

# EXECUTIVE COMMITTEE

26<sup>th</sup> June 2012

## REVISIONS TO THE MEDIUM TERM FINANCIAL PLAN 2012/13 – 2014/15

Relevant Portfolio Holder	Councillor Phil Mould, Portfolio Holder for Corporate Management
Portfolio Holder Consulted	Yes
Relevant Head of Service	Teresa Kristunas, Head of Finance and Resources
Wards Affected	All Wards / None specific
Ward Councillor Consulted	N/A
Non-Key Decision	

### 1. SUMMARY OF PROPOSALS

To enable Members to consider the proposed revisions to the Medium Term Financial Plan and to recommend approval to Council.

### 2. RECOMMENDATIONS

The Committee is requested to **RECOMMEND** that

- 1) the revisions to the Medium Term Financial Plan be approved together with the required virements as detailed at 3.7.2.;
- 2) the scheme identified at 3.7.1 be reduced to £200k and this be amended within the Council's Capital Programme 2012/13;
- 3) that £67k be returned to balances in 2012/13;
- 4) approval to use the General Power of Competence be granted to enable the service to be provided; and

**RESOLVE** that

- 5) Officers continue to work with colleagues and external partners to ensure the proposed service changes can be implemented as soon as practicable.

### 3. KEY ISSUES

#### Financial Implications

- 3.1 The Medium Term Financial Plan was approved by Members in February 2012 with a 0% increase in Council Tax.
- 3.2 Following change of political control following Council elections in May 2012 and as a result of discussions at Council on 21<sup>st</sup> May 2012.

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Members have requested Officers assess the funding implications of a number of changes to the original budget as currently approved and to advise Members of the financial impact of these changes. The revisions are to be funded by virement and return of funds to balances to ensure that there is no impact on the 2012/13 Council Tax requirement as approved within the statutory deadline.

3.3 The additional services to be considered for funding include;

- Free Swimming for under 16s and over 60s
- Pre 9.30 concessionary Bus Travel
- Additional Apprentice position

**3.4 Free Swimming for under 16's and over 60's**

3.4.1 Officers have reviewed the potential of granting free swimming sessions to Redditch residents who are under 16 or over 60. All public sessions would be available for free entrance. It is anticipated that by granting free swimming to those eligible the benefits will include:

- Increased participation in physical activity across the Town
- Encouragement for young children to learn to swim. This is important as swimming is a life skill and can also save lives, should children fall into open water.
- The aim to address health inequalities in the Town, and offers an incentive to prevent residents from smoking and drinking excessively, thus reducing risks of heart disease, diabetes and other serious illnesses
- Breaking down the cost barrier for individuals and families on low incomes
- Encouraging residents to use our Sports facilities thus encouraging them to participate in other activities and increase secondary sources of income such as the purchase of Reddicards
- supporting the schools objective of teaching children to swim as part of the curriculum

3.4.2 Previously free swimming was funded with a £140m Central Government initiative. It was introduced in Redditch in April 2009 for a 16 month period, ending in August 2010. This resulted in significant increase in swimming particularly for Under 16 year olds, where swimming usage compared with the previous year 2008/9, increased by 53%.

3.4.3 Following the opening of the Abbey Stadium facility officers have reviewed the usage of the pool and estimated the potential cost associated with free swimming. Based on the estimated additional

number of users within the facility it is anticipated that the additional cost would be £71k per annum This reflects the loss of income together with an assessment of annual costs relating to additional staffing and increased maintenance required for the facility. It is anticipated that the service will require funding for approximately 8 months ( £47k) for 2012/13 to reflect the period of approval and implementation.

**3.5 Pre 9.30 Concessionary Bus Travel**

3.5.1 The contract for all concessionary bus travel is now held with Worcestershire County Council and there are currently no concessions for pre 9.30 travel across the County. Officers are in discussion with County Transport colleagues to identify the contractual arrangements that need to be in place to enable our eligible residents to benefit from pre 9.30am concessionary travel.

3.5.2 The anticipated cost associated with the enhanced provision is £86k per annum. This is dependant on County negotiating the contract with the bus companies and the ability to use County passes for our eligible residents.

3.5.3 It is assumed that there will be a period of contractual discussion implementation following member approval with an estimated cost of £43k required for funding in 2012/13. This cost may reduce depending on the time required to implement the service.

3.5.4 The Localism Act includes a General Power of Competence which repeals the well-being powers in the Local Government Act 2000 as far as they relate to England. The power for local authorities equates to those of an 'individual with full capacity', and the only limits or restrictions placed on the power are statutory. The provision of discretionary travel can be provided within these powers.

**3.6 Additional Apprentice Position**

3.6.1 The Authority currently funds 4 apprentice posts within different roles. It is proposed that a further post be created to be trained to undertake the PAT ( electrical testing) for the Council. The trainee would work alongside a qualified electrician and would undertake a formal training programme. The cost of the new post would be £8k which could be more than offset by the current contract for PAT testing of £30k. Officers are currently working with County colleagues to review the contractual arrangement currently in place. This will include an assessment of the training required and a risk assessment to ensure the staff and assets are suitably protected. Any costs associated with

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the transition to the new arrangements will have to be covered by balances.

