
Report to Council

Date: 28th June 2012

Subject: Financial Strategy 2012 - 2015

Report by: Director of Finance and Corporate Services

1.0 Purpose

- 1.1. This report presents the updated Financial Strategy to the Council for approval. The strategy covers the three years of the current spending review period 2012 to 2015, and builds on the existing strategy which was approved by Council in December 2009.

2.0 Recommendations

- 2.1. It is recommended that the Council approves the Financial Strategy for the period 2012 to 2015.

3.0 Considerations

- 3.1. In December 2009 the Council approved the four key strategies (Customer Services; People; Financial; and ICT) which underpin how the Council optimises and most effectively manages its limited resources to provide the best services to customers.
- 3.2. The current Financial Strategy covered the period from 2010 to 2013. This report now updates that strategy in the context of looking at the current spending review period of 2012 to 2015 and beyond. It is the intention that this strategy will be annually refreshed from this point.
- 3.3. Financial management is essential to achieve good corporate governance and underpins service quality improvement and accountability.
- 3.4. The recent UK budget indicates that growth in the economy may be lower than previous forecasts. Council budgets over the period 2012/13 to 2014/15 have been prepared on a 'flat-cash' basis. Whilst it is not anticipated that the Scottish Government will re-visit the funding settlement over this period, there is an increasing risk that if the UK government remains focused in achieving a balanced budget by 2016/17, then further public spending cuts will be required in the next settlement period.

3.5 The Financial Strategy is designed to meet the challenges of the financial outlook over the medium to long-term. The objectives of the Strategy are that:

- budgets are prudent and sustainable in the long term
- financial plans recognise corporate priorities and objectives
- significant risks are identified and factors to mitigate against risks are identified
- the capital programme is planned over a 5 year rolling programme, with 'unsupported' borrowing minimised other than where there are clear financial or economic benefits to the Council
- constraints on capital and revenue resources, including the uncertainties around future Government funding, are recognised and taken into account
- Council Tax increases will be kept to a minimum, within the current constraints agreed with the Scottish Government
- prudent levels of general balances, reserves and contingencies are maintained in the context of an assessment of the risks facing the Council

3.6 To achieve these objectives, a number of aims, measures and policies are set out in the Strategy.

4.0 Conclusions

4.1 The Council continues to operate in a time of significant change, particularly in the context of the economic situation and the challenges and opportunities these bring.

4.2 It is essential in those circumstances that the Council operates and is organised in a manner which focuses on customer needs and optimises limited, and reducing, resources.

4.3 This revised Financial Strategy has been updated and adapted to reflect the current economic environment, and the internal financial improvements introduced over the last three years. The strategy is designed to take the organisation forward positively, standing it in good stead for meeting the challenges it will continue to face.

5.0 Sustainability Implications

5.1 The Strategy aims to ensure the organisation remains viable and sustainable for the future.

6.0 Resource Implications

6.1 Financial Details

6.2 There are no specific implications for spend

6.3 Staffing

6.4 There are no specific implications for the establishment

7.0 Exempt Reports

7.1 Is this report exempt? Yes ☐ (please detail the reasons for exemption below) No ☒

8.0 Declarations

The recommendations contained within this report support or implement our Corporate Priorities and Council Policies.

(1) Our Priorities 2008 - 2011 (Please tick ☒)

The area has a positive image and attracts people and businesses	<input checked="" type="checkbox"/>
Our communities are more cohesive and inclusive	<input checked="" type="checkbox"/>
People are better skilled, trained and ready for learning and employment	<input checked="" type="checkbox"/>
Our communities are safer	<input checked="" type="checkbox"/>
Vulnerable people and families are supported	<input checked="" type="checkbox"/>
Substance misuse and its effects are reduced	<input checked="" type="checkbox"/>
Health is improving and health inequalities are reducing	<input checked="" type="checkbox"/>
The environment is protected and enhanced for all	<input checked="" type="checkbox"/>
The Council is effective, efficient and recognised for excellence	<input checked="" type="checkbox"/>

(2) Council Policies (Please detail)

Corporate Governance

9.0 Equalities Impact

9.1 Have you undertaken the required equalities impact assessment to ensure that no groups are adversely affected by the recommendations?

Yes ☐ No ☒

10.0 Legality

10.1 In adopting the recommendations contained in this report, the Council is acting within its legal powers. Yes ☒

11.0 Appendices

10.1 Financial Strategy

12.0 Background Papers



12.1 Have you used other documents to compile your report? (All documents must be kept available by the author for public inspection for four years from the date of meeting at which the report is considered)

Yes ☐ (please list the documents below) No ☒

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Financial Strategy

2012 - 2015

**Supporting the Council's
Vision
and Key Priorities**

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EXECUTIVE SUMMARY

Financial Management is essential in achieving good corporate governance and underpins service quality, improvement, and accountability. It supports effective performance and the achievement of organisations aims.

Financial Planning is integral to an organisations strategic planning process.

This Financial Strategy seeks to ensure medium term financial stability, the achievement of value for money and funding for priorities.

The focus of this Financial Strategy is on medium term planning and decision making for the future. The processes laid down within this Strategy will remain valid for the next three years, which covers the Scottish Government's local government spending review settlement for the financial years 2012/13 to 2014/15. This Strategy seeks to avoid year on year budget setting and as far as possible use of short term/one off measures to balance the budget. It is a Strategy for the future, to ensure effective resource planning and the delivery of Corporate Objectives.

To achieve the successful delivery of this financial strategy will require an understanding within the senior levels of the organisation of the collective responsibilities for the stewardship and use of resources.

The Financial Strategy seeks to achieve the following Objectives :-

1. **Budgets are prudent and sustainable in the long term,**
2. **Financial plans recognise corporate priorities and objectives,**
3. **Significant risks are identified and factors to mitigate against risks are identified,**
4. **The Capital Programme is planned over a 5 year rolling programme, with overall increases in borrowing minimised, other than where Invest to Save opportunities provide clear financial or economic benefits for the Council,**
5. **Constraints on capital and revenue resources are recognised and taken into account,**
6. **Council Tax increases will remain frozen at current levels, in line with the current constraints agreed with the Scottish Government,**
7. **Prudent levels of general balances, earmarked reserves and provisions are maintained in the context of an assessment of the risks facing the Council.**

1. SCOPE OF THE FINANCIAL STRATEGY

The Council has recently approved the following key elements of its financial strategy which collectively constitute a Medium Term Financial Plan:

General Fund Budget

- Revenue Budget 2012/13 with indicative spending plans for 2013/14 and 2014/15 highlighting funding gap that Council is faced with in these latter two year
- Capital Budget spending plans for 2012/13 and for the following 2 years 2013/14 to 2014/15

Housing Revenue Account Budget

- Revenue Budget 2012/13 .
- Capital Budget for 2012/13 and for the following 2 years 2013/14 to 2014/15.

Borrowing and Investment Strategy

- Treasury Management Strategy Statement 2012/13
- Prudential Indicators 2012/13 to 2014/15

Each element of the Medium Term Financial Plan supports both the delivery of the Council's Corporate Plan objectives and the Council's Single Outcome Agreement with the Scottish Government.

