

REPORT TO CABINET

REPORT OF: Resources and Assets Portfolio Holder

REPORT NO: HOF135

DATE: 6th December 2010

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| TITLE: | Medium Term Financial Plan 2011/12 – 2014/15 | |
| KEY DECISION OR POLICY FRAMEWORK PROPOSAL: | Policy Framework Proposal | |
| PORTFOLIO HOLDER: NAME AND DESIGNATION: | Councillor Mike Taylor Resources and Assets Portfolio Holder | |
| CONTACT OFFICER: | Daren Turner – Strategic Director Corporate Focus 01476 406301 d.turner@southkesteven.gov.uk Richard Wyles – Head of Finance 01476 406210 Email: r.wyles@southkesteven.gov.uk | |
| INITIAL IMPACT ASSESSMENT: | Carried out and Referred to in paragraph (7) below: | Full impact assessment Required: |
| Equality and Diversity | N/A | |
| FREEDOM OF INFORMATION ACT: | This report is publicly available via the Local Democracy link on the Council’s website: www.southkesteven.gov.uk | |
| BACKGROUND PAPERS | CHFCS61, CHFCS90 | |

1. RECOMMENDATIONS

- A) Cabinet recommends to Council for approval the Medium Term Financial Plan (MTFP) for the period of 2011/12 to 2014/15, as attached.
- B) Cabinet supports the development of a programme that is implemented within the timescale of the MTFP in order to provide and maintain a sustainable financial position.

2. PURPOSE OF THE REPORT

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

The MTFP has been reviewed and updated in response to the changes in the funding allocation to local authorities and sets out how the Council is responding to the significant changes to the financial climate over the next 4 financial years.

3. DETAILS OF REPORT

The focus of this MTFP is in respect of the General Fund revenue account only as there will be financial challenges in the short to medium term following the spending review announcements made by the Chancellor on 20th October 2010 in respect of future levels of local authority settlements.

At the time of compiling the report the indicative settlements for 2011/12 and beyond have not been announced (they are currently expected in early December 2010) and therefore a number of financial modelling scenarios are being undertaken in order to determine the potential budgetary pressures facing the Council. The preparatory work is well advanced and the previously approved MTFP introduced the work programme that was being developed to ensure budgetary planning is delivered within an affordable framework. This draft MTFP develops this further and introduces further work packages that are being developed to ensure the Council is financially well placed to respond to the budgetary reductions and continue to deliver its priority actions. These include:

- New ways of working
- Asset review and rationalisation programme
- Next steps – focussing staffing resources at priority delivery
- Fees, charges and pricing strategies - Income generation
- Service review programme
- Budget changes in response to customer feedback (SIMALTO)
- Contract review – e.g. procurement
- Sharing services and providing for others
- Budget reduction, centralisation and consolidation

Further information in respect of these areas is incorporated into the MTFP.

The MTFP gives a current position statement as there is uncertainty in respect of the grant settlement and how the grant reductions will be introduced. Furthermore, there is little detail currently available regarding the transfer of responsibility of concessionary fares and the resulting movement of grant funding from district councils to upper tier authorities. For these reasons, the MTFP will continue to be updated and a further version will be presented to Council at its budget setting meeting in March 2011.

4. OTHER OPTIONS CONSIDERED

The Council must approve a Medium Term Financial Plan as part of the setting of the budget framework.

5. RESOURCE IMPLICATIONS

The MTFP identifies the resources of the Council for the medium term.

6. RISK AND MITIGATION (INCLUDING HEALTH AND SAFETY AND DATA QUALITY)

A risk analysis is included in the MTFP

7. ISSUES ARISING FROM EQUALITY IMPACT ASSESSMENT

None are specifically identified from the MTFP

8. CRIME AND DISORDER IMPLICATIONS

None are specifically identified from the MTFP

9. COMMENTS OF SECTION 151 OFFICER

My comments are included in the report.

10. 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.

11. APPENDIX: Medium Term Financial Plan

