

Cabinet report



Report of Head of Finance

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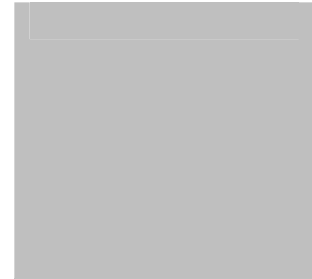
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To: CABINET

DATE: 13 February 2014



Medium Term Financial Strategy 2014/15 – 2018/19

Recommendation:

To recommend Council to approve the Medium Term Financial Strategy for 2014/15 – 2018/19 as attached to the report of the head of finance to Cabinet on 13 February 2014.

Purpose of report

1. This report asks Cabinet to consider and recommend Council approve the medium term financial strategy for 2014/15 – 2018/19.

Strategic objectives

2. In order to achieve our strategic objective to manage our business effectively and, specifically, our corporate priorities to keep our share of council tax as low as possible whilst continuing to deliver high quality services we set a sustainable medium term financial strategy. Financial planning within a medium term strategy helps achieve this in a structured way while directing resources to priority areas.
3. Sound financial management is central to the ongoing delivery of all the council's functions and a key part of our governance framework.

Background

4. The medium term financial strategy (MTFS) is reviewed and approved annually. The document sets a stable financial framework within which the council operates and as such should not require significant amendment on an annual basis.
5. Council approved the previous MTFS on 13 December 2012.

The Medium Term Financial Strategy

6. The MTFS for 2014/15 – 2018/19 is attached as appendix one. It sets out the fundamental financial objectives of the council and the principles to be followed in managing the council's finances to achieve its objectives. It helps inform our treasury management strategy that governs how we invest money held in balances.
7. In addition to objectives and principles, a narrative on significant current issues is included in each section.
8. The significant current issues have been updated and one change has been made to the principles and objectives of the MFTS are being proposed.
9. The change will give the council greater flexibility to spend on schemes that generate a return on the money spent. Paragraph 4.2 (a) of the attached MTFS has been amended to read

'we invest £50m for the long term. All investments will generate an annual return of certainty. Up to £30m can be used to support capital expenditure that generates a return of certainty. This MTFS definition of an investment is wider than the accounting definition. MTFS capital investments will not be shown on the council's balance sheet as usable balances. MTFS capital investments are likely to be particularly illiquid or may be unrealisable. All MTFS investments must appear in the council's capital programme and each will be classified as a MTFS investment at the point at which Council is asked to approve the scheme for inclusion in the capital programme'.

Financial implications

10. The MTFS provides a framework within which we will prepare annual spending plans. The implications of working within this framework are set out in the strategy. In essence, it creates a rigorous discipline to follow, but one which helps ensure sound financial management.

Legal implications

11. The MTFS will help ensure council sets its budget and council tax requirements and approves its annual statement of accounts within legislative requirements and deadlines.

Conclusion

12. A key target of the council is to keep our share of council tax as low as possible whilst continuing to deliver high quality services and the proposed MTFS 2014/15 – 2018/19 will help achieve this. The MTFS identifies the objectives the council will pursue, and the principles it will follow, in managing its finances.

Background Papers

- MTFS 2013/14 – 2017/18 Council 13 December 2013.

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