



**REPORT OF DEPUTY CHIEF EXECUTIVE (CORPORATE DIRECTION)**

**RE: MEDIUM TERM FINANCIAL STRATEGY 2012/2013 – 2015/2016**

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1. **PURPOSE OF REPORT**

To consider the Medium Term Financial Strategy 2012/2013-2015/2016 ahead of consideration approval by Council on 16<sup>th</sup> July.

2. **RECOMMENDATION**

That Scrutiny Commission consider the Medium Term Financial Strategy (MTFS).

3. **BACKGROUND TO THE REPORT**

- 3.1 The Medium Term Financial Strategy sets out clearly the Council's financial position for the four years from 2012/13 to 2015/16. The financial strategy underpins the Council's Corporate Plan and ensures that resources are allocated and used effectively to achieve corporate targets. At the same time, the document is an integral element of the financial planning procedures of the Council and forecasts how the Council will remain financial resilient as an organisation, whilst at the same time not placing an unreasonable burden on local taxpayers.
- 3.2 The Strategy sets out the financial planning framework for Hinckley and Bosworth Borough Council and shows how national, regional and local issues are taken into account in planning the resources available for service delivery. Section 7 of the Strategy sets out the main financial pressures affecting the Council, both internally (ie fee generation) and from external pressures and changes in legislation (e.g. pension reform). Members should note that the changes in Local Government Finance from 2013/2014 mean that many local decisions and the local economic climate will have more of a direct impact on the Council and its finances going forward (e.g. in respect of Business Rates Retention and Local Council Tax schemes)
- 3.3 Section 11 sets out the Capital Programme of the Council and emphasises that the programme contains a number of major schemes (including the Bus Station Development and the Leisure Centre). Revenue implications of these developments have a major impact on the General Fund revenue budgets in the years of the Strategy and the document details many of these schemes are interlinked in order to make sufficient capital resource available.
- 3.4 In order to ensure that the outputs of this document are robust, the Council's External Auditors (PricewaterhouseCoopers LLP) have performed a benchmarking exercise which compares the assumptions used in the Strategy against other Council's nationwide. The outputs of this exercise will be reported following the completion of the 2012/2013 audit and will be provided to Scrutiny Commission for information.

3.5 In order to ensure flexibility of the financial position, the MTFS is a rolling document and is refreshed on an annual basis to ensure it reflects any changes to the Council's finances and the wider economic climate.

4. **FINANCIAL IMPLICATIONS (KB)**

Contained within the body of the report

5. **LEGAL IMPLICATIONS (AB)**

The MTFS provides the foundations to allow the Council to meet its statutory obligations in relation to setting a balanced budget by mid-March each year, in accordance with Section 42A of the Local Government Finance Act 1992 and section 25 of the Local Government Act 2003.

6. **CORPORATE PLAN IMPLICATIONS**

A robust MTFS is required to ensure that resources are effectively allocated in order to ensure delivery of the aims, outcomes and targets included in the Council's Corporate Plan.

7. **CONSULTATION**

All members of the Strategic Leadership Board, Corporate Operations Board and the Executive Lead have been consulted in preparing this Strategy.

The Council consulted on all budget priorities in a budget setting survey conducted in August/September 2012.

8. **RISK IMPLICATIONS**

It is the Council's policy to proactively identify and manage significant risks which may prevent delivery of business objectives.

It is not possible to eliminate or manage all risks all of the time and risks will remain which have not been identified. However, it is the officer's opinion based on the information available, that the significant risks associated with this decision / project have been identified, assessed and that controls are in place to manage them effectively.

The following significant risks associated with this report / decisions were identified from this assessment:

<b>Management of significant (Net Red) Risks</b>		
<b>Risk Description</b>	<b>Mitigating actions</b>	<b>Owner</b>
That the Council has insufficient resources to meet its aspirations and cannot set a balanced budget	A budget strategy is produced to ensure that the objectives of the budget exercise are known throughout the organisation.	S. Kohli

	<p>The budget is scrutinised on an ongoing basis to ensure that assumptions are robust and reflective of financial performance.</p> <p>Sufficient levels of reserves and balances are maintained to ensure financial resilience</p>	
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9. **KNOWING YOUR COMMUNITY – EQUALITY AND RURAL IMPLICATIONS**

The budget process will impact on all areas of the Borough and all groups within the population

10. **CORPORATE IMPLICATIONS**

By submitting this report, the report author has taken the following into account:

- Community Safety implications
- Environmental implications
- ICT implications
- Asset Management implications
- Human Resources implications
- Planning Implications
- Voluntary Sector

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