The Council will build upon its recent experience of budget planning and in particular its corporate budget challenge process in reviewing expenditure priorities, inflationary pressures and funding strategies in detail over a three to five year timeframe. In the case of the Housing Revenue Account (HRA), the budget has been developed in the context of delivering the Council's Housing Business Plan.

The spending plans of the three Joint Boards, Police, Fire, and Valuation have been reflected within the Council's own financial revenue and capital budgets. In 2013, the Police and Fire responsibilities transfer from local government to the Scottish Government.

The Financial Strategy provides a framework for ensuring the affordability and sustainability of the Council's future expenditure plans and for ensuring that adequate provision is made to address financial risks to the extent to which they can reasonably be anticipated. The risks considered within the Financial Strategy are set out in section 8.

The Council's Financial Strategy requires to be under-pinned by appropriate arrangements for monitoring, reporting and controlling budgeted income and expenditure and for reviewing future budgetary proposals in light of current experience and changes in local and national policy priorities and economic conditions.

The arrangements for reviewing the Revenue & Capital budget in the context of delivering the Council's Corporate Plan objectives and Single Outcome Agreement with The Scottish Government, are set out in section 7 of the strategy.

2. THE POLICY CONTEXT

The Financial Strategy fundamentally supports the Council in achieving its priority outcomes, which are set out in the Clackmannanshire Community Plan & Single Outcome Agreement and the Council's Corporate Plan and which, in turn, are closely aligned with the 15 national priorities as set out in the national performance framework.

Clackmannanshire Priority Outcomes

- The area has a positive image and attracts people and businesses
- Our communities are more cohesive and inclusive
- People are better skilled, trained and ready for learning and employment
- Our communities are safer
- Vulnerable people and families are supported
- Substance misuse and its effects are reduced
- Health is improving and health inequalities are reducing
- The environment is protected and enhanced for all
- The Council is effective, efficient and recognised for excellence.

The Council's medium term financial planning is driven by these priority outcomes, each of which has a range of associated targets set out in the SOA and the Corporate Plan. By integrating the development of the budget and financial plan with the priority outcomes, the Council will ensure that resources have been allocated to deliver the corporate priorities in a robust and sustainable manner.

Link with Public Sector Improvement Framework

The Financial Strategy is, itself, part of the wider planning framework within Clackmannanshire Council.

Link with Governance Strategy

The Council positively promotes the principles of sound corporate governance within all aspects of its activities and through the Governance Strategy is reviewing and strengthening its arrangements.

Governance as a concept is broad ranging. It includes how an organisation is managed, its structures and systems, its culture and values, its policies and strategies and how it engages with and accounts to its various stakeholders. In essence, governance is about how we as a Council ensure that we are doing the right things, in the right way, for the right people, at the right time, in an inclusive, open, honest and accountable manner.

A key component of the Governance Strategy is sound financial planning, ongoing management and regular review. This Financial Strategy therefore forms an integral part of defining and supporting the Council's corporate governance arrangements.

In strengthening its governance arrangements, the Council will undertake an Annual Governance Statement, which is incorporated within the Annual Statement of Accounts. In making this statement, a rigorous review, assurance and challenge approach is being established.

The Financial Regulations are also a key part of the Council's governance framework and define the finance arrangements and controls which operate within the Council.

Link with People Strategy

The Council is currently developing its approach to Work Force Planning. With the local implementation of the Single Status agreement now complete, under-pinned by a clear funding strategy in the medium term, this permits the organisation to confidently plan for the future development of its work force.

Link with Asset Management Plan

The Council has been developing its approach to capital investment by building on its existing approach. A cross party member and officer Capital Investment Forum has been established. Its remit is to agree broad classifications and priorities for capital investment in the medium to long term to be incorporated within a Corporate Asset Management Plan. The existing capital programme was reviewed and reclassified in line with approved priorities and principles.

Link with IT Strategy

The Council's IT Strategy underpins the customer first agenda and is a key support mechanism for a range of Council priorities.

Procurement Strategy

Effective procurement practices can influence spending to the benefit of the Council. The implementation of the Council's procurement strategy is intended to improve the value that the Council obtains from its procurement spend. Effective, efficient and innovative procurement will allow the Council to enhance the goods and services provision, whilst providing savings opportunities.

Customer Service Strategy

The Customer First Programme was set up to define and co-ordinate a Council-wide corporate change agenda focused on customer service improvement and improvement in delivery of Council Services, whilst at the same time addressing the current drivers of E-Government, Modernisation and Efficiency. It does this through six strands:

- Customer Service
- Business Change
- Technology Enablement
- People Development
- Efficiency/Joint Working
- Communications

The above examples reflect the increasing awareness of and importance attached to clarifying the common themes running through and linking the objectives and targets reflected within the Council's planning process

3. THE FINANCIAL CONTEXT

General Services Revenue Budget

The 3 Year General Fund Revenue Budget (2012/13 - 2014/15) is the most significant component of the Council's Financial Strategy. The approved 2012/13 Revenue Budget together with indicative 2013/14 and 2014/15 Budgets is attached as **Appendix A** to this strategy.

The successful delivery of challenging budget savings implemented in 2011/12 together with significant one-off savings achieved during that year placed the Council in a strong position going into the financial year 2012/13. As a result of the announcement of the Scottish Government's three year spending review, and taking account of the continuation of savings into these next three years and inclusion of political priorities, the summary funding position over the 3 year period 2012/13 to 2014/15 is detailed in the following table:

	2012/13 £000	2013/14 £000	2014/15 £000
Net expenditure	120,573	124,824	131,768
Funding:			
Government Grant	95,608	96,207	96,624
Council Tax	21,581	21,609	21,637
Cumulative Funding Gap	3,384	7,008	13,507
Indicative Annual Gap	3,384	3,624	6,499

The Council agreed at its meeting in February 2012 that the funding gap in 2012/13 be met from Reserves. Work has started on identifying and submitting savings options appraisals for approval during 2012/13 to cover the cumulative funding gap of £13.507m over the financial years 2013/14 and 2014/15. This work will be monitored through the continuation of the successful budget challenge process that has been in place for the last two year.

General Services Capital Budget

The Council's General Services Capital Budget 2012/13-2014/15 is summarised in **Appendix B** to this strategy. The Council established a cross party member and Officer Capital Investment Forum (CIF) in 2011 which has undertaken initial work to agree broad classifications and priorities for capital investment in the medium to long term.

The CIF will develop a Corporate Asset Management Plan which will drive the prioritisation of new Capital projects. The allocation of resources to projects through the Capital Budget process will be clearly referenced to the delivery of SOA, Corporate Plan and Service objectives. An outline business case will be prepared for each proposed new Capital project detailing the Service delivery objectives and financial implications arising from the project. The current prioritisation process will be refined to assist Members in determining the projects to be included within the Capital Plan.

