

# DRAFT MEDIUM-TERM FINANCIAL MANAGEMENT STRATEGY

## PORTFOLIO RESPONSIBILITY: CORPORATE FINANCE

CABINET

13TH JULY, 2006

---

### Wards Affected

County-wide

### Purpose

To invite Cabinet to approve the draft Medium-Term Financial Management Strategy (MTFMS) as a basis for consultation both within the Council and with strategic partners prior to approval of the final document in October 2006.

### Key Decision

This is not a Key Decision

### Recommendation

**THAT Cabinet approves the draft Medium-Term Financial Management Strategy as a basis for consultation prior to approval of the final document on 9th October 2006.**

### Reasons

Herefordshire Council is determined to provide a sound basis for sustainable improvements in services and a better quality of life for the people of Herefordshire. Excellence in financial planning and management is vital to achieving this.

### Considerations

1. The Medium-Term Financial Management Strategy (MTFMS) will provide the financial context for making sure our service improvement aspirations for the future are both affordable and sustainable. It will provide a framework for making sure our cash resources follow corporate priorities as reflected in our medium-term financial plans.
2. This is Herefordshire's first comprehensive MTFMS. Councillors, colleagues, customers, residents and strategic partners will be able to find in a single source document setting out the policy context for Herefordshire's approach to allocating resources to priorities at a time of tightening resource constraint for the first time ever.
3. An executive summary on page 3 of the draft MTFMS attached provides an overview of the document. In summary. The draft MTFMS covers the:
  - national policy context for local government;

---

Further information on the subject of this report is available from  
Sonia Rees on 01432 383519

- national financial context for local government;
  - Herefordshire policy context;
  - Herefordshire financial context;
  - draft Medium-Term Financial Management Strategy;
  - decision making, consultation and review arrangements.
4. The analysis contained in the MTFMS leads to the inevitable conclusion that strong financial management will be essential if the Council is to achieve its ambitious plans for the transformation of services to improve quality, choice and access whilst also improving value for money.
  5. The strategy proposed in this draft document is about innovation not cuts – indeed the latter is exactly what the programme is designed to avoid. But success is highly dependent on the business transformation programme releasing resources tied up in business support services that could be more efficient with the right investment in a common business management infrastructure.
  6. The document also ensures that the reserves and balances we have available at the moment are wisely used to meet known spending pressures to smooth the impact on future Council Tax increases. It works towards ensuring there is a balanced budget position going forward – completing the work started as part of the 2006/07 budget setting process. It recognises there is more to do in terms of determining future revenue base budget requirements – particularly for social care – and future capital investment needs.
  7. The draft MTFMS will be available for comment over the summer holidays and an active communication strategy is being planned by Corporate & Customer Services. We will be making the most of this unique opportunity to promote greater shared understanding of the Council's financial position and the new general and financial management culture it is fostering. Feedback will be available to inform the Cabinet's final decision in October.

## **Alternative Options**

Alternative options will be explored as part of the consultation process.

## **Risk Management**

The draft MTFMS includes reference to corporate risks – both business and financial – and the management actions in place to mitigate them. The risk registers concerned are regularly reviewed and updated in line with the Council's risk management strategy and financial management processes.

## **Consultees**

People consulted during preparation of the draft MTFMS include the Corporate Management Board, accountancy and finance staff across the Council, the Leader and the Cabinet Member (Resources).

People and organisations to be consulted on the draft MTFMS are identified in the consultation and communication strategy included within the draft document.

## **Background Papers**

Background papers are available from the Resources Directorate on request.