

11 February 2015

Finance and Resources Committee

Medium Term Financial Plan Update

Report of: Jo-Anne Ireland, Acting Chief Executive

Wards Affected: None

This report is: Public

1. Executive Summary

- 1.1 The Medium Term Financial Plan (MTFP) sets out the key financial management principles and budget assumptions. It is then used as the framework for the detailed budget setting process to ensure that the Council's resources are managed effectively in order to meet its statutory responsibilities and deliver the priorities of the Council, over the medium term.
- 1.2 This report updates the MTFP following the report to this Committee on 14 January 2015, and also considers the feedback from the Audit & Scrutiny Committee held on 27 January 2015.

2. Recommendation(s)

- 2.1 **That Members note the updated position of the MTFP.**
- 2.2 **That an outline Strategy is prepared to support final budget proposals to Council, which provides information on how the funding gaps will be addressed.**
- 2.3 **That Finance and Resources support the proposal from Audit & Scrutiny for them to commence their Budget Review work in September to include a service review of existing budgets.**
- 2.4 **That Members consider the financial position of the Council when proposing a level of Council Tax for 2015/16.**

3. Introduction and Background

- 3.1 At its meeting on 14 January 2015, this Committee received information on initial funding and proposals for the MTFP. In accordance with the Budget and Policy Framework, these initial proposals were presented to Audit & Scrutiny for their consideration. This report will now consider and respond to the feedback from Audit & Scrutiny.
- 3.2 The report also updates the figures for changes made since January. These changes are a direct result of the on-going work by the Finance Team to review and refine the MTFP figures.

4. Issue, Options and Analysis of Options

- 4.1 Attached at Appendix A is a copy of the report from Audit & Scrutiny Committee outlining their feedback on the initial proposals.
- 4.2 Following a review of the points raised, this Committee is requested to note the following additional information/recommendations:

Area	Description	Audit & Scrutiny Feedback	Finance & Resources Response
Proposed Saving	Street Services – Reduction in Fuel Prices	Are future years' savings sustainable if this contract is not locked.	Volatility of the market means that this saving may not be sustainable. It is therefore proposed to adjust the MTFP to show this as a one year (2015/16) saving only.
Proposed Saving	Car Parks – Increased income from Lease Arrangement	Impact of any future development proposals may impact on these savings.	Noted – and this will be considered as part of any future business cases in this area.
Proposed Saving	Customer Services Transformation	More detailed financial targets requested to ensure delivery of savings could be monitored.	The savings for 2015/16 can be profiled as follows: Qtr 1 £20,000 Qtr 2 £40,000 Qtr 3 £70,000 Qtr 4 £100,000 (figures shown are cumulative).

Area	Description	Audit & Scrutiny Feedback	Finance & Resources Response
Proposed Saving	Lease Reviews	Question if any additional information was available to inform future year savings (which appear low).	This is an initial estimate as there is still work to be undertaken on a number of outstanding rent reviews/lease renewals. This figure is considered achievable although it is anticipated it may increase once the review work is complete.
Proposed Investment	Apprenticeships	Business case and clear resource requirement must be identified prior to appointment. Concerns raised re future employment opportunities and therefore recommended that a future review of this requirement is undertaken.	Noted. Any appointment must link to the overall efficiency reviews undertaken across all services.
Proposed Investment	Additional Events	Would like clarification on the specific events on offer before a final budget allocation is made. Evaluation of events will be key to future years funding support.	Additional events identified so far are: <ul style="list-style-type: none"> • Continuation of Lighting Up Shenfield (£5,500) • Royal Anglian March (£3,500) • Other events (to be confirmed) e.g. Heritage and Cultural Festival (£6,000).

Area	Description	Audit & Scrutiny Feedback	Finance & Resources Response
Proposed Investment	Election Marketing	Clarification which year this will target to ensure maximum impact and benefit to the Council.	This is planned expenditure for the May 2015 Elections.
Proposed Investment (CAPITAL)	Vehicle Replacement Programme	Detailed schedule to support the figures requested.	This is linked to the outcome(s) of the Waste Strategy as it will very much depend on how the service is delivered in the future.
Proposed Investment (CAPITAL)	Car Park Refurbishment and Upgrade	Accepted that this is part of a 2014/15 scheme – requested final cost estimates.	£115k was spent in 2014/15 on Barriers and Pay Stations. A further £15k has been allocated in 2015/16 for general upgrades including re-lining.
Proposed Investment (CAPITAL)	Home Repair Assistance Grants	Would request to see previous year spend patterns to verify this value.	2011/12 £20,595 2012/13 £37,953 2013/14 £7,760 2014/15 £9,780 (Est) It is therefore proposed to reduce this investment to £30,000 per annum.
Proposed Investment (CAPITAL)	Play Area Refurbishments	Work Programme requested to support the budget. Section 106 monies and locations should also be considered.	This is linked to the outcome(s) of a Leisure and Recreation Strategy which will inform future year budget requirements. This current budget reflects the minimum value needed to maintain our current facilities.

