

OUR FINANCIAL STRATEGY

In this section of the Best Value Performance Plan we explain:

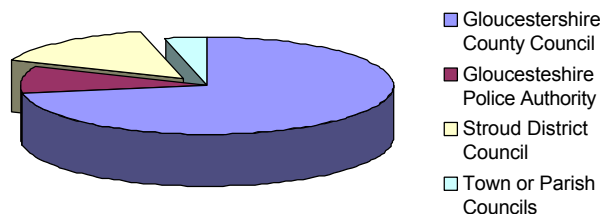
- Who provides your local services
- Who pays for local services
- How we decide our spending plans
- Our spending plans for 2003/04
- Capital projects
- Other key facts

Who provides your local services

The services you pay for through your council tax are provided by four public bodies. The table below shows a council tax demand for someone living in an average band D property and how the bill is divided between the four service providers.

Service provider	£	%
Gloucestershire County Council	843.81	71.3
Gloucestershire Police Authority	142.59	12.1
Stroud District Council	156.66	13.2
Town or Parish Councils	39.90	3.4
Average band D bill	1,182.96	100.0

Stroud District Council will collect approximately £48 million in council tax for 2003/04. For every £1 we collect, 71.3p will go to Gloucestershire County Council for services such as education, social services, fire and rescue services, waste disposal and libraries. A further 12.1p will be passed to the Police Authority and an average of 3.4p to the town and parish councils. 13.2p will remain with Stroud District Council to pay for services such as refuse collection, street cleaning, leisure and cultural facilities, housing services and many others. The shares of the Council tax are shown in the chart below:



The leaflet 'Working for You' enclosed with your council tax bill provides more detail on the spending plans of each provider and gives you a contact point where you can gain further information about financial matters. Each of the service providers works closely together with the aim of delivering quality services to the community.

The remainder of this financial summary focuses upon the services provided by Stroud District Council.

Who pays for local services

The council tax you pay is only one source of income towards the total cost of services provided. There are many other contributions received towards the overall total cost. The table below shows how services were paid for last year and how they will be paid for this year.

2002/2003£m	2003/2004£m	
Gross cost of Stroud District Council services	45,412	46,085
Paid for by:		
Fees and charges e.g. planning fees, leisure centres	3,171	4,111
Rents	14,575	14,867
Government grants	11,524	11,410
Other grants	485	505
Other income	3,971	2,874
Net cost of local services	11,686	12,318
Funded by:		
Business rates	4,606	3,770
Revenue support grant	912	2,084
Council taxpayers	6,168	6,464

As you can see there are three main contributors to the net cost of services: business ratepayers, the Government (revenue support grant) and local tax payers.

Business rates

Business rates are collected locally by District Councils as agents for the Government and paid into a national pool maintained by the Government. This pool is then shared out between Councils. The amount paid by businesses depends upon the rateable value of their premises, which is set by the District Valuer and the national rate multiplier. The multiplier for 2003/2004 is 44.4 pence and increases each year in line with inflation.

In 2003/04 we will collect approximately £16 million in business rates which is passed to the Government for redistribution to councils throughout England and Wales. The amount received by Stroud District Council is £3.8 million, calculated as an amount per head of population.

Government grants

The amount of council tax local people have to pay is directly affected by the sums of money we receive from the Government towards providing local services. The less the Government gives, the more you have to pay for the same level of services. Less than 50% of the Council's net expenditure is funded from Government grants i.e. revenue support grant and business rates.

We receive the lowest amount of Government money, per head of population, out of all the district councils in Gloucestershire as shown in the following table:

District	Government support received per head of the population	Variation to Stroud
Stroud	£54.43	
Gloucester	£89.51	+£35.08
Cheltenham	£72.74	+£18.31
Cotswold	£63.67	+£9.24
Tewkesbury	£62.13	+£7.70
Forest of Dean	£61.35	+£6.92

How we decide our spending plans

The following matters influence how much we spend on local services:

- The outcome of community consultation exercises
- The demand for services we provide
- National priorities the Government expects us to deliver
- How much we need to spend to keep the assets and land we own in good repair and condition
- The outcome of our annual in depth service reviews
- National trends and movements in interest rates and prices

The Council's financial year runs from 1 April to the following 31 March. The detailed budget for the financial year 2003/04 was set in January 2003. When considering the budget, the Council looks ahead for a further 4 financial years to ensure that we can plan, in good time, for financial pressures likely to arise.

These could come from new government initiatives, legislation, fluctuations in demand for services, changes in Government grants or general changes in the economy as a whole, e.g. interest rates and inflation.

Spending plans for 2003/04

2002/2003 Net Cost £000	Services	Expenditure £000	Income £000	2003/2004 Net Cost £000
1,804	Central services to the public	5,942	-4,389	1,553
1,472	Corporate and democratic core	1,805	-295	1,510
2,618	Cultural and related services	3,659	-962	2,697
3,670	Environmental services	4,501	-677	3,824
1,268	General Fund housing	6,529	-5,283	1,246
514	Highways, roads and transport	1,026	-425	601
1,315	Housing Revenue Account	30,339	-31,020	-681
48	Other operating income & expenditure	86	-36	50
1,395	Planning and development services	2,930	-1,318	1,612
254	Other Services	412	-158	254
14,358	Total Committee Expenditure	57,229	-44,563	12,666
35	Contingency	50		50
53	Drainage Board levy	60		60
-1,315	Use of HRA balances	681		681
-1,060	Interest and financing adjustments	75	-880	-805
628	Transfer to/from reserves	843		843
-1,013	Use of working balances		-1,177	-1,177
11,686	Budget Total for the year	58,938	-46,620	12,318

