

Medium Term Financial Strategy 2019/20 – 2023/24

Final Decision-Maker	Council
Lead Head of Service/Lead Director	Director of Finance and Business Improvement
Lead Officer and Report Author	Director of Finance and Business Improvement
Classification	Public
Wards affected	All

Executive Summary

This report provides an update on development of the Medium Term Financial Strategy 2019/20 -2023/24 and invites Members to comment on the draft MTFS document.

This report makes the following recommendations to this Committee:

1. Consider and comment on the draft Medium Term Financial Strategy 2019/20 – 2023/24.

Timetable

Meeting	Date
Heritage, Culture & Leisure Committee	30 October 2018
Strategic Planning, Sustainability & Transportation Committee	6 November 2018
Communities, Housing & Environment Committee	13 November 2018
Policy and Resources Committee	28 November 2018
Council	12 December 2018

Medium Term Financial Strategy 2019/20 – 2023/24

1. INTRODUCTION AND BACKGROUND

- 1.1 The Medium Term Financial Strategy (MTFS) sets out in financial terms how the Council will deliver its Strategic Plan over the next five years. As Members will be aware, the Council is currently developing a new Strategic Plan, intended to take the place of the existing 2015-2020 Strategic Plan. Accordingly, development of a new MTFS is taking place in parallel with development of the new Strategic Plan.
- 1.2 The purpose of the MTFS is to describe how the outcomes associated with strategic objectives can be delivered, given the financial resources available to the Council, and bearing in mind the prioritisation of objectives. 'Financial resources' include both revenue resources, for day-to-day expenditure, and capital resources, for one-off investment that will deliver benefits over more than a year.
- 1.3 Financial resources are described in section 4 of the draft MTFS, attached to this report as Appendix A. It will be seen that there are constraints on the funding available and there are service pressures which must be accommodated. This implies a process of matching resources against the objectives in the Strategic Plan.
- 1.4 There is also considerable uncertainty over the Council's funding position after 2020. Accordingly, financial projections have been prepared covering the five year MTFS period, based on three different scenarios – favourable, neutral and adverse. Section 5 of the draft MTFS summarises these and shows that in both the neutral and adverse scenarios there is a significant budget gap from 2020/21 onwards, as shown below.

	19/20	20/21	21/22	22/23	23/24
	£m	£m	£m	£m	£m

Scenario 1 – Favourable					
Budget surplus	-0.8	-0.9	-1.6	-3.3	-4.8

Scenario 2 – Neutral					
Budget gap	0.1	1.1	1.7	1.5	1.7

Scenario 3 – Adverse					
Budget gap	0.7	2.4	3.9	4.7	6.1

- 1.5 These figures assume that all existing agreed savings are delivered. The MTFS highlights risks with delivering some of these savings, which mean that alternative budget proposals may need to be developed to compensate.

- 1.6 In order to inform the process of matching available resources to strategic objectives, the draft MTFS sets out current spending plans in section 6. It then goes on in section 7 to set out principles for developing budget savings and growth plans. It is proposed that spending to deliver strategic priorities is considered in relation to existing discretionary spend and the Council's statutory responsibilities.
 - 1.7 Policy and Resources Committee agreed the approach to development of the Medium Term Financial Strategy for 2019/20 - 2023/24 at its meeting on 27 June 2018. Members noted that existing projections assumed annual Council Tax increases up to the level of the referendum limit, but a request was also made for the impact of a Council Tax freeze to be modelled. The draft MTFS addresses this point in section 5.
 - 1.8 Members of this Committee are invited to comment on the contents of the draft MTFS.
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2. AVAILABLE OPTIONS

- 2.1 The Committee is asked to consider and comment on the draft MTFS attached at Appendix A. Any changes and comments will be considered by the Policy and Resources Committee in November.
 - 2.2 The Committee could choose not to comment on Appendix A.
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3. PREFERRED OPTION AND REASONS FOR RECOMMENDATION

- 3.1 The Committee is asked to consider and comment on the draft MTFS attached at Appendix A. This will ensure that its views are taken into account as part of developing the MTFS.
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4. RISK

- 4.1 In order to address the risks associated with the MTFS, the Council has developed a budget risk register. This seeks to capture all known budget risks and to present them in a readily comprehensible way. The budget risk register is updated regularly and is reviewed by the Audit, Governance and Standards Committee at each meeting.
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5. CONSULTATION RESULTS AND PREVIOUS COMMITTEE FEEDBACK

- 5.1 Consultation with all relevant stakeholders is an important part of the process of developing the MTFS. Specifically, the consultation that is taking place as part of Strategic Plan development will elicit views on budget priorities.
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6. NEXT STEPS: COMMUNICATION AND IMPLEMENTATION OF THE DECISION

6.1 The timetable for developing the Medium Term Financial Strategy and budget for 2019/20 is set out below.

Date	Meeting	Action
27 June 2018	Policy and Resources Committee	Agree approach to development of MTFS and key assumptions
November 2018	All Service Committees	Service Committee consultation on MTFS
November 2018	-	Develop detailed budget proposals for 2019/20
28 November 2018	Policy and Resources Committee	Agree MTFS for submission to Council
12 December 2018	Council	Approve MTFS
January 2019	All Service Committees	Consider 19/20 budget proposals
13 February 2019	Policy and Resources Committee	Agree 19/20 budget proposals for recommendation to Council
27 February 2019	Council	Approve 19/20 budget

7. CROSS-CUTTING ISSUES AND IMPLICATIONS

Issue	Implications	Sign-off
Impact on Corporate Priorities	The Medium Term Financial Strategy and the budget are a re-statement in financial terms of the priorities set out in the strategic plan. They reflect the Council's decisions on the allocation of resources to all objectives of the strategic plan.	Section 151 Officer & Finance Team
Risk Management	This has been addressed in section 4 of the report.	Section 151 Officer & Finance Team
Financial	The budget strategy and the MTFS impact upon all activities of the Council. The future availability of resources to	Section 151 Officer & Finance

	address specific issues is planned through this process. It is important that the committee gives consideration to the strategic financial consequences of the recommendations in this report.	Team
Staffing	The process of developing the budget strategy will identify the level of resources available for staffing over the medium term.	Section 151 Officer & Finance Team
Legal	The Council has a statutory obligation to set a balanced budget and development of the MTFS and the strategic revenue projection in the ways set out in this report supports achievement of a balanced budget.	Legal Team
Equalities	The overall approach to the MTFS is to direct resources into areas of need as identified in the Council's strategic priorities. The equalities impact of individual budget decisions will be determined when setting the budget.	Section 151 Officer & Finance Team
Crime and Disorder	The resources to achieve the Council's objectives are allocated through the development of the Medium term Financial Strategy.	Section 151 Officer & Finance Team
Procurement	The resources to achieve the Council's objectives are allocated through the development of the Medium Term Financial Strategy.	Section 151 Officer & Finance Team

8. REPORT APPENDICES

The following documents are to be published with this report and form part of the report:

- Appendix A: Draft Medium Term Financial Strategy 2019/20 – 2023/24
- Appendix B: Agreed Budget Savings 2018/19 – 2022/23
- Appendix C: Strategic Revenue Projections 2019/20 – 2023/24 – under different scenarios

9. BACKGROUND PAPERS

None.