

**Sedgemoor District Council**  
**Medium Term Financial Plan 2008-2013**

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## Sedgemoor District Council Medium Term Financial Plan 2008-2013

### Leader's Introduction

Welcome to Sedgemoor District Council's Medium Term Financial Plan 2008-2013.

I am very pleased to be able to introduce this document, which sets out what Sedgemoor stands for, what we are seeking to achieve and the challenges we are facing with limited resources. Like many authorities we continually strive to improve performance and the services we provide whilst facing financial pressures. However, this is a challenge, which we are happy to accept and we feel sure that with significant reshaping of the organisation and the services it provides we will succeed.

Sedgemoor is committed to our vision of "*making Sedgemoor a safer, cleaner, more pleasant and vibrant district in which to live, work, learn, invest or to visit*". In order to achieve this we are committed to directing our resources to those projects and services that support the Council's priorities.

Our ambitions are challenging and we cannot achieve everything we would like to. However in order to achieve the most we can with the resources we have we are continuing to focus on our priorities of -

**H**ousing  
**E**fficiency  
**R**egeneration and  
**E**nvironment.

Each are important in their own right and at the same time are intrinsically linked to deliver our vision for the District. We will continue to work closely with our communities and stakeholders to achieve this aim.

**Cllr Duncan McGinty**  
Leader of Council

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**1. Purpose of the Medium Term Financial Plan (MTFP)**

This plan has been developed for partners, councillors, staff and most importantly residents to consider the financial context in which the Council will be operating in for the next five years. It will cover: –

- Our aims and aspirations for the period of the plan.
- How our revenue and capital resources will support the delivery of our priorities
- Consideration of financial issues and pressures facing the Council during the period of the plan.
- Review the national position and central government funding.
- Consider the various service and strategic strategies in place and how these impact financially
- Consider local opportunities to maximise resources
- Provide parameters and guidance for the annual budget process

This Strategy is intrinsically linked with both the Council's emerging Asset Management Plan and our Capital Strategy.

**2. Corporate Priorities**

1. Housing: Provide decent and affordable homes for all.

**“Working together to reduce housing need”**

2. Efficiency: Lowering costs by delivering the right service in the right way.

**“Delivering the right service, the right way, first time, every time...to deliver value for money services”**

3. Regeneration: Shaping and delivering investment to achieve a prosperous economy and sustainable communities by establishing a strategic framework for regeneration, with clear priorities for action.

**“Delivering a prosperous economy and sustainable communities”**

4. Environment: Providing a sustainable environment and communities maintaining a high quality local environment.

**“Delivering a sustainable environment whilst ensuring Sedgemoor is safer, cleaner and greener”**

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**2.1 Housing**

***“Working together to reduce housing need”***

Objective 1:

To improve the quality of housing across the District

Objective 2:

To increase the supply of affordable homes across the District

Objective 3:

To address the needs of homeless or potentially homeless people across the District

Objective 4:

To address the housing needs of vulnerable people

Objective 5:

To meet the needs and aspirations of the Council’s housing tenants

<b>Priority Area</b>	<b>Delivered through</b>	<b>What have we achieved 2006-2008</b>	<b>How we will achieve our aims through revenue and capital resources 2008-2013</b>
To improve the quality of housing across the District	<ul style="list-style-type: none"> <li>• To achieve 2 star accreditation in partnership with Homes in Sedgemoor and Clean Surrounds</li> <li>• To meet the Government’s Decent Homes Standard including energy efficiency</li> <li>• To meet tenants aspirations for their homes and the local community and environment</li> </ul>	<ul style="list-style-type: none"> <li>• X modernisations of council Properties</li> <li>• Rewiring programme</li> <li>• Enhancement of void properties</li> <li>• Disabled adaptation of x prop</li> <li>• X properties provided with central heating</li> <li>• X disabled facilities grants to</li> </ul>	<ul style="list-style-type: none"> <li>• Working towards achieving decent homes standard in line with the HiS Business Plan and the building cost model</li> <li>• Investment in new I.T. infrastructure for housing</li> <li>• Continued investment in disabled adaptations and renovations</li> </ul>

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	<ul style="list-style-type: none"> <li>• To ensure all new housing and existing housing is of a high quality and affordable</li> <li>• To maximise the use of the Council's enforcement powers to ensure that private sector housing meets the minimum requirements</li> </ul>	<p>enable non-council tenants to remain in their own homes</p> <ul style="list-style-type: none"> <li>• X renovation grants to assist Non-council tenants in housing need</li> </ul>	<ul style="list-style-type: none"> <li>• Approval of a staff structure within Strategic Housing to assist in improving the service to the customer.</li> </ul>
To increase the supply of affordable housing in Sedgemoor	<p>In the light of the Best Value Review of Affordable Housing</p> <ul style="list-style-type: none"> <li>• To maximise the delivery of affordable housing across the District by –</li> <li>• effective use of all available funding</li> <li>• the Council's planning powers</li> <li>• the Council's land and resources</li> <li>• Bringing more empty properties back into use</li> <li>• Maximising the benefits from the Council's own housing stock</li> </ul>	<ul style="list-style-type: none"> <li>• X new units of affordable housing provided either through section 106 agreements or directly through the council's capital programme</li> <li>• Revised allocation policy to enable more effective use of the council's housing stock</li> </ul>	<ul style="list-style-type: none"> <li>• By delivering X new affordable homes across the district</li> <li>• By bringing X properties back into use</li> <li>• Work with Homes in Sedgemoor to maximise the use of the Council's own housing stock</li> <li>• Additional staff resources towards increasing affordable housing provision.</li> </ul>
To address the needs of homeless or potentially homeless people across the District	<ul style="list-style-type: none"> <li>• Increased use of prevention measures</li> <li>• Provision of quality housing advice</li> <li>• Provision of quality advice and support to those who do become homeless</li> <li>• Improved administration</li> <li>• Ensuring all policies are fit for purpose</li> </ul>	<ul style="list-style-type: none"> <li>• X new units of affordable housing provided either through section 106 agreements or directly through the council's capital programme</li> <li>• Revised allocation policy to enable more effective use of the council's housing stock</li> <li>• Investment in choice based lettings system</li> </ul>	<ul style="list-style-type: none"> <li>• By delivering X new affordable homes across the district</li> <li>• By supporting bringing X properties back into use</li> <li>• Working with Homes in Sedgemoor to maximise the use of the Council's own housing stock</li> <li>• Introduction of choice based lettings</li> </ul>

