APPENDIX D

LANCASTER
CITY COUNCIL

Promoting City, Coast & Countryside

MEDIUM TERM FINANCIAL STRATEGY 2012-15

(Note that other than the tables and figures, most of this strategy is unchanged. Any key changes have been highlighted.)

February 2012

1.0 INTRODUCTION

1.1 The Medium Term Financial Strategy (MTFS) sets out how Lancaster City Council proposes to manage its financial resources in line with current corporate priorities and future challenges the Council faces in service delivery.

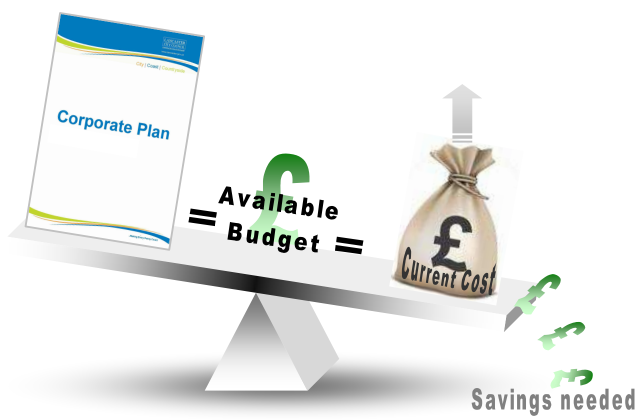
1.2 The City Council responds to these challenges through a rolling process of policy review and financial planning. The Medium Term Financial Strategy (MTFS) is integral to this; it forms part of the Council's wider resources framework linking to the Medium Term Corporate Property Strategy (MTCPS), the Human Resources (HR) Strategy and the Information and Communications Technology (ICT) Strategy.

1.3 The MTFS covers both revenue and capital financial planning. It outlines the key financial targets and constraints for the Council, together with the financial planning and budget setting timescales that will be followed in seeking to achieve those targets. The processes are designed to ensure that policy objectives and spending demands are balanced against available resources, having regard to risk considerations and the community's needs.

In short:

- The Corporate Plan sets out the council's Vision for the district and summarises the Council's medium term key priorities, aims and objectives in terms of outcomes and outputs to achieve the Vision;

- The MTFS also summarises the same key priorities, aims and objectives, but expresses them in financial terms. It also highlights any imbalance – which is the need to make savings and/or change aspirations for the future.



1.4 At present, for revenue planning the Strategy's focus is very much on General Fund services funded through council tax. In broad terms, this covers all council activities with the exception of council housing. Council housing finances are managed through a separate Housing Revenue Account (HRA).

1.5 Financial planning for council housing will now change significantly with the implementation of self-financing. Future investment opportunities will be dependent upon the rent levels set and the robustness of the 30 year business plan. A full review of the future rent policy, investment needs and other opportunities will be undertaken during this financial year, and updated into the MTFS as appropriate.

2.0 AIMS AND OBJECTIVES

2.1 The aims and objectives of the MTFS are to:

- protect the Council's financial standing and avoid volatile or unnecessary fluctuations in the provision of council services, by:
  - providing a clear and regularly updated view of the council's future financial prospects;
  - setting out the Council's key financial objectives and budget constraints within which members and officers must operate;
  - promoting and progressing the delivery of a financially sustainable and balanced budget for the medium term.

- deliver a balanced, robust budget (for both revenue and capital) each year, which:
  - matches and realigns resources both to Council priorities and statutory needs;
  - is based on informed decision-making across all Council policies and activities, underpinned by risk management;
  - takes account of budget consultation with stakeholders.

- help achieve value for money in the use of the Council's resources. This includes:
  - maximising efficiency savings and, where appropriate, increasing income;
  - protecting statutory services and minimising reductions in other front-line services, where possible and where this is in line with Council priorities, and
  - working with services to challenge traditional methods of service provision.

- be transparent about how the Council will manage and plan its finances, together with the implications on service delivery.

3.0 CURRENT POSITION

3.1 NET REVENUE SPENDING

3.1.1 The Council's current approved forecasts for net revenue spending and resulting Council Tax rates for the next three years are shown overleaf:

	Revenue Budget Projections (allowing for savings & growth)			**Council Tax Projections**	
	Net Budget	**Annual Change**	**Net Contributions from Balances**	**Average Band D Tax Rate**	**Annual Increase (YOY)**
	£000	**%**	***£000***		**%**
2012/13	20,190	-6.0		£192.25	0%
2013/14	20,569	1.9		£206.37	7.3%
2014/15	20,912	1.7		£214.00	3.7%

Draft, subject to final budget proposals

* After allowing for the change in categorisation of Council Tax freeze grant from a general grant to Government Support.

