
BUDGET TO STRATEGIC PURPOSE OVERVIEW

Relevant Portfolio Holder	Cllr John Fisher
Portfolio Holder Consulted	Yes
Relevant Head of Service	Jayne Pickering (Exec Director)
Wards Affected	All
Ward Councillor Consulted	None specific

1. SUMMARY OF PROPOSALS

To enable Members to review and scrutinise costs associated with strategic purposes and the current summary position for the financial plan.

2. RECOMMENDATIONS

The Overview and Scrutiny Committee is asked to consider the costs associated with the delivery of the strategic purposes and to identify any areas of cost that require further scrutiny.

3. KEY ISSUES

Financial Implications

- 3.1 As members are aware Council in February 2014 agreed a one year budget for 2014/15. This was due to the transformational changes that officers are working on which will generate savings for future years which could not be detailed earlier in the year.
- 3.2 Officers are continuing to work through the detail of their budgets across the Council's strategic purposes, with a number of costs having already been identified for further detailed work. Managers were also developing savings which were as a result of reducing waste in their systems (unnecessary procedures and processes which currently cost the Council money), and were reducing the cost of the enabling services (services that did not add value to the Council's customers). Heads of Service were also looking at how they could deliver their services differently by bringing in alternative service providers or providing more service for a reduced cost. These proposals will be factored into future reports to be considered by Overview and Scrutiny.
- 3.3 The current position for 2015/16 is a shortfall of approximately £1.7m. The exact Government Grant settlement will not be made available to the Council until later in December, however it is assumed that this will not be significantly different to the current estimate. There are a number of specific areas that officers are investigating to realise reductions in cost to meet the shortfall including:

- Alternative delivery of leisure services across the Borough
- Redesigning of the structure associated with the new “place” arrangements
- Reviewing corporate costs

3.4 It is estimated that the position for the following two years will not improve with further reductions to Government Grant being projected. If there was a further 10% cut in Support Grant this would equate to around £200k.

3.5 There are a number of assumptions included in the budget projections:

- 1% pay award estimate relation to inflationary increase. This will be subject to the National negotiation that the Council is signed up to.
- General inflationary increases in relation to contract arrangements
- Inclusion of the provisional settlement for 2014/15 and 2015/16
- 3% increase in fees and charges (where appropriate)
- Increased pension contributions as agreed with the actuary to reduce the pension fund deficit over a 21 year period
- An estimation of the New Homes Bonus income for 2015/16
- Additional income estimated in relation to the Business Rates receivable by the Council

Transformation

3.6 The significant reductions in funding are not anticipated to improve for a number of years and therefore officers have looked at alternative ways to deliver savings whilst improving services to the community. As previously reported the services provided by the Council are undergoing transformational change using a different approach to assessing the value provided by the service. This work will focus on the purpose of services to the community and will aim to realise savings and protect those services that create value to our customers.

3.7 Officers will continue to review the financial position of the authority within a framework of financial principles. These are:

- Reduce Waste in a system (Stop it now)
- Design a new system to reduce waste and cost
- Reduce the costs associated with enabling service provision rather than those that create the value to the customer.

3.8 There are three levels of costs associated with services delivered by the Council;

- Create Value – these are the costs to deliver front line service, those which create real value to the customer

- Add Value – these costs provide support to those services on the front line. They add value to the customer but do not directly deliver the service
- Enable – there are a number of costs that relate to the enabling functions across the Council. These include the management and support services that provide advice and support to the services who add and create value. As part of the financial principles officers are looking at the ratio of the cost of the enabling function compared with those that create value with the aim to align resources to those that provide the most value to our customers.

3.9 Strategic Purposes.

The Council has 6 Strategic Purposes;

- Provide Good Things for me to See, Do and Visit
- Keep my Place Safe and Looking Good
- Help me be Financially Independent
- Help me find Somewhere to Live in my Locality
- Help me live my life independently
- Help me Run a Successful Business

3.10 In addition costs associated with the enabling services (supporting the organisation) form part of the total costs of the Council.

3.11 Appendices 1 - 6 include the 2014/15 budgets for every service undertaken by the Council aligned with the Strategic Purposes. In addition the enabling costs are shown. It is worth noting that the service areas reflect statutory descriptions for service provision from the accounting system and may not always seem reflective of some of the services provided by the Council. In addition the allocation to the Strategic Purposes is based on the data we have available to best fit the service against the purpose.

3.12 The budgets are shown as gross expenditure less income. It is worth noting that any shared service budgets include both the cost and the income chargeable to Bromsgrove District Council.

3.13 It is proposed that the Board identify a number of service areas whereby short scrutiny exercises can be undertaken to detail the value of the spend against the demand for the service by our community. Members are asked to consider the information and request any further information from officers.

Measures

3.14 Measures show how the services we provide link to the purposes of the Council and reflect how we are meeting demand and customer expectation in those services. The aim is to clearly demonstrate that

the measures drive the costs of the Council to ensure we are focusing our funds on those areas that require additional support. It is anticipated that measures will be reported to the Executive shortly, however should members wish they can discuss the measures with the relevant Heads of Service.

Service / Operational Implications

- 3.15 The MTFP will enable services to be maintained and, where achievable, improvements to the community.

Customer / Equalities and Diversity Implications

- 3.16 Consideration of the budget at an early stage will ensure that any resulting consultation can be undertaken with the public.

4. RISK MANAGEMENT

To mitigate the risks associated with the financial pressures facing the Authority regular monitoring reports are presented to both officers and Members to enable proactive action being undertaken to address any areas of concern.

5. APPENDICES

- Appendix 1 – Enabling Services
- Appendix 2 – Provide Good things for me to see, do and visit
- Appendix 3 - Help me be Financially Independent
- Appendix 4 – Help me run a successful business
- Appendix 5 – Keep my place safe and looking good
- Appendix 6 – Help me to find somewhere to live in my Locality
- Appendix 7 – Help me live my life independently

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