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<p>To address the housing needs of vulnerable people</p>	<ul style="list-style-type: none"> <li>• Working with and through Somerset's Supporting People</li> <li>• Maximising the benefits from the Somerset Coast Home Improvement Partnership</li> <li>• Encouraging benefit take-up</li> </ul>	<ul style="list-style-type: none"> <li>• As above</li> <li>• X disabled facilities grants enabling people to remain in their own home</li> <li>• X renovation grants to support people with their housing needs</li> </ul>	<ul style="list-style-type: none"> <li>• As above</li> <li>• By delivering X disabled facilities grants enabling people to remain in their own home</li> <li>• By delivering X renovation grants to support people with their housing needs</li> </ul>
<p>To meet the needs and aspirations of the Council's housing tenants</p>	<ul style="list-style-type: none"> <li>• To deliver a decent home for each and every tenant, in accordance with Government guidance</li> <li>• To achieve a 2* service delivery in 2008 and improve services thereafter to 3* by 2009</li> <li>• To be responsive to customer enquiries</li> <li>• To ensure the long-term financial viability and sustainability of Homes in Sedgemoor District Council</li> <li>• To communicate effectively with our stakeholders, to ensure that we are influenced by their views.</li> </ul>	<ul style="list-style-type: none"> <li>• X modernisations of council prop</li> <li>• Rewiring programme</li> <li>• Enhancement of void properties</li> <li>• Disabled adaptation of x prop</li> <li>• X properties provided with central heating</li> <li>• X properties rewired</li> <li>• Environmental improvements on our council housing estates</li> </ul>	<ul style="list-style-type: none"> <li>• Working towards achieving decent homes standard in line with the HiS Business Plan and the building cost model</li> <li>• Investment in new I.T. infrastructure for housing</li> <li>• Continued investment in disabled adaptations and renovations</li> </ul>

**2.2 Efficiency**

***“Delivering the right service, the right way, first time, every time...to deliver value for money services***

Objective 1:

To deliver work with partners to achieve the Council's transformation and efficiency programme

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Objective 2:  
 To deliver the budget and Gershon efficiency savings for 2007-08

Objective 3:  
 To ensure all the Council's risks are effectively managed

Objective 4:  
 To achieve value for money in the management of the Council's assets

Objective 5:  
 To achieve value for money in the delivery of Council's services, concentrating on leisure, waste and clean surroundings in 2007-08

<b>Priority Area</b>	<b>Delivered through</b>	<b>What have we achieved 2006-2008</b>	<b>How we will achieve our aims through revenue and capital resources 2008-2013</b>
To deliver work with partners to deliver the council's transformation and efficiency programme	<ul style="list-style-type: none"> <li>• Actively working with Team Somerset to review and re-shape service delivery across the county e.g. grounds maintenance, cleansing, building control.</li> <li>• Continued improvements to the Council's customer contact centre</li> <li>• Improved Web presence for service information and transactions</li> <li>• Continued investment in I.S. infrastructure to enhance the speed and quality of customer service</li> </ul>		<ul style="list-style-type: none"> <li>• Resources in place to work on the shared service agenda.</li> <li>• Implementation of the Financial system upgrade should improve current processes for procuring goods.</li> </ul>
To deliver the budget and Gershon efficiency	The actions contained within the annual efficiency statement including	<ul style="list-style-type: none"> <li>• Continued roll out of scanning across the</li> </ul>	<ul style="list-style-type: none"> <li>• Reviewing and streamlining information systems</li> </ul>

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savings for 2007-08	<ul style="list-style-type: none"> <li>• Partnership working with neighbouring authorities</li> <li>• Stream lined management of structures</li> <li>• Increased development of our web based services</li> <li>• Electronic records management.</li> </ul>	<p>organisation</p> <ul style="list-style-type: none"> <li>• Ongoing web development (not covered in capital programme. Investment in earlier years)</li> <li>• Enhancement of car parks to maintain income stream</li> </ul>	<ul style="list-style-type: none"> <li>• Development of the council's web site</li> <li>• Implementation of e-payments</li> <li>• Implementation of e-procurement</li> </ul>
To ensure all the Council's risks are effectively managed	<ul style="list-style-type: none"> <li>• Full risk assessments of any major projects, service or investment decisions</li> <li>• Management of a robust Asset Register</li> <li>• Continued attention to Health and Safety across all Council activities</li> </ul>	<ul style="list-style-type: none"> <li>• Asbestos removal or containment where required</li> <li>• Health &amp; safety work at Rosewood Farm</li> <li>• Extension to Quantock Road cemetery to meet local needs</li> <li>• Repairs to closed churchyards to meet health &amp; safety requirements</li> </ul>	<ul style="list-style-type: none"> <li>• Programme of essential maintenance and enhancement to priority assets</li> <li>• Disposal of surplus assets to minimise future liabilities</li> </ul>
To achieve value for money in the management of the Council's assets	<ul style="list-style-type: none"> <li>• Implementation of the Council's Asset Management Plan</li> <li>• Work with Homes in Sedgemoor in the delivery of decent homes</li> <li>• Recognise and release those assets, land and buildings, which do not support the Council in the</li> </ul>	<ul style="list-style-type: none"> <li>• Enhancement of car parks to maintain income stream</li> <li>• Investment in Colley Lane Depot to allow rental to third party to achieve income</li> </ul>	<ul style="list-style-type: none"> <li>• Programme of essential maintenance and enhancement to priority assets</li> <li>• Disposal of surplus assets to minimise future liabilities and generate capital receipts for reinvestment</li> </ul>

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	<p>delivery of its priorities so securing receipts for re-investment</p> <ul style="list-style-type: none"> <li>• Identifying surplus land pockets suitable for facilitating new affordable housing</li> <li>• Depot Optimisation project. Sharing of Depot site between Clean Surroundings and ECT Recycling's new Regional base. To deliver efficiency savings.</li> </ul>	<p>stream and reduce revenue costs to SDC</p>	<ul style="list-style-type: none"> <li>• Delivery of new affordable housing by use of surplus housing land</li> <li>• Use of housing land to support plan B for achieving decent homes</li> <li>• Continued contributions into buildings revenue reserve funds.</li> </ul>
<p>To achieve value for money in the delivery of Council's services, concentrating on leisure, waste and clean surroundings in 2007-08</p>	<ul style="list-style-type: none"> <li>• Launch and commencement of the joint waste contract with the Somerset Waste Partnership</li> <li>• To secure the long term provision of swimming within the District by joint delivery of improved facilities</li> <li>• To undertake a review of the delivery of cleansing and horticultural maintenance across the District to both improve the level of service and reduce total cost.</li> <li>• Review delivery of street cleansing and grounds maintenance and consider options for partnership working with Taunton Deane Borough Council.</li> </ul>		<ul style="list-style-type: none"> <li>• Secure swimming provision within the district while reducing revenue costs to the Council</li> <li>• Further explore joint delivery of clean surrounds function with neighbours</li> <li>• Joint investment in key operational capital infrastructure with partners</li> </ul>

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**2.3 Regeneration**

***“Shaping and delivering investment to achieve a prosperous economy and sustainable communities by establishing a strategic framework for regeneration, with clear priorities for action.”***

Objective 1:

Shaping the future of our places and communities - To engage and work with partners to establish a vision for Sedgemoor and its main towns, providing a clear strategic direction vision, sound evidence base and priorities for delivery.

Objective 2:

Improving economic prosperity of Sedgemoor- To establish an economic vision for the District that will set the framework to shape services to business customers, influence inward investment and work in partnership with community and businesses.

