

INTRODUCTION

This booklet presents Cumbria County Council's expenditure plans for 2008-09 and beyond. This includes not just the Council's revenue and capital spending plans, but also the Council's efficiency statement 2008-09 'forward look', risk management policy, risk register and sensitivity analysis, and treasury management strategy. By bringing these together this document sets out the Council's overall medium term financial strategy.

The Council's revenue budget for 2008-09 was again prepared on the basis of the main themes in the Council Plan, with individual budget lines being presented under the theme to which they contribute most. In turn, the Council Plan was shaped in particular by the shared priorities in the revised Cumbria Community Strategy and the Local Area Agreement. So the approach is not just presentational. It targets resources to activities that support the priorities within each theme, and ensures that preparation of the budget is fully integrated with the development of the priorities, targets and actions in those themes, and connected to Cumbria-wide priorities. This ensures there are adequate resources to deliver priorities within a budget that is affordable. Details of priorities and targets are included in the Council Plan which can be viewed on the Council's website at:

<http://www.intouch.ccc/organisation/strategy/default.asp>

Allocations to individual budget lines are included in the tables, following the text for the revenue budget. As well as showing allocations for each theme, an analysis by Directorate is also included. This reflects management responsibilities and will form the basis for budget management during the year.

2008-09 is the fifth year in which the prudential system of local government capital finance applies. The Council has to determine the affordability and sustainability of its capital programme in the light of its overall resources and spending proposals. This takes account of Government support, the scope to generate receipts from sales, and the affordability of any borrowing not funded by Government. The prudential system tests that the cost of financing the capital programme is affordable based on the three-year budget projection.

2008-09 was the first year of a three-year finance settlement. This was announced in December following announcement of the government's spending review in the autumn. Unlike last year, this meant there was considerable uncertainty until December about the overall funding envelope, although the much better than expected settlement was welcome news when it was announced. But the settlement provides relative certainty about resources for 2009-10 and 2010-11, not just about revenue support grant, but also for most specific grants and capital allocations. This enables the Council to plan ahead for the following two years with more certainty than previously possible, and means that the projections for future years provide a sound starting point for future planning.

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