



1. **PURPOSE OF REPORT**

To obtain approval of the Medium Term Financial Strategy (MTFS) 2013/2014-2016/2017.

2. **RECOMMENDATION**

- 2.1 That Council approve the Medium Term Financial Strategy (MTFS).
- 2.2 That Council note the “targets” set out in 3.4 which will ensure achievement of the “best case” financial scenario.

3. **BACKGROUND TO THE REPORT**

- 3.1 The Medium Term Financial Strategy (the Strategy) sets out clearly the Council’s financial position for the years 2013/14 to 2016/17. The 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 Strategy 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 5 of the Strategy sets out the main financial pressures affecting the Council, both internally (e.g. fee generation) and from external pressures and changes in legislation (e.g. welfare reform and New Homes Bonus). Members should note that the impact of the County Council’s forthcoming cuts have been included in the Strategy and are predicted to impact this Council by up to £500,000 over the next three years.
- 3.3 Section 5.3 sets out the capital ambitions of the Council and emphasises the need to consider this Strategy in conjunction with the Capital Programme and Treasury Management Strategy. Revenue implications of these developments both in terms of cost of servicing debt and income generated (e.g. Leisure Centre) have a major impact on the General Fund and the Strategy details these links in more detail.
- 3.4 The appendices to the Strategy detail three scenarios; “best”, “worst” and “forecast” and table 4 summarizes the impact that each scenario has on General Fund balances and reserves. In the past the Council has strived to, and has been successful in, delivering to the “forecast” position. However the deficit position created by this scenario in this Strategy creates a General Fund deficit and is therefore not sustainable. That said “best case” scenario is achievable through commitment to a number of targets and decisions. These movements (excluding decisions on Council Tax) are documented in the table below and will be used as a target for members and officers over the period of this Strategy:

	£
Net Borough requirement forecast 2015/2016	10,330,233
Net Borough requirement best case 2015/2016	8,959,333
Difference - Of which:	1,370,900
Additional legal fees	-50,000
Additional planning and building control income	-135,000
Additional recycling income	-14,000
Printing and postage savings	-10,000
Reduced impact of Sainsburys on car parking	-19,000
Additional ICT shared service income	-20,000
Additional contribution from LLEP for planning documents	-100,000
New Homes Bonus no longer provided to parishes	-478,000
BID contribution to car parking	-25,000
No additional appeals costs	-100,000
Council Tax Support Grant no longer provided to parishes	-143,000
Reduction of hardware support	-35,000
Business rates growth	-115,676
NNDR and electricity savings Hub	-50,000
Additional savings	-50,000

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 (KP)**

Contained within the body of the report

5. **LEGAL IMPLICATIONS (EH)**

The MTFS provides the foundations to allow the Council to meet its statutory obligations in accordance with Section 32 of the Local Government Finance Act 1992 and section 25 of the Local Government Act 2003. Council has a statutory requirement to set a budget each year and approve the MTFS, including a three year capital programme.

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 have been consulted in preparing this Strategy.

The Council consulted on all budget priorities in a budget setting survey conducted in August/September 2013.

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:

Management of significant (Net Red) Risks		
Risk Description	Mitigating actions	Owner
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. The budget is scrutinised on an ongoing basis to ensure that assumptions are robust and reflective of financial performance. Sufficient levels of reserves and balances are maintained to ensure financial resilience	S. Kohli

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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