Objective 3:

Securing investment in infrastructure. To monitor, influence and challenge investment processes to secure improved levels of investment in Sedgemoor.

Objectives 4:

Developing the workforce, tackling low literacy and numeracy- To understand and work in partnership with the community and providers to create positive learning environments and experiences to foster a workforce fit for the future

Objective 5:

Addressing community deprivation - To work with the community, the voluntary sector and partners to tackle the root causes of deprivation and to develop service delivery to meet individual needs

Objective 6:

Making sure our communities can access services they require- To listen and respond effectively to their needs including seeking innovative solutions to access issues in rural

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<b>Priority Area</b>	<b>Delivered through</b>	<b>What have we achieved 2006-2008</b>	<b>How we will achieve our aims through revenue and capital resources 2008-2013</b>
Shaping the future of our places and communities - To engage and work with partners to establish a vision for Sedgemoor and its main towns, providing a clear strategic direction vision, sound evidence base and priorities for delivery.	<ul style="list-style-type: none"> <li>• Influencing regional and external processes</li> <li>• Input into the SSP</li> <li>• Developing a Sustainable Communities Strategy</li> <li>• The LDF</li> <li>• Bridgwater Challenge</li> <li>• Regeneration of B-O-S</li> </ul>	<ul style="list-style-type: none"> <li>• Completion of the Hamp SRB project</li> <li>• Victoria building communities project</li> </ul>	<ul style="list-style-type: none"> <li>• Through the Bridgwater Challenge</li> <li>• Regeneration of Burnham on Sea and Highbridge</li> <li>• Support for rural village halls and community centres</li> </ul>
Improving economic prosperity of Sedgemoor- To establish an economic vision for the District that will set the framework to shape services to business customers, influence inward investment and work in partnership with community and businesses.	<ul style="list-style-type: none"> <li>• Economic Vision &amp; Strategy</li> <li>• Effective Town Centre Management</li> <li>• Workspace provision and sector development</li> <li>• Employment led development</li> <li>• Clear action plans and focussed regeneration projects</li> </ul>	<ul style="list-style-type: none"> <li>• Regional Rural Business centre</li> </ul>	<ul style="list-style-type: none"> <li>• By working with partners to improve educational, health and housing provision across the District</li> </ul>
Securing investment in infrastructure. To monitor, influence and challenge investment processes to secure improved levels of investment in Sedgemoor.	<ul style="list-style-type: none"> <li>• Building Schools for the Future</li> <li>• Local Transport plan</li> <li>• Flood defence</li> <li>• Private sector development</li> <li>• Waterlinks</li> </ul>		
Developing the workforce,	<ul style="list-style-type: none"> <li>• Workforce development</li> </ul>	<ul style="list-style-type: none"> <li>• Planning permission</li> </ul>	<ul style="list-style-type: none"> <li>• Working with Building Schools for</li> </ul>

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<p>tackling low literacy and numeracy- To understand and work in partnership with the community and providers to create positive learning environments and experiences to foster a workforce fit for the future</p>	<ul style="list-style-type: none"> <li>• Building Schools for the Future</li> <li>• Economic vision and strategy</li> <li>• Input into LAA2</li> </ul>	<p>for South Bridgwater Development</p> <ul style="list-style-type: none"> <li>• Secured BSF with SCC</li> </ul>	<p>the future to deliver four new community secondary schools in Bridgwater</p> <ul style="list-style-type: none"> <li>• Working with partners to address health and housing issues as part of our regeneration investment</li> </ul>
<p>Addressing community deprivation - To work with the community, the voluntary sector and partners to tackle the root causes of deprivation and to develop service delivery to meet individual needs</p>	<ul style="list-style-type: none"> <li>• Workforce development</li> <li>• Area action plans</li> <li>• Regeneration strategies</li> <li>• Building Schools for the Future</li> <li>• Affordable Housing</li> <li>• Victoria project</li> <li>• Input into LAA2</li> </ul>	<ul style="list-style-type: none"> <li>• Completion of the Hamp SRB project</li> <li>• Victoria building communities project</li> </ul>	<ul style="list-style-type: none"> <li>• Working with Building Schools for the future to deliver four new community secondary schools in Bridgwater</li> <li>• Working with Homes in Sedgemoor to address housing need</li> <li>• Working with partners to address health and housing issues as part of our regeneration investment</li> </ul>

**2.4 Environment**

***‘Delivering a sustainable environment, whilst ensuring Sedgemoor is safer, cleaner and greener.’***

Objective 1:

Develop a strategy to address the Climate Change Agenda and shape the Council’s service delivery to meet those requirements.

Objective 2:

Making Sedgemoor an even cleaner place, by strengthening our investment in the street scene and improving the local environment.

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Objective 3:

Protecting and enhancing the environment- to lead environmental management and enhancement, managing open spaces, caring for our historical assets and championing high standards of urban design and development.

<b>Priority Area</b>	<b>Delivered through</b>	<b>What have we achieved 2006-2008</b>	<b>How we will achieve our aims through revenue and capital resources 2008-2013</b>
Develop a strategy to address the Climate Change Agenda and shape the Council's service delivery to meet those requirements.	<ul style="list-style-type: none"> <li>• Cross- working with Service areas to identify service changes to address Climate Change issues.</li> <li>• Development of strategy with four year action plan</li> <li>• Identification and prioritisation of future projects</li> </ul>		<ul style="list-style-type: none"> <li>• Water links project and associated deliverables (subject to external grant funding)</li> <li>• Climate change centre (subject to external grant or private sector funding)</li> </ul>
To improve Streetscene in both urban and rural environments	<ul style="list-style-type: none"> <li>• Clean Sweep Campaign</li> <li>• Improve cleaning regime</li> <li>• Additional resources in Bridgwater Town Centre</li> <li>• Using the Council's enforcement powers to prevent littering and fly-tipping</li> </ul>	<ul style="list-style-type: none"> <li>• Ongoing investment in plant and equipment to support the delivery of the clean surrounds service</li> </ul>	<ul style="list-style-type: none"> <li>• Investment in plant and equipment to support improved working practices and</li> <li>• Increased Revenue funding has been included within the base budgets for the clean neighbourhoods campaign.</li> </ul>
To improve the local environment in public places	<ul style="list-style-type: none"> <li>• Working with partners and local community to</li> </ul>	<ul style="list-style-type: none"> <li>• Investment in the Victoria Project</li> </ul>	<ul style="list-style-type: none"> <li>• Use of RLT3 monies to improve sports provision across the District</li> </ul>

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	<p>make to enhance Council owned amenities such as Blake Gardens and Apex Park</p> <ul style="list-style-type: none"> <li>• Improve the cleansing regime on the Burnham beaches and Esplanade</li> </ul>	<p>delivering improvements in that locality and improved sports provision</p> <ul style="list-style-type: none"> <li>• Green flag award for Apex Park</li> <li>• Improvements to X public conveniences</li> <li>• Improvements to play areas and open spaces</li> </ul>	<ul style="list-style-type: none"> <li>• Delivery of improvements at Rosewood Farm</li> <li>• Regeneration improvements within Burnham on Sea including the Cultural Quarter (subject to external grant and private sector funding)</li> <li>• Bridgwater Town Hall Island Site (subject to external grant and private sector funding)</li> </ul>
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**3. Financial Planning**

- 3.1** Sedgemoor is facing significant challenges with limited resources that will not meet the funding required for the Council's aspirations. To address the current financial issues it is essential that resources are allocated based on the priorities set by the Council as detailed above.

