

TEWKESBURY BOROUGH COUNCIL

Report to:	Executive Committee
Date of Meeting:	22 November 2017
Subject:	Medium Term Financial Strategy 2018/19 – 2022/23
Report of:	Simon Dix, Head of Finance and Asset Management
Corporate Lead:	Robert Weaver, Deputy Chief Executive
Lead Member:	Councillor Ron Furolo, Lead Member for Finance & Asset Management
Number of Appendices:	One

Executive Summary:

The Medium Term Financial Strategy (MTFS) attached, at Appendix A, provides the financial plan for the Council for the period 2018/19–2022/23. It sets out the Council's estimates of its commitment expenditure, identifies the spending pressures it faces and the budget savings needed to achieve the recommended Council Tax levels for each of the five years of the plan.

Recommendation:

To RECOMMEND TO THE COUNCIL that the Medium Term Financial Strategy 2018/19 – 2022/23 be ADOPTED.

Reasons for Recommendation:

The agreement of a five year financial plan is crucial to the Council in ensuring sufficient resources are allocated to priority areas and that the Council remains financially sustainable.

Resource Implications:

The Council faces a deficit in its base budget of over £2.99m in the next five years. The MTFS sets out some of the strategies that will need to be considered to deal with the deficit.

Legal Implications:

None.

Risk Management Implications:

Set out in in MTFS.

Performance Management Follow-up:

The MTFS will be kept under continual review, and amended in line with significant policy changes, and performance will be monitored against the plan by Members through the quarterly performance monitoring reports.

Environmental Implications:

None.

1.0 INTRODUCTION/BACKGROUND

1.1 Financial planning is fundamental to good financial management and the five year MTFS sets out resource availability within recommended Council Tax levels.

2.0 MEDIUM TERM FINANCIAL STRATEGY

2.1 The Medium Term Financial Strategy (MTFS) is a key element within the Council's overall strategic planning framework. The Strategy takes a five year perspective and is reviewed, updated and rolled forward annually to set a framework for how budget pressures and priorities will be managed within the best estimates of available capital and revenue resources.

2.2 The MTFS outlines the budget that will be delivered over the medium to long-term. A further report, specifically on the 2018/19 detailed budget, will be presented to both Executive Committee and Council in February 2018 for Member approval.

2.3 The position of local government finance has been uncertain for long period of time and successive MTFS's have tried to outline a medium term plan against this uncertain backdrop. In producing this year's strategy, there is continued uncertainty. Some of the issues contributing towards this include:

- The Government's approach to public spending and reducing the fiscal deficit.
- Economic impacts resulting from the country's decision to leave the European Union.
- Local Government finance post-2020.
- Further consultation over the future of the New Homes Bonus scheme.
- The Government's approach to 100% retained business rates.
- The Government's commitment to devolution.

2.4 In addition to the national uncertainty the Council faces with regards to its financial plans, both corporate and service related financial pressures continue to have a significant impact on the Council's forward projections of its financial position. These include:

- Further reduction in core government grant of £385,000 in the next two years.
- Salary growth pressure in excess of the 1% 'cap'.
- Further significant financial contributions required for the local government pension scheme.
- The new General Data Protection Requirements.
- Increasing demand for additional resources to meet a range of service requirements and pressures.

- 2.5** The MTFS also contains important strategic planning in a number of areas including the increase of Council Tax and the use of New Homes Bonus (NHB). The headline recommendations of the strategy are as follows:
- Council Tax to be increased by £5 for 2018/19 and with £5 increases thereafter.
 - NHB support to the base budget should increase by £200,000 per annum subject to available funding through the scheme.
 - Tewkesbury Borough Council to operate outside of the Gloucestershire Business Rates Pool in 2018/19 and until such a time as the risk from Virgin Media is mitigated.
 - A target for retained business rates income be reintroduced to the base budget.
 - Local Council Tax Scheme to remain unchanged at the default scheme for 2018/19 but a review of the scheme to take place in the first half of the new financial year.
- 2.6** Best estimates have been made of the future financial position of the Council within the attached MTFS based on current assumptions of both government and local policy. Clearly the projections within the MTFS are subject to potentially significant change as a result of government policy on local government finance and therefore strategic financial management of this authority will need to be flexible to be able to respond to the rapidly moving agenda.
- 3.0 OTHER OPTIONS CONSIDERED**
- 3.1** None.
- 4.0 CONSULTATION**
- 4.1** Statutory consultation will be carried out with businesses and a public consultation is carried out through the Autumn.
- 5.0 RELEVANT COUNCIL POLICIES/STRATEGIES**
- 5.1** MTFS sets out the level of resource availability to meet the Council priorities and pledges which form the Council Plan.
- 6.0 RELEVANT GOVERNMENT POLICIES**
- 6.1** Council Tax levels must be set within government limits to avoid the need to hold a referendum on 'excessive' increases.
- 7.0 RESOURCE IMPLICATIONS (Human/Property)**
- 7.1** Some of the savings streams identified may have implications on staffing levels and the asset portfolio. These will be set out specifically within the detailed reports surrounding proposed saving actions.
- 8.0 SUSTAINABILITY IMPLICATIONS (Social/Community Safety/Cultural/ Economic/ Environment)**
- 8.1** These will be set out specifically within the detailed reports surrounding proposed saving actions.

9.0 IMPACT UPON (Value For Money/Equalities/E-Government/Human Rights/Health And Safety)

9.1 These will be set out specifically within the detailed reports surrounding proposed saving actions.

10.0 RELATED DECISIONS AND ANY OTHER RELEVANT FACTS

10.1 None.

Background Papers: None.

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Appendices: A - Medium Term Financial Strategy 2018/19–2022/23.