

## Medium Term Financial Plan 2008 – 2011

This document sets out the Cabinet's financial plan for the period 2008 – 2011.

Over the last three years, increases in government support and growth in the local tax base have made it possible to increase 'real terms' spending by about £13m.

The prospects for the future are less promising. The government's public expenditure plans indicate a reduction in growth in funding, while some costs (especially energy costs) are rising rapidly. The 'credit crunch' will also have an impact, reducing the rate of growth in the tax base and increasing the Council's financing costs by reducing the flow of capital receipts.

As a result, if the council tax is to be kept to an acceptable level, it is necessary to plan for reductions in overall spending. The Cabinet has therefore launched a transformation programme and set tough targets for efficiency savings, in order to meet spending pressures and to finance some improvements in local environmental services.

The plan for 2009/10 includes a council tax increase of 3.5%, at or below the estimated rate of inflation. A similar increase is planned for 2010/11, and the targets for efficiency savings amount to approximately £20m.

This medium term financial plan will support the achievement of the objectives and the outcomes set out in the City Council's Corporate Plan :

### Our City : Ambitious Together

- additional investment in city marketing;
- the sub-regional waste management strategy.

### Our City : Making a Difference

- Home Care and Residential Futures, and Putting People First (social care transformation);
- the Children and Young People's plan (early intervention and prevention).

### Our City : Safer and Healthier

- the sports facilities and parks and green spaces strategies.

### Our City : Better Neighbourhoods

- additional investment in local environmental services;
- growth in commissioning budgets to compensate in part for the fallout of Neighbourhood Renewal Fund grant.

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	2008/09	2009/10	2010/11
	£000	£000	£000
Health and Adult Social Care	107,402	107,402	107,402
Children, Young People and Skills	69,933	69,933	69,933
Neighbourhoods	68,408	68,408	68,408
City Development	47,298	47,298	47,298
Corporate Services	13,186	13,186	13,186
Contingency/provisions	615	2,615	3,615
Increases in pay/prices (note 1)	1,028	10,728	19,428
Increases in pension contributions (note 2)	-	1,600	3,200
Capital financing (note 3)	15,297	16,297	17,297
Levies	1,032	1,032	1,032
Unallocated pensions	2,656	2,656	2,656
Growth/(reductions) – see page 3	-	(58)	(1,020)
<b>Total spend</b>	<b>326,855</b>	<b>341,097</b>	<b>352,435</b>
<b>Financed from:</b>			
One-off resources - 07/08 collection fund	(2,590)	-	-
- balances (note 6)	1,000	(3,206)	(734)
Formula grant (note 4)	(158,145)	(162,851)	(166,901)
LABGI/LAA reward grant (note 4)	-	(400)	(2,300)
Council tax (note 5)	(167,120)	(174,640)	(182,500)

See notes on p4

## Growth/reductions from 2008/09 budget

	2009/10	2010/11
	£000	£000
<b>Health and Adult Social Care</b>		
• older people – increased provision of home care, independent sector residential/ nursing care, very sheltered housing	2,211	3,979
• learning difficulties – demographic growth	930	2,260
• Residential Futures	333	1,577
• Home Care Futures – efficiency savings	(1,110)	(1,110)
• personalisation of care	(910)	(1,920)
• efficiency/modernisation	(1,450)	(2,900)
• other changes, including day care review and developments in charging	152	(571)
	156	1,315
<b>Children, Young People and Skills</b>		
• increased investment in early intervention and prevention	800	820
• efficiency savings in business units	(800)	(1,300)
• home to school travel project	(200)	(200)
• pensions/severance	-	(200)
• other changes	-	(55)
	(200)	(935)
<b>Neighbourhoods</b>		
• local environmental improvements	1,500	3,000
• waste strategy, including increases in landfill tax	900	2,500
• grounds maintenance retender	470	470
• sport : Hengrove Healthplex and Building Schools for the Future community sports facilities (including Ashton Park/St. Bede's)	123	423
• Neighbourhood Partnerships support and budgets	185	185
• efficiency savings	(748)	(1,569)
• other changes	(66)	(92)
	2,364	4,917
<b>City Development</b>		
• increased income from fees and charges	(125)	(344)
• efficiency savings	(274)	(588)
• other changes	(81)	(86)
	(480)	(1,018)
<b>Corporate</b>		
• Our City/city marketing	419	419
• property and accommodation	(350)	(450)
• efficiency savings	(657)	(1,624)
	(588)	(1,655)
Provision to mainstream former Neighbourhood Renewal Fund activity (including Neighbourhood Management)	400	2,405
Additional net savings to be allocated (Transformation Programme)	(1,710)	(6,049)
Total net reduction	(58)	(1,020)

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## Underlying assumptions

1. Pay/price inflation of 2.5% p.a., plus £2m over two years for energy prices and a contingency of £1m p.a.
2. Increases in employer pension contributions (approximately 1% p.a.) as per the triennial revaluation of the pension fund carried out in 2007.
3. Net capital financing costs increasing to reflect anticipated government borrowing allocations, net of mandatory debt redemption. Additional 'prudential' borrowing will only be undertaken on an 'invest to save' basis, on projects that will result in net savings to offset financing costs.
4. Formula grant as per the government's three year grant settlement of January 2008. Local Authority Business Growth Incentive grant on the basis of the anticipated national total, allocated broadly pro rata to authority budgets. Local Area Agreement reward grant (revenue) on the basis of projected performance.
5. Council tax increases of 3.5% p.a. Council tax base increasing at 1% p.a.
6. Spending generally in line with budget in 2008/09, but a net underspending of £1m from capital financing/vacancy management.
7. The plan covers general fund spending, and excludes school spending financed by Dedicated Schools Grant (£192.6m) and Housing Revenue Account spending financed by rents/housing subsidy (£103.9m).