

Subject: Medium Term Financial Strategy & Treasury Management Strategy **Status:** For Publication

Report to: The Cabinet **Date:** 17th February 2010

Report of: The Head of Financial Services

Portfolio

Holder: Finance and Resources

Key Decision: No – Recommendation to Full Council

Forward Plan General Exception Special Urgency

1. PURPOSE OF REPORT

1.1 The Purpose of the report is to present for approval an update to the Councils Medium Term Financial Strategy (MTFS) and Treasury Management Strategy (TMS) reflecting the Cabinets policy proposals.

2. CORPORATE PRIORITIES

2.1 The matters discussed in this report impact directly on the following corporate priorities and associated corporate objective.

- Delivering quality Services to our customers
- Delivering regeneration across the Borough
- Encouraging healthy and respectful communities
- Keeping our Borough clean, green and safe
- Promoting the Borough
- Providing value for money services

3. RISK ASSESSMENT IMPLICATIONS

3.1 The foundations of this report are an assessment of risk. These issues are therefore dealt within the report particularly in the area of revenue and capital

3.2 The MTFS includes a draft statement in relation to Council Section 25 of the Local Government Act 2003 which places a requirement on the Chief Financial Officer of each local authority (in Rossendale this is the Head of Financial Services) to advise councillors during the budget process on “the robustness of the estimates made for the purposes of the budget calculations and the

adequacy of the proposed financial reserves”. This provision is designed to ensure that councillors have information which will support responsible financial management over the longer term. This is included as Appendix 3 within the MTFS and includes an estimate of potential financial risk exposure together with measures to mitigate these risks

- 3.3 It is worth emphasising the Council is not immune to the impact of economic recession and therefore diminishing financial resources over the forthcoming years. Yet this will be at a time when customers will look to the Council for assistance, guidance and continual improvement in service delivery. Ultimately the Council will still need to pursue and improve the well being of place and the people of Rossendale – even through a challenging economic period.
- 3.4 Members should note that final decisions with regard to current leisure options have not at the time of writing been finalised. The MTFS and TMS may require further amendment depending on Members final recommendations for leisure.

4. BACKGROUND AND OPTIONS

- 4.1 This is the fifth update to the MTFS and TMS. The detailed updated MTFS and TMS are attached in full as Appendix 1 and 2.
- 4.2 The key assumptions to the MTFS and TMS have not changed significantly from those of previous years, but new CIPFA code of practice for treasury management in the public sector requires the approval of a more comprehensive TMS than seen in previous years – hence a separate document for 2009/10.
- 4.3 The MTFS has set a savings target of £1.7M over the three years 10/11 and 12/13 for the Council, with £1M being required in 11/12. However, this is based on the current February 2009 MTFS which assumed a 10/11 increase in Council Tax of 3%. Therefore, every 1% reduction in the 10/11 council tax rise assumption adds a further £165k to the £1.7M, 3 year savings target.
- 4.4 The MTFS and TMS have made no assumptions (other than a precautionary increase in prudential borrowing limits) regarding the potential options of the 2009/10 Leisure Review and the impact on Council finances.

COMMENTS FROM STATUTORY OFFICERS:

5. SECTION 151 OFFICER

- 5.1 Financial matters are dealt within the report and the appendices

6. MONITORING OFFICER

- 6.1 Unless specifically commented upon within the report, there are no implications for consideration.

7. HEAD OF PEOPLE AND POLICY (ON BEHALF OF THE HEAD OF PAID SERVICE)

7.1 Unless specifically commented upon within the report, there are no implications for consideration

8. CONCLUSION

8.1 That the updated MFTS is a robust document for the Council's financial planning over the medium term.

9. RECOMMENDATION

9.1 That Members approve the update to the MFTS and TMS subject to any final amendments arising from the Council's final budget approval.

9.2 That following the approval of the 2010/11 budget by Council, any necessary amendments to the MFTS be delegated to the Head of Financial Services in consultation with the portfolio holder for Finance and Resources.

10. CONSULTATION CARRIED OUT

10.1 As per the budget consultation guidelines

11. COMMUNITY IMPACT ASSESSMENT

Is a Community Impact Assessment required (previously completed) Yes / No

Is a Community Impact Assessment attached Yes / No

12. BIODIVERSITY IMPACT ASSESSMENT

Is a Biodiversity Impact Assessment required Yes / No

Is a Biodiversity Impact Assessment attached Yes / No

(nb – subject to the specific procurement requirements, biodiversity will be a consideration)

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Background Papers	
Document	Place of Inspection
2010/11 Budget Consultation and working papers	Website / Finance Office
MTFS (Feb 09 update)	Rossendale Borough Council - Website
CIPFA guidelines	Finance Office