The MTFP considers financial issues that the Council will face during the five year period covered within this document. The ultimate aim of this plan is to provide short and medium term guidance for officers and Members, highlighting the budgetary issues, which need to be addressed. ***It will also provide indications of the financial parameters within which group managers and portfolio holders need to build their service budgets to achieve the Council's agreed priorities.***

**4. The General Fund Summary Figures 2008-2013**

- 4.1** The General Fund Summary figures provide an indication of the level of resources and the projected funding gap over the five year period, these figures are detailed in Appendix A. The figures for 2008/09 are also summarised further in table 1 below;

Having projected the budget requirement and anticipated revenues over the period of the plan, without building in any growth for additional service bids that may emerge and maintaining balances at £1.5 million, the Council finds itself with a funding gap of £1.8 million.

**Table 1 – The General Fund Summary 2008-09**

	<b>2008/09</b>		<b>Total £000</b>
	<b>Addition £000</b>	<b>Reduction £000</b>	
<b>BASE BUDGET</b>			<b>16,181</b>
One off Supplementary Estimates	0	(60)	<b>(60)</b>
Carry Forwards	0	(391)	<b>(391)</b>
One year Growth bids	0	(88)	<b>(88)</b>
Changes in Income	(146)	531	<b>385</b>
Changes in Expenditure	0	71	<b>71</b>
<b>TOTAL BUDGET CHANGES AGREED</b>	<b>(146)</b>	<b>63</b>	<b>(83)</b>
Pay and Price Increases	629	0	<b>629</b>

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Other Unavoidable adjustments	156	(130)	<b>26</b>
<b>TOTAL CHANGES TO BUDGET</b>	<b>639</b>	<b>67</b>	<b>572</b>
<b>PREDICTED BUDGET REQUIREMENT</b>			<b>16,753</b>
<b>FINANCED BY:</b>			
A Revenue Support Grant	1,374		
B Distributed National Non domestic Rates	8,187		
C Other Adjustments	157		
D Council Tax (assuming 4.5% increase)	5,950		
<b>TOTAL</b>			<b>15,668</b>
Opening Balance			<b>(794)</b>
BALANCE TO BE MET FROM GENERAL FUND RESERVE			<b>1,085</b>
Closing Balance			<b>291</b>
<b>Minimum General Fund Balances</b>			<b>(1,500)</b>
<b>FUNDING GAP</b>			<b>1791</b>

The projections have been calculated from the budget requirement approved for 2007/08 with changes approved during the current year being incorporated along with additions and reductions for the future years. Next years figures are based on assumptions and therefore will change when the final figures are available, although the changes are not anticipated to be significant.

## 5. How the Funding Gap Was Calculated

### 5.1 Changes Since the 2007/08 Tax Set

At the time of the tax set, February 2007, the estimated balances at the end of the current financial year were £1.19 million. Since that time the 2006/07 statement of accounts has been audited with an underspend on the last financial year of £447,200. This has had a positive impact on balances, although the underspend is before the impact of approved carry forwards.

The adjusted projection is outlined below including known additional adjustments post tax set.

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**Table 2 – Current Year Adjustments**

<b>Current Year Adjustments</b>	<b>£</b>
Balances as at Tax Set 2007/08 (FEB 07)	<b>1,160,610</b>
Underspend/Overcollection of income 2006/07	<b>447,250</b>
Balances 31.3.07 as per accounts Subject to final audit opinion	<b>1,607,860</b>
Adjust for supplementary estimates	(230,000)
JE Costs	(153,000)
Adjust for sums carried forward	(177,000)
Additional income	206,000
Additional expenditure	(121,000)
Unavoidable Budget Changes	(339,000)
<b>Revised estimate of balances @31.3.08 as at 25.10.07</b>	<b>793,860</b>

## **5.2 Supplementary Estimates**

Since the start of the financial year £383,000 has been approved as supplementary estimates to date. These are additional funding for implementing the job evaluation scheme £153,000, Local Government Reorganisation £60,000 and additional funding for the concessionary bus fare scheme. Approving supplementary estimates does impact on the General fund balances and as such these are only approved as a final option if the expenditure is unavoidable and cannot be funded through any other method such as virement.

## **5.3 Job Evaluation**

The job evaluation process should have been concluded to take effect from 1<sup>st</sup> April 2007, however implementation was delayed until October 2007 although the implications of the scheme have been backdated to the 1<sup>st</sup> April 2007. This issue was identified in the last MTFP and a general provision of £250,000 was included in the forward plan for the 2007-08 financial year. During the year when the detailed figures were available the actual cost was calculated, as detailed above an additional £153,000 was put into the budget, giving the total cost of £403,000.

The protection arrangements will be in place for an estimated 3 years and therefore this cost will come out in 2010/11 as can be seen in Appendix A. There is a small risk that the Council could also face backdated equal pay claims as a result of this exercise, although Sedgemoor has been well advanced in dealing

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with the need to achieve single status therefore only a minimal provision was included within the 2006/07 accounts.

#### **5.4 Budgets Carried Forward**

During the 2006/07 budget process officers were encouraged to highlight any budgets, which needed to be carried forward into 2007/08 due to unavoidable delays. A number of budgets were adjusted and the impact of these was included when the tax was set in February 2007. This reduced the number of additional requests for carry forwards received at the year-end. The total requested at the year-end was £177,000, of which £142,910 was externally funded. Approval of these budgets does have a direct upward impact on the current year budget and revenue reserves, as detailed within table 2.

#### **5.5 Other Adjustments**

As detailed within table 2 other adjustments have been made to the current years figures based on the most up to date information available. When the budgets for 2007/08 were prepared assumptions were made on the percentage for the pay award, employer's superannuation and investment income, which have now been updated with the actual figures in some cases and in others a more realistic estimate.

The adjustments during the year have reduced estimated balances to £793,860, which is £706,170 below the minimum of £1.5 million.

### **6. Financial Projections for 2008/09 onwards**

#### **6.1 One-off Resource Bids**

When considering the ongoing requirements of the revenue budget for future years one off resource bids for the current year are removed. The tax-set 2007-08 approved total revenue resource bids of £240,010 of which £87,670 were for one year only. This latter sum has been removed from future projections.

#### **6.2 Pay and Price Increases**

In arriving at the expenditure commitments the Council will face during the life of this plan salary costs have been increased to reflect anticipated pay rises during that period and any variation that can be anticipated with regard to national insurance and superannuation costs. In the current year, it is anticipated that the pay rise will be agreed at 2.495%, although this has not been agreed by the unions at this stage. A 2.95% pay rise has been used for the latter years of the plan.

