

BASSETLAW DISTRICT COUNCIL

CABINET

12th June 2008

REPORT OF DIRECTOR OF RESOURCES

MEDIUM TERM FINANCIAL PLAN 2009/10 – 2011/12

Cabinet Member: Finance & Property Services
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1. Public Interest Test

The author of the report has determined that it is not confidential.

2. Purpose of the Report

- 2.1 To make projections about the long term financial sustainability of the Council, which includes a budget component profile analysis.
- 2.2 To examine the ability of the Council to align its resources to its priorities in the Corporate Plan, as outlined in "Moving Up A Gear".

3. Background and Discussion

- 3.1 Bassetlaw's Medium Term Financial Plan is a major corporate document, which is allied to the Corporate Plan and shapes the Council's policy. It is a major part of any external assessment and is important in putting Members' priorities into context. The objectives of the medium term financial plan are:

- To ensure that the Council's Strategic Aims and Objectives can be delivered;
- To ensure commitments do not exceed forecast resources over the period and for each individual year;
- To manage the resources available effectively and to ensure the budget agreed is aligned with the Council's priorities;
- To ensure local council tax increases are not excessive and capping is avoided;
- To ensure the Council maintains a realistic level of general reserves to meet unforeseen events.

- 3.2 This report also provides Members with an update on the trend analysis provided to Members in 2007.

Bassetlaw Budget Profile

- 3.3 Appendix 1 analyses eleven separate budget components, with the associated projected marginal increases in expenditure for each over the three years of the plan.

The Appendix shows that year on year inflationary growth is estimated at £0.5m per year. On staffing, this includes assumptions about pay awards and annual increments, but no projections for Job Evaluation. Any additional costs will have to be offset by compensatory savings as the Council is now effectively on a “fixed income” from a combination of its known Formula Grant levels and a maximum 5% council tax increase (the Government capping limit).

- 3.4 To maintain a financially sustainable organisation (revenue equalling expenditure each year), Bassetlaw needs to make ongoing efficiency savings, or cuts, or generate additional income from all sources to balance marginal expenditure drag. If there is also a marginal increase in costs through Job Evaluation by say £0.25m, this pressure also needs to be contained. If Members also want to see development bids, this will add to the savings requirement pound for pound.
- 3.5 The report shows that this is not the case of “riding out a bad year”, but a period of savings and reductions that are required to balance income and expenditure year on year. If the Council fails to do this the financial standing of the organisation will be weakened. This is not to say that balances and reserves should not be used to support budgets, but it needs to be done discriminately, for one-off items of expenditure, not as an ongoing budget component. If the latter occurs, a point will be reached when these funds will become exhausted and the Council’s budget becomes unsustainable. This is not a feature of sound financial planning or best practice.

External Finance

- 3.6 On the 24th January 2008 Ministers made the final announcement for the first Three Year Local Government Finance Settlement, Bassetlaw’s figures did not change at all from the provisional announcement made before Christmas. As Members can see the Council’s level of Government support will reduce in real terms over the remaining period of the Comprehensive Spending Review (2010/11). A projected figure for 2011/12 has also been included for completeness:

	2007/08	2008/09		2009/10		2010/11		2011/12	
	£'000	£'000	%	£'000	%	£'000	%	£'000	%
Revenue Support Grant & NNDR	10,781	11,026		11,174		11,312		11,447*	
Marginal Increase		£245	(2.3)	£148	(1.4)	£138	(1.2)	£135*	(1.2)
*Projected									

- 3.7 Future forecasts in this report do not include any further Local Authority Business Growth Initiative (LABGI) income as the current scheme has concluded. In addition, there are no assumptions about any capital receipts from Turner Road included in the background to this report.
- 3.8 The Council now knows what financial parameters it has for the next three financial years, as the Local Government Minister, John Healey has clearly signalled that 5% council tax increases will be the maximum. If an authority exceeds this limit their council tax income levels will be capped. Bassetlaw’s projections therefore are:

	2009/10 £000	2010/11 £000	2011/12 £000
Council Tax - increase at 5%	264.0	272.0	278.0
Marginal external finance increases	148.0	138.0	145.0
Total Increase In Marginal Resources	£412.0	£410.0	£423.0

3.9 The above table illustrates what increases in local revenues will be from council tax at a linear 5% each year. Given the projections for expenditure from Appendix 1 it is clear that with a 5% council tax increase the Council will be in a deficit funding scenario. Action therefore needs to be taken proactively to address this.

