

**DRAFT MEDIUM TERM FINANCIAL STRATEGY 2008/09 TO 2011/12  
UPDATE – SUPPLEMENTARY PAPER**

**Agenda Item 5(a)**

**Contact Details:-** Trevor Wilson  
**Designation:-** Deputy Finance Director  
**Ext. No:-** 2801  
**E Mail Address:-** [Trevor.wilson@braintree.gov.uk](mailto:Trevor.wilson@braintree.gov.uk)

**Background Papers:-** Draft Medium Term Financial Strategy – reports to Cabinet 29/10/07 and 3/12/07  
**Financial Implications:-** Addressed in report  
**Equalities Implications:-** Addressed as appropriate in individual spending recommendations  
**Legal Implications:-** Addressed as appropriate in individual spending recommendations  
**Options:**  
**Risks:**

## **EXECUTIVE SUMMARY**

This report provides a further update to the Council's Medium Term Financial Strategy 2008/09 to 2011/12 to that already provided on the Cabinet agenda of 3<sup>rd</sup> December 2007.

Although the Council's financial settlement from the Government is still awaited, a number of issues have been concluded, proposals for new demands received and capital resource projections made.

The attached appendices include an updated Revenue Account profile 2008/09 to 2011/12; proposed new revenue spending demands; a Capital Resources statement 2008/09 to 2011/12; and proposed capital projects for 2008/09.

In addition proposals to fund two capital schemes in the current financial year – feasibility studies for the town centres and refurbishment of the first floor at Silver End Village Hall are also included.

## **DECISION**

**Members are asked to:**

- a) **Note the updates contained in the report;**
- b) **Agree the schedules of proposed new demands (revenue and capital) for consultation;**
- c) **Agree to an allocation of £60,000 from the Planning Delivery Grant for feasibility studies of the regeneration of the town centres in Braintree, Halstead and Witham; and**
- d) **RECOMMEND to Council the approval of funding, as detailed in the report, in 2007/08 for the refurbishment of the first floor of the Silver End Village Hall, at an estimated cost of £290,000.**

**DRAFT MEDIUM TERM FINANCIAL STRATEGY 2008/09 TO 2011/12  
UPDATE - SUPPLEMENTARY PAPER**

## **1. Background**

An update Medium Term Financial Strategy Report is already provided on the Cabinet agenda. That report provides updates on a number of areas/issues impacting on the Council's finances, although a number of key areas continued to be outstanding.

Although, the financial settlement from the Government has not been received, the Department of Communities and Local Government having not provided a date for release, a number of issues have moved forward and these are provided in this supplementary report.

## **2. Update**

### **2.1 Revenue Account**

a) **Pension Fund Contributions** – Notification of the pension contribution rate and the deficit funding payment required over the next three years has been received from Essex County Council.

The contribution rate is 13% of pensionable pay, rising from 10.4% in the current year. This provides increased costs of approximately £390,000.

The deficit payment, on the other hand, reduces from £2.4million (covering HRA and General Fund) to £1.47million for 2008/09, £1.54million for 2009/10 and £1.61million for 2010/11. This equates to a reduction for General Fund in 2008/09 of £143,500.

b) **Housing Benefits Administration Subsidy** – Notification of the subsidy receivable for 2008/09 and an indicative figure for 2009/10 have been received from the Department for Work and Pensions. The amount for 2008/09 is £971,718, representing an increase of 0.3%, and the indicative figure for 2009/10 is £948,048, a reduction of £23,670 against 2008/09.

c) **Vacancy and Efficiency Factor** - is included at 3% of the salary bill, providing a figure of £457,750. The figure included in the current year is £202,610.

d) **New Demands** – Each Cabinet Member has considered new spending demands for their service areas. The proposed new demands are provided in the attached schedule at Appendix A.

e) **Revenue Account Profile** – An updated profile of the Revenue Account for 2008/09 to 2011/12 is provided at Appendix B.

### **2.2 Capital Programme**

a) **Resources for the Capital Programme** – Proceeds from the sale of the former council houses and the VAT Shelter agreement, shared between Greenfields Community Housing and the Council, will be the principal sources of funding for the Capital Programme.

