

TEWKESBURY BOROUGH COUNCIL

Report to:	Executive Committee
Date of Meeting:	16 January 2019
Subject:	Medium Term Financial Strategy 2019/20 – 2023/24
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 2019/20 – 2023/24. 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 COUNCIL the adoption of the Medium Term Financial Strategy 2019/20 – 2023/24.

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 £3.5m 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 the 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 2019/20 detailed budget, will be presented to both Executive Committee and Council in February 2019 for Member approval.
- 2.3** It is important to understand that the MTFS does not constitute a formal budget in respect of the period 2019/20 to 2023/24 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 five-year 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 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.
 - potential economic impacts resulting from the country's decision to leave the European Union.
 - the end of the current spending review period giving uncertainty to the level of funding available to local government as a whole.
 - the fair funding review giving uncertainty to how needs will be calculated and funding distributed in the future.
 - further potential increases to the deadweight losses of the New Homes Bonus scheme.
 - an indication that the New Homes Bonus scheme will be reviewed and replaced at some point.
 - no agreed scheme for the 75% retention of business rates from 2020.

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 2% per annum.
- further significant financial contributions required for the local government pension scheme.
- the growing cost of waste collection.
- increasing demand for additional resources to meet a range of service requirements and pressures.
- a re-profiling of housing growth within the Borough over the next 12 years.

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 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 2019/20 – 2023/24