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The impact of Job Evaluation has been built into the figures separately, with the protection costs coming out within 2010/11.

The summary impact of pay increases for 2008/09 is outlined below.

Total Salary changes	£
Annual pay award	299,000
Incremental drift	124,000
National Insurance	28,000
Superannuation Increase	35,000
<b>Total</b>	<b>486,000</b>

### **6.3 Contract Increases**

Increases for inflation have been added for those ongoing contracts in place with third party service providers where the contractual arrangement includes an automatic RPI linked increase. The largest contract in place is the new integrated waste contract.

### **6.4 Joint Waste Contract**

The joint waste contract commenced on the 14<sup>th</sup> October 2007, this presents ongoing challenges to the Council, in particular regarding increased service delivery to meet our recycling target. Sedgemoor will need to approve additional funding to enhance the recycling service, although it is not anticipated that this funding will be required until 2009/2010. No additional funding has been included within the figures in Appendix A.

The current indication is that the new contract will not generate savings within the waste base budget. Although, an agreement with the South Waste Partnership to rent out space at Colley Lane for the contractor has provided additional income.

### **6.5 Concessionary Travel**

The cost of concessionary travel has risen significantly since the change in the rules to allow free travel to persons qualifying for a travel pass. The total budget for the current year is £900,200 of which £170,200 has been approved during the year as supplementary estimates. Additional expenditure is provided for in the annual grant settlement, but this does not cover the full cost of the scheme.

There are concerns across the County that these costs will increase again in next year due to a significant change with the scheme, allowing people to use their bus pass all over the country not restricting use to the county they live in. In an area such as Sedgemoor this will increase costs due to the high level of tourists

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visiting the district and potentially using the public transport free of charge. The Government have announced that they will be allocating a specific grant for the additional cost of the concessionary bus fare scheme, although at this stage it is not clear how the funding will be allocated and whether it will take into account the additional cost in areas with high levels of tourists. For the MTFP figures it has been assumed that the additional cost will be funded from the specific grant, although this is a risk.

## **6.6 Homes in Sedgemoor and Decent Homes**

The establishment of the ALMO and meeting decent homes is clearly an ongoing challenge to the Council not only within the HRA but also in relation to the impact on the General Fund. The Council has been operating with Homes in Sedgemoor under service level agreements from 1 April 2007 and this has already led to a cultural change within support services, with officers adopting a more customer focused approach. The services will become under increasing scrutiny as HIS renegotiate the agreements. The Council must be in a position to either re-shape to meet the changing demands or where this is not possible absorb the additional cost falling to the General Fund. Provision in the sum of £100,000 has been made for this in the revenue projections for the current year increasing to £180,000 in 2008/09. This is an area of risk for the Council, as the costs will fall to the General Fund if HIS decide to buy in support from elsewhere.

## **7. Income**

### **7.1 Fees & Charges**

The Council's major income lines are summarised in Table 3, with provisional estimates for changes in 2008/9 depending on the increase approved.

In the current year there is an over achievement on several income lines. The summary figures detailed in Table 2 currently assume £206,000 on the basis that some services are running below budget but anticipate some improvement in the second half of the year. Next year sees a potential increase in fees in these key areas of a further approximately £146,000, assuming an increase in fees of 3.7%. For the subsequent years a further 3.7% has been assumed in each year on all income lines.

The Council's policy under Financial Regulations requires that all fees and charges should be increased by a minimum of R.P.I. unless there is a justifiable reason not to increase them. All budget officers are reminded of the recommendation from the best value review of income and charging when considering fee levels.

Ensuring income is maintained and indeed increases where possible is essential to maintaining the Council's ability to deliver services. Historically the budget

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process has concentrated on the expenditure side of the budget but in order to raise the profile on income decision and ensure a corporate approach to charging for services all key income budgets are planned to be considered together in November.

It is essential that decisions are taken on the level of fees and charges based on supply and demand for the service and the fees charged within the competitive market. This Council should not be charging below that of its competitors unless there is a specific reason approved by Members. If The Council does not maximise the income from its fees and charges, it will have to reduce expenditure as the income from Government Grants and Council Tax will not fund the Councils current level of spend as detailed in Table 2.

Currently planning fees are set by Government, however a Consultation paper on planning charges has been issued where it is hoped that charges could go up enough so that a break even scenario was achieved. This may only be available for high performing authorities, which could have an implication on the current system of delegation operating within the Council. The other specific issue mentioned is the £50,000 maximum contribution from developers for major planning applications, it is felt that council taxpayers were potentially subsidising planning applications of major developments. If this change is implemented it will have a significant financial impact.

Table 3 below provides an indication of the impact of varying price increases in a range of material services, assuming take-up remains constant.

**Table 3 Fees and charges increase based on 2006/07 level**

	<b>Actual</b>					
	<b>06/07</b>	<b>1%</b>	<b>3.7%</b>	<b>5%</b>	<b>10%</b>	<b>15%</b>
Building Control Fees	369,351	3,690	13,670	18,470	36,940	55,400
Planning Fees	722,553	7,230	26,730	36,130	72,260	108,380
Land Charges	380,050	3,800	14,060	19,000	38,010	57,010
Car Parking	1,081,197	10,810	40,000	54,060	108,120	162,180
Pools	933,633	9,340	34,540	46,680	93,360	140,040
Summons Costs Recovered	173,090	1,730	6,400	8,650	17,310	25,960
Careline	182,751	1,830	6,760	9,140	18,280	27,410
Licencing	137,242	1,370	5,080	6,860	13,720	20,590
Commercial Rent	195,094	1,950	7,220	9,750	19,510	29,260
<b>TOTAL</b>	<b>4,174,961</b>	<b>41,750</b>	<b>154,460</b>	<b>208,740</b>	<b>417,510</b>	<b>626,230</b>

*In addition to the established sources of income the Council continues to increase its potential by successfully expanding the provision of CCTV coverage*

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to Taunton Deane and joint delivery of services, such as the West Somerset development control function and private sector housing grants. It is envisaged that these arrangements will continue and expand as part of the shared services agenda.

## 7.2 External Grant Funding

The current year budget includes £500,000 of LABGI funding allocated to Sedgemoor for 2007/08. The information received as part of the Comprehensive Spending Review has indicated that LABGI funding is being reviewed and therefore may not be available during 2008/09. Due to the uncertainty with this funding it has been taken out of the figures within the MTFP. The long term aim of this Council is for the expenditure to be funded from within its annual income, rather than relying on one off grants and use of balances. To achieve this ambition will involve significant reshaping of how Council services are provided.

## 7.3 Comprehensive Spending Review

The contents of the Comprehensive Spending Review were announced on the 10<sup>th</sup> October 2007. The figures were only discussed generally no indication of this Council's specific settlement is likely to be available until late November. The prediction regarding the settlement figures is that the average CSR increase over the next three financial years is 1% in real terms. As a consequence the increase included within the MTFP figures is 1% an additional £95,000.