A further priority of the CIF is to ensure that the Council's capital investment is affordable and sustainable given the current economic context and taking account of the aims of its approved Investment Strategy.

Housing Revenue Account Budget

The Housing Revenue Account Budget (both Revenue and Capital) is prepared in accordance with the requirements of delivering the previously approved Housing Business Plan and Clackmannan Housing Standard.

Following the latest Housing stock conditions survey, and taking cognisance of developments in new build initiatives, a revision to the Business Plan is in the process of being developed. In anticipation of this work, the Council approved a revenue budget for 2012/13 and capital budgets covering the 3 years 2012/13 to 2014/15. These are attached as **Appendices C and D** to this strategy.

4. CURRENT ISSUES

Local Demographic and Economic Context

The Financial Strategy has been prepared within the context of, and aims to address the issues posed, by the area's demographic profile:

- Increases in single person households
- number of older people in the community
- requirements of those with complex needs

and local economy:

- Higher than average levels of unemployment
- Lower than average (although improving) levels of education

External Influences

Council Tax accounts for only about 18.5% of the Council's revenue funding with most of the Council's resources come from Central Government. Consequently, the Financial Strategy is to some extent shaped by factors outside our immediate control. However, there are many facets to an effective Financial Strategy and the Council must ensure it proactively manages its resources with a view of ensuring robust financial planning that delivers Council priorities.

Three Year Settlements for Government Revenue Funding

The Scottish Government has introduced a multi-year settlement process in order to give more stability and certainty to Local Authorities. The latest three-year settlement was announced in December 2011 and covers the three years of this Financial Strategy 2012/13 to 2014/15.

The introduction of 3-year settlements is aimed to improve the ability to forecast the overall financial position for the Council. However there will remain significant uncertainties in long term planning, as the level of grant is only part of a complicated set of assumptions in long term financial planning.

Public Spending Plans and National Priorities

It is recognised that the growth in public spending in recent years will not continue. The Scottish Governments budget 2012/13 indicated either flat or declining resources in cash terms, and even if flat will be roughly 7.5% lower in real terms than they were in 2011/12. There are some variations in funding across the public sector, with the Government committed to resourcing NHS budgets in line with inflation. Whilst resources for local government is not dissimilar to previous year it is increasingly dependent on Non Domestic Rates as opposed to grants, which makes it potentially more volatile.

The Scottish Government's Cabinet Secretary for Finance has accordingly announced the provision of a 'flat cash' settlement at 2011/12 levels to local government over the period 2012/13 to 2014/15. All the signs coming from the Scottish Government and independent sources are that even beyond the current settlement period, local government funding is going to be very tight, and may be faced with cash cuts in the next spending review..

The Council needs to balance this view of future years' grant settlement with the fact that public services are under increased pressure from their customers for improved service provision. In addition, national targets for improved service delivery are becoming common, including electronic service delivery, planning, concessionary fares and recycling.

The Scottish Governments spending plans are also set against a programme of Public Sector Reform as it responds to the recommendations of the Christie Commission and delivers its own internal reviews on health and social care integration, police, fire and rescue services and higher education.

This Financial Strategy seeks to ensure national priorities are considered alongside local priorities.

Efficiencies

The Council has embraced efficiency as an integral feature of its continuous improvement programme. These principles are communicated and managed as part of the Council's strategic and business planning processes. The Scottish Government has set local government a target of achieving efficiency savings of 2% per annum. There is an annual return made to the Scottish Government which quantifies the efficiencies made, both cashable and non cashable.

The delivery of efficiencies and further developing the Council's systems for continuous improvement and performance management remains a corporate priority. The Council is keen to improve on the level of cashable and non-cashable efficiencies over this spending review period 2012 to 2015, and the focus on the efficiency agenda will cover the following initiatives:

- Progression of the Shared Services - further developing work to date in Education and Social Work
- Continuing focus on procurement, asset management and workforce planning, including continuing progress on reducing absence
- Continuing focus on redesigning services around the customer, and in particular exploring the potential of greater community empowerment
- Focus on preventative services and other spend to save initiatives.

Prudential Borrowing

For many years borrowing to fund capital investment was restricted by the Scottish Executive. In April 2004 capital consents were replaced by the Prudential Code. The Council can now borrow "prudently" if it can be demonstrated that borrowing is affordable and sustainable.

In order to lessen the revenue pressures facing the Council, for General Fund services the Borrowing and Investment Strategy restricts new borrowing to no more than the estimated repayment of debt provided for in the revenue budget. A similar approach is adopted for the Housing Revenue Account capital investment, although any new borrowing is also evaluated for affordability in the context of the Housing Business Plan.

Any further expansion of the capital programme will be restricted only to schemes which can demonstrate clear financial or economic benefits, where the scheme specifically attracts Government Revenue Support or where the borrowing can be backed by equivalent internal funds (spend to save). The level of Capital Expenditure to be funded by borrowing shown in the General Services Capital Plan and HRA Capital Plan at **Appendices B and D**, is deemed to be set at a prudent and affordable level.

External Funding

The Council must carefully appraise the role that external grant and contributions can play in meeting its objectives. Decisions about bidding for external grants and contributions must be taken in the context of the priorities in the Corporate Plan. The Council needs to be aware that the attraction of additional funding may not meet its priorities or could leave the Council with an ongoing revenue burden when the funding stream comes to an end.

A process has been adopted for the application to European and other external funding bodies which clearly lays out the process and authorisations to go through in making the bid for additional finance, ensuring that it fits with existing strategies and priorities.

The redesigned Accountancy Service has also established a key role within its Corporate Accounting Team to seek out and evaluate corporate funding initiatives that might be appropriate for the Council

5. THE COUNCIL'S FINANCIAL OBJECTIVES AND HOW THEY WILL BE ACHIEVED

The Financial Strategy is designed to maintain financial stability and, as far as possible, avoid unaffordable borrowing, whilst ensuring we have sufficient resources to achieve the corporate aims and priorities. To this end, it is proposed that the Medium Term Financial Strategy should ensure the following specific objectives. Each of these objectives is underpinned by an Action Plan set out within **Appendix E** of this report.

Objective 1 - Budgets are Prudent and Sustainable in the Long Term

This seeks to ensure that budgets recognise real cost pressures and that no over reliance is placed upon any one off savings and/or use of one off reserves.

This will be achieved by ensuring :

- appropriate provision is made for inflation pressures, current economic conditions, pay awards and new legislation
- the revenue budget is not supported on an ongoing basis by one off savings, or any significant use of reserves
- effective budget monitoring to ensure early identification of issues and action planning.

Objective 2 -Financial Plans Recognise Corporate Priorities and Objectives

This seeks to ensure that financial plans link with corporate planning and priorities and that there is provision within the Financial Strategy for corporate priorities on an ongoing basis.

This will be achieved by ensuring :

- additional investment and savings proposals assist delivery of corporate priorities
- local and national targets are considered
- long term vision and objectives are considered within the report
- that provision within financial planning figures for growth and contingency amounts are based upon perceived risk
- capital prioritisation process/option appraisal is reviewed through work of the Capital Investment Forum.

