

## SOUTH HOLLAND DISTRICT COUNCIL

**Report of:** Portfolio Holder for Strategic Finance & Strategic Planning, Portfolio Holder for Internal Services, Performance & Business Development and the Executive Director (Place) (S151)

**To:** Cabinet - 13 January 2015

**(Author:** Jo Russell – Interim Corporate Improvement & Performance Manager and Mark Finch – Shared Manager - Finance)

**Subject:** Draft Budget, Medium Term Financial Plan and Draft Corporate Plan

**Purpose:** To consider the Draft Budget, Medium Term Financial Plan and Corporate Plan

### **Recommendation:**

- 1) That the contents of the draft Budget, Medium Term Financial Plan and Draft Corporate Plan are noted and any feedback provided by committee as part of the consultation process.

### **1.0 BACKGROUND**

- 1.1 This report and its appendices outline the draft Corporate Plan and priorities (2015-19); 2015-16 revenue and capital estimates for the General Fund; the proposals for the setting of discretionary fees and charges; the outline position to 2018-19; the Medium Term Financial Plan (MTFP) and the Capital Strategy.
- 1.2 The Medium Term Financial Plan sets out the framework within which the budget is to be set to ensure that it enables the Council to achieve its corporate objectives. The capital strategy sets out the framework for the capital budget setting.
- 1.3 During recent years the council, alongside many public sector service providers, has experienced a period of unprecedented financial pressure, including in various combinations; public sector funding cuts as part of our national austerity measures, all time low returns on cash deposits and a national economic downturn affecting jobs, housing and business growth. During this same period the basis on which the public sector is funded has undergone substantial reform; radical changes that affect the Council's financial funding position (directly and indirectly) include National Welfare Reform, Localisation of Council Tax Relief, Business Rates Retention and New Homes Bonus. In addition, there has been the reduction and in some cases, the removal of a range of grant funding sources. Each change bringing elements of uncertainty in terms of impact.
- 1.4 In keeping with many local authorities, the challenge the council faces to identify savings in the future becomes increasingly difficult and complex as the need to deliver further efficiencies continues. Against this backdrop, Members will recall the basis of the budget setting for 2014-2015, which utilised reserves in the short term. This was as an integral part of a clear financial strategy to identify and deliver the more complex transformational changes in the medium and longer term, which are required to meet the significant financial challenges of future years.

- 1.5 Securing a sustainable financial position across the medium term remains a key challenge for the future. In keeping with good financial practice, to secure this longer term stability the council will focus its future financial strategy on the medium term. This will drive a shift in our financial focus, away from the traditional incremental approach to annual budgeting to a more strategic outcome focussed approach.
- 1.6 Delivering efficient and effective services that represent value for money remains a critical aspect of our business. To continue to drive down cost whilst maintaining our service commitment will demand innovative approaches to service delivery alongside a commercial focus to maximise our income in order to continue to provide the widest benefit to our communities.
- 1.7 The authority is able to present a balanced budget for 2015-16. Section 2 in Appendix A sets out the draft revenue budget, and highlights the cost pressures, efficiency savings, and changes in funding that create this position. As part of that budget the authority intends to apply an element of New Homes Bonus which is the funding received as a result of successful delivery of housing growth in the district. The draft budget also introduces new income sources arising from the council's planned delivery of a range of new housing solutions in the coming year via a new Housing Growth Company that it is in the process of setting up, alongside other income generating opportunities..
- 1.8 Corporate planning is a key part of running a successful organisation. A corporate plan ensures:
  - a. Everyone in the organisation is working to the same priorities, pulling in the same direction and clear about what they are trying to achieve
  - b. It helps ensure that risks are effectively managed
  - c. It provides a tool to measure performance, success and hold people to account
  - d. It enables the organisation and its managers to plan resource and the budget more effectively
- 1.9 The Council has an existing Corporate Plan that runs from 2011 to 2015. As this expires shortly, a new Corporate Plan has been drafted in order to set the vision for the organisation (appendix I). Four priorities are proposed:
  - a. To develop safer, stronger, healthier and more independent communities whilst protecting the most vulnerable
  - b. To have pride in South Holland by supporting the district and residents to develop and thrive
  - c. To provide the right services, at the right time and in the right way
  - d. To encourage the local economy to be vibrant with continued growth
- 1.10 These priorities will be supported by a series of Critical Activities that the Council will undertake. The progress of these will be monitored through the Corporate Delivery Plan and Performance Management Framework. Progress will be reported on a quarterly basis to Scrutiny Committee and to Cabinet.
- 1.11 Consultation on the draft Corporate Plan and budget will take place during the month of January and early February 2015 to enable any feedback to be considered and changes made as appropriate in the final documents, which will go forward for a decision in February.
- 1.12 The existing Corporate Plan 2011-15 will be closed down via a review undertaken of key achievements and these are included within the proposed new plan.