3.1.2 The Council has implemented measures to make substantial net recurring savings. These achievements, together with Government's one-off grant incentive, have supported a council tax freeze for 2012/13.

3.1.3 In terms of Government funding, this is currently expected to reduce in cash terms by 2% between 2012/13 and 2013/14, based on Government's last CSR. Thereafter for 2014/15, support levels are assumed to remain static in cash terms, in the absence of any better information and in view of the forthcoming changes under the Government's resource review. Whilst different scenarios may be modelled in due course, in terms of sensitivity a 1% change in Government support from 2013/14 onwards amounts to over £115K or a little under a 1.3% change in council tax.

3.2 Reserves and Balances

3.2.1 The Council's Section 151 Officer has advised that balances should be maintained at £1M for General Fund and £350K for the Housing Revenue Account; the Council accepts this advice and this is taken account of in future financial strategy.

3.2.2 As at 31 March 2012, the Council's General Fund balances are estimated to be just over £2M, which is budgeted to reduce to just under £1.7M in the next year following a further transfer to the Invest to Save Reserve.

3.2.3 The Council has a formal policy setting out its position in terms of provisions, reserves and balances. This is a key element for managing risk; helping to protect the Council's financial standing as well as supporting its medium term financial planning.

3.3 Capital Investment and Financing

3.3.1 The Council's current asset base is summarised below, based on its Balance Sheet. As at the end of last financial year the Council held land and other property of £252M, against which it had £42M borrowing outstanding. The majority of assets held are integral to providing services and supporting delivery of the Council's objectives, however, and this means that most assets cannot readily be sold.

Summary Consolidated Balance Sheet	**31 March 2010 £'000 (Restated)**	**31 March 2011 £'000**
Intangible Assets	306	233
Tangible Fixed Assets:		
Property, Plant and Equipment	263,806	224,721
Investment Property	19,827	26,913
Assets Held for Sale	0	452
Total Capital Asset Base	**283,939**	**252,319**

3.3.2 A key task within the Council's Property Strategy is to keep the authority's property portfolio under regular review to ensure that its capital base remains fit for purpose, and that any major associated risks or opportunities are identified and managed as appropriate. In turn these are reflected in either the Council's capital investment priorities, or its capital receipts forecasts.

3.3.3 Accordingly, over the next five years, the Council's capital investment and its assuming financing is summarised as follows:

	Council Housing £'000	General Fund £'000	Total £'000
Total Gross Capital Programme	**18,758**	**10,554**	**29,312**
Financed by:			
External Grants and Contributions	0	4,865	4,865
Capital Receipts (from other land & property sales)	442	9,352	9,794
Direct Revenue Financing (including HRA Major Repairs)	17,966	734	18,700
Use of Reserves	350		350
Net Increase in underlying borrowing need	0	(4,397)	(4,397)
Total Financing	**18,758**	**10,554**	**29,312**

3.3.4 It can be seen that the Council Housing programme is heavily reliant on using revenue financing to support its capital programme. In terms of the General Fund, funding is mainly split between external monies, capital receipts and an underlying need to borrow. This position is still heavily dependent upon the receipt for land at South Lancaster which is profiled to be received in 2012/13.

4.0 LINKS WITH COUNCIL PRIORITIES

4.1 The MTFS must both support and inform the Council's Vision for the District and strategic direction as set out in the Corporate Plan, to match available resources to the following agreed priorities and any other supporting needs. The following table provides a simple breakdown of the General Fund revenue budget and all capital budgets (including council housing) broadly analysed over the council's priorities.

PRIORITY / KEY OBJECTIVE (To be updated after Budget Council)	ANNUAL REVENUE BUDGET £000	5 YEAR CAPITAL PROGRAMME £000
Economic Growth		
Health and Wellbeing		
Clean, Green and Safe Places		
Community Leadership		
TOTAL PLANNED INVESTMENT		

(The above analysis will be updated once draft priorities are confirmed.)

4.2 Given the nature of the Council's priorities, it is inevitable that spending will not be evenly spread. As an example, community leadership does not typically involve significant capital investment. The Council's role in pursuing its priorities is also changing, linked to changes in funding and partnership opportunities.

