

## WRITTEN STATEMENT OF A NON-KEY DECISION CABINET

<b>ITEM:</b>	<b>DRAFT FINANCIAL STRATEGY 2008/11</b>
Members Present:	Councillors: RJ Phillips (Leader), LO Barnett, AJM Blackshaw, H Bramer, JP French (Deputy Leader), JA Hyde, JG Jarvis, DB Wilcox.
Date of Decision:	24th January 2008
Exempt:	No
Confidential	No
Urgent Decision:	No
Purpose:	<p>Council approved the Medium Term Financial Strategy (MTFS) for 2007 – 2010 when the budget for 2007/08 was set in March 2007. This report is seeking Cabinet approval to Corporate Management Board's (CMB's) recommendations for updating the current MTFS for the 2008 – 2011 period. The report has been drafted by the Director of Resources in consultation with the CMB.</p> <p>Cabinet will receive a further report on the MTFS for 2008 – 2011 from the CMB at its meeting on 24th February 2008 that will include details of the final local government finance settlement and any other suggested changes. Cabinet will also consider views expressed by the Strategic Monitoring Committee (SMC) on this report and finalise its recommendations to Council on the financial strategy for 2008 – 2011, budget for 2008/09 and Council Tax for 2008/09 at that meeting.</p>
<b>Decision:</b>	<p><b>THAT Cabinet approve Corporate Management Board's recommendations for updating the current medium term financial strategy and resource model highlighted in the body of this report subject to:</b></p> <ul style="list-style-type: none"> <li><b>a. inclusion of the final local government finance settlement figures for Herefordshire 2008/09 and indicative figures for 2009/10 and 2010/11;</b></li> <li><b>b. a revised planning assumption for a Council Tax increase of 4.4% in 2008/09; and</b></li> <li><b>c. continued discussion on the level of reserves in the light of a) and b) above.</b></li> </ul>
Reasons for the Decision:	The current financial strategy set the financial framework within

	<p>which corporate and service planning for 2008 – 2011 has been taking place. This strategy now needs updating in the light of the:</p> <ul style="list-style-type: none"> <li>a) Pressures revealed by the corporate and service planning process.</li> <li>b) Provisional local government finance settlement for 2008/09 – 2010/11.</li> <li>c) External assessments and reviews that have taken place since March 2007.</li> <li>d) Refresh of the Corporate Plan for the 2008 – 2011 period that is currently underway.</li> <li>e) Continuing need to modernise and improve internal business processes and key services to the public.</li> <li>f) Plans to modernise the way in which Herefordshire Council and Herefordshire Primary Care Trust (PCT) work together to better meet the needs of the community.</li> <li>g) Latest view of corporate financial risks – reflecting quantifiable pressures within policies for balances and reserves and highlighting other potential issues.</li> <li>h) Latest view of likely outturn for the current financial year.</li> </ul> <p>The external auditor commented favourably on the Council’s MTFS for 2007 – 2010 in her Use of Resources report for 2007. The CMB’s recommended updates endeavour to ensure that the financial strategy continues to support corporate priorities, despite the pressures listed above, whilst maintaining as much flexibility as possible to respond to the emerging agenda for change.</p>
Options Considered:	The CMB considered a number of options for managing the financial pressures to produce a balanced revenue budget for 2008/09 with cash allocated to priorities and flexibility for the future. The reasoning underpinning CMB’s recommended approach is explained in the body of the report.
Declaration of Interest:	

<b>COUNCILLOR RJ PHILLIPS:</b> .....	Date: 24th January 2008
<b>LEADER OF THE COUNCIL</b>	