

Medium term financial strategy MTFS

The council's MTFS, produce annually, is an estimate of the likely level of budget requirement and council tax for future years, taking into account potential additional financial pressures facing the council.

Unfortunately, it is likely that the government settlements will keep pace with projected inflationary increases (including rising employment costs) or appear to provide recognition for new legislation or increasing government requirements of local councils.

As resources become scarcer, the need to ensure that the council prioritises resources to deal with key objectives becomes even more critical. In determining the budget for 2007/08, the council continues to move towards an effective annual budgeting process and MTFS which links the allocation of resources to plan and illustrates the council's commitment to providing financial stability for the council's work into the future.

The comprehensive performance assessment concluded that the council needed to improve longterm financial planning and, specifically, to improve the link between the business planning process and the MTFS. As a result, the business planning process was refined and developed to include the introduction of the priorities assessment tool (PAT) which seeks to measure investment proposals against the council's business plan.

For each new task in the business plan there is a clear indication of how it will be funded e.g new revenue or capital growth; existing resources; one off sources such as current year budget savings; external third party sources; additional income or charged to capital schemes. This is an important part of the process of analysing the pressures upon the organisation resulting from the addition of new and often significant projects and begins to seriously tackle the issue of capacity, one of the council's highest risks in the corporate risk register.