4.3 For capital investment, there is a need to be more specific in terms of priorities. In particular, much investment relates to property used corporately across the full range of Council activities. For this reason, the following supplementary priorities have been adopted to direct investment over the next five years, subject to annual review:

- Withdrawing from Lancaster Indoor Market

- Delivering the Council's Economic Vision as set out in the Economic Regeneration Strategy.

- Delivering improvements for the Public Realm.

- Delivering schemes that support the Council's focus on energy efficiency and income generation.

- Progressing the priorities within the Council's Housing Strategy and in particular, in meeting the current 'Lancaster' Standard in the provision of Council Housing, in line with the 30-Year Business Plan.

- Refurbishment/replacement of existing property or facilities required to deliver existing service levels, or to achieve key performance targets as set out in the Corporate Plan or Corporate Property Strategy, or to meet other legislative requirements.

- New (or the expansion of existing) facilities, where they link clearly with the Corporate Plan and they are either :
  – at least self financing (both in revenue and capital terms) or
  – invest to save proposals that require some up front capital investment but would generate cashable ongoing revenue savings. As a general guide, payback should be achievable in the medium term, up to 5 years, but longer payback periods may be considered should circumstances warrant it (taking account of the Prudential Code – see later).

5.0 TARGETS AND CONSTRAINTS

5.1 COUNCIL TAX

5.1.1 Lancaster City Council believes that council tax should give good value for local taxpayers. In setting its tax rates, the council should also have regard to:

- anticipated levels of pay and price inflation
- Government funding levels
- Government targets for Council Tax
- the ability to meet minimum statutory requirements
- its Vision for the district.

5.1.2 The Council aims to keep Council Tax increases to no more than 3.5% for 2013/14 and 2014/15. These targets apply to the basic City Council tax rate across the district, excluding parish precepts.

5.1.3 As a consequence, the following table sets out the key financial targets that the Council will strive to work within for the next three years.

Target (To be updated)	**2012/13**	**2013/14**	**2014/15**
Budget Requirement	£20.190M	£20.247M	£20.560M
Council Tax Increase (maximum)	0%	3.5%	3.5%
Year on Year Net Savings Requirement (assumes recurring savings achieved)	-	£322K	£30K
Cumulative Net Savings Requirement	-	£322K	£352K

5.1.4 The net savings targets would need to be increased for any additional growth that may be required in future, or for any further net increases in the base budget, or if council tax targets reduce below 3.5%. Clearly the savings targets are indicative and will continue to be monitored and reviewed as referred to later in this Strategy.

5.2 Revenue Budget Limits

5.2.1 Council ultimately approves the budget forecasts for future years and any associated use of balances. Cabinet members and officers must then work within this framework, unless any flexibility is agreed by Council. The budget, after any use or contributions from balances, is known as either the Net Revenue Budget or the Budget Requirement.

5.2.2 For the next three years, current figures are as follows:

(To be updated)

Year	**Basic Budget Limit £'000**	**Forecast Contribution from Balances £'000**	**Forecast Net Revenue Budget £'000**
2012/13	20,517	326	20,191
2013/14	20,569	0	20,569
2014/15	20,912	0	20,912

5.2.3 Cabinet has no flexibility to increase net spending over the amounts shown above, or to increase the contributions from balances, or to take on new spending commitments for subsequent years. Any flexibility within these overall financial constraints is set out within the council's Financial Regulations.

5.3 CAPITAL: UNDERLYING BORROWING NEED (ALSO KNOWN AS CAPITAL FINANCING REQUIREMENT OR CFR)

5.3.1 To support affordable, sustainable and prudent capital investment, and taking into account the latest revenue budget and council tax projections, previous years' interim increases in the CFR and the Council's expected future investment needs, the Council's basic underlying borrowing need will reduce by £4.397M over the next five years.

5.3.2 The practice will continue by which the Head of Financial Services, will, under delegated authority and in consultation with relevant Service Heads, assess the most appropriate means of financing for the acquisition of new vehicles and equipment (as budgeted). This may give rise to further increases in underlying borrowing need.