Objective 3 - Significant Risks are Identified and Factors to Mitigate Against Those Risks are Identified

Risk Management is crucial in long term planning and it is essential that the Financial Strategy clearly identifies the associated risks and that this is supported by an embedded risk management culture within the organisation.

This will be achieved by :

- risk management being embedded in corporate and service planning
- financial risks being specifically considered on an ongoing basis and specifically reflected within the Financial Strategy
- targeting high risk areas when setting budgets and monitoring these areas closely throughout the year.

Objective 4 - The Capital Programme is Planned Over a 5 Year Rolling Programme, With "Unsupported" Borrowing Minimised, Other Than Where There are Clear Financial or Economic Benefits to the Council

This seeks to ensure that unsupported borrowing is minimised, thereby ensuring the capital programme is prudent and sustainable and does not lead to unaffordable revenue implications.

This will be achieved by ensuring the development of a 5 year rolling capital programme and the use of unsupported borrowing only on an invest to save basis or where clear economic benefits can be demonstrated.

Objective 5 - Constraints on Capital and Revenue Resources, Including the Uncertainties Around Future Government Funding, are Recognised and Taken Into Account

It is important that the Financial Strategy is realistic and that there is a corporate awareness of the constraints on Council funding.

This will be achieved by ensuring specific reference within each financial strategy of constraints and current issues.

Objective 6 - Council Tax Increases will be kept to a Minimum, within the current constraints agreed with the Scottish Government

At the Special Council meeting on 9 February 2012, in setting its budget the Council agreed to accept the commitment offered to all Scottish Council to maintain a council tax freeze in each of the three years of the spending review.

Given the continuing squeeze on local government finances, it would not be realistic for the Council to completely rule out this avenue for additional resource at some future point beyond the period covered by this current Financial Strategy.

Objective 7 - Prudent Levels of General Balances, Reserves and Contingencies are Maintained in the Context of an Assessment of the Risks Facing the Council

It is important to strike a balance between maintaining adequate reserves and contingencies and delivering spending priorities.

This will be achieved by ensuring that there is an annual review of reserves, linked to corporate priorities and treasury management implications.

These seven objectives are further explored throughout this report and the recommended actions to support these objectives are set out within the Action Plan.

6. DEVELOPMENT OF THE FINANCIAL STRATEGY

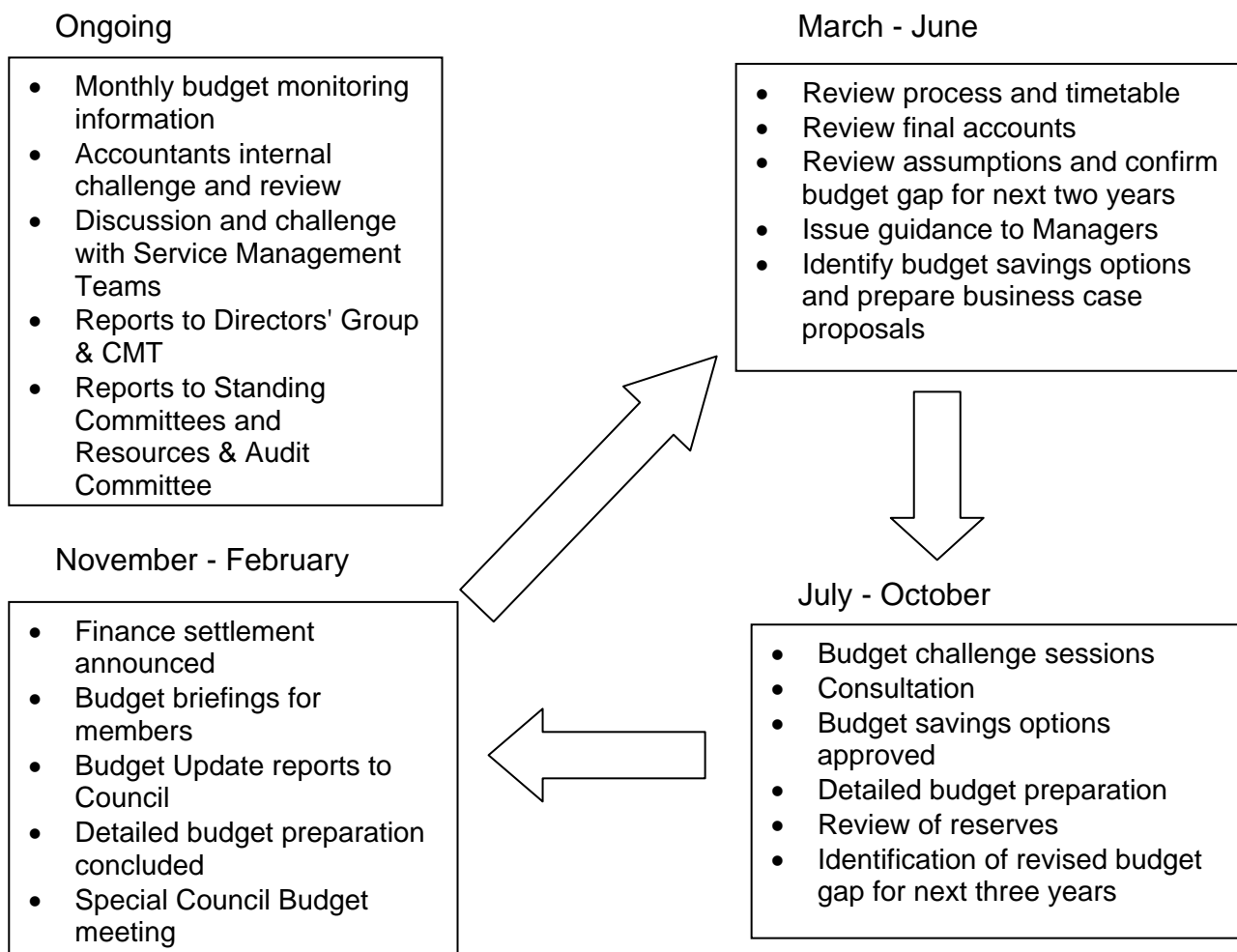
As noted above, the development of the budget and medium term financial plan is driven by the Council's priorities.

The Budget Process

The financial strategy comprises a 3 year revenue plan and a 3 year capital plan (with a commitment to extend capital planning to 5 years during the term of this financial strategy).

The plans will be reviewed annually and rolled forward by a year. The process, from the start of the review of the financial plans through to the approval and allocation of budgets, spans the whole year. An outline timetable is set out below, which reflects the Council's new decision-making framework approved on 1 June 2012. Financial performance is expected to feature not only in the new Resources & Audit Committee, but also within the three new standing committees of Housing, Health & Care, Education, Sport & Leisure, and Enterprise & Environment. Thereby, the focus on finance and use of resources will be high on the agenda of the Council on an ongoing basis.

The Budget Process



Engagement with Members

The Council's budget preparations involves extensive engagement with members throughout the process. Budget strategy update reports feature as standing items at Council meetings. Member briefing sessions are also arranged which expand on the strategy updates and consider options for budget savings and results of external customer consultations.

