

TEWKESBURY BOROUGH COUNCIL

Report to:	Executive Committee
Date of Meeting:	25 November 2015
Subject:	Medium Term Financial Strategy 2016/17–2020/21
Report of:	Simon Dix, Finance and Asset Management Group Manager
Corporate Lead:	Rachel North, Deputy Chief Executive
Lead Member:	Councillor D J Waters, 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 2016/17–2020/21. 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:

The Committee is asked to RECOMMEND TO THE COUNCIL the adoption of the Medium Term Financial Strategy 2016/17–2020/21.

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 £2.9m in the next 5 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 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 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 2016/17 detailed budget, will be presented to both Executive Committee and Council in January 2016 for Member approval.

2.3 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. The headline recommendations of the Strategy are as follows:

- Council Tax to be increased by 2% for 2016/17 and with 2% increases thereafter.
- NHB support to the base budget should not exceed 65% of the total allocation in any one year.
- Tewkesbury Borough Council to operate outside of the Gloucestershire Business Rates Pool in 2016/17 and until such a time as the risk from Virgin Media is mitigated.
- The Local Council Tax Support scheme to remain unchanged for 2016/17.

2.4 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 even more uncertainty. Some of the issues contributing towards this include:

- The continued reduction in public spending to help produce a national budget surplus by the end of the current Parliament.
- The outcome of the Comprehensive Spending Review due on 25 November.
- The recent announcement by the Chancellor of local authorities retaining 100% growth in business rates by the end of the current Parliament in return for reduced Government grant funding and increased responsibilities.
- The ongoing discussions surrounding a devolution deal.

2.5 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 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. The Transform Working Group has also been consulted on the make up of the MTFS.

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 2016/17–2020/21.