Sales of the former council houses are demand led, with many factors needing to be considered by tenants before seeking to purchase. For financial planning purposes it is assumed that thirty sales per annum will be completed.

The value of the VAT shelter agreement is expected to be around £27million over a ten-year period, to be shared 50/50 between Greenfield Community Housing and the Council. Income from the VAT shelter agreement is dependent on the spending pattern on improvement works by Greenfield Community Housing. The resource will be available in the year after expenditure has been incurred on the works.

The VAT shelter will therefore not provide a funding resource in 2008/09. Provisional figures are currently provided for 2009/10 to 2011/12 of £250,000, £500,000 and £750,000. These are only indicative and will be updated as details of the spending pattern by Greenfields CH are determined.

A summary of the Capital Resources available for the period together with schemes already agreed is provided at Appendix C.

- b) **Capital Schemes for 2008/09** - Each Cabinet Member has considered new spending demands for their service areas. The proposed new demands are provided in the attached schedule at Appendix D.

Requests are made for two schemes to receive funding in the current financial year, these being:

**Town Centre Feasibility Studies** - To undertake feasibility studies into the options for regenerating the centres of our three main towns. A budget provision of £60,000 is requested, which it is proposed can be funded from the unallocated balance of Planning Delivery Grant in 2007/08.

**Refurbishment of first floor Silver End Village Hall** – Scheme to refurbish and bring back into use the first floor at the village hall. An agreement has been reached with Essex County Council for the accommodation to be used as a drop-in centre for children and families, which will be run by the organisation, 4Children.

The estimated cost of the refurbishment works is £290,000, which includes the provision of a lift and the improvement of the ground floor toilets.

Essex County Council have agreed a capital contribution toward the refurbishment works of £80,000 and a lease rental value of £13,000 per annum. The contribution is offered on the basis the works will be undertaken in the current financial year.

The Council is to receive a section 106 contribution of £130,000 for community facilities in Silver End under an agreement with the developer, Wimpy Homes. It is proposed that this be used either to fund this project or replace funding already agreed for the new pavilion at Silver Street, Silver End.

The balance of funding required of £80,000 (£290,000 less £80,000 and £130,000) can be provided through prudential borrowing, with the repayment being met from the lease rental of £13,000 per annum.

Completion of the project in the current year will be beneficial for the Council's VAT partial exemption position.

**Future funding Requirements** – The proposed new demands are for funding in 2008/09. Each year funding is allocated for maintaining/improving our existing assets in recognition of this it is proposed to set aside a provision of £500,000 in the Capital Programme for 2009/10 onwards.

In addition the review of the Council's future accommodation requirements has highlighted the need for investment, whether in a new facility or to improve/refurbish Causeway House. It is therefore also proposed to set aside a provision each year to establish a fund to meet this investment. A figure of £500,000 per annum is suggested.