A cross party member and officer Capital Investment Forum meets on a regular basis to examine medium to long term capital investment priorities.

Training Requirements

It is recognised that financial training must be delivered to both Officers and Members to ensure that the key features and objectives of the Financial Strategy are embedded throughout the Council. With managers settling in to new roles following service redesigns, and with the induction requirements for new members following the Council elections, this has been highlighted as a key area in the work programme for 2012/13.

7. ARRANGEMENTS FOR THE REVIEW AND SCRUTINY OF THE FINANCIAL STRATEGY

It is essential that the financial plan is regularly monitored, with progress being reported to the Scrutiny Committee, Portfolio Holders and Budget Holders. This will be done through the issuing of monthly revenue and capital monitoring reports to budget holders and regular financial reports to Scrutiny Committee and the Directors' Group.

The monitoring process focuses on high risk budgets and involves regular reviews/dialogue between Accountancy staff and Service Managers with timely and accurate budget monitoring information.

The process requires budget holders to explain the reasons for any significant variances and Heads of Service to identify ways in which such variances can be managed within their total resources available. The roles and responsibilities of Officers in managing their budgets are laid out in the Council's Financial Regulations, including the escalation process to be used when overspends are being projected. A central list of Budget Holders is held, clarifying the budgets that these officers are in charge of.

Officers both in Accountancy and the Service concerned will continue to look more closely at the phasing of budgets, which assist more accurate projections to be made during the year.

Growth items should, wherever possible, be accommodated within existing resources. To achieve this requires a culture of financial awareness within the authority and this is seen as a key priority.

The ability to effectively manage resources and effectively scrutinise such management is dependent upon the existence of clear lines of accountability and access to appropriate training and professional expertise.

The Medium Term Financial Plan will be subject to periodic review by Council officers and Elected members in light of current experience to confirm that budgetary assumptions are accurate and to ensure the continuing alignment between resource allocation and Corporate priorities. Regular budget update reports will be presented to Council, and the successful budget challenge process introduced in 2010 will continue to operate to support budget re-alignments.

8. THE REVENUE PLAN 2012-2015

The medium term revenue plan is based on an analysis of the key influences on the Council's financial position and an assessment of the main financial risks facing the Council. The financial forecast is based on the following factors and assumptions.

Local Government Finance Settlement

The Council receives external grant support from the Scottish Government through the distribution of resources within the Local Government Finance Settlement. The distribution is made in accordance to authorities' relative needs with a mechanism for protection against detrimental changes in grant allocations. Approximately 82% of the Council's net expenditure is financed from the Local Government Finance Settlement.

The Scottish Government has provided settlement figures for the three years covered by this Financial Strategy. The national distributable funding has been provided on a 'flat cash' basis at 2011/12 grant levels, but this Council has been a net gainer from changes in distributions, and receives a modest increase in grant of £1.576m over the three years.

The announcement of three year settlement figures provides certainty in funding levels which greatly assists medium term financial planning. However, with funding only increasing by 1.7% from 2011/12 to 2014/15 this represents a significant real terms reduction given the current and anticipated inflation levels.

Council Tax

In accordance with Objective 6 of this Financial Strategy, the plan has been prepared within the context of a commitment to the Scottish Government that a Council Tax freeze will be in place over the three years to 2012 to 2015.

Inflation Rates and Pay Increases

The medium term plan makes provision for inflation and pay awards as follows :

Inflation : increases have been specifically provided for employers national insurance and superannuation together with utilities and other contractual commitments. A general inflation uplift of 3% has been applied to other non-staff costs. An allowance has also been made for an increase in National Insurance contribution rates from 2014/15 as a result of the potential ending of the current contracting out arrangements.

Pay Awards : The current pay freeze has been reflected in the 2012/13 budget. Thereafter, increases have been built in for 2013/14 and 2014/15 based on the current estimated GDP deflator. It is noted that the UK Government have suggested that pay increase be capped at 1%, and the Scottish Government indicate that modest increases would be applicable over this period. Pay award settlements below the sum provided will have a positive impact on the budget gap indicated in Section 3.

Charges

Charges for services, with the exception of school meals, have been increased by 3% in line with the inflation provision on costs.

Interest Rates

The Council has borrowed to fund capital investment in priority services in previous years and provision has been made in the plan to fund the ongoing borrowing costs. The Council's Investment Strategy is to minimise new borrowing during the medium term financial plan and this strategy assists in stabilising borrowing costs over this period.

The Council earns interest by lending surplus cash balances for short periods. The Medium Term Plan assumes that the Council will hold cash balances averaging £15m and will earn interest at 1.7%. The amount earned will clearly be affected by changes in interest rates and fluctuating cash balances.

Change Funds

The Scottish Governments' introduction of change funds supporting Health & Social Care, Early Years and Criminal Justice suggests that cash contributions may be required from the Council. The budget assumptions build in a provision for contributions pending clarity on the operation of the funds.

Risks

The individual components of the Council's Financial Strategy have been developed with due regard to the potential financial risks facing the Council. Risks may be identified both in terms of *specific funding issues* and in terms of the *process* by which the Council's budget is prepared, monitored and made subject to scrutiny. As set out within this strategy, the Council has placed increasing emphasis on ensuring that the risk that the budget and planning processes are not aligned is addressed.

Other significant financial and process risks addressed in developing the Medium Term Financial Plan are considered below.

Equal Pay: The Council has an approved strategy for managing the financial risks associated with potential equal pay claims and provision has been made to meet the anticipated costs. Significant progress has been made in settling known claims. It is, however, recognised that Equal Pay is an area of particular uncertainty in terms of its potential impact upon the Council's finances.

Balances: There are significant risks inherent in the Medium Term Plan for the reasons summarised above. A number of key items in the plan cannot be estimated with accuracy and the figures in the plan assume that significant savings will require to be made. In this situation it is essential to maintain sufficient balances, not only to deal with unforeseen events but also to cover the potential risk of not achieving the savings required.

8. CAPITAL PLAN

The Capital Plan is the key vehicle for developing long term change to deliver the key priorities and corporate objectives of the Council as demonstrated through the individual asset management plans. Work is progressing to develop an all embracing Corporate Asset Management Plan.

The Capital Plan addresses the following key issues :

- a) prioritisation in line with the key priorities and corporate aims
- b) affordability of funding
- c) integration of capital and revenue decision making
- d) framework for managing and monitoring.

Prioritisation Methodology

The Council established a cross party member and officer Capital Investment Forum (CIF) in September 2011, in order to provide a sustainable approach to capital investment in the future. Early meetings of the CIF have been reviewing and agreeing broad classifications and priorities for the Council in the medium to long term with a view to incorporating them within a Corporate Asset Management Plan

The CIF is also reviewing and updating the current prioritisation process for new capital bids. This will ensure that Members and Officers can focus on corporate priorities when formulating spending proposals and ensures that any resources available can be allocated in the context of the Council's priority needs.

