

TEWKESBURY BOROUGH COUNCIL

Report to:	Executive Committee
Date of Meeting:	8 January 2020
Subject:	Medium Term Financial Strategy 2020/21 – 2024/25
Report of:	Head of Finance and Asset Management
Corporate Lead:	Deputy Chief Executive
Lead Member:	Lead Member for Finance and 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 2020/21 – 2024/25. 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 three years of the plan.

Recommendation:

The Committee is asked to RECOMMEND TO THE COUNCIL the ADOPTION of the Medium Term Financial Strategy 2020/21 – 2024/25.

Reasons for Recommendation:

The agreement of a medium term 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 could face a deficit in its base budget of over £5.06million in the next five years. The assumptions that have been made in reaching this estimate are included in summary within this report. 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 directly associated with this report.

1.0 INTRODUCTION/BACKGROUND

- 1.1** Financial planning is fundamental to good financial management and the Medium Term Financial Strategy 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 medium term 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 2020/21 detailed budget, will be presented to both Executive Committee and Council in February 2020 for Member approval.
- 2.3** It is important to understand that the MTFS does not constitute a formal budget in respect of the period 2020/21 to 2024/25 and as such the indicative annual assumptions included both within the projected spending pressures and the potential funding detailed, will be subject to a full review and decision making process as part of each of the annual Revenue Budget and Council Tax setting decisions.
- 2.4** Instead, the MTFS is intended to outline, in broad terms, the specific service and funding issues over the period and how the Council will, within its financial constraints, fund its priorities and achieve major service change and savings.
- 2.5** The position of local government finance has been uncertain for a 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 General Election.
 - The new government's approach to public spending.
 - Potential economic impacts resulting from the country's decision to leave the European Union.
 - A one year only Spending Review Period resulting in uncertainty to the level of funding available to local government as a whole beyond 2021.
 - A one year delay to the introduction of the Fair Funding Review giving uncertainty to how needs will be calculated and funding distributed in the future.
 - A one year delay to the introduction of a scheme for the 75% retention of business rates from 2020.
 - An indication that the New Homes Bonus scheme will be withdrawn and potentially replaced.

- 2.6** 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 forwards projections of its financial position. These include:
- Salary growth pressure of at least 2% per annum.
 - The growing cost of waste collection.
 - Increasing demand for additional resources to meet a range of service requirements and pressures.
- 2.7** The MTFS also contains important strategic planning in a number of areas in order that the Council can plan for the changes it will need to make in the medium term to ensure it is able to meet its statutory duty of producing a balanced budget on an annual basis.
- 2.8** 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, either positively or negatively, 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 2020/21 – 2024/25.