

**2016-2020 CORPORATE PLAN AND MEDIUM TERM FINANCIAL STRATEGY,
INCORPORATING THE BUDGET ENGAGEMENT STRATEGY**

EXECUTIVE MEMBER: Mike Starkie, Elected Mayor

LEAD OFFICER: Fiona Rooney, Director of Resources & Strategic
Commissioning (& Section 151 Officer)

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Recommendations:

The Executive is recommended to:

- (a) Agree to the 2016-2020 Draft Corporate Strategy to go forward as part of the Council's budget engagement strategy (Section 2 refers);
- (b) Agree to the above Medium Term Financial Strategy Principles to go forward as part of the Council's budget engagement strategy (Section 3 refers);
- (c) Agree to the above initial Budget Proposals for 2016/17 to form the basis of the budget engagement strategy (Section 4 refers);
- (d) Agree to the proposed approach to Budget Engagement for 2016/17 (Section 5 refers); and
- (e) Note the proposed key milestones in its approach to setting the Authority's Budget Requirement for 2016/17 (Section 6 refers).

1. INTRODUCTION

- 1.1 At the Executive meeting on 4 August 2015, it was reported that the Elected Mayor and his Executive would be developing their new Corporate Plan which would be supported by a new Medium Term Financial Strategy (MTFS), leading up to formal presentation to Council in February 2016. A budget engagement strategy has also been developed alongside this work to help inform the Mayor, Executive and Council set the authority's budget requirement for 2016/17.

- 1.2 A new Corporate Strategy and Plan have been developed and incorporate the Elected Mayor's ambitions for the borough based on his manifesto pledges. The Corporate Plan detail is being developed and will set down how we will deliver the key priorities of the Council and support the key priorities of the borough and our strategic partners over the next four years. The Corporate Plan will show the outcomes we hope to achieve and the process by which we will measure successful delivery of the key priorities. This will be underpinned by a new Medium Term Financial Strategy.
- 1.3 This report sets down the results of the work carried out over the summer and seeks Executive endorsement to the 2016-2020 Draft Corporate Strategy, Medium Term Financial Strategy and Budget Engagement Strategy, to enable key stakeholders to be consulted on the proposals during December 2015 and January 2016.

2. 2016-2020 DRAFT CORPORATE STRATEGY

- 2.1 A new Corporate Strategy, covering the period 2016-2020, has been developed that sets out the Council's proposed Mission, Vision and Values for the future. The Vision is achieved through a series of four Ambitions. Between 2016 and 2020 we aim to achieve four Strategic Outcomes. This Corporate Strategy will be delivered through an annual Corporate Delivery Plan. Successful delivery of the Strategic Outcomes means that over the next four years we will measure a series of Key Deliverables and Performance Indicators as part of our Performance Management Framework.
- 2.2 **Appendix A** provides an overview of the 2016-2020 Draft Corporate Strategy.

Our Mission and Vision

- 2.3 The Mission is *"To make Copeland a better place to live, work and visit."* The Council has a strong foundation to build upon, with 2 towns within the borough being in the national 'Top 10 Best Places to Raise a Family' (<http://www.onefamily.com/downloads/pr/hotspots-2014.pdf>) and with low crime rates, low house prices and higher than average wages, Copeland already has much to offer. With the advent of new developments in the region, especially the Moorside Development, the Council has the ideal opportunity to build on these strong foundations.
- 2.4 This leads to the Council's vision for 2021 which is "Copeland Borough Council is a commercially-focused organisation with a national reputation for high quality services."

Our Values

2.5 The Mission and Vision will be underpinned by three core values:

- **Work with Partners** – We will work to get the best for our communities whether in the public, private or voluntary/community sector;
- **Be Cost Effective** – We will be prudent in spending our money; we will strive to achieve value from every pound we spent; we will continually review our services; and
- **Treat Everyone Fairly and with Respect** – We will strive to deliver first class levels of customer care; we will treat people fairly especially those who are vulnerable; we will listen.

