

Appendix 2 – Medium Term Financial Strategy 2018/19 to 2021/22

In planning its future budgets, the Council will adopt an organisational model of the 'Entrepreneurial Council'; the Council will aim to deliver services through a variety of commercial and non-commercial vehicles designed to offer service managers the freedom to grow and expand services through innovation, trading, and selling spare capacity into other non-traditional markets in order to maintain and improve the provision of services to existing customers.

Revenue

1. The detailed budget will be prepared with an allowance for a pay award, but with no allowance for general inflation unless there is a contractual agreement. Each year, members will determine a guideline increase for fees and charges.
2. To conduct a business planning exercise to direct resources to meet council priorities, as set out in the council's corporate plan, and to consider bids for growth with reference to the strategic priorities set out in the corporate plan.
3. To produce an outline budget for a rolling 4 year period.
4. To develop the council's transformation programme (approved by the Joint Scrutiny Committee on 17 November 2015), to ensure a package of measures is available to balance the budget over the medium term, ensure a long term sustainable financial future for the council and sound financial governance. The transformation programme will include:

Efficiencies, Savings & Service Transformation	Income Generation or Commercialisation
Recruitment and Retention – train our own: greater use of apprenticeships, trainee schemes and social enterprises in service delivery	Sale of services (e.g., Building / Garden Maintenance) to other organisations / general public
Implementation of the customer services strategy	Rationalisation of and investment in the Council's property assets, in particular its industrial estates to increase utilisation, promote economic development, and increase both rental and business rates income
Invest to Save – Digital technology, automation of services and self-service through web/ app	Undertake major regeneration projects and economic development projects to generate an increase in business rates, capital receipts and revenue rental income
Possibility to develop shared service or commercialisation / trading options:- e.g., Community Meals, Community Services, Regulatory services, Asset Management, Legal, IT, Finance, Audit & HR	
Electric Theatre Review	Museum Review

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Build capacity within the community to support themselves through voluntary and community groups: reduce reliance on the Council	Grow North Downs Housing Ltd (the Council's wholly owned housing company) to increase the provision of homes of all tenures in the borough
Continuation of Fundamental Service Review / Lean Review programme to review options for each individual service	Invest to Save - Energy Management review & Community Energy Scheme
Vacancy review	Fees and Charges / Income Review

5. To develop an income generation strategy and corporate charging policy to review and consolidate the different service level charging policies, and conduct a rolling detailed review of all fees and charges, to ensure that those who can pay the full cost a service do so.
6. Supplementary estimates will only be approved in exceptional circumstances; we will firstly seek to identify savings as a means of meeting additional costs or bids for additional expenditure and then look to utilise virements if we cannot find savings.
7. A working balance, currently £3.75 million, will be retained and will be assessed for reasonableness on a regular basis as part of the final accounts process.
8. All items of expenditure, even if funded by a grant from a third party must have an approved capital or revenue budget. Where a specific grant is received, the expenditure must be approved; any under spending is returned to the general reserve and not left as a contingency in the service budget.
9. Any under spending on grants will be treated as an under spend and not carried forward for spending in the following year unless the grant has a specific condition attached to it.
10. To spend the New Homes Bonus grant as set out in the Council's New Homes Bonus Policy adopted by the Council at its meeting on 10 February 2016
11. To utilise the Council's invest to save earmarked reserve to pump prime any investment required under the Council's transformation programme to achieve savings. The Council will also investigate the flexible use of capital receipts should the resources available in the invest to save reserve be insufficient to pump prime investment.
12. As part of our Corporate Plan, we will undertake the redevelopment of key parts of our town centre during the business plan period. During the redevelopment schemes, we expect that our income from business rates will fall. As a result, we anticipate contributing our share of business rate levy into the business rate reserve, to offset future reductions. During the development phases of the projects, we will transfer funds from the reserve to support the revenue budget. Once developments are completed, we should experience a growth in business rates.
13. To commit to pooling a share of the future revenue generated from council tax and business rates growth arising from the Council's Proposed Submission Local Plan to finance investment in infrastructure.
14. To transfer the majority of any underspend achieved at the end of each financial year to a combination of the invest to save earmarked reserve and the budget pressures earmarked reserve to offset future service growth pressures and pump prime transformation projects.

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Capital

10. A single capital programme will be prepared each year over a 4/5 year rolling period as part of the detailed budget process, so that the impact of decisions on the capital programme will be considered as part of the budget process. The capital programme will include both approved and provisional schemes so that we can clearly see the impact of our future capital requirements.
11. A 10-year capital strategy or vision will be prepared to include the impact of some of our long term strategic regeneration projects.
12. We will review each year how the capital programme is to be financed in relation to capital receipts, revenue or earmarked reserves.
13. The council will consider whether it is appropriate to borrow to fund large capital schemes: in doing so it will consider the impact on the budget and the cost of early repayment.
14. In planning our capital expenditure we will only take account of future capital receipts where there is a reasonable degree of certainty about their receipt.