3.10 Even if the Council were not in this position it needs to generate more resources to support the public service improvement agenda and redistribute resources within the organisation towards Members' declared priorities.

Fees & Charges

3.11 In a recent publication by the Audit Commission, *Positively Charged*, councils are encouraged to take a strategic view on their fees and charges income. In 2008/09 Bassetlaw is estimated to generate income from fees and charges (excluding rents) of £4.6m. This is just under 87% of the level of council tax income (£5.3m) for the services the council provides. Some of the fee scales are set nationally but the main questions that are posed in the report are:

- What is being achieved through charging? (are councils providing incentives with subsidies, rationing services, promoting target areas – sport or recycling)
- How do we compare?
- Why are charges structured as they are?
- Are cost effective mechanisms available for paying and collecting income?

3.12 The following provides Members with details of the main sources of income Bassetlaw has:

Activity:	Status:	2008/09 Budget £'000
Planning	Nationally set	808
Building Control	Nationally set	318
Sports Centres	Locally set	1,065
Car Parking	Locally set	959
Land Charges	Locally set	204
Licensing	Locally set	158
Golf Course	Locally set	260
Markets	Locally set	340
Other	Locally set	473
Total:		4,585

3.13 A full report and analysis will be presented to Cabinet on the Audit Commission's study in the coming months.

Service Developments

- 3.14 Bassetlaw's Corporate Plan has three outward facing priorities and one cross cutting priority (classed as the Council Improvement Plan). They are:

Jobs and Enterprise (Economic Well Being):

- 3.15 Creating quality jobs within the district to secure our long-term viability. Supporting our existing businesses to prosper and promote inward investment. Successes to date include:

- Town Centre Development e.g. The Priory Centre;
- Successful monthly Farmers' Markets in both Towns (Worksop and Retford);
- Rolled out a programme of business support that includes newsletters, support workshops and seminars for businesses within the District;
- Full engagement in the Sheffield City Regions;
- Reduction in unemployment claimant rates over the last six years;
- Gradual decline in the number of people on Job Seekers .

Clean and Green (Environmental Well Being):

- 3.16 Making Bassetlaw a clean and green area for those that live, work and visit. Successes include:

- Designed, constructed and installed 3 Neighbourhood Equipped Areas for Play (NEAPs) incorporating play equipment with safety surfacing for children from the ages of 3 to 16 (total cost of £0.3m);
- Participated in the *Food on the Go Initiative* where 80 fast food outlets were contacted and visited in order to reduce street litter;
- Rolled out an initiative across the district to reduce fly tipping e.g. raising awareness through Safer Neighbourhood Groups, Duty of Care Obligations issued to all accessible households with Bassetlaw plus increased enforcement. Result – number of reported fly tipping incidents down from 1526 in 2006/07 to 1070 in 2007/08 – a significant decrease and an outstanding success;
- Parks Development through the application of the Green Flag Award;
- Ongoing delivery of the Cleaner, Greener, Safer, Strategy.

Safe and Strong (Social Well Being):

- 3.17 Making sure our communities are able to take an active role in the local neighbourhoods, lead a healthy lifestyle and live without fear of crime. Bassetlaw's successes to date include:

- Supported the roll out of Safer Neighbourhood with the Police and other partners;
- Through the Community Safety Partnership ran a successful 'Community Safety Week of Action';
- Opened two new state of the art Leisure Centres in Worksop and Retford (Membership levels up to full capacity);
- Achieved Level 2 of the Local Government Standard on Equalities;
- Won a National Award - Neighbourhood Management Team of the Year - Manton Community Alliance;

- Agreed a Parish Charter for Bassetlaw Parish Councils ;
- Delivered the Misterton Contact Centre in partnership with the Parish Council and the Police;
- Signed a Service Level Agreement with Focus on Young People in Bassetlaw (an investment by the Council of £6,000 per annum for the next 3 years);
- Ran a successful '*Count Me in Project*' where community leaders were invited to the Council to gain a greater understanding of how it operates.

The cross cutting priority is: Efficient and Effective – The Council Improvement Plan

3.18 It highlights the issues that are critical and must be tackled if the Council is to move forward. This cross cutting priority supports the delivery of our three outward facing priorities with focus on:

- Leadership;
- Inspection;
- Performance Improvement;
- Value for Money/Efficiency;
- Customer Standards and Satisfaction;
- Equalities and Diversity, and
- People Management.

