

## Report to Cabinet



Date of Meeting	14 <sup>th</sup> September 2017
Portfolio	Cabinet Member for Corporate & Resources
Report Author	Tracey Bland
Public/Private Document	Public

### Medium Term Financial Strategy 2018/19 to 2022/23

#### Executive Summary

- 1.1 The Medium Term Financial Strategy (MTFS) provides a robust, consistent and sustainable approach to establishing and maintaining a stable and prudent financial basis on which the Council's services are delivered.
- 1.2 The MTFS is one of the key strategic plans of the Council and is a five year plan which sets out the Council's commitment to provide services that meet the needs of people locally and that represent good value for money.
- 1.3 This report provides Cabinet Members with an update of the Council's Medium Term Financial Strategy 2018/19 to 2022/23.

#### Recommendation

- 2.1 Consider the updated Medium Term Financial Strategy for 2018/19 to 2022/23.

#### Reason for Recommendation

- 3.1 Cabinet members are required to recommend a balanced Revenue Budget and Capital Programme 2018/19 to 2020/21 to Budget Council. The Council is required to set a balanced budget for 2018/19 by the by 11<sup>th</sup> March 2018. The Medium Term Financial Strategy provides a key part of the budget setting process

#### Key Points for Consideration

#### 4.1 Medium Term Financial Strategy 2018/19 to 2022/23

- 4.1.1 The Medium Term Financial Strategy (MTFS) links the Council's vision and priorities with its financial budgets and details how the Council's finances will

be structured and managed to ensure that this fits with, and supports, the priorities of the Council and its partners.

- 4.1.2 The MTFFS is aligned to the Borough's Place Plan and the Council's Corporate Plan to ensure that our resources are directed to delivering the priorities for the Borough.
- 4.1.3 Medium term financial planning is critical to ensuring that the Council has a clear understanding of the level of available resources, the costs of delivering existing services and plans for new services. Financial planning facilitates strategic choices around service delivery, efficiency and service reductions.
- 4.1.4 Local authorities have faced unprecedented reductions in Government funding since the Government Spending Review 2010, coupled with rising costs and increased demand for services by local residents has meant that our Council has had to make significant budget savings.
- 4.1.5 The period covered by this financial strategy will continue to present to Local Government some of the most significant operational and financial challenges ever experienced by those leading and managing the delivery of local services. Managing our money well is now more important than it has ever been. The funding outlook for local authorities will remain challenging into the medium-term.
- 4.1.6 There are numerous issues which impact on the Council's budget. Budget assumptions contained in this Strategy will be regularly reviewed and updated to ensure that the medium term forecasts provide an early indication of any changes, both as a result of Government changes and local pressures affecting the medium term financial plan.
- 4.1.7 The Council's Medium Term Financial Strategy 2017/18 to 2021/22 was approved at Budget Council March 2017. Appendix 1 provides an updated MTFFS for 2018/19 to 2022/23 reflecting current budget assumptions. The MTFFS for 2018/19 to 2022/23 will be updated throughout the budget process and will be formally presented for approval at Budget Council March 2018.

#### 4.2. **Alternatives Considered**

The Council is legally obliged to set a balanced revenue budget. The budget setting process is complex and must be undertaken in a planned way. Whilst budgets are prepared in accordance with the approved guidelines a number of alternative options relating to savings proposals and budget pressures are considered as part of the overall budget setting process.

### **Costs and Budget Summary**

- 5.1 There are numerous issues which impact on the Council's budget. Budget assumptions contained in this Strategy will be regularly reviewed and updated to ensure that the medium term forecasts provide an early indication of any changes, both as a result of Government changes and local pressures affecting the medium term financial plan. The MTFFS will be reviewed and

updated during the year to reflect the latest position in regard to the Council's financial position, priorities and future plans.

- 5.2 The financial implications are detailed in the Medium Term Financial Strategy attached at Appendix 1.

<b>Risk and Policy Implications</b>
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- 6.1 Risks to the revenue budget are detailed in the Medium Term Financial Strategy attached at Appendix 1
- 6.2 The Council is under a duty to calculate the budget in accordance with Section 32 of the Local Government Finance Act 1992 and must make three calculations namely: an estimate of the Council's gross revenue expenditure; an estimate of anticipated income; and a calculation of the difference between the two. The amount of the budget requirement must be sufficient to meet the Council's budget commitments and ensure a balanced budget. The amount of the budget requirement must leave the Council with adequate financial reserves. The level of budget requirement must not be unreasonable having regard to the Council's fiduciary duty to its Council Tax payers and non-domestic rate payers.
- 6.3 Section 151 of the Local Government Act 1972 places a general duty on local authorities to make arrangements for 'the proper administration of their financial affairs', the details of which are set out in the Medium Term Financial Strategy

<b>Consultation</b>
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- 7.1 Consultation is to be undertaken with the, stakeholder groups, staff and service users as appropriate throughout the budget process.

<b>Background Papers</b>	<b>Place of Inspection</b>
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8. There are no background	N/A
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<b>For Further Information Contact:</b>	Tracey Bland, Tel: 01706 925405, tracey.bland@rochdale.gov.uk
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