

BUDGET AND PERFORMANCE

Medium Term Financial Strategy Update

4TH April 2006

Report of the Head of Financial Services

PURPOSE OF REPORT To present the latest Medium Term Financial Strategy for scrutiny					
Key Decision	<input type="checkbox"/>	Non-Key Decision	<input type="checkbox"/>	Referral	<input checked="" type="checkbox"/>
Date Included in Forward Plan		N/A			
This report is public.					

RECOMMENDATIONS

- 1) That the Panel considers the latest version of the Medium Term Financial Strategy and considers if it wishes any further work undertaken.**

1. Introduction

The latest version of the Council's Medium Term Financial Strategy (MTFS) was approved by Council at its March 1st meeting as part of the 2006/7 budget report. A full copy of the strategy is attached.

The main purpose of the MTFS is to set out the key financial principles and targets that the Council is seeking to achieve, subject to various constraints and conditions. The strategy also sets out the policy/financial planning and budget setting processes that the Council will undertake in seeking to achieve these targets. These processes are designed to ensure that the council's policy objectives and spending demands are balanced against available resources, having regard to risk considerations and community needs. Overall, this supports the achievement of best value in providing services for local taxpayers whilst keeping Council Tax increases at a reasonable level.

2. Aims and Objectives

The aims and objectives of the MTFs are to:

1. provide a basis for informed decision-making across all Council policies and activities using risk management techniques
2. avoid volatile fluctuations in the provision of Council services and related annual levels of Council Tax
3. consult with stakeholders on a broad range of issues where appropriate
4. match resources both to demand and to Council priorities
5. achieve efficiency, effectiveness and economy in the use of the Council's resources, as required under Best Value and the Gershon Review of Public Sector Efficiency
6. protect front-line services as far as possible, whilst minimising administration costs
7. achieve maximum efficiency savings (see below) and, where acceptable, increase income
8. challenge traditional methods of service provision.

3. Key Targets

Typically the process has to address a funding gap between spending aspirations and the resources available and, consequently, how to achieve savings. However it also has to accommodate growth in demand for services, legislative changes and the costs of financing and implementing major projects. This can require a significant realignment of resources so that expenditure can be contained within budget and Council Tax increases can be set at an acceptable level.

The key targets in this respect are set out in Section B of the strategy –Financial Targets & Principles. This specifically states that that Council will seek to maintain annual council tax increases to no more than 4.9%. On the basis of future indicative spending and resource projections this means that the council will need to identify real savings of £625,000 in 2007/8 and a further £231,000 for 2008/9.

These targets do not include any provision for new growth or service improvements and this demonstrate the importance of the council's efficiency strategy and its synergy to the MTFs. In particular, how the council meets these targets are linked directly into the Gershon Annual Efficiency Statements that require the council to set out how these can be achieved. Whilst it is acknowledged that these are not an exact match and Gershon requires the identification of both cashable and non-cashable savings, it has proved a more than useful basis for this exercise.

RELATIONSHIP TO POLICY FRAMEWORK

The Medium Term Financial Strategy provides the financial framework for how the council's future corporate priorities can be achieved.

CONCLUSION OF IMPACT ASSESSMENT

(including Diversity, Human Rights, Community Safety, Sustainability etc)

No implications arising directly from this report.

FINANCIAL IMPLICATIONS

No implications arising directly from this report.

DEPUTY SECTION 151 OFFICER'S COMMENTS

The Deputy Section 151 Officer has been consulted and has no comments to add responsibilities.

LEGAL IMPLICATIONS

Legal Services have been consulted and have no comments to add.

MONITORING OFFICER'S COMMENTS

The Monitoring Officer has been consulted and has no comments to add.

BACKGROUND PAPERS

None

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