Our total requirement for 2003/04 has increased by £632,000 to £12,318 an increase of 5.4%. The table below shows the main changes to the budget from 2002/03 to 2003/04:

At a glance – changes from 2002/03 to 2003/04	£m
The net cost of services in 2002/03	11.686
The net cost of services in 2003/04	12.318
The increase between years is	632
The extra resources are accounted for by:	
New and improved services (as shown in table below)	722
Provision for pay and price increases	386
Efficiency savings across a number of services	-325
Lower interest rates have reduced investment income	220
Contribution to Pension Fund provision	150
Reduction in use of the Council's balances	-153
Other changes in service demand	-368
Total change in budget	632

New and improved services

Services Changes	03/04£'000	04/05£'000	05/06£'000	06/07£'000
Citizen First				
Housing Benefit – New Tax Credit Administration	109	102	102	102
Statutory Surveys for Best Value Performance Indicators	23	0	0	0
Developing the Youth Council	4	4	4	4
Community Initiatives Grant Scheme	37	0	0	0
Community Safety				
Neighbourhood Wardens	33	58	78	78
Crime prevention initiatives	28	28	28	28
Careline (Dispersed Alarm)	15	15	15	15
Young Peoples' Health Project	6	6	6	0
Environment				
Contaminated Land Officer	17	30	30	30
Land drainage work	17	0	0	0
Green Spaces Strategy	10	0	0	0
Environmental Initiatives	50	50	50	50
Housing				
Homelessness Officer	27	27	27	27
Regeneration				
Canal Restoration	20	0	0	0
Planning Officer	31	31	31	31
Maintenance of buildings	30	30	30	30
Provisions and Capital				
Contribution to Capital Reserve	265	0	0	0
Total	722	381	401	395

Capital projects

We plan to spend £6.2 million on capital projects in 2003/04. A summary of the programme is shown below:

- Housing Account
 - improvements to council houses £ 3.05m
- General Fund
 - supporting housing associations £ 0.35m
 - grants to improve private homes £ 1.21m
 - unallocated housing £ 0.10m
 - access to services and citizens first strategy £ 0.30m
 - building maintenance backlog £ 0.19m
 - cinema and leisure complex £ 0.25m
 - multi-storey car park (principal repayment) £ 0.20m
 - transport initiatives £ 0.26m
 - equipment and other small schemes £ 0.27m

Key Facts

- We currently employ 395 full time equivalent staff
- We had market loans of £3.0 million outstanding at 31 March 2002
- Our investments were valued at £10.294 million at 31 March 2002
- The value of assets owned by the Council at 31 March 2002 was £173.698 million

Contracts and Workforce Matters

No contracts have been awarded in the past year, which have involved the transfer of staff to another organisation. Any future contracts that are awarded that will involve the transfer of staff will comply with requirements in the Code of Practice on Workforce Matters in Local Authority Service Contracts.

Corporate governance

Corporate governance is the system by which local authorities direct and control their functions and relate to their communities. It is important in maintaining credibility and enhancing public confidence in the Council.

The Council has adopted a code of corporate governance and has been working to develop this. During 2003/2004 the Council will develop and adopt a risk management strategy and give the internal audit manager responsibility to provide assurance on the adequacy and effectiveness of the code. This will enable the Council to report that its corporate governance arrangements are fully in place.

Statement of Efficiency

Summary of the Council's approach

Background

Under Best Value the Government requires that each local authority achieve an average of 2% efficiency savings per year, over a five-year period. However, this may vary year-on-year and between services. Following a review of spending plans across all Council services, efficiency savings of £425,000 were achieved and incorporated in the budget for 2003/04.

Definition

Efficiency gains include areas where gains are anticipated and have a monetary saving, or those where the cost has remained constant, or even increased, but this is more than justified in terms of additional services that may be provided. This latter definition requires comparisons of outputs, the former inputs.

Methods

Delivering savings and service improvements are considered and addressed in the following ways:

- The medium term financial plan supports the corporate objectives but incorporates on-going efficiency savings. An annual sum titled 'allowance for underspending' includes corporate efficiency savings that cannot be attributed in advance to individual services. The latest Plan includes a specific additional efficiency target, to be measured as cost savings each year.
- Whenever there is staff turnover the opportunity is taken to review the provision of that service. This includes not replacing the member of staff, re-allocating the duties, changing the way the service is provided and re-appointing on reduced conditions of service and/or salary.
- Service managers can transfer certain amounts and types of budgets between items, giving them the flexibility to react to external changes and improve the delivery of services to their customers.
- The individual service plans outlined in this document demonstrate continuous improvement, identifying how and what changes are to be made in the coming period, with the aim of achieving upper quartile performance and budgetary constraint.
- The best value reviews undertaken by the Council seek to identify areas for efficiency savings or better services, either at nil cost or at additional cost where this can be justified in terms of service improvements. This is the most comprehensive service-level option appraisal that the Council performs. It includes identifying 'best practice' in other organisations and adapting those practices that can be used by this Council.

Service targets

Each service area is unique. Therefore the level of success in achieving improvements needs to be judged against services' own performance criteria. The ability of a service area to achieve efficiency gains will be constrained by delivery of the key target performance levels and dates that are set out in the following sections within this document.