The Council budget in Feb 2012 approved additional funding of £6.567m over the three years 2012/13 to 2014/15 primarily to tackle backlog improvements in property and roads assets but also includes provision to upgrade the 3-12 school estate and to develop core IT systems. The funding of these areas are therefore likely to become a higher priority in future financial plans. The current approved programme will be reviewed on completion of the CIFs work to establish appropriate asset strategies for IT and Fleet in advance of the Corporate Asset Management Plan. Following the completion of this work a rolling five year capital plan will be established.

Affordability of Funding

Financing the Capital Programme for the Future

Resources to fund capital spending are provided from the Scottish Government in the form of a 'general' capital grant. In addition other external grants and contributions are sought. The grants and contributions provided by other external agencies are often specific to an individual scheme and cannot be used for any other purpose by the Council. Council funding in the form of capital receipts, borrowing, and contributions from revenue sources can make up the balance of resources. In practice, over the period of this Financial Strategy, capital receipts are mainly earmarked to repay debt associated with the Councils Secondary Schools PPP scheme, and revenue constraints prohibit the practical funding of capital contributions. Hence, the financing of the capital programme is restricted to borrowing and capital grants. The Councils Borrowing and Investment strategy is focused on achieving an overall reduction in the Councils external debt levels, whereby any new borrowing is restricted to a level at or below the budgeted repayments of principal debts.

In moving towards a 5 year capital programme it is important to review options for the funding of a programme that will meet Corporate Priorities over a 5 year period and beyond.

Integration of Capital and Revenue Decision Making

The Prudential Code

Under the Prudential Regime, which has operated since April 2004, the Council has the responsibility to demonstrate that its capital investment programme is affordable, prudent and sustainable. The Prudential Code requires that this is done by calculating specific indicators for capital expenditure, capital financing requirement and authorised and operational limits on its external debt. The Prudential Indicators for 2012/13 to 2014/15 were approved by Council on 9th February 2012.

Whilst current economic conditions have led to low interest rates and limited capital receipts, options for borrowing are constrained by our strategy to reduce levels of external debt. Therefore any borrowing will need to be demonstrated as being affordable and lead to economic or financial benefits.

Revenue Implications

The revenue implications of funding the capital programme are the loss of interest receivable from the use of internal balances and/or increases in repayments of principal and interest payable on additional external borrowing.

Any expansion of the capital programme beyond the constraints of our Investment Strategy will require the use of additional borrowing, with the consequent revenue cost impact upon the Medium Term Financial Strategy.

It is recommended that the Council can use borrowing to fund capital investment as follows :

- to fund Invest to Save schemes, based upon sound business cases/risk assessment.
- to fund schemes that deliver clear economic benefits where it can be demonstrated that the borrowing is affordable.
- in accordance with the Treasury Management Strategy limits and associated Prudential Code.

Framework for Managing and Monitoring the Capital Programme

The Statutory Finance Officer (Director of Finance and Corporate Services) has overall responsibility for the preparation and monitoring of the Council's capital programme and for reporting the outcome to Council and Scrutiny Committee. The process involves :

- Reviewing the capital programme annually.
- Reviewing the current and estimated future availability of external earmarked funding and other opportunities for obtaining or bidding for additional capital resources.
- Prioritising and appraising any new proposals against agreed corporate criteria.
- Preparing the Council's capital programme, strategy and consultation process.
- Monitoring progress in achieving the capital programme objectives.
- Ensuring that the outcomes of expenditure and investment are reported to Scrutiny Committee.
- Issuing corporate guidance to ensure that there is a consistent approach across all service areas.

The work of the Capital Investment Forum will assist the process of reviewing and shaping the capital programme medium and long term plan.

9. BALANCES AND RESERVES

Recommendations on the use of Revenue Reserves within the Financial Strategy are the subject of the annual report to the Council when it sets its budget. In February 2012 the Council established a policy of seeking to retain uncommitted non-HRA Revenue Reserves at a minimum of 3% of budgeted net expenditure. Based upon the final approved Net Revenue Budget for 2012/13 of £120.543m, the minimum level of uncommitted Reserves which it is recommended that the Council retain is therefore £3.6m.

The uncommitted General Fund Balance as at 31 March 2012 is £7.567m. In setting the 2012/13 Revenue Budget, the Council has agreed to utilise £2.022m of reserves to support expenditure plans. This will result in uncommitted reserves sitting at a level of £5.545m which is in excess of the minimum level, and represents a figure of 4.6% of net expenditure.

10. CONCLUSION

This Financial Strategy sets out a range of proposals regarding the management of resources and delivery of priorities over the three years of the current spending review period 2012/13 to 2014/15.

The Strategy is underpinned by seven key objectives, which are set out within Section 5 and these are supported by the detailed action plan (Appendix D). The Executive Summary highlighted the main proposals and recommendations.

The process of developing and improving Medium Term Financial planning is ongoing. The previous Financial Strategy (2010-2013) approved in December 2009 established the framework for ensuring a strong financial base that delivers priorities. A considerable amount of work has been done during this period in refining financial planning processes, and we will continue to seek further improvements going forward.

As far as possible, the plan anticipates future needs and recognises the financial uncertainties, risks and challenges faced by the Council. Development of rigorous financial monitoring and plans for project management processes are being dealt with. The Council aim to ensure it holds balances and reserves that are considered adequate without being excessive.

Consequently, Clackmannanshire Council now has in place a sound Medium Term Financial Strategy and a robust financial plan that is designed to support the delivery of the targets in the Corporate Plan and meet the Council's Objectives.