3.19 The table below highlights the Council's achievements to date against this cross cutting priority.

Theme	Successes:
Leadership	<ul style="list-style-type: none"> • New Senior Management Structure in Place • Implementation of Service Reviews • Leader of the Council on the Leadership Academy • Members actively participating in their Communities through Safer Neighbourhoods
Inspection	<ul style="list-style-type: none"> • Use of Resources (3 out of 4) • Management of Data Quality (3 out of 4) • Positive Direction of Travel and Annual Audit and Inspection Letter • Positive CPA Peer Review Report • Positive LSP Peer Review Report
Performance Improvement	<ul style="list-style-type: none"> • Above average in terms of % of Performance Indicators (PI's) that are improving however more work needs to be carried out to get more PI's in top quartile • Strengthened Performance Management Framework through Service and Corporate Performance Clinics • Part of the East Midlands Improvement Programme – Performance Management 'Real Improvement, Real Time' project • Development of a Corporate Balanced Scorecard to be introduced Summer 2008.

Value for Money/Efficiency	<ul style="list-style-type: none"> • Value for Money (2 out of 4) • Met the Gershon Efficiency Targets • Rolled out of the Triaster process mapping software tool
Customer Standards and Satisfaction	<ul style="list-style-type: none"> • Successfully completed the Council's Customer First Programme
Equality and Diversity	<ul style="list-style-type: none"> • Achievement of Level 2 of the Local Government Standard for Equalities
People Management	<ul style="list-style-type: none"> • IIP achieved (under a tougher test) • Positive Staff Survey

Flagship Projects

3.20 From Members' priorities seven flagship projects have been identified. These are:

- i, Growth Opportunities in North Bassetlaw linked to Robin Hood Airport
- ii Tourism
- iii Market Towns Regeneration
- iv Recreation (Including leisure centres, sports development, play provision)
- v Housing
- vi Safer Neighbourhoods/Community Safety
- vii Customer Standards

3.21 Each Flagship project has been nominated a Director sponsor and reports will be submitted to Cabinet about the vision for each project, resources, milestones and progress in the next few months.

3.22 Progress against the Councils priorities and flagship projects are reported to Management Team on a quarterly basis as part of the Corporate Performance Clinic Report. This report will be subsequently reported to Cabinet and then the Performance Improvement Scrutiny Committee.

Resource Prioritisation

3.23 As part of the service review process for the 2008/09 budget Members shifted resources from back office and processing services, but maintained their commitment to frontline priorities. The following Table shows the different emphasis Members placed on their priorities as part of this corporate process in the last two years, and where targets have been met to decrease parts of the organisation:

	2007/8	2008/9	Total	% of gross cash Budget	Source
	£'000	£'000	£'000		
Financial Services	24.1	48.4	72.5	3%	Cabinet 4.3.08
Environment and Housing	30.0	138.1	168.1	2%	Per Budget Report
Revenues/Customer Services	0.0	271.6	271.6	13%	Cabinet 15.2.08
Legal	9.5	41.6	51.1	17%	Per Budget Report
Support Services	0	157.6	157.6	6%	Cabinet 4.3.08
Corporate Services	0	10.0	10.0	1%	Cabinet 15.2.08
Community Engagement	39.5	32.3	71.8	4%	Cabinet 15.2.08
Community Prosperity	12.5	80.6	93.1	1%	Cabinet 4.3.08
Human Resources	0	26.0	26.0	8%	Per Budget Report
	£115.6	£806.2	£921.8		

- 3.24 Therefore the Council can demonstrate that it is not making blanket adjustments across the board, and through the Star Chamber process adopted in 2008/09 and the subsequent discussions with Portfolio-holders targeted Bassetlaw's priorities within the overall fiscal targets set.
- 3.25 Obviously this is set against a backdrop of overall resource constraint, and not expansion with a cornucopia of development bids. Should Members wish to be more radical and want to divert more resources to priority areas then further reductions in non-priority areas will be required to compensate if Bassetlaw is to remain within the overall income levels available to the District.
- 3.26 These developments need to be considered in conjunction with the section on Efficiency and Value for Money below (see para 3.58).