## Proposed Additions to Revenue Budget in 2008/09

Issue	Proposal for 2008/09			Comments
	Supported Schemes	Saving Realised	Schemes to be funded from other sources	
<p><b>Law &amp; Governance</b></p> <p><b>Parish Liaison Officer:</b> To extend the post of the Parish Liaison Officer to maintain and improve links with all parish councils by providing a day-to-day contact, and focal point for information flows. The post is also responsible for production of the quarterly Parish Magazine, supporting Cluster meetings, and organising the Parish Fete.</p>			9,790	<p>This post is now part of the local co-ordinators group and provides administrative support. The post has been temporary for a number of years. The Council's direction of going local supports this post being made permanent. It is possible to switch the funding from the rural development fund now that the local committees also have funding, with no impact on base budget.</p> <p>Recommend: Switch funding from rural development fund and link rural development fund to local committees. (£25,320 full-year)</p>
<p><b>Public Protection &amp; Healthy Living</b></p> <p><b>Community Safety:</b> To redirect the existing funding of £54,000 paid to Essex Police as match funding 4 PCSO's to funding two BDC Prevention and Education Officers. This increase the resources targeted at dealing with anti-social behaviour across the District</p>	27,000	-54,000		<p>There has been an increase in PCSO numbers, which has been funded by the police. With the increase in the community warden service, it is recommended that this funding cease.</p> <p>It is suggested that this funding be made available to make the ASB officers permanent posts since they are currently funded through CDRP funding, which is not of a permanent nature.</p> <p>Recommend: That one ASB officer is funded on a permanent basis and remaining funds contribute to savings.</p>
<p><b>Street Scene</b></p> <p><b>Discovery Centre and Country Park:</b> To provide the annual revenue funding commensurate with the current operating costs of the facility required under the BDC/ECC Partnership as approved by Cabinet at their meeting in March 2007. The Partnership will involve investment by ECC of £1.9m.</p>	46,000			
<p><b>Litter bins:</b> to provide new litter, cigarette, and chewing gum bins across the District to improve the number per head of population (which was the lowest within the family group of local authorities) and to accompany promotional and educational activities on reducing litter.</p>	6,000			
<p><b>Street Scene Education &amp; Publicity Programme:</b> To maintain a planned and targeted programme of Environmental education and publicity to encourage public responsibility and increase awareness of the impact of littering, fly tipping etc.</p>	25,000			
<p><b>Play Equipment:</b> To provide adequate base budget provision for the repair and maintenance of play equipment so as to ensure a better and safer environment for users of the sites.</p>	16,500			

## Proposed Additions to Revenue Budget in 2008/09

Issue	Proposal for 2008/09			Comments
	Supported Schemes	Saving Realised	Schemes to be funded from other sources	
<b>Maintenance of Street Furniture:</b> To provide funding for the maintenance and redecoration of street furniture in conservation areas, and maintenance of cycleways.	10,000			
<b>Street washing &amp; chewing gum removal:</b> To provide a programme of street washing and chewing gum removal in the three towns and high profile shopping areas within parishes.	10,000			
<b>Mechanical Sweeping and Litter Picking of the Braintree By-Pass (A120):</b> To enable two mechanical sweeps and litter picks per annum of the by-pass, including carriageway and central reservation where traffic management will be required.	12,000			
<b><u>Sustainable Development</u></b>				
<b>Specialist Conservation Area Advice through the SLA with ECC:</b> To provide funding to meet an anticipated increase arising from the renewal of a 3-year SLA for the provision of specialist advice. In addition funding is sought to increase the level of service received by including specialist advice in relation to buildings in Conservation Areas.	20,000			
<b><u>Waste Management</u></b>				
<b>Waste Management:</b> To provide funding to meet the roll-out of recycling as agreed by Council. The funding is necessary as short-term income ceases, and uncertainty exists over the receipt of future Waste and Performance Efficiency grant, which is subject to outcome of the 3-year local government finance settlement and decisions made through the Essex local authority area agreement (LAA).	150,000			
<b>Safe and Efficient Driver Training (SAFED):</b> To provide training to fleet drivers so as to minimise fuel usage and to manage and reduce risks in relation to accidents etc. In time the initiative is expected to generate savings in terms of fuel costs and insurance and other related costs.	8,000			Savings of £30k per annum offset by £10k per annum costs from 2009/10 onwards
<b><u>Resources</u></b>				
<b>CAPS annual maintenance:</b> System administration has recently passed from Development Services to ICT. It has been identified that the budget for CAPS support is insufficient to meet the commitment for the number of users. In addition a new module is required to meet legislative requirements for street naming and numbering.			23,000	Funding to be found from within existing budgets within Resources.
	<b>330,500</b>	<b>-54,000</b>	<b>32,790</b>	