Clackmannanshire Council Summary

	Base Budget 12/13	Savings Total	Budgetary Pressures	Inflationary pressures	2012/13 Budget	2012/13 Additional Political Priorities	Final Budget 2012/13		2013/14 Additional Political Priorities	Indicative Budget 2013/14		2014/15 Political Priorities	Indicative budget 2014/15
	£'000	£'000	£'000	£'000	£'000	£'000	£'000					£'000	£'000
Service													
Support Services	5,934	(19)	175	0	6,090	0	6,090		0	6,127		0	6,392
Strategy and Customer Services	6,619	(285)	5	0	6,340	0	6,340		0	6,508		0	6,734
	12,553	(304)	180	0	12,429	0	12,429		0	12,636		0	13,126
Less Allocated to Non General Fund Services	(1,749)	0	0	0	(1,749)	0	(1,749)		0	(1,749)		0	(1,749)
	10,804	(304)	180	0	10,680	0	10,680		0	10,886		0	11,377
Facilities Management	22,679	(396)	433	695	23,410	395	23,805		(300)	24,848		0	26,333
Social Policy	25,898	(633)	0	385	25,651	100	25,751		(100)	26,679		0	27,688
Education	34,464	(181)	0	0	34,283	0	34,283		0	35,513		0	36,768
Community and Regulatory	8,353	(222)	414	56	8,601	0	8,601		0	9,018		0	9,530
PCU's	(1,058)	0	162	0	(897)	0	(897)		0	(624)		0	(331)
Corporate Adjustments	386	(150)	0	100	336	135	471		0	1,241		0	3,204
Misc Services - Non Distributed Costs	1,081	0	0	52	1,133	0	1,133		0	1,188		0	1,246
Service Expenditure	102,607	(1,886)	1,188	1,288	103,197	630	103,827		(400)	108,749		0	115,814
Add Requisitions from Joint Boards													
Central Scotland Police	3,883	0	0	0	3,883	0	3,883		0	3,883		0	3,883
Central Scotland Fire	2,486	0	0	0	2,486	0	2,486		0	2,486		0	2,486
Central Scotland Valuation	394	0	0	0	394	0	394		0	405		0	419
	109,369	(1,886)	1,188	1,288	109,960	630	110,590		(400)	115,523		0	122,602
Add / (Deduct)													
Interest on Revenue Balances	(160)	0	0	0	(160)	0	(160)		0	(280)		0	(1,157)
Loan Charges	9,443	0	0	0	9,443	0	9,443		0	9,382		0	10,123
Contribution to Bad Debt Provision	200	0	0	0	200	0	200		0	200		0	200
Contribution to Invest to Save Fund	500	0	0	0	500	0	500		0	0		0	0
	119,352	(1,886)	1,188	1,288	119,943	630	120,573		(400)	124,824		0	131,768
Sources of funding													
General Fund Revenue	(95,148)	0	(460)	0	(95,608)	0	(95,608)		0	(96,207)		0	(96,624)
Council Tax	(21,581)	0	0	0	(21,581)	0	(21,581)		0	(21,609)		0	(21,637)
Contribution from Uncommitted Reserves	0	0	0	0	0	(2,022)	(2,022)		0	0		0	0
Contribution from Earmarked Reserves	0	0	0	0	0	(1,362)	(1,362)		0	0		0	0
	(116,729)	0	(460)	0	(117,189)	(3,384)	(120,573)		0	(117,816)		0	(118,261)
Projected (Surplus) / Shortfall					2,754		(0)			7,008			13,507

Capital Programme 2012/15

Appendix B

		2012/13 incl c/f	2013/14 incl c/f	2014/15		Comments
	Funding Envelope	8700	8400	10000		
	Property Asset Management Plan					
	3-12 School Development (Primary & Nursery)	750	750	750		Current annual allowance
	Additional 3-12 School Development funding	750		1,000		additional funding to address backlog maintenance as insdicated in 2010 Property Asset Management Plan
	Cochrane Hall, Alva Refurbishment & Upgrading	10				retention
	Forthbank Waste Recycling Project & Accommodation Rationalisation	20				retention
	Alloa Town Centre Regeneration: Speirs Centre	1800	900	50		start on site June 2012.
	St Johns replacement school	400	3,000	900		start on site may / June 2013, complete June 2014, £100 retention in 15/16. Project attracts £4.1m SFT funding. Net Council contribution reflected in budget
	Town Hall			140		last phase of heating - 14/15
	Telecare	75	75	75		annual allowance for replacement equipment
	Tillicoultry Asset Plan: Conversion of family centre to community hub	370	10			part of agreed Tillicoultry Asset Management Plan - approved at Council Dec 2011
	Tillicoultry Asset Plan: Redevelop existing CAP/Library to housing	135	10			part of agreed Tillicoultry Asset Management Plan - approved at Council Dec 2011
	Purchase of Former Health Centre Site, Marshall, Alloa	150				£150,000 in 2011/12
	Alloa Gymnastic Club	37				capital contribution to facility development
	strategic investment in school estate - major single upgrade or replacement with external funding			2,000		future funding allocation to strategic property development - speculative match funding for equivalent SFT / HUB asset management funding
	Property Asset Management Improvements	100	100	400		addressing of backlog maintenance throughout estate other than those specifically mentoned elsewhere in plan
	Village/Town Centre initiative	250				phase 1 Sauchie
	CCTV	81				C/F 2011/12
		4,928	4,845	5,315		
	Roads Asset Management Plan					
	B9140 Realignment of Bends (Collylands to Fishcross/Maggies Wood)			600		Total cost of £1.1m, 15/16 balance of £500,000
	Roads asset management: replacement road, footways, street lighting and bridge strengthening	1,400	1,500	1,600		
	Flood Prevention	50	50	700		Preliminary work and match funding in 2014/15 for tillicoultry flood prevention scheme. Balance of £1,500,000 in 15/16 (£700,000)

Capital Programme 2012/15

Appendix B

		2012/13 incl c/f	2013/14 incl c/f	2014/15		Comments
	Funding Envelope	8700	8400	10000		
		1,450	1,550	2,900		
	Land Asset Management Plan					
	Black Devon Landfill Gas Collection & Treatment Project	260	5			c/f
	landscape partnership	113				match funding
	Contaminated Land	53	53	53		Required to investigate and address contaminated land portfolio
	Cemeteries Strategy	60		200		Woodland Burial site £60,000(12/13), Dollar - £200,000 (14/15)
	Footpath - Mill glen, Tillcoultry	75				
	Parks, Play Areas & Open Spaces	50	50	50		
		611	108	303		
	Fleet Asset Management Plan					
	Wheeled Bins and public realm bins	30	30	30		
	Vehicle Replacement Programme	750	1,400	718		based on 5, 7 and 10 year replacement strategy. 12/13 investment to include a number of eco vehicles inc cars and vans
	Zero waste plan vehicles	60	60			net of expected grant
		840	1,490	748		
	IT Asset Management Plan					
	IT Services	327	235	372		as per hardware / software replacement programme
	Additional IT funding for major core systems	250				
		577	235	372		
	Capital Contribution to Police Board	150	138	203		
	TOTAL PROGRAMME	8,556	8,366	9,841		
	Balance below funding envelope	144	34	159		
		8,700	8,400	10,000		

HOUSING REVENUE ACCOUNT SUMMARY

Appendix C

	Original Budget 2011/12	Projection Oct 2011 2011/12	Draft budget 2012/13
REPAIRS & MAINTENANCE			
Private Contractors & Land Services	418,460	354,685	350,000
Void Houses	1,032,940	1,096,696	1,060,000
General Maintenance	2,172,610	2,015,658	2,111,000
Cyclical Maintenance	763,580	680,650	680,000
Gas Contract	366,100	364,315	360,000
Minor Social Work Repairs	20,920	31,000	21,000
	4,774,610	4,543,004	4,582,000
SUPERVISION & MANAGEMENT			
Staff Costs	2,244,230	1,886,313	2,174,072
Premises	25,190	24,307	23,880
Transport	51,480	39,129	50,960
Supplies & Services	269,930	257,553	241,130
3rd Party Supplies	150,000	230,511	150,000
Support Services	1,531,050	1,691,515	1,612,000
Gross S&M	4,271,880	4,129,328	4,252,042
Income	(168,800)	(135,664)	(168,800)
Net Supervision & Management	4,103,080	3,993,664	4,083,242
Capital Financing	3,328,950	3,093,224	3,487,783
OTHER EXPENSES			
Insurance	250,000	230,000	250,000
Stair Lighting	10,620	7,860	10,620
Void Rent Loss	327,550	331,708	327,550
Grounds Maintenance	62,020	0	0
Garden Aid Scheme	102,020	104,000	102,020
Special Uplifts	127,590	115,000	127,590
Pest Control	12,690	11,200	12,690
Contributions to Bad Debts	191,880	191,880	191,880
Miscellaneous	10	45	10
Council Tax on Empty Properties	7,780	7,780	11,280
	1,092,160	999,473	1,033,640
Gross Expenditure	13,298,800	12,629,364	13,186,665
INCOME			
Rents	(14,680,820)	(14,741,458)	(15,763,704)
Other Income (Garage Sites, Shops)	(40,590)	(40,195)	(40,500)
Interest on Revenue Balances	(34,780)	(34,780)	(34,780)
	(14,756,190)	(14,816,433)	(15,838,984)
Net Expenditure	(1,457,390)	(2,187,069)	(2,652,319)

