

The Council's Financial Framework

The Council's **Financial Strategy** was agreed by the Executive on 30 June 2005 and it sets out the approach that will be taken in preparing the budget for the coming financial year.

The main elements of the financial strategy agreed to allow officers to prepare the draft Budget and Fees and Charges for 2006/07 were as follows:

- - inflationary increases be limited to those elements which carry a contractual obligation to adjust by inflation;
- - the revenue impact of new investments be limited to 2% increase in accordance with the provisions of the Prudential Code;
- - a minimum of 2% real term growth in discretionary fees and charges be sought, i.e. a target minimum increase of 4.4% in discretionary income;
- - efficiency and productivity savings be identified for 2006/07 with a view to being achieved prior to determining the Council Tax for 2006/07
- - an annual vacancy management savings target of £150,000 per annum be applied in 2006/07;
- - no increase in net revenue expenditure, unless unavoidably necessary, is likely to be approved for 2006/07;
- - options be identified to keep the Council Tax increase within reasonable bounds (4.5%).

The Executive will receive a further report on revisions to the Financial Strategy for 2006/07 and future years when the Government has announced its Provisional Revenue Support Grant settlement for 2006/07; and

The Executive also asked for options to be identified in the budget preparation to limit the Council Tax increase to headline inflation.