

SOUTH CAMBRIDGESHIRE DISTRICT COUNCIL

REPORT TO: Leader and Cabinet

09 February 2012

AUTHOR/S: Senior Management Team

MEDIUM TERM FINANCIAL STRATEGY

Purpose

1. To approve and recommend to Council the Medium Term Financial Strategy which covers
 - the capital programme for the five years to 31 March 2017;
 - the General Fund estimates and the resulting council tax for the financial year ending 31 March 2013;
 - the medium term financial strategy for the General Fund for the five years to 31 March 2017;
 - the list of precautionary items for the General Fund
 - the Housing Revenue Account estimates and the rent increase for the financial year ending 31 March 2013;
 - service and other charges for housing services for the financial year ending 31 March 2013;
 - the Housing Revenue Account business plan for the next 30 years to 31 March 2042;
 - the investment strategy for the year to 31 March 2012 (revised) and for the year to 31 March 2013;
 - the prudential indicators required by the Prudential Code for Capital Finance in Local Authorities for the year to 31 March 2013.
2. These are key decisions because
 - it is likely to result in the Council incurring expenditure which is, or the making of savings which are, significant having regard to the Council's budget for the service or function to which the decision relates.
 - it is likely to be significant in terms of its effects on communities living or working in an area of the District comprising two or more wards.
 - it increases financial commitments (revenue and / or capital) in future years above existing budgetary approvals.
 - it requires the appointment of additional permanent staff for which there is no budgetary provision.
 - it requires the acquisition or disposal of any land or interest in land with a value in excess of Level 4 (£120,000).

- it is of such significance to a locality, the Council or the services which it provides that the decision-taker is of the opinion that it should be treated as a key decision.

and it was first published in the November 2011 Forward Plan.

Recommendations

3. Cabinet is requested to recommend to Council:

- a) that the capital programme (**Appendix A**) and the associated funding up to the year ending 31st March 2017 is approved as submitted;
- b) that the revised revenue estimates for the year 2011/12 and the revenue estimates for 2012/13 are approved as submitted in the General Fund summary (**Appendix B1**);
- c) that the council tax requirement for 2012/13 is £7,019,160;
- d) that the Council sets the amount of Council Tax for each of the relevant categories of dwelling in accordance with Section 30(2) of the Local Government Finance Act 1992 on the basis of a District Council Tax for general expenses on a Band D property of £115.46 plus the relevant amounts required by the precepts of Parish Councils, Cambridgeshire County Council and the Cambridgeshire Police and Fire Authorities, details of those precepts and their effect to be circulated with the formal resolution required at the Council meeting;
- e) that the medium term financial strategy for the General Fund (**Appendix B2**) is approved based on the assumptions set out in this report;
- f) that the precautionary items for the General Fund (**Appendix B3**) are approved;
- g) that Executive Management Team be instructed to identify further savings of £200,000 in 2012/13 and of £470,000 in subsequent years;
- h) that the Housing Revenue Account estimates and the rent increase for the financial year ending 31 March 2013 (**Appendix C and C1**) are approved, the rent increase being in accordance with rent restructuring guidance from the Department for Communities and Local Government;
- i) that the service and other charges for housing services for the financial year ending 31 March 2013 are approved (**Appendix C2**);
- j) that the Housing Revenue Account business plan for the next 30 years to 31 March 2042 (**Appendix C3**) is approved;
- k) that the borrowing and investment strategy for the year to 31 March 2012 (revised) and for the year to 31 March 2013 (**Appendix D1**) is approved. This includes the proposed long term borrowing of around £205 million with regard to Housing Revenue Account Self Financing to be raised from the Public Works Loan Board and explicit approval is requested for this transaction; and
- l) that the prudential indicators required by the Prudential Code for Capital Finance in Local Authorities for the year to 31 March 2013 (**Appendix D2**) are approved.

Reasons for Recommendations

4. The consideration and determination of the estimates (budget), the council tax and the rent increase will provide resources for the Council to continue to provide its services over the next financial year in order to achieve the strategic aims as far as possible within the current financial constraints.
5. The consideration and determination of the five year medium term financial strategy for the General Fund and the 30 year business plan for the Housing Revenue Account should give the Council some reassurance that the Council will be able to continue to provide services to the public over the foreseeable future and avoid any unpredicted need for emergency cuts in services to balance its budget.

Background

6. The General Fund estimates have been considered by Portfolio Holders in January this year and will be considered by Scrutiny and Overview committee on Monday 6th February.

Considerations and Options

7. These are considered in detail in the Appendices
8. The underlying assumptions supporting the Medium Term Financial Strategy include:
 - provision for a pay award of 2.5% in 2012/13, unless protected under job evaluation, and in each year thereafter;
 - the projected costs of job evaluation which is still subject to the results of the review and appeals process;
 - provision for an employer's pension contribution rate of 23.5% for 2011/12 increasing to an assumed maximum of 25% in 2013/14 and staying at this level in subsequent years. This takes account of pensions increases now being linked to the consumer price index rather than previously to the generally higher retail price index;
 - provision for non-pay inflation of 2.5% where applicable or actual rates, where known, on the basis that the present high rates will fall, e.g. when the VAT increase in January 2011 falls out of the annual inflation figure. This is applied to both expenditure and income (except the council tax and housing rents and charges).

Implications

9.	Financial	As in the report
	Legal	The pressure to reduce budgets and the continuation of a poor financial settlement could adversely affect the provision of statutory services
	Staffing	The restructurings and additions/reductions in staffing levels have been incorporated in the estimates

Risk Management	Risks and control measures concerning financial projections in the MTFs are included in the strategic risk register, which is due for its quarterly review next month. A detailed risk register for the Housing Revenue Account is attached at Appendix C3(2).
Equality and Diversity	Not considered
Equality Impact Assessment completed	Not considered
Climate Change	Not considered

Consultations

10. The Medium Term Financial Strategy provides the framework within which resources can be allocated to meet the Council's service priorities. These priorities were developed in response to informal and formal feedback from residents, customers and members and, following approval in draft form in November 2011, have been subject to further consultation using the Council's website and social media. The final Corporate Plan, amended in light of consultation responses received, is recommended for approval by Council elsewhere on this Agenda.

Consultation with Children and Young People

11. As part of the Corporate Plan consultation, officers from the Policy and Performance and Sustainable Communities teams held workshops with 40 Year 10 students at Swavesey Village College to hear about young people's priorities for their local area. This feedback will assist the Council in shaping not only the current Corporate Plan but also future policy and resource priorities.

Effect on Strategic Aims

12. The determination of the budget, council tax and rents will provide resources for the Council to continue its services in order to achieve the strategic aims as far as possible within the current financial constraints.

Background Papers: the following background papers were used in the preparation of this report:

Estimate files in the Accountancy Division
Reports and estimates approved by Portfolio Holders

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