



Overview and Scrutiny No direct ward relevance

Committee

28th April 2010

MEDIUM TERM FINANCIAL PLAN: UPDATE REPORT

(Report of the Head of Legal, Equalities and Democratic Services)

1. Summary of Proposals

The Overview and Scrutiny Committee considered the content of the Council's Medium Term Financial Strategy and Plan in July 2009. The Committee considered this document when discussing the Council's budget strategy and budget deficit. They concluded that it would be useful to compare the Council's Plan to examples of best practice that had been produced by other local authorities.

This meeting of the Committee will provide members with an opportunity to undertake this comparison and to identify measures, if any, that could be taken to improve the Council's Medium Term Financial Strategy and Plan in future years.

2. Recommendations

The Committee is asked to RESOLVE that

subject to Members' comments, the report be noted.

3. Financial, Legal, Policy, Risk and Climate Change / Carbon Management Implications

Financial

- 3.1 There are no direct financial implications to this report.

Legal

- 3.2 A statutory framework exists to ensure that Local Authorities set a balanced budget. In order to comply with the statutory requirement, it is necessary to consider the availability of resources and the demand on those resources over the medium term. Appropriate action may then be taken in a timely manner to enable a balanced budget to be set year on year.

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Policy

- 3.3 The Plan provides a framework for future budget processes.

Risk

- 3.4 The Plan is key to ensuring the priorities of the Borough Council are properly funded and therefore deliverable.

Climate Change / Carbon Management

- 3.5 There are no climate change or carbon management implications.

Report

4. Background

- 4.1 The Overview and Scrutiny Committee received a presentation on the subject of the budget strategy and budget deficit in July 2009. During the course of the presentation Officers explained that the intention of the Medium Term Financial Strategy and Plan was to advise elected members and other Officers about the forecast position and what actions the Council would need to take based on assumptions detailed in the document. At the time, Officers forecast that there would be a deficit and that there would probably be a need for the Council to make savings during the financial year in order to secure a balanced budget.
- 4.2 The Committee agreed that this topic was suitable for further scrutiny. They concluded that scrutiny could add value by comparing the contents of the Council's Plan to versions that had been produced by other local authorities, particularly examples of best practice. Based on this comparison the Committee could, if considered necessary, suggest amendments to improve the Council's Plan in future years.

5. Key Issues

- 5.1 The Audit Commission's Use of Resources Key Lines of Enquiry (KLOE) process has clearly set out the requirement for a local authority to manage the financial health of the organisation effectively. The Medium Term Financial Strategy and Plan is one measure that is used by many Councils to address this responsibility.
- 5.2 Medium Term Financial Plans are produced by Finance Officers at the Council and considered by Councillors during the course of the year. The contents of the Plan are based on Officers' estimations as well as on information obtained from other sources, such as financial experts working at other local authorities.

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- 5.3 The content and presentation of a Medium Term Financial Strategy and Plan varies between Councils. Some local authorities produce one page reports which are produced in a simple format. Other Councils produce large reports which are designed to be considered by a variety of audiences including elected Councillors, Council Officers and external partner organisations.
- 5.4 At the request of the Overview and Scrutiny Committee in February 2010 the Audit Commission provided a number of case study examples of Medium Term Financial Plans that were considered to represent best practice. These include: the London Borough of Brent's Plan (published in February 2009); Cambridge City Council's Plan (published in October 2008); and South Gloucestershire Council's Plan (published in December 2009).
- 5.5 The Overview and Scrutiny Committee considered that it was appropriate to compare the best practice examples to Redditch Borough Council's Plan as soon as they were available. This should ensure that any recommendations made by the Committee on this subject will inform the planning process from 2010/11 onwards.

6. Other Implications

- Asset Management - The Medium Term Financial Strategy and Plan influences the Asset Management Strategy and Plan.
- Community Safety - There are no community safety implications.
- Health - There are no health implications.
- Human Resources - There are no human resources implications.
- Social Exclusion - There are no social exclusion implications.
- Environmental / Sustainability / - There are no environmental or sustainability implications.

7. Lessons Learnt

No lessons have been learnt in the preparation of this report.

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8. Background Papers

Case Study – Medium Term Financial Plan: London Borough of Brent February 2009.

Case Study – Medium Term Financial Plan: Cambridge City Council October 2008.

Redditch Borough Council, Medium Term Financial Strategy and Plan 2010/11 – 2012/13, Report to the Executive Committee (22nd July 2009).

Redditch Borough Council Medium Term Financial Plan and Strategy (July 2009).

South Gloucestershire Council – Medium Term Financial Planning (Released 17th December 2009).

9. Consultation

There has been no consultation other than with relevant Officers.

10. Author of Report

The author of this report is Jess Bayley (Overview and Scrutiny Support Officer) extension 3268 (e-mail: jess.bayley@redditchbc.gov.uk) for more information.

11. Appendices

Appendix 1 – Redditch Borough Council Medium Term Financial Plan

Appendix 2 – Extract from the minutes of the Overview and Scrutiny Committee meeting that took place on Wednesday 8th July 2009.

Appendix 3 - Case Study – Medium Term Financial Plan: London Borough of Bury.

Appendix 4 – Case Study – Medium Term Financial Plan: Cambridge City Council October 2008.

Appendix 5 – South Gloucestershire – Medium Term Financial Planning