

SOUTH CAMBRIDGESHIRE DISTRICT COUNCIL

REPORT TO: Leader and Cabinet
AUTHOR/S: Senior Management Team

11 December 2008

MEDIUM TERM FINANCIAL STRATEGY UPDATE - BIDS

Purpose

1. The purpose of the report is to enable the Cabinet to approve new capital and revenue bids for inclusion in the budget for 2008/09 and in estimates for 2009/10 onwards.

Background – Decisions at the last meeting

2. At its meeting on 13 November 2008, the Cabinet received a report on the Medium Term Financial Strategy (MTFS). The report included new spending pressures of £1.64m on the General Fund in 2009/10. In response, Cabinet approved the following approach for additional spending provision in the MTFS (Option B):
 - Up to £50,000 for new spending in 2008/09
 - Up to £500,000 for new spending for 2009/10 for new spending to support Council Actions, inescapable costs or other service enhancements; this provision to be inflation linked for 2010/11 and 2011/12, but with no additional spending in those years.
 - A further £300,000 pa for new spending in real terms to be added in 2012/13 and 2013/14
3. The Cabinet also approved a range of assumptions as the basis for the MTFS and approved a number of further actions over the next 2-3 months for the development of the budget:
 - a) the identification of bids to be met from within the limits set by the Cabinet
 - b) the review of the capital programme
 - c) consultation on the budget and priorities
 - d) the seeking of an interview with the Local Government Minister
 - e) the preparation and scrutiny of detailed estimates.

Subsequent Actions

4. EMT has reviewed the financial pressures and spending proposals put forward against the limits approved by the Cabinet. The results are set out in **Appendix A**. Priority has been given to proposals which are seen as inescapable and those which are necessary to deliver Council Actions (part of the 3As).
5. Inescapable bids have been assessed to ensure that they are genuinely inescapable, for example, that if not approved, the Council would be exposed to substantial legal or reputational risks. The inescapable bids have also been assessed to establish whether they could be financed from existing budgets or in some other way.
6. Consequently, the following packages of bids are put forward for approval:

	2008/09	2009/10	2010/11	2011/12
General Fund:				
Inescapable bids recommended in Appendix A	6,000	251,400	356,270	382,457
Council Action expenditure recommended in Appendix A	40,500	250,000	172,000	154,500
TOTAL Bids recommended:	46,500	501,400	528,270	536,957
Limits set by Cabinet	50,000	500,000	513,000	525,000
Housing Revenue Account:				
HRA implications from Appendix A	4,000	41,800	44,210	40,137

7. Although the limits set by Cabinet would be exceeded by a small amount in 2010/11 and 2011/12, this could be rectified as spending requirements become clearer. It is also important to be conscious of the fact that if these bids are approved, the MTFS provides no provision for new additional spending in 2010/11 and 2011/12. Any new inescapable requirements or proposals to support the 3As in those years would need to be met from within existing resources.
8. **Appendix B** gives the revenue bids, which it is not possible to finance from within the financial limits, which it has been necessary to set. Many of those bids are for highly desirable projects or posts, which could make significant improvements to services provided by the Council, but they are not affordable given the overall financial position set out in the MTFS.
9. The report to the November meeting of the Cabinet identified the need to reduce the Capital Programme. For 2009/10 the necessary reductions can be met from the HRA, but from 2010/11 onwards will also need to be found from the General Fund Capital Programme. In the light of this, Cabinet authorised officers to review the capital bids, identifying those which could proceed by:
 - substituting for other schemes in the programme
 - funding from the capital element of the Housing and Planning Delivery Grant or other external sources of finance.
10. Officers have carried out this exercise and the results are shown in **Appendix C**. The results of this exercise will maintain future net expenditure at the level of the previously agreed programme.
11. The 3As and the priorities they represent are already based on the substantial consultation and research carried out to develop the Sustainable Community Strategy and the Corporate Objectives adopted last year. It is planned to follow this up through the December edition of South Cambs Magazine which invites comments on the 3As. The Community Engagement Strategy currently being prepared and the Finance Task and Finish Group are looking more fundamentally at ways of consulting on the Council's financial and policy planning.
12. On the 26 November the Council received confirmation of its Formula Grant allocation for 2009/10 and 2010/11. The allocations are the same as indicated last year and the consultation on these closes on the 7 January 2009. The formal notification from the Minister states that as there are no changes to the formulae, no meetings with individual local authorities will take place. However, in the response to the consultation the Council will be asking for a meeting so it can continue to press its case regarding its unique financial position. A further report is included elsewhere on the agenda regarding the financial settlement and impact on the Council.

13. Work on the preparation on detailed estimates is continuing and a report on departmental staffing and overheads is included on the agenda for this meeting. The remaining service bids recommended for approval in this report will be included in the detailed estimates to be presented to portfolio holders and Cabinet in the new year.

Implications

14. The bids to support the Council Actions in Appendix A will ensure that there is good progress on the 3As in 2009/10. Progress in later years will depend on making resources available from existing budgets or through partnership. The bids in Appendix A to meet inescapable costs will ensure the continuation of statutory services, which have had to take priority over the service enhancements in Appendix B.
15. As seen above, the staffing implications of the Council Actions will be met by the relevant bids in Appendix A. The financial and risk implications of this report are covered by the commentary in this report and the earlier report on the MTFs considered by the Cabinet in November.
16. In terms of equalities, the bids recommended in this report include those to support Council Actions aimed at achieving equality of access to Council services including the proposal to work with the voluntary sector to understand the needs of vulnerable and disadvantaged groups and the funding of a one year post to support equality impact assessments.

Recommendations

17. Cabinet is recommended to:
 - a) Approve the additional spending plans for 2008/09 recommended in **Appendix A** and summarised at paragraph 6;
 - b) Approve the inclusion in the estimates of the additional spending plans for 2009/10 – 2011/12 (both General Fund and Housing Revenue Account) recommended in **Appendix A** and summarised at paragraph 6;
 - c) Approve the recommendations in **Appendix C** for the General Fund Capital Programme;
 - d) Note the plans at paragraph 11 for consultation on the Council's finance and policy planning;
 - e) Note the position at paragraph 12 on the proposed meeting with the Local Government Minister.

Background Papers: the following papers were used in the preparation of this report:

Report to Cabinet – 13 November 2008

Background papers for EMT meeting on 14 November 2008

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