**Table 4 External Funding RSG & NDR**

	<b>2006-07</b>	<b>2007-08</b>	<b>2008-09</b>
	<b>Actual</b>	<b>Actual</b>	<b>Estimate</b>
Increase		5.7%	1.0%
Revenue Support Grant	1,455,290	1,360,000	[REDACTED]
National Non-domestic Rates (NNDR)	7,466,771	8,106,000	[REDACTED]
<b>Aggregate External Funding</b>	<b>8,922,061</b>	<b>9,466,000</b>	<b>9,560,660</b>
Annual Increase (£)		543,939	94,660

## 8. Council Tax Income

### 8.1 The Tax-base and Potential Income

Despite the increases in external funding, in order to meet our basic budget requirement, tax increases will be needed year on year. ***It has been the policy of this Council to minimise local tax increases*** although an increase of 4.5% is currently recommended which is below the Governments capping limit of 5%. The cumulative impact of maintaining increases at a low level has impacted on

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the Councils current financial position and it is important that this does not continue because of the impact this has on available funding.

## 8.2 How is the Tax Base Changing?

The tax base on which the Council generates its local tax revenue is increasing each year by approximately 1%. This alone would generate an extra revenue income of up to £45,000 in the coming year. The tax base has been assumed to rise by 1.0%, in each of the next five years.

## 8.3 What does each 1% tax rise mean for the Council in real terms?

The tax-base for 2007/08 is 38,746.82 and the band D tax £116.15. Each 1% on that tax would equate to an additional £45,000 realising an extra £90,000 based on the estimated 2008/09 tax base. The projections made assume 4.5% increase year on year over the period of the plan in line with average increases over the last five financial years. *Details are provided in Appendix C*

**Total additional revenue @ 1% increase would be £45,000 or at 4.5% £202,500**

When considering the level of Council Tax increase the Council is prepared to consider it is essential that due regard is given to the cumulative effect of low tax rises. Sedgemoor now spends far below the current FFS (Formula Funding Share) in part as a result of a continued commitment to keeping Council Tax low. The policy of this Council is clearly to limit increases to the local tax, however it is recommended that consideration be given to the sustainability of this in the current financial climate.

Table 5 below provides illustrative figures of the potential additional revenue, which would be earned if the decision were taken to set the tax rise at 4.5% for the next five years (i.e. 4.5% in each year). This shows:-

- An extra in-year council tax income of £241,508 by year five
- A total additional income over the five year period of £1,107,928.

**Table 5 Tax set at 4.5% increase per year**

Year	Band D	% increase	£ increase	New Tax	Tax Base	Yield	Increased Revenue
08/09	116.15	4.50%	5.23	121.38	38,746.82	4,702,963.08	202,519.94
09/10	121.38	4.50%	5.46	126.84	38,746.82	4,914,596.42	211,633.34
10/11	126.84	4.50%	5.71	132.55	38,746.82	5,135,753.26	221,156.84
11/12	132.55	4.50%	5.96	138.51	38,746.82	5,366,862.16	231,108.90
12/13	138.51	4.50%	6.23	144.74	38,746.82	5,608,370.96	241,508.80
						<b>TOTAL</b>	<b>1,107,927.82</b>

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*This could effectively be achieved by a 4.5 % increase, 5.5% would clearly double these figures, but take the increase over the guideline increase of 5%.*

## 9.0 Treasury Management

The General Fund Budget relies on the income generated through its investments; therefore it is essential that this is managed effectively achieving the highest return possible.

During the current year members have approved borrowing to the value of £2.25 million to fund capital schemes within the current programme. Borrowing does have a revenue cost in terms of interest payable and the impact on the Minimum Revenue Provision, and this has been included within the figures detailed in Appendix A. Table 6 below gives details of borrowing and investment income for last financial year.

**Table 6 - Borrowing and Investment Income**

<b>Loans borrowed from:</b>	<b>31<sup>st</sup> March 2007 £</b>	<b>31<sup>st</sup> March 2006 £</b>
PWLB	2,000,000	2,000,000
Money Markets	0	0
<b>Total Loans</b>	<b>2,000,000</b>	<b>2,000,000</b>
<b>Investments held by:</b>		
Internally managed fund	8,631,768	8,179,889
<b>Total Investments</b>	<b>8,631,768</b>	<b>8,179,889</b>

<b>Interest received:</b>	<b>Budget £</b>	<b>Actual £</b>	<b>Average Rate earned to 31<sup>st</sup> March 2006</b>
Internally managed fund	485,000	635,253	5.36%

## 9.1 Investments

We currently (26.10.07) have investments of over £18 million all of which are managed in-house. The Council has strict criteria for investing money, which is set out in its Treasury Management Policy document. It can invest no more than 50% of its portfolio with building societies and a maximum of 30% with any one country.

Interest rates have risen during the year with some opportunity to get some very good rates but have recently stabilised again. Interest rates on money currently

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invested vary between 5% and 6.72% and we have budgeted to receive £470,000 this year in interest. The level of investments managed in-house fluctuates throughout the year as funds are paid out and income received and careful cash flow monitoring is essential.

Assuming an average of £10 million in 07/08 invested at 4.5%, the Council would expect to receive £450,000 and assuming an average of £7 million at 4.5% for 2008/09, it would receive £315,000.

## **9.2 Loans**

We have budgeted to borrow £2,250,000 in 2007, which will incur interest of approx. £205,000 and a cost in MRP of £320,000.

## **9.3 Impact on budget**

The net impact on the budget will be additional expenditure of £272,000 in 2007/08 and £347,000 in 2008/09, these figures have been built into the calculations in Appendix A.

## **10.0 Reserves and Balances**

### **10.1 General Balances**

It has been the policy of this Council to maintain general revenue balances at or around £1.5 million and HRA balances at approximately £750,000. These sums are maintained to provide security in times of unplanned financial need and to also provide flexibility should investment opportunities arise during the financial year. The level of balances and the use over the past years is detailed in Table 7. The Council's aim within the medium term is to stop using balances to fund annual revenue expenditure.

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**Table 7 – Use of Revenue Balances**

Year	G.F. Revenue £	Closing Estimated Bal. £
2000-01	(2,790,113)	3,206,439
2001-02	(942,467)	4,148,906
2002-03	407,268	3,741,638
2003-04	1,489,213	2,252,425
2004-05	234,593	2,017,832
2005-06	441,498	1,576,334
2006-07	(31,524)	1,607,858
<b>2007-08</b>	<b>107,858</b>	1,500,000
2008-09	0	1,500,000
2009-10	0	1,500,000
2010-11	0	1,500,000
2011-12	0	1,500,000

The minimum balance of £1.5 million was advised by the Audit Commission several years ago as a prudent level of balances. This year a risk assessment has been carried out to identify the appropriate maximum and minimum level of balances required based on the likely financial impact of each significant area of risk. The minimum level is approximately £1 million with the maximum at £1.5 million. The levels per category are detailed below in Table 8 and Appendix D.