5.3.3 Further increases to the CFR may be considered, but only in context of the Prudential Code requirements and the following:

- providing funding to help the withdrawal from Lancaster Indoor Market. Council approval would be required in view of the likely amounts involved;

- providing interim funding for progressing commitments or essential works in the 2012/13 approved Capital Programme, prior to other reasonably expected sources of funding (e.g. capital receipts) becoming available. Cabinet / Council approval will be required to progress any non-essential works in these circumstances;

- robust, achievable revenue savings being identified or income being generated, which reasonably exceed the ongoing (whole life) costs associated with a new capital proposal and meet any other payback requirements. This scenario would require further specific Cabinet / Council approval as required;

- no underlying borrowing requirement being assumed for any private sector or council housing investment at present. This will be subject to review during 2012/13 and will be presented for consideration by both Cabinet and Council given the likely amounts involved.

5.3.4 Whether or not any of these underlying borrowing needs will give rise to actual additional long-term borrowing or, alternatively, be financed by utilising the Council's cash balances, is a decision that will be made within the framework of the council's Treasury Management Strategy.

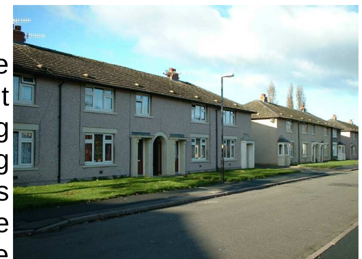
5.4 REVENUE FINANCING FOR CAPITAL INVESTMENT

5.4.1 Substantial general budgetary provision for direct revenue financing will be made within the Housing Revenue Account (HRA) for council housing purposes, in line with approved budgets and forecasts to support the Business Plan. No general provisions will be built into the General Fund revenue budget, though additional revenue financing relating to specific schemes may be considered in appropriate circumstances, e.g. Invest to Save and other energy efficiency works, or to finance specific growth needs.

5.4.2 Revenue financing from reserves will be based on existing earmarked reserve levels (or projections), as long as capital investment proposals match with the approved use of those reserves.

5.5 CAPITAL RECEIPTS

5.5.1 Over the next five years, usable capital receipts totalling £9.8M are anticipated, of which approximately £9.4M relates to General Fund property disposals, with the remainder relating to council housing. The controls regarding their use are set out below:



– Council housing capital receipts may be used either to support capital investment in council housing stock and supporting assets, or to reduce HRA capital financing costs. The use of any additional receipts arising will be considered in context of the review of housing finance following the implementation of self financing.

– For General Fund, all of the budgeted £9.4M capital receipts will be used to support the capital programme and reduce the need for unsupported borrowing. Any additional capital receipts generated will not normally be ring-fenced or reinvested into particular areas, as this can undermine the prioritisation of investment needs, but there are exceptions to this:

  - o Capital receipts arising from the West End Housing Schemes will be ring-fenced to meeting associated costs and liabilities arising, subject to appropriate Cabinet approval.

– The application of any additional General Fund capital receipts arising will only be considered once sufficient anticipated receipts have been received to finance existing programmes and achieve the planned reductions in the Council's underlying borrowing need. They will not be used to support new spending or commitments.

5.6 EXTERNAL GRANTS AND CONTRIBUTIONS

5.6.1 The Council anticipates that external sources of finance will continue to be scarce. Nonetheless, it will continue to pursue funding opportunities where:

- they fit clearly with the Council's Vision and capital investment priorities;
- the funding makes provision for extra capacity to support the workload involved, should it be required; and
- pursuing such opportunities requires no extra financial support over and above that already provided for within approved budgets, or included in budget proposals supported by Cabinet, or alternatively, the funding opportunity may reasonably result in the Council avoiding future costs or liabilities.

5.6.2 Should potential funding opportunities arise for provision of services, these will be considered as part of the budget and planning process wherever possible.

5.6.3 The use of any general, non-specific grants will also be considered as part of the budget process, should timescales permit, to allow appraisal in light of overall spending needs and priorities.

6.0 THE BUDGET PROCESS

6.1 This is an annual process, which is part of the Council's corporate planning and policy-making arrangements. It integrates any agreed policy changes and priorities with inflation and other financial adjustments, to arrive at a set of detailed budgets for the year ahead within the targets as set out (for Council Tax, as an example).

6.2 Through the review process, elected Members determine the allocation of resources across services and Corporate Plan priorities. In conjunction with the Head of Financial Services, Management Team is responsible for the more detailed aspects of budget preparation including bringing forward project proposals and service provision options to assist elected Members' deliberations.

6.3 The approved annual budget is therefore a resource plan that, as far as possible, matches inputs (e.g. staff, premises, equipment) to planned outputs and objectives, and gives authority to spend. It provides a basis for monitoring and accountability.

