Financial Strategy 2010/11 to 2014/15 – refreshed 2013/14

1. Purpose

The purpose of the Financial Strategy is to set out how the Council intends to finance its services and priorities and the principles upon which the medium term financial plan and the capital programme are based.

2. Introduction

The County Council first approved a Financial Strategy in October 2002. The strategy has been updated on an annual basis to reflect the five year medium term planning period, with major revisions in 2005/06 and 2010/11 reflecting the start of new administrations. Given the significant changes to the financial landscape it was felt appropriate to refresh the latest strategy, however, a fundamental review will be conducted next year to coincide with the new administration.

3. Corporate Plan

The financial strategy underpins the development of the Medium Term Financial Plan (MTFP) which in turn forms an integral component of the Corporate Plan. Our forward planning process, the Service & Resource Planning process, ensures resources are allocated in accordance with the Council's objectives and priorities.

Our overall ambition is to deliver "A Thriving Oxfordshire". By this we mean a county where:

- businesses have the opportunity to start up, to succeed, and to expand
- where people are able to access the opportunities they need in education, employment, and leisure to lead happy and fulfilled lives and achieve their ambitions
- communities are healthy, vibrant and active.

We want Oxfordshire to continue to be recognised as a great place to live, and as a county which combines the best of the past with a clear vision for the future. We aim to deliver the best outcomes for today, and for tomorrow. In working towards our overall ambition, we will deliver efficient and reliable services, and help people to help themselves.

We have identified three strategic objectives which make up what we want to deliver.

- Building a world class economy
- Supporting healthy and thriving communities
- Enhancing the environment

4. How we will manage our finances?

Our financial planning reflects:

- the allocation of sufficient funding to resource our key strategic priorities;
- the need to fund adequately our core service requirements;
- our commitment to council tax payers;
- the reducing level of financial support from Government;
- our ongoing commitment to achieve efficiency savings to ensure improved value for money and service provision.

5. Meeting our pressures and priorities

- Savings targets will be issued by Directorate for each year of the MTFP. This will provide resource (which may be reallocated) to fund priorities and any unavoidable financial pressures which arise in this period;
- Additional spending arising from policy choices will be funded from compensating savings;
- Additional one-off income generated will be used to fund one-off spending pressures or priorities.

6. Efficiency savings and efficiency strategies

- Oxfordshire's Business Strategy set out the overarching strategy. This Strategy was last updated in June 2010, and will also be reviewed by the new Administration.
- Each Directorate has produced a Directorate Business Strategy which sets out their broad approach to business improvement and efficiency. These are refreshed annually.

7. Balances

- Balances will be maintained at a level commensurate with identified risks, based on an annual risk assessment. The risks reflect unplanned or unforeseen events such as severe weather, and will also need to reflect the additional uncertainties of the new Government financial regime which increases risk and reward for Local Government.
- Any income which is fortuitous to the Council will be added to balances.

8. Reserves

- Reserves will be held for specified purposes only and reviewed on an annual basis.
- New reserves require approval by the Cabinet.

9. Use of grant funding

- The use of general grant funding for both revenue and capital will be maximised.
- Where grant bids are required, these need to be linked to council objectives.
- Exit strategies are required for grant bids and relevant grant funding.

10. Carry Forward arrangements

- Revenue overspends will only be allowed to be carried forward where there is a clear plan or rationale for recovering the overspend and should be the first call against any underspends within the Directorate.
- Requests to carry forward revenue underspends which cannot be demonstrated to be an acceptable use or where there is no clear timetable for spend will not be approved.
- Carry forwards which are not approved will be added to the Efficiency Reserve.

11. Invest to Save

- Resources provided through the Efficiency Reserve are available to provide pump-priming resources for change management initiatives.
- Invest to save opportunities for capital projects offered through Prudential Borrowing will be accepted.

12. Managing our Resources Effectively

- Continue to ensure that Directorates manage their budgets effectively in-year.
- Financial management roles and responsibilities are transparent and embedded across Directorates.
- Financial literacy is actively promoted throughout the organisation.
- Effective financial controls are in place in all areas of financial management, risk management and asset control.

13. Related Strategies

Strategies related directly to the Financial Strategy are the Procurement Strategy, the Capital Strategy and the Corporate Asset Management Plan, the Treasury Management Strategy Statement and Annual Investment Statement and the Minimum Revenue Provision policy statement:

- The Procurement Strategy sets out how we achieve value for money and efficiencies in our procurement of goods and services. It sets out the way we manage our contracts to ensure that we extract greater value add during contracts using performance measures, that we work effectively through key supplier relationship management plans and that we ensure procurement plans are in place for forthcoming procurement activity. Procurement procedures and requirements are set out in the Contract Procedure Rules forming part of the Constitution.

- The Capital Strategy sets out our capital investment plans and explains how capital investment contributes to the Council's Vision and Priorities within the Corporate Asset Management Plan. It demonstrates how the Council prioritises, targets and measures the performance of its limited capital resources. It also shows how the Council intends to maximise the value of its investment to support the achievement of its vision and priorities. It provides the framework for determining capital spending plans and the effective use of the Council's limited capital resources.

- In accordance with the Local Government Act 2003, The Prudential Code for Capital Finance in Local Authorities (2011), The Treasury Management Code of Practice (2011), DCLG Investment Guidance, and incorporates the Annual Investment Strategy for 2013/14. the Treasury Management Strategy sets out the Authority's strategy for borrowing to ensure that the Council's capital investment plans are affordable, prudent and sustainable.

- The Annual Investment Strategy sets out the Council's policies for managing its investments and for giving priority to the security and liquidity of those investments.

- The Council is required by statute to charge a Minimum Revenue Provision (MRP) to the General Fund Revenue account each year for the prudent repayment of debt. The MRP Policy Statement sets out our policy on the annual MRP.