**Table 8 - Calculation of Balances**

Potential Risk	Balances MAX	Required MIN
1. Sustainability of Base Budget - i.e. is base budget sustainable at current levels	322,576	241,932
2. Fees & Charges - impact of budgeted fees and charges not achieved	126,864	71,361
3. Investment Interest - impact of reduction in interest rates	6,500	3,656
4. Bad Debts	17,500	6,563
5. Error in HB and CT Benefits estimates	195,579	146,684
6. Civil Contingencies	-	-

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7. Central Government Support - impact of changes in levels of future gov't	240,200	180,150
9. Litigation - cost of unplanned litigation - e.g. Planning Appeals	100,000	37,500
10. Car Park Income	108,105	60,809
11. Planning & Building control Fees	98,700	55,519
12. Concessionary Bus Fares	81,700	81,700
13. Integrated Waste Contract	96,400	
	<b>1,490,523</b>	<b>982,273</b>

## 10.2 Specific Reserves

This authority has, for a number of years, maintained specific reserves for a number of its facilities. Each reserve has a statement of purpose, and should only be used to fund expenditure covered within this statement. However with the exception of a few mainly commuted sums, and RLT 2 & £ funds the resources held could be used for general-purpose expenditure if so required. *It is not recommended* that these funds should be used for anything other than the purpose for which they have been provided at this time.

Once the emerging Asset Management Plan has been completed these funds will be reviewed in the light of the findings within that plan.

## 11.0 Revenue Growth

The figures as detailed show a funding gap for 2008/09 of £1.8 million, which does not include a provision for growth. Group Managers were asked to submit requests for growth based on individual service requirements both statutory and aspirational. The list has not been quantified and based on the current financial situation it is recommended that Group managers revisit their original list. If members approve any growth this will increase the estimated funding gap. Any bids approved should be based on the resource prioritisation criteria. For revenue bids this is the following criteria;

- Arising from a statutory or health & safety requirement
- Required to deliver one of the four agreed Council priorities within the corporate plan.
- That can identify the “outcomes” resulting from the additional investment
- Delivering future efficiency savings i.e. an invest to save project

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- *Where there is an identified risk of non-investment*

Projects will be expected to demonstrate that they are either resulting directly from a statutory obligation on the Council or necessary in the delivery of one or more of the Council's agreed priorities.

## **12.0. The Revenue Funding Gap**

### **12.1 Projections**

Having projected the budget requirement and anticipated revenues over the five-year period, without at this time knowing what additional service bids may emerge, the Council finds itself with a funding gap. The details of the "gap" for 2008/09 is detailed in Appendix A totalling £1.8 million. This gap must be closed. A strategy for reducing expenditure and increasing income needs to be developed to ensure the Council can set a robust and balanced budget for 2008/09.

The shortfall identified is a preliminary assessment, which relies on a number of assumptions. What is clearly illustrated is a lack of resources, which needs to be addressed by way of net savings from within the services, which are permanent reductions to the base budget.

In order to prevent the gap widening beyond a controllable level it is recommended that balances are maintained at £1.5 million.

### **12.2 Budget Savings Group**

To assist with this exercise a task and finish group was set up to look at possible budget savings. The following objectives were set for the group;

1. Assess the budget deficit for 2008-09 and beyond
2. To establish options to save £2.0 million from the 2008-09 budget.
3. To provide a risk assessment of each option
4. To identify any up front costs of achieving the savings

The recommendations for reduced expenditure and increased income are presented under themes as shown in Table 9.

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**Table 9 – Recommendations from Budget Savings Group**

<b>Theme</b>	<b>Target Saving Year 1 2008/09 £</b>	<b>Target Saving Year 2 Onwards £</b>
Downsizing of Workforce	643,719	590,599
Partnership Working	148,840	245,630
Additional income from fees & charges	310,000	385,500
Changes in Discretionary Services	96,870	219,630
Other	187,600	270,160
<b>Total</b>	<b>1,387,029</b>	<b>1,711,519</b>

The detail will be considered by the Executive along with other suggestions for meeting the £1.8 million funding gap during the budget process.

### **12.3 Options for closing the Funding Gap**

There are clearly various ways in which the gap could be closed and Members should do this with a very clear understanding of the Council's priorities and the risks associated with any budget reductions. To close a funding gap of this magnitude, members will need to make some difficult decisions on current levels of service provision.

### **12.4 Efficiency and Transformation**

A review of how we currently deliver services is an essential part of developing an organisational culture fit for purpose. Over the last few years Sedgemoor has moved towards a customer focused organization.

The transformation programme has been reshaping the organisation to meet the challenges of the electronic agenda and modern service delivery and to deliver the efficiency savings. The authority now needs to maximize the efficiency savings generated through the new processes to assist in closing the funding gap.

In addition to the internally set transformation savings target the Government has set an external target of £470,000 annually for a three-year period beginning 1.4.05, i.e. £1.41 million by 31.3.08. These savings must be sustainable and at least 50% cashable. All of the Gershon (externally set) savings must be efficiency savings. This means they cannot be achieved by reducing service provision or allowing performance to slip. This is a significant challenge for all

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councils. The Council's Efficiency Statement as submitted April this year is detailed in Appendix E. This is very much a draft statement, which will be amended and re-submitted in November.

The Comprehensive Spending Review covering 2008/09 to 2010/11 has increased the requirement for efficiency savings to 3% cashable, which will put additional pressure on Councils who are already struggling with the current target. The efficiency savings can form part of the £1.8 million savings, although as already stated they will only count if there is no service reduction.

### **12.5 Efficiency Improvements and Other Savings**

It is important that Group and Service Managers, with Management Team and Members approach their service and budget planning with a view to generating efficiency improvements. It is therefore recommended that this year's budget process requires managers to look to achieve efficiency savings / improvements across the whole authority. This could mean cost reductions within the service or could be demonstrated by expansion within the service while containing costs at current levels. Although members need to be aware that managers have carried out this type of exercise over the last few years and therefore in most areas are already operating at a minimum level. As a consequence a more radical approach may be necessary to stop providing some non-priority services.

Managers and budget officers will be encouraged to look wider than the boundaries of their service and work with colleagues to deliver joint provision of services and facilities. Specific consideration will be given to:-

- Avoiding duplication
- Downsizing the organisation
- Sharing resources
- Maximising income from fees and charges and new methods of income generation.

Budget officers will also be encouraged to consider various funding options for new projects or service enhancements, instead of submitting a growth bid.

### **12.6 Invest to Save**

It is recommended that Group Managers be encouraged to consider, within the service plans, projects and service delivery changes that will deliver efficiency improvements or cost savings, i.e. Invest to Save initiatives. These initiatives will be assessed individually to identify the financial benefits.

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## **12.7 Procurement**

This Council is committed to the development of improved procurement practices across the authority. By improving on current procedures and engendering best practice across the organisation it is the aim of the Council to achieve efficiency savings across a range of purchasing sectors, including its major contracts and down to the high volume low value items that most services purchase during the year.

When the budgets were approved for 2007/08 a one off growth bid to set up a procurement team was approved, unfortunately the Council has not been successful in recruiting into the procurement team and as such may choose to use an alternative method to maximize the potential savings through improved procurement practices.