Reserves & Balances

- 3.27 At the conclusion of the budget process the Council had the following resources at its disposal:

	£'000	
Minimum working balance	1,000	Agreed minimum balance to sustain financial viability
General Reserve	748	To be used for one-off costs, restructuring and efficiency changes
LABGI monies	815	Set aside until the outcome of Job Evaluation
	£2,563	
HRA balance	750	Agreed minimum balance to sustain financial viability
	£3,313	

In addition Bassetlaw has further uncommitted resources:

	£'000	
Insurance	64	Required for self-insured risks
Economic Development	38	Unused grant scheme balances
Property Maintenance	194	Required for emergency repairs and building investment
	£296	

- 3.28 As Members know all Bassetlaw's declared resources for LABGI to date (Local Authority Business Growth Incentive scheme), have been set aside until the full outcome of the Job Evaluation process is known: initial assessment, moderation, appeals plus pay modelling.
- 3.29 The purpose of the General Reserve is to provide support to the revenue budget and as part of the General Fund Budget 2008/09 £137,600 was used to phase in the service review savings, and this will also be the source for any severance or down-sizing costs.
- 3.30 The Insurance reserve will be retained for self insurance purposes, and the property maintenance reserve will be utilised in the next 18 months or so as part of the overall accommodation strategy.
- 3.31 The Economic Development Reserve will now be returned to the General Reserve as any clawback of grant is now unlikely. If for whatever reason a future audit revealed a need for repayment this would be a cost to the General Reserve at that stage. This is not material.
- 3.32 On the 2nd April 2008 Ministers made their final year's announcement for LABGI and Bassetlaw will be benefiting by a further £444,900. This together with some favourable year-end projections for 2007/08 will enable Members to provide some resource injections into one-off schemes and priority areas. A list of these will be brought to Cabinet for approval at your next meeting.

A1 Housing Association & Support Services.

- 3.33 Since the creation of the arms length management organisation in October 2004, and as part of their inspection process A1 Housing have terminated their support from the Human Resources Team. The loss of this £50,000 income was included in the 2008/09 budget.
- 3.34 Managers at A1 have indicated that they will not seek to make any service changes for the following (totalling £1.1m):
- Anti Social Behaviour
 - Committee Admin
 - Drainage/Environ/Infrastructure
 - Financial Services
 - Fleet Management
 - Graphical Information Systems
 - Information & Communications Technology
 - Legionella
 - Public Relations

3.35 Work is ongoing on the following services and there may be further changes for some of the following services:

- Building/Window Cleaning
- Customer Services (some elements only i.e. post, courier)
- Debt Recovery (notice may be given)
- Energy
- Grounds Maintenance
- Legal Services (2009/10)
- Printing (2009/10)

3.36 The value of the second category of services in 2008/09 is £1.0m. If any services are terminated, compensatory cost savings will have to be found to offset the income. In addition, the Council pays A1 Housing £162,500 for strategic housing support, such as assistance with the Housing Improvement Plan preparation, and housing and homelessness advice to non-council tenants.

3.37 Members can therefore have some reassurance that there is more certainty and stability for providing these services than there has been in the past.

HR Staffing Strategy & Job Evaluation.

3.38 Job Evaluation will be the largest internal task Bassetlaw undertakes in 2008. Once all the work has been completed, including any appeals, decisions need to be made on the financial impacts for:

- i) Implementation
- ii) backdating
- iii) protection: and more importantly,
- iv) year on year corporate financial drag

these factors will then contribute to final decisions on the scheme's implementation.

3.39 As has been outlined previously the Council has set aside the existing balance of LABGI money to meet one-off costs for the Job Evaluation exercise. If all this provision is used then the impact on the year on year budgets will be the crucial factor. As has been outlined in para 3.3 above any marginal increases in costs will add to the resource gap and need to be financed from savings.

3.40 Bassetlaw's HR Strategy sets out five key elements:

- i. Developing the Organisation - to transform services by achieving excellence in people and performance management, partnership working, equality and diversity in service delivery and job and process redesign.
- ii. Developing Leadership Capacity - among both officers and members, including attracting leaders into local government from outside the sector.
- iii. Developing workforce skills and capacity - across the corporate centre of authorities, specific services, management and the frontline workforce.
- iv. Resourcing local government - ensuring that authorities recruit, train and retain the staff they need.

- v. Pay and Rewards - having pay and reward structures that attract, retain and develop a skilled and flexible workforce while achieving value for money in service delivery and fairness.

