

# REPORT TO CABINET

REPORT OF: Interim Corporate Head of Finance

REPORT NO: CHFR113

DATE: 11<sup>th</sup> August 2008

<b>TITLE:</b>	Medium Term Financial Plan 2008/09 – 2010/11	
<b>FORWARD PLAN ITEM:</b>	Yes	
<b>DATE WHEN FIRST APPEARED IN FORWARD PLAN:</b>	March 2008	
<b>KEY DECISION OR POLICY FRAMEWORK PROPOSAL:</b>	Policy Framework Proposal	
<b>COUNCIL AIMS/PORTFOLIO HOLDER NAME AND DESIGNATION:</b>	Cllr M Spencer-Gregson O.B.E. Assets and Resources Portfolio holder	
<b>CORPORATE PRIORITY:</b>	Effective Use of Resources	
<b>CRIME AND DISORDER IMPLICATIONS:</b>	None	
<b>FREEDOM OF INFORMATION ACT IMPLICATIONS:</b>	This report is available via the Local Democracy link on the Council's website <a href="http://www.southkesteven.gov.uk">www.southkesteven.gov.uk</a>	
<b>INITIAL EQUALITY IMPACT ASSESSMENT</b>	<b>Carried out and appended to report?</b>  <b>Yes</b>	<b>Full impact assessment required?</b>  <b>No</b>
<b>BACKGROUND PAPERS:</b>	Report CHFR66 to Cabinet on 06.08.07 Report CHFR70 to Council on 06.09.07	

## **1. INTRODUCTION**

The Medium Term Financial Plan (MTFP) brings together the Council's financial position and demonstrates how the revenue and capital financial resources are organised in order to deliver the Council's priorities.

The Council approved a MTFP for the Council for the five year period 2007/8 to 2011/12 at its meeting on 6 September 2007. The Plan at that time was based on a five year forecast. However given the fact that the grant settlement is for a three year period it is more appropriate for the plan to cover the same time period. However it is necessary to keep the Plan under constant review and provide members with an annual updated Plan each year to ensure it remains fit for purpose.

## **2. RECOMMENDATIONS**

- A) The Cabinet recommends to Council the approval of the revised Medium Term Financial Plan for the period of 2008/09 to 2010/11, as attached.**
- B) The Cabinet notes that an annual review of the Plan will be undertaken to reflect the local and national economic climate and emerging issues.**
- C) Cabinet notes, that following publication, an updated Plan will need to take into consideration the findings of the newly revised HRA business forecast model.**

## **3. DETAILS OF REPORT**

Key issues which have been addressed in the updated Plan are:

- Current economic factors
- Current spending pressures
- Sensitivity analysis of uncontrollable expenditure headings
- Government efficiency proposals
- The outturn position for 2007/08
- Opportunities for future income generation
- Details of the three year Government settlement

## Summary of Plan

The long term financial planning of the Housing Revenue Account (HRA) will be undertaken to reflect both the updated HRA business plan and the outcome of stock condition survey. Opportunities for securing the long term financial sustainability of both the revenue and capital budget will need to be identified and incorporated into HRA service planning.

The Government has introduced an annual a 3% per annum cashable efficiency target for the public sector commencing in 2008/9 for a three year period. This target is one of the Local Area Agreement targets (NI179) and is 'non-designated' to the Council. However the Council will need to continue to embed its Value for Money (VFM) agenda and other initiatives throughout services in order to ensure resources are utilised efficiently and effectively.

There will be continuing pressure put on those expenditure headings that are classed as 'uncontrollable' i.e. the rise in cost is driven by external economic factors. These will need to be continually managed in order to identify potential budget pressures and options for reducing rising costs should be explored.

Fees and charges income should be kept under close review as this is a key source of the revenue stream for the Council. Key areas such as car parking are coming under threat as a result of other car park providers and changes in car parking behaviour and prudent and robust budgeting in respect of these income headings will need to be managed. At the time of writing the MTFP an updated Fees and Charges Strategy is being compiled to include the recent findings of the Audit Commission publication 'Positively Charged'.

## **4. OTHER OPTIONS CONSIDERED AND ASSESSED**

The MTFS needs to be reviewed to ensure it remains fit for purpose.

## **5. COMMENTS OF SECTION 151 OFFICER**

My comments are contained within the body of the report.

## **6. COMMENTS OF MONITORING OFFICER**

As this strategy is part of the Council's Budget and Policy Framework, it is essential it is reviewed annually to ensure it remains fit for purpose.

**7. COMMENTS OF OTHER RELEVANT SERVICE MANAGER**

None

**8. CONCLUSION/SUMMARY**

The MTFP has been reviewed to take account of current economic factors; current spending pressures; the Government's efficiency target agenda; and the three year grant settlement.

**9. CONTACT OFFICER**

Interim Corporate Head of Finance (section 151 officer)

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