6.4 The Council will review its timetable for the 2013/14 budget during the summer of 2012. Notwithstanding this revision, there are certain key dates which must be adhered to in budget setting. These are determined by Government, either through funding announcements or legislative requirements.

6.5 Ultimately, the Council must set a budget (or council tax requirement) and the council tax before 11 March each year. The Council's financial year runs from 01 April to 31 March. Generally the budget process looks at a three year time span for revenue and a five year time span for capital, but as the year moves on, attention will become more focussed on the detailed budget for the next financial year.

6.6 BUDGET PREPARATION

6.6.1 The Council has taken an incremental approach to budget-setting for 2012/13 and for future years' forecasts underpinning this Strategy. Broadly speaking, this means that the current year's budget provides the starting point for next year's. It is based on the assumption that unless any specific decisions are taken to determine otherwise, services and activities will continue at the same level, from one year to the next. This does not preclude efficiency or innovation being sought in service delivery, however. Indeed efficiencies are the first priority for achieving budget savings and this is reflected later.

6.6.2 The initial "baseline" assessment of the cost of service provision is referred to as the base budget. In the course of the planning process, the base budget for each service area is updated to include:

- an allowance for the estimated level of pay and price inflation from one year to the next;

- adjustments to reflect the transfer of functions in the Council, changes in activity / demand levels for services where appropriate or general cost reductions, as examples;

- any previously approved changes to policy or strategy, for example a reduction in budget to reflect withdrawal of services or an increase to fund a new initiative or the impact of new legislation.

6.6.3 As part of the subsequent reviews of this Strategy, consideration may be given to other budgeting approaches such as zero-based budgeting, as an example.

6.7 GOVERNMENT FUNDING

6.7.1 Government funding directly influences the match between service provision and Council Tax levels, and so is a critical factor in the budget process; around 58% of the Council's revenue funding is received directly from Government. The results of the latest Comprehensive Spending Review (CSR) were announced in October 2010 and this set out significant reductions in public spending plans for the next 4 years. However, the Local Government Settlement only covered 2 years – redistribution of business rates under the Resource Review is planned for 2013/14 - and therefore this leaves some uncertainty over funding levels from that year onwards. There has also been a marked reduction in the number of specific or ring-fenced grant funding streams and whilst this has, overall, resulted in reduced funding, it does also reduce the associated administrative burdens.

6.7.2 Estimates of expected general revenue support, as well as any remaining ring-fenced specific grants and associated costs, will be revised during the planning and budget setting process.

6.8 BALANCING THE REVENUE BUDGET: SAVINGS AND GROWTH OPTIONS

6.8.1 Typically there is the need to address a funding gap between spending aspirations and the resources available and, consequently, savings must be achieved. There is also the need to accommodate any required growth in services, other legislative changes and the costs of financing and implementing major projects. This can require a significant realignment of resources. The council will achieve this through the following means.

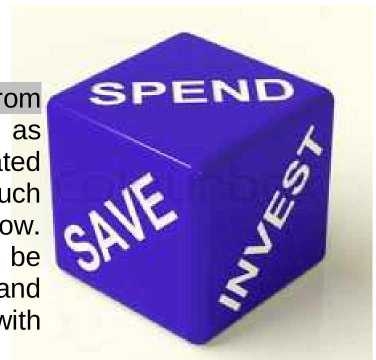
a. Efficiency Savings:
These are regarded as a priority over other forms of making savings in Council expenditure. Given the forecast need to make ongoing reductions to the budget, the Council will focus on 'cashable' efficiency savings predominantly, rather than those that seek to enhance service standards for the same cost. Efficiency savings may arise in the following ways:

- **Shared Service Programme**
  An important element of achieving efficiencies (either to improve service delivery or make cashable savings) is the Council's programme for collaborative or joint working with other local authorities or public sector organisations. The Council will continue with this programme, to achieve

better value for money for the community across the public sector as a whole.

