

**REPORT TO THE EXECUTIVE**



<b>DATE</b>	<b>18<sup>th</sup> February 2013</b>
<b>PORTFOLIO</b>	<b>Resources</b>
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**Medium-Term Financial Strategy – 2014/15 and 2015/16  
incorporating the Reserves Strategy**

**PURPOSE**

1. To consider the longer term financial outlook within the context of a Medium Term Financial Strategy covering the financial years 2014/15 and 2015/16, highlighting uncertainties, underlying risks and make recommendations to Council. The Medium Term Financial Strategy should be read in conjunction with the revenue budget 2013/14 and the associated statutory report of the Chief Finance Officer.

**RECOMMENDATION**

2. It is recommended that Full Council:
  - 2.1 Approves the latest Medium Term Financial Strategy;
  - 2.2 Approves the Reserves Strategy as appended to the Medium Term Financial Strategy and in so doing increase the level of general reserves to £1.4m, following closure of 2012/13 financial accounts to mitigate potential risks from volatility in localised business rates; and
  - 2.3 Note that a refreshed document will be provided regularly as an aid to monitoring the continued delivery of an annually balanced budget.

**REASONS FOR RECOMMENDATION**

3. Professional accounting practice recommends that a medium term financial strategy is in place to ensure that resources are aligned to strategic intent and business objectives. It also provides a firm and robust basis on which to prepare the annual budget. Given the current financial climate, the need for consideration of the medium term financial position is pertinent to ensuring sustainable service delivery and for the Council to remain viable as a going concern.

## **SUMMARY OF KEY POINTS**

4. A medium-term financial strategy is a key component of the Council's strategic planning process, aligning resource to service priorities and providing early identification of requirements for efficiency and cost improvement programmes. The Medium Term Financial Strategy provides an overarching framework for, and context to, the preparation of the annual budget. It provides an indicative headline position of the overall financial health of the Council, providing early sight of issues for full consideration by the Council, and Executive.
5. The Strategy has been developed using latest information available. Assumptions and risks built into the Medium Term Financial Strategy are documented within the Strategy at paragraphs 26 & 28 respectively. Essentially, changes to the national funding arrangements to local authorities bring new risks that require careful management and mitigation, whilst planned future Spending Reviews bring uncertainty into the financial planning process. Consequently, the Medium Term Financial Strategy documents a range of scenarios (paragraph 25). The overall size of the challenge that the Council faces is considerable and the formulation of a balanced budget over the longer term requires the delivery of efficiency savings through service transformation, continuous improvement and strategic prioritisation.

## **FINANCIAL IMPLICATIONS AND BUDGET PROVISION**

6. There are no direct implications that arise.

## **POLICY IMPLICATIONS**

7. The Medium Term Financial Strategy is a key document in ensuring the delivery of Council objectives and developing the strategic priorities.

## **DETAILS OF CONSULTATION**

8. No external consultation has been carried out.

## **BACKGROUND PAPERS**

9. Working papers prepared by the Director of Resources.

## **FURTHER INFORMATION**

**PLEASE CONTACT:**

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**ALSO:**