



To:
The Executive

Leader:
Councillor Ian Nimmo-Smith

Report by:

Director of Finance

Relevant scrutiny committee:

The Executive

14 September 2009

MEDIUM TERM STRATEGY – SEPTEMBER 2009

Not A Key Decision

1. Executive summary

- 1.1 This report presents the budget strategy for the 2010/11 cycle and specific implications, as outlined in the Medium Term Strategy (MTS) document, which is to be agreed. An Executive Summary is incorporated in the MTS document.
- 1.2 Managers have identified issues and pressures and this information has been used to inform the MTS.

2. Recommendations

The Executive is asked to recommend to Council :

Revenue – General Fund

- 2.1 To agree the budget strategy and process for the 2010/11 budget cycle as outlined in section 15 [paragraphs 15.1 to 15.56 refer] and Appendix B of the MTS document.
- 2.2 In particular:-
 - a) that the net General Fund budget (after use of reserves) be limited to £20,019,430 at this stage [paragraph 15.27 refers];
 - b) that the adjusted gross expenditure, for the purpose of calculating committee cash limits, should exclude major in-term contractual / agreement obligations (Pools Service, Housing Repairs and ICT contracts); as identified in paragraphs 15.20 to 15.23.
- 2.3 To agree the revised General Fund revenue, funding and reserves projections as shown in Appendix O, and the associated decisions in section 8, of the MTS document.
- 2.4 To authorise the Director of Finance to calculate final cash limits for committees based on the decisions taken in this report, based on the method shown in Table 23 and Appendix V.

Revenue - HRA

- 2.5 To express support for the HRA budget process and strategy as outlined in Section 15 [paragraphs 15.45 and 15.48] and Appendix Q.

Capital

- 2.6 To agree inclusion in the Capital Plan of new items identified in paragraph 13.22, namely:

- (a) Grand Arcade Annex Car Park Fan system - a bid of £21,700 against the Climate Change Fund
- (b) Secure Mobile Virtual Private Network VPN - a bid of £8,500 in 2009/10 to the Technology Investment Fund approved by the Executive Councillor under urgency powers. This is reflected in the coverage of TIF in Section 9 and Appendix M-3.
- (c) PR016 Public Conveniences - the recommendation for the addition of £35k to the existing programme, to enable door access charging at public conveniences, which was recommended as part of the 2008/09 review. This will result in additional revenue income for the Council.
- (d) SC221c Lion Yard Phase 2 – the recommendation for the addition of £63,234 of funding received from LABGI for 2009/10 to the existing provision for the Council's costs associated with the scheme, in line with the previous treatment of LABGI receipts.
- (e) SC379 Mercury Abatement – the recommendation to reschedule the provision of £1,387k from 2009/10 to 2010/11, based on the latest timetable for the works.
- (f) SC192 Land to the North of Kings Hedges Road - the recommendation (covered above) to increase the budgeted amount to reflect the additional £538k contribution required under the collaboration agreement (paragraph 13.19, above, refers).

- 2.7 To agree the revised Capital Plan as shown in Appendix S [paragraphs 14.13, 14.15 and 14.16 also refers], the Hold list as shown in Appendix U [paragraph 14.14 refers] and the funding as shown in Appendix T [paragraphs 14.1 to 14.12 and 14.17 to 14.21 also refer] of the MTS document.

Treasury Management

- 2.8 To confirm the current Counterparty List [Appendix H refers].

3. Background

Medium Term Strategy

- 3.1 The purpose of this report is to outline the overall financial position of the Council and to consider the prospects for the 2010/11 budget process within the context of projection over the medium-term. The detailed analysis required to fulfil this is incorporated in the Medium Term Strategy (MTS) document.

- 3.2 The document includes an overview of the Housing Revenue as well as considering the General Fund, and outlines the position with regard to the Council's Capital Plan.
- 3.3 Revenue forecasts are based on a 5 year projection through to the year 2013/14, demonstrating the sustainability of the Council's financial planning with reference to the level of reserves held throughout this period. Underpinning this is a full 25 financial model, and associated risk analysis.
- 3.4 The report considers the effects of external factors affecting budget preparation, including the overall economic climate, and external funding levels which can reasonably be expected; as well as the existing commitments of the Council.
- 3.5 It also includes coverage of remaining areas of uncertainty together with sensitivity analysis of key functions and a high-level risk analysis.
- 3.6 Included are recommendations for immediate approval of revenue and capital costs associated with 'unavoidable' spending pressures.
- 3.7 The analysis leads to a proposed integrated financial strategy for the 2010/11 process.

4. Implications

- 4.1 These are incorporated in the document and will be taken account of in the budget reports to all Executive Councillors / Scrutiny Committees.

5. Background papers

These background papers were used in the preparation of this report:

Budget Working Papers on the 2010/11 files

6. Appendices

MTS 2009/10 to 2013/14 Document

7. Inspection of papers

To inspect the background papers or if you have a query on the report please contact:

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