

REPORT TO COUNCIL

REPORT OF: Corporate Head of Finance and Resources

REPORT NO. CHFR15

DATE: 7th September 2006

TITLE:	Medium Term Financial Strategy 2006/7 to 2011/12 and Budget Preparation
FORWARD PLAN ITEM:	Yes
DATE WHEN FIRST APPEARED IN FORWARD PLAN:	14 th April 2006
KEY DECISION OR POLICY FRAMEWORK PROPOSAL:	Budgetary Framework Proposal
COUNCIL AIMS/PORTFOLIO HOLDER NAME AND DESIGNATION:	Resources Cllr T Bryant
CORPORATE PRIORITY:	Effective Use of Resources - Priority A
CRIME AND DISORDER IMPLICATIONS:	None
FREEDOM OF INFORMATION ACT IMPLICATIONS:	This report is available via the Local Democracy link on the Council's website www.southkesteven.gov.uk
BACKGROUND PAPERS:	FIN 236 – Update on Financial Issues 2005/6 FIN 239 – Medium Term Financial Strategy and Budget Preparation 2006/7 CHFR12 - Medium Term Financial Strategy CHFR14 - Medium Term Financial Strategy 2006/7 to 2011/12 and Budget Preparation

INTRODUCTION

1. The purpose of this report is to present the draft Medium Term Financial Strategy to Council for approval. Appendix A to this report provides an updated strategy covering the period 2006/7 to 2011/12.

RECOMMENDATIONS

2. It is recommended that the Council approve the Medium Term Financial Strategy attached at appendix A.

BACKGROUND

3. Report CHFR14 submitted to Cabinet on 7th August 2006 presented a revised draft Medium Term Financial Strategy.

DRAFT MEDIUM TERM FINANCIAL STRATEGY (MTFS)

4. The MTFS forms part of the Council's Budgetary and Policy Framework once approved by Council. The strategy will provide the framework for the development of service plans during the autumn as part of budget preparation for 2007/8. Members will note that some areas of the MTFS will be further developed during this period, as work is and will be ongoing to review and develop the following associated strategies:
 - a) Treasury Management Strategy
 - b) Capital Strategy
 - c) Fees and Charges Strategy
5. The strategy will also need to be updated to take account of the confirmation of formula grant allocation for 2007/8, as the Minister provided an indicative allocation when announcing the grant for 2006/7. In addition a ballot of Tenants on Large Scale Voluntary Transfer is due to take place in the late autumn and the strategy will need to reflect the outcome of the ballot.
6. The MTFS identifies 14 fundamental principles, which when applied will enable the Council to effectively use its resources. These principles build on the Strategy points identified in report FIN239.

INDICATIVE BUDGET

7. In keeping with recent years, it is likely that the level of Council Tax increase acceptable to Government will need to be limited to an increase of less than 5% taking account of the current capping regime, therefore set out below is an indicative budget requirement based on a increase at the ceiling of 5% and an assumed 1% growth in tax base in line with assumptions in previous years.

	2006/7 £'m	2007/8 £'m	2008/9 £'m	2009/10 £m	2010/11 £m	2011/12 £m
Formula grant indicative allocation	9.272	9.626	9.626	9.857	10.093	10.336
Council Tax Collection Fund surplus	0.039	0.000	0.000	0.000	0.000	0.000
SKDC & Special Expenses Budget requirement funded from Council Tax	5.144	5.466	5.795	6.145	6.514	6.907
	<u>14.455</u>	<u>15.092</u>	<u>15.421</u>	<u>16.002</u>	<u>16.607</u>	<u>17.243</u>

COMMENTS OF CORPORATE HEAD OF FINANCE AND RESOURCES

8. My comments are contained within the body of the report.

COMMENTS OF THE MONITORING OFFICER

9. Once approved the revised draft MTFS will form part of the Council's Budget and Policy Framework.

CONTACT OFFICER

Sally Marshall Corporate Head of Finance and Resources

s_marshall@southkesteven.gov.uk

01476 406511