			Total Revised Budget 2012/13	2013/14	2014/15
Housing Capital Programme 2012-2017	2011/12 Carryover	2012/13 Requirements			
SHQS ELEMENTS					
Primary Building Elements					
Structural Works	0.00	50,000.00	50,000.00	50,000.00	50,000.00
Secondary Building Elements					
Damp Proof Course and Rot Works	0.00	25,000.00	25,000.00	21,000.00	21,000.00
Roof/Rainwater/External Walls	222,265.00	413,000.00	635,265.00	413,000.00	505,000.00
External Doors	0.00	6,000.00	6,000.00	0.00	0.00
Windows	0.00	0.00	0.00	71,000.00	180,000.00
Energy Efficiency					
Full/ Efficient Central Heating	1,402,081.00	437,000.00	1,839,081.00	690,000.00	437,000.00
Modern Facilities & Services					
Kitchen Renewal	311,920.00	154,000.00	465,920.00	154,000.00	153,000.00
Bathroom Renewal	721,050.00	1,466,000.00	2,187,050.00	2,945,000.00	2,796,000.00
Health Safe & Secure					
Safe Electrical Systems	78,550.00	373,450.00	452,000.00	229,200.00	218,547.00
CO Detectors	0.00	0.00	0.00	80,000.00	0.00
External Works: Fencing, Gates Paths	0.00	0.00	0.00	59,436.00	20,220.00
Secure Door Entry Systems	0.00	110,000.00	110,000.00	63,000.00	63,000.00
NON SHQS ELEMENTS					
Conversions & Upgrading	0.00	300,000.00	300,000.00	500,000.00	50,000.00
Disabled Adaption Conversions	0.00	50,000.00	50,000.00	50,000.00	50,000.00
External Lead Pipe Replacement	0.00	50,000.00	50,000.00	0.00	0.00
Demolitions	5,000.00	0.00	5,000.00	0.00	0.00
Feasibility Work	0.00	20,000.00	20,000.00	20,000.00	20,000.00
Council Housing New Build Alva & Tullibody	434,000.00	1,434,643.00	1,868,643.00	47,465.00	0.00
Council Housing New Build Hallpark	0.00	322,000.00	322,000.00	0.00	0.00
Housing Business Management System	0.00	265,000.00	265,000.00	265,000.00	0.00
Other Costs Contingency (5%)	0.00	0.00	0.00		
Total	3,174,866.00	5,476,093.00	8,650,959.00	5,658,101.00	4,563,767.00
Estimated House Sales (per Business Plan)			(814,000.00)	(798,000.00)	(781,000.00)
Estimated CFCR			(3,500,000.00)	(1,871,000.00)	(966,000.00)
Projected Borrowing			4,336,959.00	2,989,101.00	2,816,767.00

ACTION PLAN FOR ACHIEVEMENT OF OBJECTIVES

Objective	How We Will Achieve It	Timescales	Lead Officer
1. Budgets are Prudent and Sustainable in the Long Term	Adequate provision is made for inflation, pressures, pay awards and new legislation	Reviewed annually during budget preparation process	Director of Finance and Corporate Services
	The revenue budget is not supported on an ongoing basis by one off savings, or any significant use of reserves	Reviewed annually during budget preparation process	Director of Finance and Corporate Services
	Effective budget monitoring to ensure early identification of issues and action planning	Reports to Scrutiny Committee and CMT and monthly reporting to Managers	Accountancy Manager
2. Financial Plans Recognise Corporate Priorities and Objectives	Additional investment and savings proposals assist delivery of corporate priorities	Reviewed annually during budget preparation process	Director of Finance and Corporate Services
	Local and national targets are considered	Reviewed annually during budget preparation process	Director of Finance and Corporate Services
	Long term vision and objectives are considered	Reviewed annually during budget preparation process	Director of Finance and Corporate Services
	Provision within financial planning figures for growth and contingency amounts are based on perceived risk	Reviewed annually during budget preparation process	Director of Finance and Corporate Services
	Review capital prioritisation process / option appraisal	Ongoing, reviewed through the	Director of Finance and Corporate

		work programme of Capital Investment Forum	Services
3. Significant Risks are Identified and Factors to Mitigate Against Those Risks are Identified	Risk management is embedded in corporate and service planning	Reviewed annually through Annual Governance Statement	Heads of Service
	Financial risks are specifically considered on an ongoing basis, and specifically reflected within the Financial Strategy.	Ongoing, reviewed on six monthly basis through corporate risk log	Director of Finance and Corporate Services
	High risk areas are targeted when setting budgets and monitored closely throughout the year.	Reviewed annually during budget preparation process, and ongoing through budget monitoring process	Director of Finance and Corporate Services
4. The Capital Programme is Planned Over a 5 Year Period, with "Unsupported" Borrowing Minimised, Other Than Where There are Clear Financial or Economic Benefits to the Council	Unsupported borrowing is minimised, ensuring capital programme is sustainable and does have unaffordable revenue implications	Reviewed annually during budget preparation process, and ongoing through the work programme of Capital Investment Forum	Director of Finance and Corporate Services
	Development of a 5 year rolling capital programme, and use of unsupported borrowing only on an invest to save basis or where clear economic benefits can be demonstrated.	Ongoing, reviewed through the work programme of Capital Investment Forum	Director of Finance and Corporate Services

5. Constraints on Capital and Revenue Resources, Including the Uncertainties Around Future Government Funding, are Recognised and Taken Into Account	Financial Strategy is realistic and corporate awareness of constraints on Council funding	Ongoing, reviewed through regular budget strategy update reports	Director of Finance and Corporate Services
6. Council Tax Increases will be Kept to a Minimum within constraints agreed with Scottish Government	Review this source of funding following the ending of current council tax freeze agreement.	Review in advance of 2015/16 budget planning	Director of Finance and Corporate Services
7. Prudent Levels of General Balances, Reserves and Contingencies are Maintained in the Context of an Assessment of the Risks Facing the Council	Annual review of reserves, linked to corporate priorities and treasury management implications	Reviewed annually during budget preparation process	Director of Finance and Corporate Services