3.41 The Council can demonstrate that it is meeting these commitments, within existing resources, by its commitment to the Job Evaluation scheme; the ongoing work that is going into the Staff Feedback sessions and the work that follows from it; the Member training programme which is being developed following the last election in May, plus the Corporate Training Plan for officers.

Capital Strategy

3.42 Members approved Bassetlaw's Capital Strategy at Full Council on the 3rd March, 2008. The Medium Term Financial Plan reflects the plans detailed in the existing Capital Strategy, including the funding hierarchy.

Asset Management and Capital Receipts/Investment Income.

3.43 The Asset Management Plan approved at Council in March highlighted the need to maximise income from property and the potential for asset sales. These could be used to support investment in Members' priority areas or be saved to generate interest receipt income to support revenue account activities.

3.44 Planning is also being undertaken to manage the transfer of staff from Copthall House which will make a net saving of £30,000, in a full year. As Bassetlaw is reducing its establishment through the service review process, and will do so again as further financial rigours start to bite corporate accommodation can be rationalised further. To date, there has been very little attention paid to storage, space planning and the use of new technology to streamline what records the Council needs to use and the aim is to fit everyone from Copthall into space that is being worked on at the moment.

3.45 One criticism there has been of Bassetlaw in the past has been a lack of vision. In a sense this is enforced by the lack of resources the Council is perceived to have. However, this can be overcome if the Council is prepared to change its asset base, as recommended by the Audit Commission and maximise the latent potential therein. Yes, things may be disposed of, but to greater community benefit - for example to fund improvements for the Council's Market Towns' flagship projects for Retford and Worksop. The Council also needs to ensure that investment in operational assets to ensure that they meet current and future operational requirements.

3.46 This is important as with a more problematic revenue situation there is less scope to be flexible and capital investment, or levered in resources through grants, Section 106 monies etc are the most positive way to support Members' priorities financially.

Concessionary Fares

3.47 The Council is part of a partnership comprising all the district councils in Nottinghamshire, plus the County Council, which administers the Concessionary Fares scheme. It is clear that costs will rise as a result of the new national scheme introduced from the 1st April 2008. Until the scheme actually starts it is hard to say what the true cost will be, but the partnership's projections indicate that the current level of funding, including a new specific Government grant, will cover expenditure.

- 3.48 Provided demand for the new scheme is in line with projections, Bassetlaw's share of the costs will fall. Any remaining budget will need to be kept as a contingency initially until there is more certainty about demand under the new scheme.

Local Area Agreement and Other External Funding

- 3.49 Bassetlaw District Council is a partner in the Nottinghamshire Local Area Agreement (LAA) which is a three year agreement with Central Government covering the period April 2006 – 31 March 2009. No reward grant has been built into the projections in this report as Bassetlaw's share of the programme is not significant - £48,000 for Waste Performance & Efficiency, £26,000 for Cohesion, with further grants still to be finalised (Report LLA Update, Cabinet 14th February 2008 refers)
- 3.50 When LAA's were launched it was thought that more resources nationally would be channelled through the Local Strategic Partnership/Local Area Agreement route as a way of funding local government. However, experience has shown that this is not the case for district councils given the services they provide. The main issue for the area in general is the funding for the Neighbourhood Management Pathfinder and the Manton Community Alliance which currently receives £0.35m in government support for its activities on:
- worklessness;
 - deprivation;
 - community cohesion;
 - community engagement;
 - community safety.

This is scheduled to end in March 2011. Whilst the Government has not given any clear indications what happens after 2010/11, the Council has indicated that it cannot support such a commitment from its own resources.

Partnerships

- 3.51 The Council is committed to working in partnership with local community groups, the voluntary sector and other service providers so that as far as possible the coordination of services with community needs is realised. This commitment is also used with a view to maximising economy and efficiency and securing additional funds for the benefit of the local community. The Council will seek to maximise the funding obtained from external sources provided that:
- It extends an approved council priority;
 - It does not conflict with council policies;
 - There is no ongoing revenue commitment when the grant ceases;
 - It serves to make better use of existing service funding;
 - Matched funding proposals are fully worked up and approved before they are entered into.
- 3.52 The Council is a member of the Local Strategic Partnership, which comprises representatives of the major and local agencies. It will also seek to develop existing partnerships and forge new ones to achieve further benefits for the local area, particularly in its priority areas.