## **12.8 Shared Services Agenda**

Sedgemoor have for several years been working in partnership with other authority's to provide shared services. Since the unitary debate this initiative has gained momentum with an appetite for shared services across the county and beyond. A report detailing the first stage of the new working arrangements was approved by the Executive in September, this will not have a significant financial impact in the short term, but will inevitably have financial implications in the medium term.

## **13.0 Capital**

### **13.1 Capital Strategy**

The Council has an approved **Capital Strategy**, which covers a three year period. The purpose of the strategy is to clarify;

- Our aims and aspirations for the period of the strategy
- How our capital programme will support the delivery of our priorities
- How we will seek to fund our capital programme to deliver value for money to our residents.

The emerging draft Strategy was presented to the Corporate Scrutiny Committee 22nd October 2007 from which emerged the following comments;

- The document would benefit from a short executive style strategy statement
- There could be more detail in support of "how" the aspirations for 2008-2011 would be achieved.

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**13.2 The Capital Programme**

The capital programme covering the period of the plan is attached at Appendix F. As with the revenue figures presented the resources available will not fund the Council's aspirations, therefore members face a significant challenge in making decisions on the priorities they want to focus on which can then be matched with both revenue and capital resources.

**13.3 Capital Resources**

Sedgemoor is not in a strong position with regard to capital resources with a significant element of those resources already earmarked for specific purposes. The main sources of funding the capital programme are, capital receipts from the sale of assets, prudential borrowing although this has revenue implications, external funding through grants (such as lottery) and revenue funding which, based on the current estimated gap is not a viable option.

**Table 10 details the estimated resources available for the capital programme.**

	2007-08	2008-09	2009-10	2010-11
Capital Receipts	1,500,000	nil	nil	nil
Available Revenue	nil	nil	nil	nil
Planned borrowing	2,500,000	2,000,000	0	0

**13.4 Capital Receipts**

The Council has very limited capital receipts available as detailed in the table above. However the Council does own assets, which could be sold to generate capital receipts. The Council will continue to seek to maximize the receipts achievable to fund projects, which will deliver the priorities as stated within this plan. As part of its housing and regeneration programmes the Council will also consider the gifting or allocation of either land or property as its contribution to the wider outcomes.

**13.5 Borrowing**

The council is committed to minimizing the amount of new loans taken out to fund its capital programme in the light of the clear need to minimize the impact on the revenue budget. However it is prepared to consider new borrowing for material capital projects and where the business need can be established. Where possible borrowing will be resisted.

Since the Council became debt free in 2004 achieving the financial benefits of so doing it has taken out new loans of :-

	£
2005-06	2,000,000

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2006-07	nil	
2007-08	2,500,000	
2008-09	1,000,000	already approved
2009-10	4,200,000	additional requirement to meet all bids as @ 10.10.07

Where financially beneficial we *will* seek to externalize internal borrowing within the restrictions of our capital financing limits.

### **13.6 Partnership Working**

The Council already works with partner organisations to attract funding to assist with delivering the Council's capital programme. The Council will need to further develop its partnership working to ensure that best use is made of pooled resources.

### **13.7 Revenue Implications**

The Council cannot fund any capital expenditure through revenue as detailed within this plan a funding gap of £1.8 million has been identified which does not provide for revenue funding of capital except through borrowing costs. In addition to this it is essential that any capital projects approved will be delivered with no revenue implications or if possible a saving on the current base budget.

### **13.8 Meeting the Decent Homes Programme**

One of the greatest challenges facing the Council is the achievement of the decent homes programme for its council stock. This is reliant in the first instance on the achievement of a Two Star rating by Homes in Sedgemoor. This bid submitted by the Council and Homes in Sedgemoor seeks £40 million for investment in the stock to achieve this. The timetable for this is anticipated to be 2009-2013.

If this is unsuccessful the Council and Homes in Sedgemoor need to be prepared for achieving decent homes through a different route.

### **13.9 Investment backlog of the Council's Assets**

Recent assessments of the backlog maintenance for our corporate buildings identifies the need to spend in excess of £1.7 million. Elements of this investment requirement will be addressed by way of emerging regeneration projects e.g. the Bridgwater Town Hall Island Site, but many will require direct council funding. The asset management team is currently preparing a report to address this and will be recommending disposal of a range of non-essential assets in order to allow investment of the receipts generated into those buildings that are essential to deliver priority council services.

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**13.10 Approval of Capital Schemes**

All schemes are submitted to the Council's Strategic Management Team (SMT) comprising Chief Executive, Corporate Directors and Group Managers for approval. Each scheme must be submitted on the Council's approved capital submission document, which allows for each to be assessed against a range of criteria as outlined below, "Investment Prioritisation and Programme Development".

**13.11 Investment Prioritisation and Programme Development**

In order to help it achieve its key objectives Sedgemoor has developed an enhanced prioritisation scheme to fit with the Council's *Strategic Planning Process*. The prioritisation process is managed by the Capital Planning and Asset Management Group (SMT). The adopted process provides a framework for scheme justification in terms of:

- Community need
- Fit with corporate objectives
- Our Asset Management plan
- Value for money and best value
- Partnership working
- Sustainability
- Risk Appraisal
- Affordability

It is essential when projects are approved for inclusion within the Capital programme that the funding method is also agreed.

**14. Conclusions –**

In summary the Council finds itself in a position where it must make material savings from within its base budget if it is to meet the commitments in the General Fund and achieve its priorities.

The plan must be viewed in the context of –

- ◆ No provision for Growth within the figures calculated.
- ◆ Uncertainty regarding external funding
- ◆ An anticipated tax increase of 4.5%.
- ◆ Uncertainty regarding the impact of Concessionary bus fares and Homes in Sedgemoor.
- ◆ Limited capital resources, and the need to sell some assets to generate capital receipts.

**15. Recommendations –**

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Members are asked to consider and approve the content of this report thus ratifying the policy statements therein and to approve the recommendations outlined below be submitted to Full Council.

- That the Council commits to directing funding to its priorities as detailed within section 2.
- That the parameters for the budget round be agreed, specifically the requirement to seek to deliver savings/increased income of £1.8 million.
- That the criteria for prioritising resource bids be approved as outlined in section 11, but members need to be aware as no provision has been made for any growth this would increase the funding gap.
- That the calculation to determine the minimum and maximum level of balances be approved, to allow a planned approach to the management of balances, section 10, table 8 Appendix D.
- That a report on maximising fees and charges be presented to the Executive 5<sup>th</sup> December 2007 to identify the potential for additional income to assist in closing the funding gap.
- That options are considered with regard to disposing of assets to remove the repairs liability and to provide capital receipts to direct towards priority projects. (refer to capital strategy for detail).

**16. Review of Medium Term Financial Plan**

The plan will be reviewed post budget set February 2008

Full review of the Strategy will be undertaken September 2009

**17. Supporting Documents**

- The Council's Corporate Strategy
- The Capital Strategy
- Various Service plans