

Report to: Budget Panel
Date of meeting: 20th September 2011
Report of: Head of Strategic Finance
Title: Revised Medium Term Financial Strategy (MTFS) 2010/2015

1.0 SUMMARY

1.1 This report informs the Budget Panel of the revised MTFS that was reported to Cabinet on 25th July 2011.

2.0 RECOMMENDATIONS

2.1 To consider the revised Medium Term Financial Strategy and associated papers (as reported to Cabinet in July).

2.2 To resolve whether to provide recommendations/ advice to Cabinet in order to support Cabinet's work in planning the Council's budgets for 2012/2013 to 2014/2015. In that respect a few of the issues have been detailed at Paragraph 4.1.

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3.0 INTRODUCTION

3.1 The attached report was considered by Cabinet on 25th July 2011 and should be considered by Budget Panel in conjunction with the two other reports on the agenda---the Final outturn for 2010/2011 and the Finance Digest as at period 4.

3.2 The MTFS is very much the over arching document that provides the financial framework within which detailed budget planning takes place. Assumptions therefore within the MTFS can have a significant effect upon the Council's net expenditure for 2012/2013 and subsequent years.

3.3 The revised MTFS at Appendix 1A (considered by Cabinet) is still relevant albeit there are some minor changes due to later information and include:

- the final outturn was an underlying trend of £286k overspent, not the £341k reported to Cabinet in July.
- commercial rent income is currently holding up well, whereas the MTFS assumes a £250k shortfall. It is however still early in the financial year 2011/2012.

4.0 BUDGET PANEL REVIEW

4.1 The Budget Panel has a key scrutiny role regarding current and future budget control and planning. With regard to the revised MTFS at Appendix 1A, the Panel should consider in particular, whether:

- the MTFS represents a fair reflection of future budgetary pressures
- to consider the assumed increase in pay inflation in 2012/2014 and totalling £1.602m and the effect this has on future efficiency savings.
- the need to identify future service efficiencies (Service Prioritisation Phase 2) totalling £0.998m in 2012/2014, with a further £1,017k in 2015/2016.
- that the planned use of reserves to minimise future service efficiencies represents sound financial control regarding producing sustainable budgets.
- that the assumption that council tax levels will not increase in 2012/2013 and will rise by 2.5% per annum thereafter correctly reflects the need to cushion the community from further cost of living increases.

4.2 Clearly the above issues are not a definitive list and Budget Panel has free rein to comment on all aspects of the attached Cabinet paper.

5.0 FINANCIAL IMPLICATIONS

5.1 These have been included within the report.

6.0 LEGAL IMPLICATIONS

6.1 There are no legal implications arising out of this report..

7.0 POTENTIAL RISKS

Potential Risk	Likelihood	Impact	Overall Score
That the Council's Budget becomes too reliant upon the use of reserves.	2	4	8
That the Council preserves too many reserves and reduces service provision more than necessary	2	4	8

8.0 EQUALITIES

8.1 There are no equality implications in formally reporting the final outturn for 2010/2011.

Appendices

Report to Cabinet, 25th July 2011