

COUNCIL MEETING - 7 MARCH 2019

MEDIUM TERM FINANCIAL PLAN 2019/20 TO 2022/23

1.0 Purpose of Report

- 1.1 To approve the Council's Medium Term Financial Plan (MTFP) covering the period from 1 April 2019 to 31 March 2023.

2.0 Background Information

- 2.1 The MTFP (attached as an **appendix** to the report) is a Corporate Plan to assist both Members and Officers manage the Council's finances within a clear framework; it sets out the Council's spending plans to support its strategic priorities over the current financial year and the following three years; it details how that spend will be funded through grants, fees and charges, local taxation, reserves and other income.
- 2.2 The MTFP is not intended to lead policy development for the Council. It is a reflection, in financial terms, of the Corporate Plan of the Council and sets the financial framework for the resourcing of the aspirations set out in the Corporate Plan. It integrates revenue allocations, savings targets, reserves and capital investment, and provides indicative budgets and future Council Tax levels for the period covered by the plan. This approach is an essential part of the future budget setting process.
- 2.3 The last MTFP was due to be refreshed during June 2018 to reflect the expectations of future income and expenditure. As the Chief Executive was due to take office at this time, and with a change in Leader of the Council having recently taken place, the decision was taken to defer the production of this MTFP to allow for input from those strategic roles.
- 2.4 This report was considered at the Policy & Finance Committee on 21 February 2019 and recommended for approval.

3.0 Proposals

- 3.1 The MTFP shows that whilst the Council managed to balance the budget for 2019/20 because of prudent decisions made in the past, future funding of its services will depend on its ability to raise additional income; otherwise it will need to make up funding gaps by increasing Council Tax or/and depleting its general fund reserves.
- 3.2 In summary, the funding gap currently based on a Band D Council Tax increase of 1.94% (being consistent with the approach for 2017/18) for 2019/20 to 2022/23 is set out in the table below:

	2019/20 £000	2020/21 £000	2021/22 £000	2022/23 £000
Total Expenditure	12,921	12,625	13,097	13,442
Total Business Rates/Council Tax and Other Grants	13,801	11,606	11,908	12,212
Allocation of previous years surplus and additional income/in-year savings	0	(1,019)	0	0
Conts To/(From) Reserves	(880)	0	1,189	1,230

- 3.3 Notwithstanding, the sound financial position due to early difficult decisions, the Council will need to continue to consider demand management in areas such as homelessness, community safety and supporting people. It will also have to continually monitor and review areas where budget pressures will persist; such as welfare reform, asset management, meeting pension fund deficits, direct services such as refuse and recycling.
- 3.4 With reference to the budget gaps in the years 2021/22 and 2022/23, these will be met by a combination of initiatives:
- Additional business rates income from the change in national policy to 75% retention of growth
 - Return from Arkwood Limited
 - Commercial and Investment income
 - Service reviews
- 3.5 The Council is in a good position to utilise its reserves and potential to borrow to fund capital investment projects that will generate “new” income streams to the Council.
- 3.6 The MTFP also sets out forecasts of other funding available to the Council such as New Homes Bonus and growth in business rates, which could be invested in projects to improve the Council’s future sustainability.

4.0 Equalities Implications

- 4.1 Equalities implications will be identified within specific schemes and projects included in the revenue budget and capital programme.

5.0 Financial Implications (FIN18-19/1747)

- 5.1 The MTFP sets out a framework to support budget and policy decisions. The impact of individual schemes will be detailed in supporting business cases.

6.0 RECOMMENDATIONS that:

- (a) the Medium Term Financial Plan for 2019/20 to 2022/23 be approved; and**
- (b) the change in the minimum level of General Fund Balance, as set out in paragraph 1.8 of the Medium Term Financial Plan, from a 15% of Net Budget Requirement to a fixed balance of £1.5m, be approved.**

Background Papers

Revenue Budget and Council Tax Setting for 2019/20
Capital Programme 2019/20 to 2022/23
Statement of Accounts 2017/18

For further information please contact Nick Wilson, Business Manager – Financial Services on 01636 655317

Sanjiv Kohli
Deputy Chief Executive / Director - Resources and Section 151 Officer