## General Fund Revenue Profile 2008/09 to 2011/12

## APPENDIX B

	<u>2007/08</u>	<u>2008/09</u>	<u>2009/10</u>	<u>2010/11</u>	<u>2011/12</u>
Base Budget (inclusive of vacancy factor)	16,471,390	17,220,370	17,678,530	18,166,070	18,623,990
Reversal of one-off New Demands from previous year	(227,730)				
	16,243,660	17,220,370	17,678,530	18,166,070	18,623,990
Inflation - Salaries and other expenditure		749,150	789,810	802,420	768,100
Inflation - Fees and Charges Income		(59,420)	(61,210)	(63,030)	(64,900)
<b><u>New Demands:</u></b>					
Pension Fund Deficit		(143,500)	68,000	72,000	100,000
Net changes to Housing Benefit costs		(25,000)			
Extension of recycling/ waste collection		-			
Vehicle & Plant replacement programme		40,000			
Provision for reduced Capital Reserve		30,000	-	-	
Local Committees		100,000			
Leisure Management - additional operating costs		140,000			
Housing Benefits Administration Subsidy reductions			23,670		
Interest on General Fund (non- transfer)		(40,000)	90,000		
Rental Income from Freebournes Court			(10,000)	(10,000)	(10,000)
Concessionary Fares		145,000			
Allowance for Growth Bids		276,500	80,000	100,000	100,000
Sub Total - New Demands		523,000	251,670	162,000	190,000
Revenue Contribution to Capital		-			
<b><u>Housing Transfer:</u></b>					
Residual costs		201,620			
Strategic Housing/Allocations/temp. accom. additional costs		129,520			
Project Team recharge to Housing Transfer ceases		110,230			
Interest earned on capital receipt		(1,006,500)	91,500		
HRA balance received - interest receivable			(320,000)		
HRA Notional capital balance - interest receivable			(379,750)		
Pension Deficit shortfall against existing recharge to HRA		0			
Area Offices Recharge from Greenfields		82,720			
Loss of Service Level Agreements:					
Grounds Maintenance and Street Scene			460,800		
Accommodation (incl. ICT, Cashiers, CSC, Callout service)			808,490	269,500	
Cordons Farm			134,060		
Payroll and Procurement			42,640	70,000	
<b>SLA's to be Retained - Grounds Maintenance</b>			<b>(435,000)</b>		
<b>Alternative arrangements (post GCH) - Causeway House and Millenium Tower</b>			<b>(248,580)</b>	<b>(82,860)</b>	
<b>Deferred TUPE Rights - CSC and Procurement</b>			<b>(81,940)</b>	<b>(79,230)</b>	
Sub Total - Housing Transfer		(482,410)	72,220	177,410	0
<b>Savings required</b>		<b>(272,160)</b>	<b>(564,950)</b>	<b>(620,880)</b>	<b>(391,710)</b>
Revised Base Budget	17,220,370	17,678,530	18,166,070	18,623,990	19,125,480
Contribution from Balances	(54,300)				
	17,166,070	17,678,530	18,166,070	18,623,990	19,125,480
Government Grant	(9,338,422)	(9,571,880)	(9,787,250)	(9,983,000)	(10,232,580)
Collection Fund	(101,750)	(50,000)	(25,000)	-	-
BDC Requirement	7,725,898	8,056,650	8,353,820	8,640,990	8,892,900
Tax base	51,995	52,515	53,040	53,571	54,106
Council Tax (Band D)	£ 148.59	£ 153.42	£ 157.50	£ 161.30	£ 164.36
Council Tax per week	£ 2.86	£ 2.95	£ 3.03	£ 3.10	£ 3.16
<b>Percentage Increase</b>	<b>3.8%</b>	<b>3.2%</b>	<b>2.7%</b>	<b>2.4%</b>	<b>1.9%</b>
Increase per week	£ 0.10	£ 0.09	£ 0.08	£ 0.07	£ 0.06
Vacancy and Efficiency factor included in base		-£457,750	-£473,060	-£488,890	-£503,670
1% increase in council tax		£ 78,031.57			