Sustainability

- 3.55 A key feature of the 2009 Use of Resources judgement is how the Council considers sustainability issues in its role as community leader. To deliver sustainable development the Council must plan for the longer-term, and fully integrate economic, social and environmental factors into decision making and consider the impacts beyond the local area.
- 3.56 Sustainability is currently under consideration and a full report and analysis will be presented to Cabinet in due course.

Participatory Budgeting

- 3.57 As part of the continually changing public sector landscape the Government are promoting the benefits of participatory budgeting, by asking local residents to contribute to the budget making process by voting or expressing a view on what emphasis they wish to see on priorities for their area. The benefits being advocated are:
- Better targeted and cost effective service delivery;
 - Engaging more people in decisions about their area;
 - Building social cohesion;
 - Reshaping the relationship between local residents, elected members and council officers;
 - Developing more ownership of public spending decisions;
 - Creating more awareness of budgetary processes and limits.
- 3.58 Like a lot of things this is new territory but the Council could, as part of the 2009/10 budget process introduce an element of participatory budgeting for say £100,000 of the revenue budget from frontline areas and then the public be asked to indicate how they wish the resources to be allocated e.g. more on parks maintenance, than say recycling, street sweeping, or street scene improvements.
- 3.59 Whilst Bassetlaw has not been in a financial position to expand services it may assist Members in targeting resources as part of future budget programmes. This will provide evidence in a practical way of resource prioritisation that the Council needs to strengthen. It will also aid the Council's Use of Resources assessment.

Efficiency Savings & Value for Money

- 3.60 Whilst the Service Review process, as part of the 2008/09 budget, was the first comprehensive review undertaken by Bassetlaw attention still needs to be paid to benchmarked costs, and the need to redirect resources to Members' priority areas. A further report will be presented to Members on Value For Money this evening and a programme of business process re-engineering which will streamline processes and save further costs in preparation for the 2009/10 budget. The aim will be to review processes and make further economies and efficiencies to comply with the Government's efficiency targets which were contained in November 2007's Comprehensive Spending Review. By doing things differently the Council will have more ability to create the financial headroom required to improve and deliver in the current local government environment.
- 3.61 Despite improving Bassetlaw's Use of Resources score from 2 to 3 (against the Harder Test) the Council's Value For Money assessment remains at 2 (out of 4). It is an area

that needs continued attention, as under the proposed Use of Resources regime - the annual review of the Council's financial management and its commitment to sustainability will take on a higher profile as part of the new Comprehensive Area Assessment framework. There will also be a requirement to address sustainability issues as part of the new framework.

- 3.62 At a recent joint meeting with A1 Housing, the Council's arms length management organisation outlined some of the approaches they had used to improve value for money for tenants. The shutting of the in-house window facility saved 48% of cost/output and enabled £0.2m to be re-invested in other areas, £0.04m was achieved in better void management and a 26% reduction in staff numbers between 2005 (240) and 2007 (190) also followed. Bassetlaw needs to learn from others and adopt a different approach than it has heretofore - to do more for less.
- 3.63 As part of the continuing improvements in financial management the Council will be paying more attention to the production and action on management accounting, the closedown process will be tighter for 2007/08 with fewer carry forwards and there will be a full out-turn to budget comparison exercise. Members can also expect the budget cycle to be brought forward by two months for 2009/10 with papers and options being brought to Cabinet in November.

ICT Strategy

- 3.64 The Council's ICT Strategy has led to the current contract with Consilium for the Internet based ASP provision. This contract in many ways future proofs Bassetlaw's ICT provision and takes the significant risks away from the Council. This eight year contract is due to expire in 2012. The ICT Strategy 2007-2011 is being finalised and any resources will be factored into the budget, together with the invest to save decisions that Members have asked for. Any significant resource requests will form part of the forthcoming capital programme for 2009/10 and beyond.

Council Tax

- 3.65 Ministers have said they expect future council tax increases to be well below 5% each year, with any additional financial capacity being made up of funds released through individual councils' efficiency savings. This in effect limits the discretion Members have to increase local income beyond what will now be the capping limit. Whilst there may be some buoyancy in tax base growth Bassetlaw will have, as a maximum £265,500 from council tax. If Members wish to set a lower figure, say 2.5% then the figure will be £132,750. The Council's financial plan is set out on Appendix 1 with council tax increases set at 2.5% over the period. In this scenario the Council will need to find savings of £0.358m in 2009/10, a further £0.12m in 2010/11, and £0.28m in 2011/12.
- 3.66 In addition, Ministers are now advocating councils commit to three year council tax bills. As the Government have set out what authorities will get through formula grant and kept their commitment to financial planning, there is now an expectation that councils will do the same for their taxpayers. Bassetlaw will start to address this as part of its 2009/10 budget.

