

MEDIUM TERM FINANCIAL STRATEGY (MTFS)

2007/08 -2010/11

Financial Management

- *To promote excellent financial management across the council*
- *To spend only within budgeted limits whilst sustaining and achieving performance improvement*
- *To carry out a rigorous review of all proposed commitments to ensure that all possible avenues for delivery and funding have been explored and that the costs have been kept to the minimum required to meet statutory and contractual requirements*
- *To cap unavoidable revenue commitments to a maximum of 2% of the net budget requirement per year*
- *To undertake a fundamental review of policy supporting requirements above this level in order to control the impact across all Council services and to present real options for consideration and approval by the Executive*
- *Subject to the availability of alternative funding (including grant and Council Tax) to fund additional commitments through additional savings and efficiencies*
- *To fund new service growth from further additional departmental savings*
- *To underpin all Council resource allocation decisions with financial reality and health checks*
- *To integrate capital and revenue planning with the councils strategic priorities*

Reserves and Balances

- *To present balanced budgets year on year without recourse to reserves and balances except for specific earmarked projects*
- *To maintain reserves and balances at a level sufficient to manage the potential risks and opportunities of the organisation.*
- *To target an increase in General Fund balances to £20m over the course of the current administration, in line with similar organisations in London*
- *To maintain appropriate earmarked reserves to mitigate risk and smooth cost pressures arising from major Council projects and priorities, not least regeneration and development and modernisation and service improvement*

Savings and Efficiencies

- *To produce a prioritised range of efficiency and other savings options for each year totalling up to 5% of the council's net budget requirement for approval. This will ensure the continued support to key priorities and address service pressures whilst maintaining performance levels*
- *To commit to an annual programme of efficiency savings of at least 2.5% of net service budgets, broadly in line with Gershon targets and within the overall 5% target*
- *To commit to the modernisation, improvement and efficient performance of council services that will assist in the generation of savings to meet ambitious and stretching efficiency targets*
- *To invest to save on the basis of sound and robust business cases*
- *To return all windfall benefits not planned within base budgets to central resources for corporate allocation*
- *To continually review the extent and costs of discretionary services being provided in the context of service priorities and resources available*

Income and Investments

- *To maintain council tax increases within inflation levels*
- *To make appropriate representations to the government and local authority associations in order to protect and enhance the level of formula grant and specific grant entitlements from year-to year*
- *To maximise external funding opportunities whilst ensuring the continuance of and further investment in key priorities*
- *To maximise the Council's income generation by seeking income streams in line with Council policies and priorities*
- *To increase appropriate discretionary fees and charges by 2% above inflation subject to no adverse revenue implications.*
- *All fees and charges capped by statute to be increased to the maximum level the cap allows.*
- *To increase housing rents by the government guideline and progress towards the formula rent target by 2011/12*
- *To act to reduce arrears overall, with particular emphasis on Council Tax, Rent and NNDR, and seek prompt payment or payment in advance so as to improve Councils overall cashflow position*
- *To continually improve Council Tax and NNDR collection rates as measured by Inner London quartiles*
- *To maximise returns on cash investments while maintaining capital preservation and liquidity*
- *To use capital receipts as the preferred source of funding for the capital programme*
- *To target sustained upper quartile performance for Pension Fund investments*
- *To secure increased funding levels of the pensions fund over time to achieve 100% funding within period recommended by actuaries*

Capital Programming and Strategic Projects

- *To further integrate the major strategic projects into the mainstream capital programme*
- *To exploit opportunities afforded through the regeneration programme, including setting a target for capital receipts from regeneration projects to support the Council's future capital programme*
- *To build and sustain appropriate capacity and expertise to plan and implement major capital projects*
- *To profile capital schemes realistically over their lifetime and apply full whole life costing principles to all major capital projects*
- *To review uncommitted budgets within existing approved programme annually and reprioritise as necessary*
- *To identify, review and select the procurement strategies and partnerships arrangements (where appropriate) for all major capital projects*
- *To maximise and accelerate programme of capital receipts ensuring best consideration and due regard to service provision, in line with the asset management strategy and to obtain best value from the disposal*
- *To maximise potential from planning gains and associated benefits in accordance with agreements and strategic priorities while at the same time evaluating the opportunity costs of taking these gains and benefits*
- *To consider the use of prudential borrowing where the business case is agreed, and it is more advantageous for the efficient delivery of projects*
- *To recommend for the agreement of Community Councils the use of the Cleaner, Greener, Safer budgets to fund service investment needs where appropriate*
- *To fund urgent and unavoidable works, including health and safety and DDA works, from a capital contingency reserve (£5m) to be created from any capital and revenue underspends in 2006/7 and future years – release of these funds to be subject to the prior approval of the Finance Director in consultation with the Executive Member for Resources*

- *To establish base capital provision for annual recurring expenditure on highways and street lighting infrastructure of £5m and Cleaner Greener Safer schemes of £3m – schemes of works to be submitted to the Finance Director for prior approval on an annual basis*

Governance and Partnerships

- *To continue to promote sound governance and accountability in respect of all Council resources and assets*
- *The Finance Director in liaison with the Executive Member for Resources to regularly review the financial regulations and contract standing orders to ensure their robustness and continued suitability in order to safeguard the Council's assets, maximise its resources and ensure value for money.*
- *To achieve a resources strategy that will in partnership with key stakeholders maximise the benefit to the wider community*
- *To establish full governance arrangements for all partnership agreements relating to the shared use of resources*