- **Re-engineering and Re-structuring of Services**
  The council will continue to use "business process re-engineering" tools and techniques to ensure services are delivered within minimum cost and maximum outputs. These together with other shared service developments will change the Council's workforce over time. These changes are identified in the HR Strategy and associated reductions may involve upfront costs.

b. Invest to Save Initiatives:
The Council is committed to withdrawing from Lancaster Indoor Market operation as well as reducing its energy costs and/or generating related income. Priority will be given to progressing such proposals during 2012/13, should resources allow. Other options for achieving further savings will be considered in light of any remaining resources and the Council's priorities; these may cross over with other efficiency proposals.



c. Income Generation
As part of either its overall charging policy or various specific service reviews, the Council will identify potential options for increasing income generation (and potentially reducing the subsidy for services).

d. Service Reductions
Notwithstanding the drive for efficiency, savings may be needed through reducing the level or range of services provided to meet future financial targets. The Council will consider options for:

- reducing statutory service standards, where these are provided at above minimum standards;
- reducing or withdrawing discretionary services and activities, informed by the council's current priorities and any proposed future changes, as well as any provision made by other organisations and partners.

e. Growth
The scope for supporting growth may be limited and therefore any future growth need will only be considered if it meets any of the following conditions:

- it is needed to meet statutory service standards;
- it is essential to meet a key objective proposed within the Council's Plan, for which there are no alternative providers or sources of funding available; and it is considered affordable and sustainable in the medium to long term.

6.9 **BALANCING THE CAPITAL PROGRAMME: REQUIREMENTS OF THE PRUDENTIAL CODE**

6.9.1 The Prudential Code for Capital Finance in Local Authorities was introduced to support councils in planning for capital investment at a local level. The key objectives of the code are to ensure, within a clear framework, that:

- the capital investment plans of local authorities are affordable, prudent and sustainable;

- treasury management decisions are taken in accordance with sound professional practice; and
- local strategic planning, asset management planning and proper options appraisal are supported.

6.9.2 The ultimate aim is to help ensure value for money from capital investment. Also, it reinforces openness and accountability in the decision-making surrounding capital spending.

6.9.3 Details of the Council's Prudential Indicators as required under the relevant code are set out at ***Annex A*** and the Treasury Strategy for next year sets out the framework for managing the Council's associated debt.

6.10 OPTIONS APPRAISAL

6.10.1 The appraisal of key budget options will incorporate an appropriate impact assessment and consider the workforce, property and any other resource implications, as well as the timescales for implementation and impact on partnerships. It is recognised that major change programmes cannot all be agreed and delivered at the same time and this will be reflected within the Council's planning arrangements.

6.10.2 Options for capital investment and their financing will also be appraised as part of the budget process, in line with priorities as set out earlier and to meet the requirements of the Prudential Code. It is imperative that the investment of capital resources contributes clearly to the achievement of the authority's objectives and supporting activities, and that such investment represents real value for money for people in the district.

6.10.3 Given that resources are scarce, the planning and budget process enables the authority to consider and appraise, at a higher level, alternative capital financing levels or strategies and their impact on the Council's revenue budget and medium term financial planning, or the 30-year Business Plan for council housing.

6.10.4 The annual planning and budget exercise also underpins the development of a detailed five year rolling Capital Programme, ensuring that this is informed by the outcome of all relevant reviews and development plans. In particular, corporate property requirements are identified through the Council's asset management arrangements as set out in the Council's Property Strategy, ICT requirements are similarly identified and assessed.

6.10.5 The authority also requires potential key capital projects to undergo a rigorous project appraisal, using a standard framework to ensure that they are appraised consistently and are deliverable. Wherever possible, this will be undertaken prior to Members considering scheme proposals.

6.10.6 Essentially, budget development and options appraisal is an iterative process, particularly between Cabinet and Council.

6.11 DECISION-MAKING

6.11.1 In recent years the Council, through its Cabinet, has moved towards taking budget-related decisions on savings proposals during the year, rather than keeping all options open until Budget Council in late February/early March.

6.11.2 As the Council still needs to make savings in future, and, in any event, it makes sense to implement any true efficiency measures as soon as possible to give better value for money, this practice of taking decisions on efficiency proposals throughout the year will continue, rather than leaving all such options for consideration as part of the budget process.

6.11.3 For Invest to Save initiatives, once the future of Lancaster Indoor Market is resolved any further proposals will be appraised and determined simultaneously, as far as possible. Another round of proposals may be considered if funding permits.

6.11.4 For income generation and service reduction proposals, decisions will be taken throughout the year where operationally it makes sense to do so. In other scenarios, decisions may be taken in principle, subject to the budget process (i.e. Budget Council). In any event, decision-makers will be clear about the nature and status of their decisions.

