service Delivery Models	-	30,000	20,000	50,000
	425,000	**520,000**	**235,000**	**1,180,000**
SERVICE REVIEWS				
Customer Services	30,000	65,000	40,000	135,000
Regulatory Services	40,000	75,000	35,000	150,000
Operational Services	50,000	50,000	50,000	150,000
Corporate Services	50,000	50,000	-	100,000
	170,000	**240,000**	**125,000**	**535,000**
INNOVATION & GROWTH				
Growth Fund	-	25,000	125,000	150,000
	-	**25,000**	**125,000**	**150,000**
TOTAL	**672,940**	**970,740**	**613,760**	**2,257,440**

ANNEX C

Medium Term Financial Plan – Principal Risks

Risk Category	Risk	Mitigation and Controls
Financial Implications	Robustness of financial assumptions within Efficiency and Rationalisation Strategy	Structured project management arrangements have been put in place with detailed business cases for each initiative – these will be strengthened in the service review process
Financial Implications	Additional financial pressures emerge – cost & income	The strategy is kept under constant review and adjustments will be made where necessary
Service Continuity	Interruptions to key services or performance standards	Resource implications and impact are identified as part of the business case process. Service continuity and maintenance of standards of service are key requirements of any new proposals
Corporate Governance	Maintaining stakeholder confidence; lack of clarity on accountability	Ongoing review of standards of internal control (e.g. Financial Procedure Rules reviewed and updated). Internal Audit Plan will ne reviewed to account for the new approach proposed in the efficiency & Rationalisation Strategy
Management of Change	Management of corporate and local, cultural change; behavioural risks; residual effects of aggregation; proposed changes to organisational structure, roles & responsibilities	Progress with achievement of aims will be monitored through an effective performance management structure. Investment has been made in a new approach to Organisational Development.
People Risks	Impact of cultural changes; assessment of skills; recruitment & retention; capacity issues	Continuing communications process for the delivery of transformation programme
Key Projects & Partnerships	Managing changes to shared service delivery arrangements	The project management methodology provides for an adequate transition where there are changes in service delivery

Risk Category	Risk	Mitigation and Controls
Performance Management	Adequacy of framework to monitor transition	Risk management processes are embedded
Reputation and Relationship Risks	Maintaining existing partner confidence	Continuing communications process for the delivery of transformation programme
Programme Delivery	Delays in implementation of efficiency savings	Effective governance arrangements in place to monitor plans. Executive Directors and Senior Managers own delivery of efficiencies. Executive Director (Transformation) appointed as programme director.
Programme Delivery	A number of the efficiency / rationalisation initiatives are not achieved	Structured project management approach is in place for delivery including effective exception reporting The strategy is kept under constant review Identification of further efficiency / rationalisation opportunities through benchmarking / effective member working groups
Political Support	Lack of Members support for Plan.	Regular reporting and member briefings including effective scrutiny arrangements

ANNEX D

Draft Revenue Projections (2016/17 to 2018/19)

Budget Heading	2016/17 Projection	2017/18 Projection	2018/19 Projection
	£	£	£
Employees	8,304,920	8,445,260	8,701,870
Premises	1,875,620	1,829,380	1,862,310
Transport	1,188,620	1,164,070	1,179,200
Supplies & Services	4,257,280	4,159,920	4,220,910
Benefits	43,510	43,510	43,510
Borrowing	291,600	380,330	451,880
Parish Grant re Council Tax Support	56,920	45,540	36,430
Financing Costs	555,000	555,000	555,000
Total Expenditure	**16,573,470**	**16,623,010**	**17,051,110**
Fees and Charges / Other Income	(5,771,030)	(5,831,750)	(5,861,950)
Interest Receipts	(80,180)	(133,090)	(174,890)
Ascent LLP Income	(590,100)	(590,100)	(590,100)
Recharges	(16,300)	(16,300)	(16,300)
Net Expenditure	**10,115,860**	**10,051,770**	**10,407,870**
Council Tax	(4,983,620)	(5,114,100)	(5,247,590)
Council Tax - Compensation Grant	(75,040)	(75,040)	(75,040)
Revenue Support Grant	(1,372,090)	(857,590)	(343,090)
Business Rates Retention	(3,094,340)	(3,159,250)	(3,225,600)
New Homes Bonus	(1,228,030)	(1,142,440)	(1,113,020)
Earmarked Reserves	(12,180)	(12,180)	(12,180)
Collection Fund	346,930	(52,640)	(53,840)
Total Financing	**(10,418,370)**	**(10,413,240)**	**(10,070,360)**
Cumulative Deficit / (Surplus)	**(302,510)**	**(361,470)**	**337,510**
In Year Deficit / (Surplus)	**(302,510)**	**(58,960)**	**698,980**