**3.7 Savings to fund budget proposals**

3.7.1 It is proposed that a number of budgets be reduced to provide the funding required for the services as identified above. The reductions to revenue budgets 2012/13 – 2014/15 include :

- Reduction in consultancy budget of £89k. This budget is utilised to call on additional professional support and advice when required. The majority of the budget (£65k) relates to the local plan enquiry that has to be undertaken by external advisors. It is proposed that this budget be transferred to fund the new proposals and any requests for consultancy support be presented to Executive Committee and Council to be funded from balances during the year. The £65k budget is only available for 2012/13 and further savings will have to be made in future years.
- The provision of Redditch Matters by online publication to save the budget of £17k. The current production does not raise enough advertising revenue to support the costs and therefore an online edition is to be trialed in July 2012. It is anticipated that any revenue gained in the future can be used to improve access and marketing of the online publication.
- Removal of the budget for the Leisure options appraisal to save £15k. Members have requested that officers look at alternative ways to support the leisure developments in the future. This is a one year budget allocation (2012/13) and therefore additional savings will have to be delivered to enable the proposed services to be continued.
- Reduction of the advertising budget by £10k. Officers will continue to consider all opportunities for online advertising with the aim to target customers with information on events and leisure facilities.
- Reduction by £50k of the funding for the capital repairs of public buildings. This will leave a budget of £200k and will save £2k of revenue costs. In addition officers have confirmed a reduction in the capital costs for the currently approved schemes to provide security fencing at the depot (reduce by £10k) and to improve the footpaths in Morton

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Stanley Park ( reduce by £12k). Therefore the borrowing costs which are funded by revenue will reduce by a further £2k.

- 3.7.2 It is proposed that virements be actioned in 2012/13 to support the new services. In addition the proposed savings will deliver a return of £67k to balances in 2012/13. The table below represents the revised funding allocations.

	<b>£'000</b>
<b>Services to be provided:</b>	
Free Swimming ( under 16 & over 60)	47
Pre 9.30 Concessionary Travel	43
Apprentice post	8
<b>Total Cost</b>	<b>98</b>
<b>Funded by :</b>	
Reduction consultancy budget	89
Removal of Leisure option appraisal funding	15
Provide Redditch Matters online	17
Reduction in advertising budget	10
Removal of PAT Testing budget	30
Reduction of capital schemes – saving on revenue borrowing costs	4
<b>Total Savings</b>	<b>165</b>
<b>Net return to balances</b>	<b>67</b>

### 3.8 Impact on Medium Term Financial Plan to 2014/15

- 3.8.1 The Medium Term Financial Plan 2012/13 – 2014/15 as approved in February 2012 included a number of savings that had to be achieved to ensure a balanced budget would be delivered over the 3 year period. The proposed revisions to the plan will reduce the current requirement for a transfer from balances of £259k to £192k. This £67k will therefore increase the current level of balances.
- 3.8.2 In 2013/14 £192k is the revised initial shortfall that has to be funded from savings. In addition there is an assumed cut in Government Grant of £211k, incremental pay increases to staff and the increase in pension

contributions from the employer. The full year effect of the proposed revisions to budget currently funded from one-off budget allocations will have to be met of £80k. This results in a shortfall of £706k for 2013/14.

3.8.3 In 2014/15 the shortfall of £344k is mainly due to an assumption of a further 5% cut in Government Grant, additional % increase for superannuation and the incremental increases for employees.

3.8.4 The savings to be delivered over the 3 year financial plan are :

2012/13	£192k (to be funded from balances)
2013/14	£706k
2014/15	£344k

3.8.5 This does not take into account any additional costs relating to the changes to Council Tax benefit or other welfare changes which may require additional funding from the Borough.

3.8.6 Balances are currently £1.160m. With the reduced requirement of release in 2012/13 of £192k to meet the revised budget requirement in 2012/13 the Council will be left with £968k to meet future one off commitments. The prudent level of balances to be held for an organisation the size of Redditch Borough Council is £750k.

### **Legal Implications**

3.9 The Council has a statutory responsibility to set a balanced budget and a Council Tax for each financial year. The proposed amendments to the budget do not change the Council Tax levels or the total budget requirement and therefore can be proposed as virements during 2012/13.

### **Service / Operational Implications**

3.10 The proposed changes to service provision as detailed above will have a number of operational implications to include:

- Ensuring access is limited to eligible residents who are under 16 and over 60. Officers are currently considering the most effective way to achieve this in line with the previous system.
- Ensuring access is available for the pre 9.30am bus travel. Officers are working with County colleagues and JMP transport advisors to ensure the contractual arrangements are in place for implementation of the scheme.

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- Redditch Matters online publication. The trial in July will be monitored and actively marketed with partners to ensure access is available and that our residents are aware of the new publication.
- Reduction in advertising and capital programme bids. Officers will consider alternative advertising opportunities and ensure risks associated with the reduction in capital bids be mitigated.

## **Customer / Equalities and Diversity Implications**

- 3.11 The additional services will provide greater access to Council swimming facilities for the young and over 60s which as detailed in the report should improve the health and well being of our residents. Discretionary transport will ensure that eligible residents can access services at a time convenient to them.

## **4. RISK MANAGEMENT**

- 4.1 Officers have considered the risks associated with the proposed changes and will look to mitigate the following risks identified:
- 4.2 **Reduction in capital programme for Public Building repairs to £200k:**
- Risk –deterioration of public buildings and additional costs associated with inability to repair when required.
    - Mitigation – officers to work with County colleagues ( property services) to assess priority works to ensure these are undertaken with budget allocated and therefore mitigate the risk as identified above..

## **5. APPENDICES**

None

## **6. BACKGROUND PAPERS**

Medium Term Financial plan – supporting documents

## **AUTHOR OF REPORT**

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