

**Budget Framework 2019 to 2023
Medium Term Financial Strategy Update – 2019/20 to 2023/24
27 February 2019**

Report of Cabinet

PURPOSE OF REPORT

To provide a refresh of the Council's Medium Term Financial Strategy for 2019/20 to 2023/24.

This report is public.

RECOMMENDATIONS:

- (1) **That the Medium Term Financial Strategy (MTFS) be approved as set out at Appendix 1.**

1 INTRODUCTION

- 1.1 The previous reports on this agenda consider the annual processes for setting the revenue budget and capital programme. The MTFS takes the 2019/20 revenue budget and agreed capital programme as a starting point and looks forward to the next four financial years.

2 STRATEGIC OVERVIEW FROM CABINET

- 2.1 In strategic terms the main challenge of budget setting is to match priorities and corporate planning objectives against what is affordable financially. The MTFS looks to do this over the medium term which covers the life of the next Council.
- 2.2 Last year we undertook a strategic review of the Council's existing priorities and services, including performance, as well as looking at options to innovate and modernise. The Council's Corporate Plan, *Ambitions*, was approved during 2017/18 with the following priorities:
- Clean and Safe Neighbourhoods
 - Healthy and Happy Communities
 - A Thriving and Prosperous Economy
 - An Ambitious and Forward-Thinking Council.

- 2.3 From 2020/21, The MTFS update recognises significant financial challenges and a budget gap which is greater than £2m. It will be essential for the Council to start addressing these challenges during 2019/20 and the MTFS sets out the importance of Funding the Future initiatives to make efficiency savings and seek alternative sources of income in order to protect service delivery and a focus on corporate priorities.
- 2.4 Proposals are set out, in a previous report, for the capital programme up to 2022/23 which provides a strong focus on Council infrastructure as well as corporate priority areas. The MTFS anticipates future schemes coming forward in respect of the Economic Growth Plan, Climate Change Action Plan, Property Investment Strategy and in respect of maximising asset utilisation. A Member and Officer Capital Strategy Group has been constituted to ensure that these ambitious plans are effectively incorporated into the capital programme in a way which is affordable, sustainable and prudent.
- 2.5 The MTFS effectively sets the Council's financial strategy going forward. If the Council is to deliver in its corporate priority areas whilst securing its financial resilience, the strategy will need to be regularly reviewed and monitored. To this end, the document includes an action plan and governance arrangements to ensure that progress is carefully managed.

3 CONCLUSION

- 3.1 This report addresses the actions required to set the budget framework for the next four years.

RELATIONSHIP TO POLICY FRAMEWORK

The budget should represent, in financial terms, what the Council is seeking to achieve through its Policy Framework.

CONCLUSION OF IMPACT ASSESSMENT

(including Diversity, Human Rights, Community Safety, Sustainability etc)

No additional impact identified – any specific issues have been (or will be) considered as part of the relevant aspect of the policy framework or individual budget proposals, etc.

LEGAL IMPLICATIONS

Legal Services have been consulted and are content with the report but will consider further the development and implementation of relevant budget proposals in due course to ensure legal aspects are fully considered.

FINANCIAL IMPLICATIONS

As set out in the report and appendix.

OTHER RESOURCE IMPLICATIONS

Human Resources / Information Services / Property / Open Spaces:

Various budget proposals have resource implications and these have been taken account of in Cabinet's consideration of budget options as far as possible at this stage. Their implementation would be in accordance with council policies and procedures, as appropriate.

SECTION 151 OFFICER'S COMMENTS

The Medium Term Financial Strategy is a key financial strategy document.

In revenue terms, the MTFS sets out the significant challenge that the Council is facing in terms of budget gaps for the next four years. The funding and expenditure outlook assumptions which give rise to the budget gap will need to be carefully monitored over the next year as the Government finalises its Fair Funding Review which will set levels of Government funding from 2020/21 onwards. Importantly, the MTFS proposes a strategy and action plan for bridging the budget gap via efficiencies and increasing income whilst protecting services. As such the monitoring of progress will be essential throughout 2019/20.

In capital terms, the MTFS anticipates significant large scale projects coming forward particularly in the area of Sustainable Economic Growth. The Strategy considers the 'building blocks' that will be required in order to deliver such projects in a way that is affordable, sustainable and prudent.

MONITORING OFFICER'S COMMENTS

The Monitoring Officer has been consulted and has no further comments

BACKGROUND PAPERS

Equality Impact Assessments for budget proposals.

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