Ambitions & Strategic Outcomes

2.6 The four Ambitions to deliver this Vision are:

- **Town Centre Regeneration;**
- **Commercialisation;**
- **Employment and Social Wellbeing; and**
- **Strengthen the way we operate.**

2.7 We will deliver these Ambitions by focusing on the delivery of five Strategic Outcomes:

- For our towns, villages and streets to reflect the prosperity of the area;
- Grow the commercial activity of the Council to benefit the people of Copeland, ensuring that the wealth generated in Copeland stays in Copeland;
- Attract businesses, professionals and entrepreneurs to Copeland and retain our talented young people. Working with partners to support the most vulnerable in our borough;
- Continually review our services to ensure they meet the needs of the people of Copeland and ensure they are efficient and effective; and
- Maximising our opportunities for growth, within the Council and with our strategic partners.

Key Deliverables

2.8 From this Corporate Strategy, we will develop a high level Corporate Delivery Plan which will include a series of key deliverables and key performance indicators that will demonstrate whether the plans are on track to successfully achieve the Ambitions and Vision for the Council over the next four years.

2.9 Some of the key deliverables in 2016/17 to achieve the Strategic Outcomes are summarised below for initial budget engagement. The growth-related Strategic Outcome underpins many of these key deliverables:

Town Centre Regeneration

- Explore grant funding opportunities to trigger the Transformation of Town Centre Buildings;
- Transform Whitehaven Market Place by investing in stalls and marketing to increase visitor numbers;
- Borough-wide review of car parking issues, leading to the implementation of a clear Car Parking Strategy for Copeland;
- Promote tourism through a Tourist Information Point in Whitehaven;
- Improve our Town Centres and High Streets to deliver a better shopping experience for our residents, businesses and visitors;
- Carry out a Whitehaven Town Centre Opportunity Study as the first in a series for each of our main towns;
- Maintain appropriate land supply across the borough to facilitate growth.

Commercialisation

- Commercial Director appointed to support the drive for financial self-sufficiency within the Council;
- Increase commercial awareness throughout the Council;
- Develop a business case to establish a Trading Company and Energy Company to drive through income generation in the Council.

Employment, Skills and Social Wellbeing

- Work to attract investment, industry and jobs for the whole of Copeland;
- Combine efforts to develop first-class education and health services in Copeland;
- Establish a local Apprenticeship Scheme, creating 5 apprenticeships within the Council in the first year;
- Support Cumbria-wide initiatives to address domestic violence in the area;
- Support Cumbria-wide initiatives to help those affected by drug abuse;

Strengthen the way we operate

- Continue to carry out a detailed review of finances within the Council to ensure smart procurement maximises the use of every pound we spend of public money;
- To support the Centre of Nuclear Excellence to support a sustainable nuclear sector in Copeland

- To support Nationally Significant Infrastructure Projects, in particular, Moorside and North West Coast Connections;
- Review the Council's own Business Support Services to make sure they are fit for purpose and deliver what is needed by our front-line services and our communities;
- Developing a sustainable budget over the longer term;
- Deliver an energised Delivering Differently Programme with a focus on growth, customer and commercialisation.

2.10 The Executive is recommended to agree to the above draft Corporate Strategy to go forward as part of the Council's budget engagement strategy.

3. 2016-2020 MEDIUM TERM FINANCIAL STRATEGY PRINCIPLES

- 3.1 On 26 November 2015, the Government's long awaited Comprehensive Spending Review (CSR) will be announced. The Executive should therefore note that these financial strategy principles and draft budget proposals in Section 4 of this report, are set down to enable budget engagement to commence but must be subject to the outcomes of the CSR.
- 3.2 With the advent of the Government's new CSR and the development of a new 2016-2020 Corporate Strategy and 2016/17 Corporate Delivery Plan for the Council, the existing Medium Term Financial Strategy (MTFS), originally approved in February 2014 needs to be fully reviewed. This will ensure that the resources available to the Council are directed to the delivery of the agreed strategic outcomes of the Council, to ensure the Vision for 2021 is achieved.
- 3.3 Work is underway to fully update the existing MTFS and the first stage of that is to approve a new set of Financial Strategy Principles to guide the development of the Council's financial plans and budgets over the next four years.
- 3.4 The financial environment that local government, and the public sector more generally, finds itself in, demands financial flexibility, financial and commercial awareness, effective risk management and the effective use of new technologies. The key principles to be applied for the new MTFS are set out by financial theme below.