4. Implications

- a) For service users - these will follow from the outcomes of more progress in Bassetlaw's Corporate Plan 2007 – 2010 scheduled for completion in the autumn.

- b) Strategic & Policy – see (a) above. This report contributes to setting the base position for the Council's Use of Resources assessment. The Audit Commission have redesigned their approach to Use of Resources judgements from 2009 to emphasise the importance of organisations achieving improved value for money outcomes for local people. The revised themes that the Audit Commission will make a judgement on, and which the council's medium term financial plan will have a direct influence over are:
- Managing money;
 - Managing the business;
 - Managing other resources.
- c) Financial - Ref:
- d) Legal – Ref:
- e) Human Resources – any realignment of priorities and resources needs to be achieved within the Council's Organisational Reviews Procedure for Consultation.
- f) Community Safety, Equalities, Environmental – None
- g) This is a key decision. Number X.

5. Options, Risks and Reasons for Recommendations

- 5.1 The bulk of the report does not make any recommendations in itself, but does set the financial scene for future years. Some options for making further economies are put forward in this report, but these will be subject to specific reports in the future. However, Members may wish to take some things further – for example the commitment to three-year council tax levels (para 3.66) if they are certain this would be of benefit.
- 5.2 Members can act on the report and manage both expectations and service changes proactively, or if these are not palatable there will be the need for reactive savings exercises each year.
- 5.3 Work will take place between now and the budget on how participative budgeting could operate within Bassetlaw's budget.
- 5.4 The following provides Members with a synopsis of the risk assessment:

Risk	Impact	Comments
Time	Medium	As outlined in the last report on this subject in October 2007 the Council needs to put in place strategies such as outsourcing or shared services which will make sufficient savings year on year to improve services to the District's 110,000 residents.

Viability	Medium	The Service Review process has been the first real challenge to budgets and the savings required in 2008/09 are real. More savings will be required year on year, and the Business Process Engineering exercises scheduled for 2008 should ensure any further downsizing will be managed within sufficient lead times so that any further savings can be met via natural wastage by the 31 st March 2009.
Finance	Medium	Appendix 1 shows that savings and efficiencies will be required year on year to maintain a stable financial platform for Members' priority services.
Profile	High	The annual Use of Resources inspection will maintain the pressure on all councils. Bassetlaw has done well to move its score from 2 to 3 under the Harder Test regime. But, it needs to do more to embed improvement under the requirement for continuous improvement.

6) **Conclusions**

6.1 Bassetlaw's budget profile is unsustainable in the medium term, and marginal expenditure drag exceeds marginal income, even after the completion of the service review process. Job evaluation could add to this instability if it's annual impact is not revenue neutral i.e. if it costs more each year, it will add to the income and expenditure imbalance.

6.2 Change has not affected Bassetlaw greatly and the 2008/09 Service Review process was difficult and protracted as a result. But, what has actually occurred in the last four budgets?

- In 2005 the establishment was reduced by 23 vacant posts;
- In 2006 the Senior Management Review reduced the number of posts from 13 to 11, a 15% reduction at this level.
- In 2007 there were some small scale savings and larger targets were set for efficiency (£0.34m support from LABGI, £0.25m from organisational change, and £0.125m from efficiency savings); and
- In 2008 following a corporate service review some 31 posts (5.7%) out of an establishment of 544 were removed from the structure.

This is comparatively little change for a £71m organisation (2008/09 General Fund - gross budget), and the £790,000 service review target saved about 1% of this figure.

6.3 The financial landscape is not going to change. The Government have practiced what they preached and made upper tier authorities with social services their priority, and realistically districts such as Bassetlaw will not receive better settlements. In this instance with council tax increases maximised to 5% each year Members have two basic options:

- To maximise local income and/or
- To reduce expenditure

The situation can be improved through more prudent financial management which has been a theme since last July, and it can also improve the overall experience for residents by emphasising the importance of value for money and becoming more customer orientated. Participative budgeting may be a useful initiative to aid this.

6.4 The Council will be operating to a fixed level of income from now on and will have to live within these parameters.

6.5 Financial management and maintaining Bassetlaw's financial stability is an ongoing task. There is more to do.