

## REPORT TO THE EXECUTIVE



<b>DATE</b>	<b>13<sup>th</sup> February 2017</b>
<b>PORTFOLIO</b>	<b>Resources &amp; Performance Management</b>
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## Medium-Term Financial Strategy – 2018/19 to 2020/21 Incorporating the Reserves Strategy

### PURPOSE

1. To consider the longer term financial outlook within the context of a Medium-Term Financial Strategy covering the financial years 2018/19 to 2020/21, highlighting uncertainties, underlying risks and make recommendations to Council. The Medium-Term Financial Strategy should be read in conjunction with the revenue budget 2017/18 and the associated statutory report of the Chief Finance Officer.

### RECOMMENDATION

2. The Executive is asked to recommend to full Council:
  - 2.1 Approval of the latest Medium-Term Financial Strategy;
  - 2.2 Approval of the Reserves Strategy, as appended to the Medium-Term Financial Strategy; and
  - 2.3 Note that a refreshed document will be provided regularly when required as an aid to monitoring the continued delivery of an annually balanced budget.

### REASONS FOR RECOMMENDATION

3. Professional accounting practice recommends that a medium term financial strategy is in place to ensure that resources are aligned to strategic intent and business objectives. It also provides a firm and robust basis on which to prepare the annual budget. Given the current financial climate, the need for consideration of the medium term financial position is pertinent to ensuring sustainable service delivery and for the Council to remain viable as a going concern.

## **SUMMARY OF KEY POINTS**

4. A Medium-Term Financial Strategy (MTFS) is a key component of the Council's strategic planning process, aligning resources to service priorities and providing early identification of requirements for efficiency and cost improvement programmes. The MTFS provides an overarching framework for, and context to, the preparation of the annual budget. It provides an indicative headline position of the overall financial health of the Council, providing early sight of issues for full consideration by the Council and Executive.
5. Council will be aware that the 2017-19 MTFS was approved in February 2016. In September 2016 a further report updated the MTFS and at that stage there was uncertainty around the Government's future plans for funding local government spending. This report provides an update to the latest figures presented in September 2016 based on the details issued by government as part of the provisional financial settlement for 2017/18 in December 2016, as well as incorporating a further year, namely 2020/21.
6. The Strategy has been developed using the latest information available. Assumptions and risks built into the Medium-Term Financial Strategy are documented within the Strategy at paragraphs 27 and 34 respectively. The headline reduction, over the three financial years 2018/19, 2019/20 and 2020/21, is a cumulative budget gap of £4.016m (27.5% of the 2017/18 net budget of £14.596M).
7. The overall size of the challenge that the Council faces is considerable and the formulation of a balanced budget over the longer term requires the delivery of further efficiency savings through strategic prioritisation, service transformation and continuous improvement. The Council will continue to take key decisions affecting the way it delivers core Council services as it has done in establishing the major outsourcing contract for Council services with Liberata. This will ensure the delivery of our Strategic Objectives and promotes our place shaping role, contained within a reduced resource base.

## **FINANCIAL IMPLICATIONS AND BUDGET PROVISION**

8. There are no direct financial implications arising from this report.

## **POLICY IMPLICATIONS**

9. The Medium Term Financial Strategy is a key document in ensuring the delivery of Council objectives and developing the strategic priorities.

## **DETAILS OF CONSULTATION**

10. No external consultation has been carried out.

**BACKGROUND PAPERS**

11. None.

**FURTHER INFORMATION**

**PLEASE CONTACT:**

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