Financial Principle 1: Revenue Budget Strategy

- Annual budget resources aligned and prioritised to meet Copeland's new Corporate Strategy
- A Reserves and Balances Policy in line with best practice that is reviewed on an annual basis

- General unearmarked reserves (general balances) retained at a level of at least £1.5million at the end of each financial year, subject to a risk assessment as part of budget setting in each of the four years of the MTFS period
- Earmarked reserves established appropriately for known and quantifiable (future) liabilities and financial risks
- Strategic Reserve established to support the Delivering Differently Programme
- Secure vacancy savings but not to the detriment of delivering the Strategic Outcomes
- Endeavour to minimise staff redundancies
- Continue to carry out a detailed review of finances within the Council to ensure smart procurement maximises the use of every pound we spend of public money
- Deliver an energised Delivering Differently Programme with a focus on growth, customer and commercialisation
- Implementation of Service Reviews outcomes and continuation of Service Review Programme across all service units of the Council
- Where external funding is secured for a limited time period, any operational arrangements put in place must not assume that the fall-out of grant will be replaced by mainstream funding automatically
- Endeavour to maximise the opportunities of the Business Rate Retention Scheme, subject to government announcements
- Review debt recovery procedures to minimise the need to write-off of bad debts and to reduce the need to make provision for bad debt across council tax, business rates and sundry debt
- Annual review of the Council Tax Support Scheme
- Refresh the Discretionary Rate Relief Policy to support local circumstances and the current economic climate
- Ensure Welfare Reform implications are understood in a financial context
- Where the Council acts as the accountable body, all associated costs will be recharged

Financial Principle 2: Commercial & Income Generation

- Move towards becoming a financially self-sufficient Council by 2021 through an active commercial agenda
- Consider any appropriate trading opportunities supported by robust business plans and financial risk assessments and developed in the context of the wider Council MTFS
- Establish a trading company to develop the commercial opportunities for Copeland
- Encourage a climate where trading and charging powers of the authority are maximised

- Review the Income Collection Policy so that payments are made in advance of Council services being provided wherever possible

Financial Principle 3: Council Tax Policy

- Provide value for money for the residents of Copeland through the efficient management of council tax collection
- Determine Council Tax levels that demonstrate prudence and retain stability in the Authority's finances (current assumption is a 1.95% increase for each year of the MTFS and this should be considered in the context of any capping limits set by the Government)
- Council tax collection managed to secure recurrent efficiencies in the Council's collection fund

Financial Principle 4: Capital Investment

- Development of a rolling four-year Capital Investment Plan
- Supports the Council's ambitions in the new Corporate Strategy which will make Copeland a better place to live, work and visit through a comprehensive capital investment programme
- Strategic Asset Management Plan reviewed annually to maximise the potential to release assets surplus to requirements
- Prudential borrowing will be considered to support capital investment that will secure recurring revenue efficiencies or income

Financial Principle 5: Treasury Management

- Treasury Management Strategy to focus on delivering safe stewardship with suitable reward
- Strategic options devised, where the market allows, for managing the overall level of borrowing over the medium term

Financial Principle 6: Risk Management

- Risk management embedded in all decision-making processes of the Council
- Budget resources aligned to mitigate any material financial risks to the Council, whether related to a strategic risk, operational risk or project risk

3.5 The Executive is recommended to agree to the above Medium Term Financial Strategy Principles to go forward as part of the Council's budget engagement strategy.

4. 2016/17 INITIAL BUDGET PROPOSALS FOR CONSULTATION

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- 4.1 The forecasts for 2016/17 to 2019/20 have been reviewed and updated as far as possible to enable budget engagement to start but the CSR will undoubtedly impact on this work. So, in terms of forecasting, the broad assumptions are set out below, subject to CSR announcements. In summary, ***the Council needs to find in the region of £4 million over the next four years to continue to support statutory services and to fund investment in delivering the proposed Strategic Outcomes for the borough*** as set out in Section 2 and Appendix A of this report.

