

Executive Summary

This Financial Strategy provides a financial forecast for the General Fund Revenue Position and the Council's Capital Programme for the next three years.

The forecast makes assumptions on future resources available to the Council from council tax income and central government funding over the three year period 2010/2011 to 2012/2013. Central government funding for 2010/11 reflects the provisional allocations previously made for this financial year back in December 2007 as part of the government's Comprehensive Spending Review 2007 (CSR07) and the subsequent three year finance settlement. The Comprehensive Spending Review for 2010, which should indicate the provisional settlement figures for 2011/12 and 2012/13 has been postponed. It is hoped that the Pre Budget Report in November 2009 will provide indications of the likely level of public spending going forward. The forecast also projects future levels of expenditure after taking account of known commitments and inflation.

The forecast calculated assumes the level of external funding provisionally allocated for 2010/11 will be confirmed. This represents increases of 1.5% year on year. However as a result of the national economic and financial outlook it is clear that public expenditure will be under considerable strain. In this environment the strategy includes a reduction in Central Government support of 1.5% in 2011/12 and 2012/13. Additionally the strategy is modelled on a Council Tax increase well below the notional capping limit of 5% at 3.8% for 2010/11 and 2.5% for the remaining life of the strategy.

The financial strategy has been prepared within the context of the current Corporate Plan 2008-2011 (Changing Gear – The Road to Excellence).

The financial forecast has identified an estimated funding gap in 2010/11 of £499k increasing to £688k in 2011/12 and to £882k in 2012/13.

Recognising the budget gap that needs to be addressed the Council has already embarked upon a comprehensive strategic review with the development of four work streams to address the medium term as follows:

- Review of the Review management and service structures in response to the needs of the organisation
- Revisit service priorities and seek an understanding from each service manager of the implications of a 6% reduction in service budget.
- To continue to explore the potential of a shared service approach
- To agree a target for savings to be delivered through the re-tendering of the waste and recycling contract, grounds maintenance contract and cleansing contracts.

The current capital programme has been revised and updated and a revised programme is included at section 5 of this document.