## Capital Programme - Summary 2007/08 to 2011/12

	2007/08		2008/09	2009/10	2010/11	2011/12
	April - Nov. £	Nov. - March £				
<b>Resources</b>						
Major Repairs Allowance	3,226,721	-	-	-	-	-
Revenue Contributions:						
HRA	736,700	-	-	-	-	-
General Fund						
Borrowing	184,175	-				
Specified Grant	98,791	62,129	160,920	160,920	160,920	160,920
Other Government Capital Grants	104,980	66,020				
Capital Receipts:						
Housing	1,165,937	1,170,000	2,340,000	2,190,000	2,040,000	1,890,000
Additional sales	-			600,000		
General Fund assets	775,000	6,536,000	1,850,000	772,530		500,000
Usable Capital Receipts reserve	15,117		-	-		
Vat Shelter (£27m shared with GCH over 10yrs)				250,000	500,000	750,000
Reserves:						
Capital Financing	316,325					
Swimming Pool						
S106s						
Housing	255,000					
Other	122,000					
Contributions:						
Football Foundation	107,058					
Realm	1,306,940					
Other Contributions	17,300					
Community Fund (£11m held by GCH)						
	<b>8,432,044</b>	<b>7,834,149</b>	<b>4,350,920</b>	<b>3,973,450</b>	<b>2,700,920</b>	<b>3,300,920</b>
		<b>16,266,193</b>				
<b>Schemes with Funding Approved:</b>						
Housing Investment Programme	6,530,689		286,920	286,920	286,920	286,920
Add LASHG b/fwd	385,900		500,000			
General Fund:	7,222,970					
Add/Less slippage	1,546,280					
Less underspend						
Local Committees	150,000					
Community Halls			320,000	-		1,215,000
Other projects			101,000	101,000	101,000	101,000
Capital Salaries	350,000		270,000	270,000	270,000	270,000
	<b>16,185,839</b>		<b>1,477,920</b>	<b>657,920</b>	<b>657,920</b>	<b>1,872,920</b>
<b>Balance of Resources</b>		<b>80,355</b>	<b>2,873,000</b>	<b>3,315,530</b>	<b>2,043,000</b>	<b>1,428,000</b>
Suggest provision allocated for works resulting from condition surveys of Council's Assets.				500,000	500,000	500,000
Suggest provision allocated to establish Fund to meet investment required in office accommodation			500,000	500,000	500,000	500,000
<b>Balance of Resources Available</b>		<b>80,355</b>	<b>2,373,000</b>	<b>2,315,530</b>	<b>1,043,000</b>	<b>428,000</b>

Proposed Capital Schemes for 2008/09 (and 2007/08)							
Project Title	Project Definition	Proposed Capital Projects for 2008/09					Savings
		2007/08	2008/09	2009/10	2010/11	2011/12	
		<b>Public Protection &amp; Healthy Living</b>					
Bramston Sports Ground - Replacement of fencing to sports ground	Phase II replacement of fencing at the Bramston Sports Ground.	-	20,000	-	-	-	
Bramston Sports Centre - repairs and refurbishments	Concrete Columns - Essential works and must repair under h&s - however the original amount of £300k is based on a 25 year long term basis and this can be reduced to a cheaper option on a 5 year short term basis of £100k.	-	100,000	-	-	-	
Bramston Sports Centre - repairs and refurbishments	Retiling of pool	-	100,000	-	-	-	
Bramston Sports Centre - repairs and refurbishments	Pipework	-	30,000	-	-	-	
Bramston Sports Centre - repairs and refurbishments	Roof Repairs	-	20,000	-	-	-	
Bramston Sports Centre - repairs and refurbishments	Replacement Boilers	-	30,000	-	-	-	
Bramston Sports Centre - repairs and refurbishments	Replace Environmental Control Unit - By replacing this we would prevent further maintenance and costs.	-	150,000	-	-	-	
Braintree Leisure Centre Replacement Synthetic Pitch and Car Park lights	Replacement of Synthetic Pitch and replacement of car park lights a) We have a received a report confirming there is a further 2 years use on the pitch but some repairs will be needed. Therefore will need to have £20k for repairs and will need to schedule the replacement in for 2009/10 of £150k. The lighting is essential but amount (£50k) can be reduced in line with our joint use agreement with the school to £38k.	-	58,000	150,000	-	-	
Halstead Leisure Centre - Replacement Flood Lighting for the synthetic pitch.	Lights are original lights from previous pitch. The replacement flood lights will enable better lighting during the winter season.	-	20,000	-	-	-	
Halstead Leisure Centre - Replacement synthetic Pitch	This pitch needs replacing due to a latent defect. The contractor agreed to fund the majority of costs but this bid represents the element they will not pay as it has been in use for 3 yrs. The amount (£30k) can be reduced under our joint use agreement to £23k.		23,000				

