



To:
The Executive

Leader:
Councillor Sian Reid
Director of Resources

Report by:

Relevant scrutiny committee:

The Executive

12 September 2011

MEDIUM TERM STRATEGY 2011

Key Decision

1. Executive summary

- 1.1 This report presents and recommends the budget strategy for the 2012/13 budget cycle and specific implications, as outlined in the Medium Term Strategy (MTS) document, which is to be agreed.
- 1.2 The recommended budget strategy is based on detailed financial modelling and projections of the Council's expenditure and resources, in the light of local policies and priorities and national policy and economic context. Service managers have identified financial and budget issues and pressures and this information has been used to inform the MTS.

2. Recommendations

The Executive is asked to recommended to Council :

Revenue – General Fund

- 2.1 To agree that New Homes Bonus uncommitted funding is held in an earmarked reserve (rather than added to general reserves) with a view to considering appropriate application at a later date [Section 5, pages 75 and 76 refer].
- 2.2 To agree the budget strategy, process and timetable for the 2012/13 budget cycle as outlined in Section 8 [pages 99 to 114 refer] and Appendix A of the MTS document.
- 2.2 To agree the revised General Fund revenue, funding and reserves projections as shown in Appendix E, and the associated decisions in section 8 [pages 99 to 114 refer], of the MTS document.
- 2.3 To authorise the Director of Finance to calculate and communicate final cash limits or savings targets based on the decisions taken in this report, based on the method shown in Appendix I.

Revenue - HRA

- 2.4 To express support for the HRA budget process and strategy as outlined in Section 8 [pages 107 to 111 refers] and Appendix F.

Capital

- 2.5 To agree inclusion in the Capital & Revenue Projects Plan of new items identified below, to note additional funding for revised schemes approved by Executive Councillors, and to approve the rescheduling of works based on the latest timetables, namely:

- (a) SC515 Replacement CCTV Cameras - a bid of £70,000 funded from R&R
- (b) PR001 Housing Capital Investment Programme - increase the funding in 2012/13 by £200,000
- (c) PR020 ICT Infrastructure Programme - reschedule the programme extending the programme to 2015/16 and reduce the R&R funding by £217,000
- (d) PR023 Admin Buildings Asset Replacement Programme - reschedule the programme and extend the programme to 2015/16 funded by additional £74,000 R&R
- (e) PR024 Commercial Properties Asset Replacement Programme - reschedule the programme and extend the programme to 2015/16 funded by additional £240,000 R&R
- (f) Community Development Grants Programme – approve a new capital programme, with the following remit, to improve a range of facilities across the East Area - £800k funded from s106

The policy of allocating S106 contributions for the provision and improvement of community facilities has been in place for a number of years. The allocation of off-site contributions by area provides a reasonable response to the challenge of providing and enhancing facilities as close as possible to the location of the development.

Investing capital in existing facilities, many owned or managed by other providers, has proved to be the most effective strategy as several partners have been able to use the availability of Council funding to attract other external funding. This approach also enables the Council to provide and enhance local community facilities whilst incurring no, or minimal, on-going revenue costs.

- 2.6 To agree the revised Capital & Revenue Projects Plan, the Hold list and the Funding as shown in Appendix H of the MTS document.

Treasury Management

- 2.7 To approve the changes to the Council's Counterparty List and lending limits. [Appendix J refers].
- 2.8 To approve the changes to the Treasury Management Strategy Statement and changes to the Council's Prudential and Treasury Management indicators [Section 7, pages 94 to 95 refer].

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 2012/13 budget process within the context of projections over the medium-term. The detailed analysis undertaken to fulfil this is presented 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 & Revenue Projects Plan.
- 3.3 Revenue forecasts are presented for the 5 year projection period through to the year 2015/16, 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 highlights areas of uncertainty together with sensitivity analysis of key functions and a high-level risk analysis.
- 3.6 Included are recommendations for approval of specific revenue and capital costs as identified.
- 3.7 The analysis leads to a proposed integrated financial strategy for the 2012/13 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 2011/12 and 2012/13 files

6. Appendices

MTS 2011/12 to 2015/16 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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