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| Item No. 12. | Classification: Open | Date: 21 June 2011 | Meeting Name: Cabinet |
| Report title: | | Medium Term Resources Strategy (MTRS) 2011/12-2013/14 | |
| Ward(s) or groups affected: | | All | |
| Cabinet Member: | | Councillor Richard Livingstone - Finance, Resources and Community Safety | |

FOREWORD - COUNCILLOR RICHARD LIVINGSTONE, CABINET MEMBER FOR FINANCE, RESOURCES AND COMMUNITY SAFETY

This report sets out the Council's proposed Medium Term Resources Strategy (MTRS) for the next three years, which provides a framework for how the Council will manage its resources over that period.

There are a number of important changes from previous years to the proposed MTRS. The most important is the context of the significantly different financial environment that the Council faces over the forthcoming period. The Department for Communities and Local Government has told us that its funding to us this year has reduced by £34m and will fall a further £17m next year. We do not have any clarity on the scale of the anticipated further reductions in 2013/14. These circumstances require us to go further to ensure that we are getting the best possible value for money from how we utilise the Council's resources.

Another key change is the relaxation of government requirements within the strategy. This has enabled the Council to propose a strategy that is more fitted to Southwark's own requirements. As a result, the strategy is both more integrated with the Council Plan than in previous years and the Council's vision of a Fairer Future For All in Southwark plays an important role.

This MTRS also has greater breadth than in previous years. It includes a section recognising the important role that the voluntary and community sector carries out as a resource in the development and delivery of local services. It also emphasises the importance of a Contracts and Procurement strategy that reduces costs, secures value for money and improves services. It is a strategy that encompasses our approach to not only our financial management and controls, but also to our assets, to our workforce and to our use of technology.

RECOMMENDATION

That Cabinet:

1. Agrees the refreshed Medium Term Resources Strategy to provide the framework for the management of the Council's resources over the next three years (2011/12 to 2013/14).

BACKGROUND INFORMATION

2. On 21 December 2010 the Cabinet received and noted a draft MTRS for 2011-14. At that time Cabinet asked that further work be undertaken in developing the MTRS, not least because of the scale of change that would be required as a result of decisions made through the Council's overall budget setting process.
3. The purpose of the MTRS is to enable the Council to make best use of financial, human, technological and other resources available and to enable the continued provision of value for money services that meet the needs of residents, businesses and other stakeholders.
4. The scale of local government grant reduction and therefore level of savings to be achieved by the Council in the next three years is unprecedented. Strengthening and updating the MTRS is therefore both timely and essential to ensure that the Council continues to achieve value for money for council tax payers and provides a fairer future for all residents. Most importantly the MTRS will provide a key reference point for the new Council Plan.
5. This report now sets out a final MTRS for 2011/12 to 2013/14 (Appendix 1).

KEY ISSUES FOR CONSIDERATION

6. Council services that support all major policy objectives and priorities as set out in the Council Plan are delivered using any number of a range of different resources.
7. This year's MTRS 2011/12 - 2013/14 has been developed in the context of a considerably different financial environment to previous years. The Council now operates under significantly different funding arrangements, with a two year funding settlement providing greater levels of uncertainty going forward.
8. This MTRS recognises the importance of integrating the voluntary and community sector into the development and delivery of local services. It also emphasises the importance of a Contracts and Procurement strategy that reduces costs, secures value for money and improves services. This MTRS is more broadly based, focussing on securing local objectives articulated in 'A Fairer future for all' and is more integrated within the objectives of the Council Plan 2011 - 2014.
9. As an organisation with a £1billion turnover it is important that the Council has an effective framework in place within which to manage its resources. The key resources are:
 - **Financial** - *our resources are limited, we must manage within agreed budgets, have effective financial controls in place and plan for the long term so that we can be trusted to spend public money wisely and well.*
 - **Workforce** - *our most important resource is our people, we want to remain an employer of choice and have a workforce that is equipped with the skills necessary to provide quality services now and in the future.*

- **Assets** - *our corporate property portfolio must be appropriate, fit for purpose and affordable and we must use the Council's estate effectively to achieve better quality services across the borough.*
 - **Voluntary and Community Sector (VCS)** – *the VCS is rich and diverse, we must work in collaboration with the VCS to shape the services our residents use and to support the local community in improving the lives of many in the borough.*
 - **Contracts and Procurement** – *procurement is a key part of service management and successful outcomes to procurement are essential in supporting the delivery of quality services and controlling and limiting the costs of contracts.*
 - **Technology** - *technology provides us with the key opportunities to deliver high quality, universal services that are easily accessible on-line and get it right first time.*
10. There will always be a high demand on each of the key resources described above and there are difficult choices to make on the deployment of such resources. The MTRS therefore provides an essential organisational management tool to ensure resources are effectively spent on things that are identified as being important including those things that we must do to deliver our statutory obligations.
11. The MTRS will be reviewed regularly and refreshed annually. This is to ensure that it remains fit for purpose and continues to provide the means within which to manage the resources we currently have, and plan for the future with confidence.

Community impact statement

12. The report is judged to have no or little impact on the community in itself. However decisions taken as a result of agreement of the strategy and associated actions will need to be assessed in accordance with local policy requirements.

SUPPLEMENTARY ADVICE FROM OTHER OFFICERS

Strategic Director of Communities, Law & Governance

13. The Constitution provides that the Cabinet consider aspects of the control and regulation of the Council's finances. The Strategic Director for Communities, Law & Governance confirms that the three-year medium term financial strategy for 2011/12 to 2013/1314 is lawful. It satisfies the Council's duty under the Local Government Act 1999 which requires it to make arrangements to secure continuous improvement in the way its functions are exercised, by having regard to the combination of economy, efficiency and effectiveness.
14. It is in accordance with the duty under the Local Government Act 2000 to prepare a community strategy for promoting or improving economic, social, and environmental well being of the Council for the achievement of sustainable development.

BACKGROUND DOCUMENTS

| Background Papers | Held At | Contact |
|--------------------------------------------------------------------------------|---------------------------------------------------------------------------------------------------------------------|------------------------------|
| Cabinet Report: Policy and Resources Strategy 2011/12-2013/14 – revenue budget | Finance and Resources 160 Tooley Street http://www.southwark.gov.uk | Cathy Doran 020 7525 4396 |

APPENDICES

| No. | Title |
|------------|-------------------------------------------------------------------------|
| Appendix 1 | Southwark Council's Medium Term Resources Strategy (2011/12 to 2013/14) |

AUDIT TRAIL

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|-------------------------------------------------------------------------|-------------------------------------------------------------------------|--------------------------|--------------|
| Cabinet Member | Councillor Richard Livingstone, Finance, Resources and Community Safety | | |
| Lead Officer | Duncan Whitfield - Finance Director | | |
| Report Author | Stephen Gaskell – Business & Partnerships Manager | | |
| Version | Final | | |
| Dated | 10 June 2011 | | |
| Key Decision? | Yes | | |
| CONSULTATION WITH OTHER OFFICERS / DIRECTORATES / CABINET MEMBER | | | |
| | Officer Title | Comments Sought | |
| | | Comments included | |
| | Strategic Director of Communities, Law & Governance | Yes | Yes |
| | Finance Director | Yes | Yes |
| | Date final report sent to constitutional team | | 10 June 2011 |