## 2.0 **OPTIONS**

2.1 That the draft capital and revenue budget estimates, medium term financial plan and capital strategy are noted as part of the consultation. Any feedback as a result of the consultation will be considered before the final position is presented to Cabinet and Council in February.

2.2 There are no alternative options presented.

## 3.0 **REASONS FOR RECOMMENDATION**

3.1 To comply with the budgetary and policy framework.

## 4.0 **EXPECTED BENEFITS**

4.1 To set an affordable and balanced budget for 2015-16 which delivers on the Council's priorities.

4.2 To set a clear direction for the Council resulting in improved transparency and clearer objectives being able to be set for all employees.

4.3 The revised Performance Management Framework will ensure that the delivery of these priorities will be able to be more effectively measured and monitored.

## 5.0 **IMPLICATIONS**

### 5.1 **Carbon Footprint / Environmental Issues**

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

### 5.2 **Constitution & Legal**

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

### 5.3 **Contracts**

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

### 5.4 **Corporate Priorities**

5.4.1 Approval and ratification of a final Corporate Plan will set the Council's priorities and the Critical Activities that support their delivery. The budget should support the Council's priorities.

### 5.5 **Crime and Disorder**

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

### 5.6 **Equality and Diversity / Human Rights**

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

### 5.7 **Financial**

5.7.1 The report is of a financial nature and all implications are covered within the appendices.

## 5.8 Risk Management

5.8.1 Risks have been given careful consideration and have been reported within the appendices.

## 5.9 Staffing

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

## 5.10 Stakeholders / Consultation / Timescales

5.1 The main Corporate Plan will be taken to Overview Scrutiny Committee and Cabinet in January 2015. There will be public consultation via appropriate routes, alongside the draft Budget. The final Corporate Plan will be taken to Full Council on 25 February 2015.

## 5.11 Health & Wellbeing

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

## 5.12 Other

5.12.1 No other impacts identified

## 6.0 WARDS/COMMUNITIES AFFECTED

6.1 As this sets the direction of the Council going forward, all wards and communities are indirectly impacted.

## 7.0 ACRONYMS

7.1 BPI – Basic Performance Increase  
CIPFA – Chartered Institute of Public Finance and Accountancy  
CLG – Communities for Local Government  
CMT – Corporate Management Team  
LABV - Local Asset Backed Vehicle  
LCTRS – Localised Council Tax Reduction Scheme  
LEGE – Local Enterprise Growth & Efficiency  
LEP – Local Enterprise Partnership  
NHB – New Homes Bonus  
NNDR/NDR – National Non-Domestic Rates (Business Rates)  
NPDO – Non Profit Distributing Organisation  
PFI – Private Finance Initiative  
PRP – Performance Related Pay  
RSG – Revenue Support Grant  
S31 – Section 31 of the Local Government Act 1972  
VFM – Value For Money

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Background papers:- None

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**Director / Officer who will be attending the Meeting:**

Maxine O'Mahony – Executive Director of Governance and Commissioning

Julie Kennealy – Executive Director (Place) (S151)

**Key Decision:** No

**Exempt Decision:** No

**This report refers to a Mandatory Service**

**Appendices attached to this report:**

Appendix A – Budget estimates and medium term financial plan

Appendix B – General Fund Summary

Appendix C – Spalding Special Expenses

Appendix D – Reserves

Appendix E – General Fund Capital Programme

Appendix F – Capital strategy

Appendix G – Treasury Management Strategy Statement

Appendix H – Fees and Charges

Appendix I – Corporate Plan