
REPORT TO:	FINANCE AND MANAGEMENT COMMITTEE	AGENDA ITEM: 7
DATE OF MEETING:	22nd OCTOBER 2009	CATEGORY: RECOMMENDED
REPORT FROM:	DIRECTOR OF CORPORATE SERVICES	OPEN
MEMBERS' CONTACT POINT:	KEVIN STACKHOUSE (595811)	DOC: u/ks/financial strategy/ covering report 09
SUBJECT:	A REVIEW OF THE COUNCIL'S FINANCIAL STRATEGY	REF:
WARD (S) AFFECTED:	ALL	TERMS OF REFERENCE: FM 08

1.0 Recommendation

1.1 That the Council's Financial Strategy is considered and approved.

2.0 Purpose of Report

2.1 To demonstrate a good use of its resources, it is considered best practice that the Council reviews its financial strategy on a regular basis and at least once a year. The Council aims to do this prior to the annual budget round, which for 2010/11 is now commencing.

3.0 Executive Summary

3.1 The financial strategy sets out the framework and principles on which the Council plans and manages its finances. Overall, the strategy is designed to ensure that finance contributes to the priorities of the Council, whilst ensuring that:

- The Council's financial position is sustainable, and
- Probity and stewardship exist in the use of financial resources.

3.2 The key areas of the Strategy are:

- Moving resources to meet priorities and new spending pressures
- Setting a minimum level of reserve balances
- Maintaining a sound and sustainable financial position
- Maintaining other earmarked reserves
- Generating/maximising external funding and other income streams
- Local taxes (Council Tax and Housing Rents)
- Ensuring probity and stewardship
- Maintaining and developing sound financial management
- Raising awareness of finance

Timescale

- 3.3 The strategy is set against a medium-term time frame to fit in with the Council's corporate planning framework, 2009 to 2014. However, in principle it will exist for longer as it provides the overall direction and parameters for financial management at the Council.
- 3.4 Clearly, the strategy may develop in response to new financial opportunities/risks and new policy directions. Therefore, it is proposed to continue to review the strategy on a regular basis and at least annually. It is updated where necessary.

Main Points

- 3.5 In addition, certain parts of the Strategy may play a more important part at different times. At the Committee's meeting in September, a review of the Council's Medium-Term Financial Plan (MTFP) was considered.
- 3.6 This projected a deteriorating financial position with an increasing budget deficit and falling reserves, highlighting 2011/12 as a critical year by which time the worsening financial position needed to be addressed.
- 3.7 The Council is once again facing a difficult financial period as it enters the 2010/11 budget-round and faces the outcome of the Government's Comprehensive Spending Review of public services in 2010.
- 3.8 Amongst other issues, this is likely to set out the Council's general grant settlement for the 3 years 2011/12 to 2013/2014, future levels of council tax increases being assumed by the Government, new efficiency targets for local government, together with the transfer of concessionary travel funding to upper tier authorities.
- 3.9 In addition the impact of the next Pension Fund valuation will also be known at that time.
- 3.10 As detailed in the MTFP, these are all issues that are likely to have a significant impact upon the Council's overall financial position. Against this, particular parts of the financial strategy will now be more in focus and in particular include:
- Identifying efficiency savings and reviewing services.
 - Carefully examining all expenditure against statutory requirements and council priorities to determine the need to spend.
 - Reviewing fees and charges against the Charging Policy.

4.0 Detail

- 4.1 The detailed strategy is appended to this covering report.

5.0 Financial Implications

5.1 None.

6.0 Corporate Implications

6.1 The way in which the Council plans and manages its finances can have a direct bearing on the Council's main resource, i.e. its staff. The Council's People Strategy recognises this through its framework for workforce planning, training and development, etc.

7.0 Community Implications

7.1 A key theme of this strategy is contributing to the vision and priorities of the Council, which are largely formulated after consultation with the local community and other stakeholders.

7.2 These then form the Council's Corporate Plan and are represented in other major strategies such as Housing, Crime and Disorder, Sport and Leisure, ICT, Environmental and Development, etc.

8.0 Community Implications

8.1 None