Proposed Capital Schemes for 2008/09 (and 2007/08)							
Project Title	Project Definition	Proposed Capital Projects for 2008/09					Savings
		2007/08	2008/09	2009/10	2010/11	2011/12	
		Notley Sports Centre - External wall cladding	Replace wall cladding Essential works due to asbestos content £60k but can reduce our costs to £30k under joint use agreement.	-	30,000	-	
<b>Street Scene</b>							
Parks & open spaces - repair paths & hard standings	Re-surfacing of path networks at 5 public open spaces.	-	87,500	-	-	-	-
Refurbish passenger lifts, George Yard multi-storey car park.	Ensure safe and reliable operation of the passenger lifts in the multi-storey car park.	-	45,000	-	-	-	-
Refurbish lighting in George Yard multi-storey car park.	Current lighting is inefficient and environmentally unfriendly. Replace with high frequency ballasted triphosphor lamps.	-	12,500	-	-	-	9,000
Play Area Refurbishment	6 existing play areas containing old & obsolete equipment are to be replaced with new equipment complete with safety surfacing, dog-proof fencing & self-closing gates. The sites in question are Goldingham Drive, King George V Playing Field, Milton Ave and Weavers Park in Braintree, Rickstones Playing Field in Witham and Silver Street Sports Ground in Silver End. This needs to be done before the old equipment becomes a safety risk to the users of the play areas.	-	250,000	-	-	-	-
<b>Asset Management</b>							
Car park and road works at Spring Lodge, Witham	Completes refurbishment work to Spring Lodge Community Hall. Budget fully committed on works to building. Car park and entrance way to be redesigned.	-	160,000	-	-	-	-
Refurbish first floor Silver End Village Hall	2007/08 - £80,000 net of sect.106 (£130k) for community facilities in Silver End from Wimpy Homes and £80k ECC contribution. Seek possible funding from Community Fund.	80,000	-	-	-	-	13,000
Town Centre Feasibility Study	Undertake a study into revitalising the town centre for each of the three towns - £60,000 to be funded from Planning Delivery Grant in 2007/08	-	-	-	-	-	-
Repair and maintenance of Causeway House	Provision for urgent works as required. No investment until future of office accommodation determined.	-	100,000	-	-	-	-
<b>Economic Development &amp; Rural Policy</b>							

Proposed Capital Schemes for 2008/09 (and 2007/08)							
Project Title	Project Definition	Proposed Capital Projects for 2008/09					Savings
		2007/08	2008/09	2009/10	2010/11	2011/12	
		Purchase of Replacement Minibus	Replacement of Community Transport minibus.	-	38,000	-	
<b>Strategic Housing</b>							
Local Authority Social Housing Grant	Financial assistance to Housing Associations for the provision of social housing	-	500,000	-	-	-	-
<b>Environmental Services</b>							
Private Sector Housing Grants (excluding Disabled Facilities Grants)	Majority of funds are repaid to the council from loans. Remainder (approx) 15% provide contribution to ensuring fitness of private housing stock.	-	300,000	300,000	300,000	300,000	-
<b>Sustainable Development</b>							
Reconstruction of part of Cycleway between Springwood Drive and Panfield Lane, Braintree	To reconstruct section of existing cycleway, which has been subject to subsidence and has large cracks in it which could cause accidents.	-	30,000	-	-	-	-
Cycleway Lighting	Provision of (non-polluting) lighting for urban cycleway schemes in Witham, where existing lighting is non-existent or insufficient. (This does not include schemes such as River Route or Flich Way or Blackwater Rail trail which are rural in character and should not be used at night.)	-	20,000	20,000	-	-	-
<b>Waste and Energy Management</b>							
Carbon Management Project Fund	The fund is used to lever in SALIX funding (£50k-£250k) this is then used to install carbon reduction projects that have a payback of less than 7.5 years. The payback is used to pay back the SALIX fund and the remainder stays in the Carbon Management fund to develop more carbon reduction projects.	-	50,000	-	-	-	- 10,000
		<b>80,000</b>	<b>2,174,000</b>	<b>470,000</b>	<b>300,000</b>	<b>300,000</b>	<b>- 32,000</b>