Area	Description	Audit & Scrutiny Feedback	Finance & Resources Response
Proposed Investment (CAPITAL)	Structural and Safety Works at the Multi Storey Car Park	Profile essential works and spend. Development study is essential prior to any large investment.	Works are profiled to ensure continued structural integrity of the building and to address health and safety issues.
Proposed Investment (CAPITAL)	ICT Strategy	More information needed and must be linked to the spend profile of the £500,000 budget within the Town Hall Project.	Works will include: <ul style="list-style-type: none"> • Software upgrade • Introduction of mobile devices • Server and hardware replacements • Update of Storage Area Network • Network/Cabling refresh • Update Disaster Recovery equipment.

4.3 In addition to the changes identified above, the following have also been identified as part of the on-going work on the budget preparation:

	2015/16 £	2016/17 £	2017/18 £	Comments
Reverse fuel savings	-	75,000	75,000	Following Audit & Scrutiny feedback – this saving for future years has been removed.
Revenue & Benefits Shared Services	146,000	(55,000)	(55,000)	Invest to Save Scheme – covered elsewhere on this Agenda.
Shenfield Free Parking during Crossrail Construction	78,000	78,000	-	This previously approved item was removed from the MTFP in error.
Increase in Capital Financing and Minimum Revenue Provision (MRP)	-	100,000	100,000	Adjusted figures due to accounting changes between HRA and General Fund.
Establishment Changes	87,973	(84,909)	(64,234)	One off costs for Finance Staff and other increments/pay awards.

Business Rates Retention Scheme	(248,720)	(236,170)	(236,170)	Increased income following submission of NNDR1 form to Central Government
TOTAL MOVEMENT	63,253	(123,079)	(180,404)	

Summary

4.4 The table below shows the impact of the new information on the overall funding position:-

Figures as at 14 January 2015:

	2014/15 £	2015/16 £	2016/17 £	2017/18 £
Total Net Forecast Spend	9,997,927	10,092,549	10,899,087	11,082,531
Total Funding	(9,980,570)	(9,306,263)	(9,665,966)	(9,436,121)
Funding Gap / (Surplus)	17,357	786,286	1,233,121	1,646,410
Anticipated Savings	-	(210,000)	(360,000)	(410,000)
Proposed Developments	-	163,850	83,750	83,750
Net Funding Gap / (Surplus)	17,357	740,136	956,871	1,320,160
Working Balance bfwd	4,511,000	3,293,643	2,553,507	1,596,636
Funding Gap	17,357	740,136	956,871	1,320,160
Earmarked for WHW	1,200,000	-	-	-
Working Balance cfwd	3,293,643	2,553,507	1,596,636	276,476

Figures as at 11 February 2015:

	2014/15 £	2015/16 £	2016/17 £	2017/18 £
Total Net Forecast Spend	9,997,927	10,617,493	11,092,046	11,218,160
Total Funding	(9,980,570)	(9,767,954)	(9,982,004)	(9,752,154)
Funding Gap / (Surplus)	17,357	849,539	1,110,042	1,466,006
Anticipated Savings	-	(210,000)	(360,000)	(410,000)
Proposed Developments	-	163,850	83,750	83,750
Net Funding Gap / (Surplus)	17,357	803,389	833,792	1,139,756
Working Balance bfwd	4,511,000	3,293,643	2,490,254	1,656,462
Funding Gap	17,357	803,389	833,792	1,139,756
Earmarked for WHW	1,200,000	-	-	-
Working Balance cfwd	3,293,643	2,490,254	1,656,462	516,706

- 4.5 The revised table above confirms that from 2015/16 onwards a budget gap begins to emerge as the Government Grant reductions continue. This gap could be widened further subject to the proposals emerging from the results of the General Election.

Next Steps

- 4.6 Following consideration of the information contained in this report, Members will need to finalise their proposals for the Budget and 2015/16 Council Tax. This will be presented to the dedicated Council meeting to be held on 4 March 2015.
- 4.7 The key areas that are currently under consideration are as follows:
- Department Service Reviews:
 - Alternative service delivery options
 - Fees and Charges
 - Income generation opportunities
 - Development of new strategies:
 - Property Acquisitions
 - Leisure and Recreation
 - Waste
 - Parking

- Governance Arrangements:
 - Review of current Committee arrangements

4.8 Whilst the Council will continue with its efforts to identify and secure additional income from which to support services, it is clear that the Council must also focus on managing expenditure levels and securing efficiencies.

4.9 In reaching a decision regarding the appropriate level of Council Tax for 2015/16, Members must also give consideration to the Council's financial position.

5. Reasons for Recommendation

5.1 Effective financial management underpins all of the priorities for the Council.

6. Implications

Financial Implications

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6.1 The financial implications are set out in the report.

Legal Implications

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6.2 There are no direct legal implications arising from this report.

7. Appendices to this report

A – Audit & Scrutiny Budget Feedback

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