Annual Assumptions

- General inflation at 2% plus specific rates on individual contractual agreements
- Pay inflation at 1% plus incremental increases
- Pension Contributions in line with the 2014 revaluation, with a further revaluation due in 2017
- Auto enrolment of pensions based on actuals
- Loss of the National Insurance Rebate based on forecasts
- Council tax increase of 1.95% per annum
- Local Government Finance Settlement – subject to CSR, 1% net reduction per annum currently assumed, including impact of any business rates safety net payment under the current business rates system

Growth

- Mayor's Office moved to permanent budget base £120k per annum
- Service Review Investments in Marketing and Business Development £50k
- Investment in Commercial Strategy and Trading Company (and associated subsidiaries set-up £200k in 2016/17 becoming self-financing and contributing to the MTFs budget position going forward from 2017/18)
- Creation of a contingency in the base budget to accelerate the Delivering Differently Programme of £100k

Commercial, Income Generation and Service Review Efficiencies 2016/17

- The Council has undertaken a series of service reviews during 2015/16 and the first phase focussed on Parks and Open Spaces, Fleet, Environmental Health, Waste, Moresby Support Services, Car Parks and Enforcement. The total efficiencies/income generation from these reviews is **£386k in 2016/17**. All Portfolio Holders are aware of the outcomes from these Service Reviews and **individual items that require consultation will be included as part of the budget engagement process**.
- As the front-line services adapt and change to deliver different and new services, and to be able to deliver the Mayor's Commercial Agenda, it is essential to ensure that those services providing support functions to the Council (eg Finance, Human Resources, ICT, etc.) are

reshaped and aligned to match those priorities. It is therefore recommended that one combined service review of **all Support Services** ('back office') is undertaken to ensure the Council has the right type and level of support functions going forward. This will mean taking the information collected as part of the individual service reviews so far and bringing the information together in one comprehensive proposal. This is estimated to achieve **£500k in efficiencies during 2016/17**.

- Management of the Council's investment portfolio should deliver additional income of **£100k in 2016/17** based on current projections and cashflow forecasts.
- The Commercial Strategy is currently being developed and is anticipated to generate income within the next 18 months to 2 years and will be included in future year forecasts as part of the new MTFS.

Reserves and Balances Policy 2016/17

- The Reserves and Balances Policy is being reviewed and it is anticipated that £350k can be released from these reserves to support the one-off growth investments set out above in 2016/17. A further **£150k** can be released to support the base budget on a one-off basis only to enable time for the Council's transition into its Commercial Strategy.

4.2 The Executive should note that the exact timing of efficiencies and income generation will be dependent on the complexity of the business cases to be developed. This, coupled with the CSR, may require further options to be developed as the budget process progresses through to February 2016.

4.3 In terms of capital projects, we are developing a new **2016-2020 Capital Investment Plan** and the new proposed projects/programmes to support the Corporate Strategy include:

- £1 million investment in Town Centre Regeneration over the next four years; and
- £1 million investment to secure land and assets to deliver wider regeneration across the Borough, over the next four years;

4.4 **The Executive is recommended to agree to the above initial Budget Proposals for 2016/17 to form the basis of the budget engagement strategy.**

5 **2016/17 BUDGET ENGAGEMENT STRATEGY**

- 5.1 A detailed Budget Engagement is being developed to cover consultation not just on the initial budget proposals for 2016/17, but on the Council's proposed Corporate Strategy for 2016-2020.
- 5.2 Engagement can start as soon as this has been considered by the Executive at this meeting. Whilst there is statutory consultation periods for consulting with the business community, there is no specific timeline for other proposals. The Elected Mayor and Executive wish to ensure sufficient time is allowed for consideration by all our key stakeholders and so we have built in 6 weeks from 25 November 2015 until 11 January 2016 to enable this to happen.
- 5.3 The following stakeholders will be engaged but this list is not exhaustive:
- Elected Members
 - Residents
 - Council employees and trades unions
 - Customers of affected services
 - Community Groups
 - Town and Parish Councils
 - Strategic Partners
 - Media
- 5.4 To publicise the Corporate Strategy and MTFS and initial budget proposals, the Council will maximise the use of its website and social media in line with its Communications Strategy. This will be supplemented by Public Meetings with the Elected Mayor and his Executive in December 2015. Internally, Directorate Management Meetings and Staff Meetings will also be held during this period. Elected Members will be offered briefings and a Copeland Partnership Event will be held in January 2016. Business sector statutory consultation will take place in January with two events – one in Whitehaven and one in Millom.
- 5.5 An inherent part of the budget setting process is the value added by the Council's Overview and Scrutiny Committee and this engagement will be more formal in line with the requirements of the Council's Constitution and Budget & Policy Framework.
- 5.6 The Executive is recommended to agree to the proposed approach to Budget Engagement for 2016/17.**
- 6. 2016/17 TIMETABLE OF KEY MILESTONES**
- 6.1 A detailed operational timetable has been produced, the key milestones for the Executive to note are highlighted in **Table 1** below:

Table 1: 2016/17 Timetable of Key Milestones

Date(s)	Event/Meeting	Comments
24 November 2015	Executive	Consider 2016-2020 Draft Corporate Strategy, MTFS, 2016/17 Initial Budget Proposals and Budget Engagement Strategy
25 November 2015 to January 2016	Budget Engagement Events - various	To ascertain views and feedback on the Elected Mayor's draft proposals to inform the final budget setting for 2016/17
25 November 2015	Alternative Budgets (if required)	Elected Members may ask questions in confidence of the Section 151 Officer to inform alternative budget proposals
26 November 2015	Comprehensive Spending Review	Announcement expected to inform global central government (including local government) forecasts for the next four years
December 2015 / January 2016	Overview and Scrutiny Committee Training and Meeting(s)	To carry out an overview and scrutiny of the Elected Mayor's draft proposals to inform the final budget setting for 2016/17
Mid-December 2015	Local Government Provisional Finance Settlement	Informs the funding projections for at least 2016/17 by authority
January 2016	Business Rates Statutory Consultation Meeting(s)	Whitehaven open meeting and Millom Business Network meeting

Date(s)	Event/Meeting	Comments
19 January 2016	Special Executive	To consider Budget Engagement feedback to inform final budget setting for 2016/17
4 February 2016	Council	Potential additional meeting required to 'receive' the Elected Mayor's draft proposals in line with the national Mayoral system of governance
w/c 8 February 2016	Budget Resolution Working Group (BRWG)	If required, to look at any budget conflict resolution
11 February 2016	Special Executive	To receive any final feedback as part of the OSC process and to present the Elected Mayor's final 2016-2020 Corporate Strategy, MTFS, 2016/17 Budget Proposals & Possible additional Executive Meeting if required to consider the outcome(s) from the BRWG
25 February 2016	Council	Consideration of the Elected Mayor's final 2016-2020 Corporate Strategy, MTFS, 2016/17 Budget Proposals

6.2 The Executive is recommended to note the proposed key milestones in its approach to setting the Authority's Budget Requirement for 2016/17.

7. CONCLUSION

7.1 The Authority must set its Budget Requirement by 11 March each year. This report forms part of the process to ensure that legal requirement is met.

8. STATUTORY OFFICER COMMENTS

- 8.1 Monitoring Officer Comments: No specific legal issues arise from the report. Any legal issues arising from specific projects identified in the report will be dealt with as each project develops.
- 8.2 S151 Officer Comments: Financial implications are contained within the report. No further comments to add.
- 8.3 EIA Comments: In undertaking the process for setting its budget, the Council's aim will at all times be to secure compliance with its responsibilities under the Equality Act 2010 and in particular the public sector equality duty under that Act. The outcome of any decisions made following the budget engagement process, will be subject to further equality impact assessment.
- 8.4 Policy Framework Comments: The Council's Constitution sets down the Budget and Policy Framework Procedure Rules to be followed in budget setting.

Appendices:

Appendix A – 2016-2020 Draft Corporate Strategy

List of Background Documents:

**MTFS 2014/15 to 2017/18, Council 27 February 2014
Corporate Plan 2013-2016**

Consultees: Elected Mayor, Executive Members, Corporate Leadership Team

2016-2020 Draft Corporate Strategy

Appendix A

Vision 2021: Copeland Borough Council is a commercially-focused organisation with a national reputation for high quality services

Values: Work with Partners Be Cost Effective Treat everyone fairly and with respect

Ambition:
Town Centre Regeneration

Ambition:
Commercialisation

Ambition:
Employment, Skills &
Social Wellbeing

Ambition:
Strengthen the way we operate

Corporate Strategy 2016-2020

Strategic Outcome
For our towns, villages and streets to reflect the prosperity of the area

Strategic Outcome
Grow the commercial activity of the Council to benefit the people of Copeland, ensuring that the wealth generated in Copeland stays in Copeland

Strategic Outcome
Attract businesses and professionals to Copeland and retain our talented young people. Working with partners to support the most vulnerable in our borough

Strategic Outcome
Continually review our services to ensure they meet the needs of the people of Copeland and ensure they are efficient and effective

Strategic Outcome
Maximising our opportunities for growth

2016/17 Corporate Delivery Plan