

## REPORT TO THE EXECUTIVE



<b>DATE</b>	<b>12<sup>th</sup> February 2018</b>
<b>PORTFOLIO</b>	<b>Resources &amp; Performance Management</b>
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## Medium-Term Financial Strategy – 2019/20 to 2021/22 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 2019/20 to 2021/22, highlighting uncertainties, underlying risks and make recommendations to Council. The Medium-Term Financial Strategy should be read in conjunction with the revenue budget 2018/19 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 2018-20 MTFS was approved in February 2017. This report provides an update to the figures presented in that report based on the details issued by government as part of the provisional financial settlement for 2018/19 in December 2017, as well as incorporating a further year, namely 2021/22.
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 26 and 33 respectively. The headline reduction, over the three financial years 2019/20, 2020/21 and 2021/22, is a cumulative budget gap of £3.213m (21.3% of the 2018/19 net budget of £15.090m).
7. The financial environment in which the Council operates within is challenging, particularly within the context of continuing austerity. Given the reduced government funding and pressure on other income, the Council endeavours to meet those financial challenges taking a strategic view whilst protecting the quality of services and minimising impact on residents.

## **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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