

REPORT TO FULL COUNCIL



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PORTFOLIO	Resources
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Medium-Term Financial Strategy – 2008/12

PURPOSE

1. To seek approval to the redrafted medium-term financial strategy.

RECOMMENDATION

2. That full Council be recommended to adopt the Medium-Term Financial Strategy – 2008/12.

REASONS FOR RECOMMENDATION

3. To ensure that the Council has a robust strategy in place.

SUMMARY OF KEY POINTS

4. A medium-term financial strategy is a key component of the Council's planning process. An effective strategy will ensure that the Council is less likely to be deflected from sound financial management by the immediate pressures of the annual budget process. It can also help to ensure that resources are targeted towards achieving the stated objectives set out in the Strategic Plan.
5. The Council has recognised the importance of this work and first adopted a strategy in 2001. Annual revisions have taken place subsequently. It is important that the review takes place now in order to set a clear framework within which the annual budget process can take place later in the year.
6. Over the years, the Council has developed its approach to financial planning in a number of innovative ways. The Policy on Levels of Reserves and Balances demonstrates the financial resources that the Council holds and the uses to which these will be put. Other examples of notable practice include the "What Are Not Our Priorities" approach to resource allocation in the annual budget process, and the Corporate Charging Strategy. The Council's approach to financial planning is now much more open and transparent than is the case in many other local authorities.

7. One specific change that is proposed in the latest draft is to amend the policy on the use of borrowing to finance capital projects. At present, the strategy only permits this where the ongoing revenue savings that will accrue are sufficient to pay back the initial investment over a five year period. However, it is proposed to extend this period to ten years for schemes that are part of the Sustainability Action Plan. This will help to remove some barriers that might hinder the Council in meeting its commitments to the UK Climate Change Programme.
8. The draft revised strategy is attached to this report. Once approved by the Executive, the constitution requires that the strategy must be approved by full Council.

FINANCIAL IMPLICATIONS AND BUDGET PROVISION

9. There are no direct implications that arise.

POLICY IMPLICATIONS

10. A clear financial strategy will help the Council to achieve its stated objectives.

DETAILS OF CONSULTATION

11. The draft has been debated at the Finance & Performance Scrutiny Panel who endorsed the approach set out in the draft strategy.

BACKGROUND PAPERS

12. Report from the Head of Finance on Revenue Budget Projections 2009/12. This report has been considered by the Policy Board and the Finance & Performance Scrutiny Panel.

FURTHER INFORMATION

PLEASE CONTACT:

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ALSO:

Phil Moore, Head of Finance

[Appx1](#)