6.11.5 Regarding growth, unless there is an unavoidable Council or corporate need, all growth options will be considered as part of the budget process (at Budget Council).

6.11.6 Ultimately, the General Fund Revenue Budget, the Council Tax Requirement, the Capital Programme and its financing, together with Council Tax levels, will be approved by Council at the Budget meeting to be held in late February / early March. Generally the Housing Revenue Account Budget and Council Housing Programme will be approved at the meeting earlier in February, to give adequate time for any rent variation notices to be issued, although this could change in future.

6.12 MANAGING FINANCIAL AND OTHER RISKS

6.12.1 During the annual budget process, the main assumptions underpinning the process are identified, assessed and reported to members, together with the main financial risks facing the council. This is an important element of the council's risk management arrangements, and major issues will influence the scope and timing of the monitoring and review processes outlined.

7.0 MONITORING AND REVIEW

7.1 The Council needs to ensure that its financial planning takes adequate account of the many changes or other issues that inevitably arise during the course of a year, including risk considerations. The Council's approach to financial management forms a key element of the performance management framework which is detailed in the Corporate Plan. Financial monitoring will be done in a variety of ways:

- Any potential impact generally from the Council's corporate financial monitoring arrangements will be considered, together with the impact of the previous year's outturn. This will also include a review of the national economic outlook and other key assumptions and risks underpinning the budget. Corporate financial monitoring reports will be produced and reported quarterly.

- A financial impact assessment of any key decisions will be undertaken, including any proposed major policy changes. (It should also be noted that similar impact assessments will also take place for HR, IT and Property issues).

7.2 Major changes in policy or service delivery that are implemented over a number of years on a phased basis will have budgetary impact spread over a corresponding period. These will be incorporated into this Strategy as appropriate, once they have been evaluated and approved.

7.3 As detailed, the outcome of the monitoring and review arrangements will be brought together to avoid a piecemeal approach to reviewing the Strategy. This may necessitate changes to the MTFS framework and the key financial targets contained within it. Any changes will ultimately be reported twice yearly (once during autumn 2012 and once as part of the 2013/14 budget process) for referral on to Council for approval, together with the rationale behind such changes.

8.0 GOVERNANCE

8.1 **Members -** The current Portfolio Holder for finance is Councillor Abbott Bryning.

Cabinet is responsible for formulating and recommending proposals and updates to Council.

Full Council is responsible for approving the MTFS and any updates; this is on the basis that it forms part of the council's overall Policy and Budget Framework.

Overview and Scrutiny Committee may commission or undertake work or on related issues as part of its Work Programme or take other measures (such as the call-in of decisions) as set out the Constitution.

8.2 **Officers** - The Head of Financial Services (as Section 151 Officer) is responsible for leading the development of the MTFS, the annual budgeting process to ensure financial balance, and the financial monitoring arrangements to ensure delivery. She is also responsible for ensuring the MTFS reflects any joint planning with partners and other stakeholders. All Management Team actively contributes to this process.

Other detailed officer responsibilities and key controls are set out in the council's Financial Regulations and Procedures. Nothing within this Strategy overrides the responsibilities or requirements placed on individuals or services as set out in the Financial Regulations.

9.0 PUBLIC ACCESS TO INFORMATION

9.1 As a publicly funded organisation, the Council is committed to being as open and transparent as possible on how it spends tax-payers' money. The Government requires councils to be so; this is mainly to improve public scrutiny and accountability, but such openness also helps to gain a wider understanding of the many financial pressures and challenges that the organisation faces. The Council demonstrates this openness through various means:

The Annual Budget
Information is published each year in two main documents:

- the budget/Council Tax leaflet, which is distributed to local tax payers along with the Council Tax bills each spring;
- the budget book, which is distributed in various forms to Council officers and members, with a summary version available on the website.

Spending in Year
Each month, on its website, the Council provides information on payments made to suppliers for goods and services, where the value is over £500. Its formal financial monitoring reports are also available through the website.

Outturn and other annual reports
After the year end, the Council reports on its actual financial performance. Information is included in the Council magazine, and more formally reported through the audited Statement of Accounts. In addition, the Council publishes information on specific aspects such as senior officer pay and its pay policy.

9.2 As well as informing the public and other stakeholders, the Council uses the results and feedback from this information to inform its financial planning and strategy going forward.

9.3 All information is available through the Council's website or alternatively, queries can be sent to finance@lancaster.gov.uk .