

**Council – 16<sup>th</sup> October, 2018**  
**Recommendation from Cabinet**  
**2<sup>nd</sup> October, 2018**

**Coventry City Council**  
**Minutes of the Meeting of Cabinet held at 2.00 pm on Tuesday, 2 October 2018**

Present:

Members: Councillor G Duggins (Chair)  
Councillor A Khan (Deputy Chair)  
Councillor F Abbott  
Councillor K Caan  
Councillor J Innes  
Councillor K Maton  
Councillor J Mutton  
Councillor J O'Boyle  
Councillor E Ruane  
Councillor P Seaman

Deputy Cabinet  
Members Councillor P Akhtar  
Councillor R Ali  
Councillor R Lakha  
Councillor T Skipper

Non-Voting Opposition  
Members: Councillor R Bailey (Substitute for Councillor Andrews)  
Councillor T Sawdon (Substitute for Councillor Ridley)

Other Members: Councillor Clifford  
Councillor M Mutton

Employees (by Directorate):

Chief Executive's  
People M Reeves (Chief Executive),  
G Quinton (Deputy Chief Executive (People)), A Errington,  
L Gaulton, P Hargrave, N Hart, L Lawson, S Mills,  
R McKenzie-Wilson, K Nelson

Place M Yardley (Deputy Chief Executive (Place)), O Aremu,  
A Chowns, P Helm, P Jennings, L Knight, R Moon, A Walimia,  
A Walster

Apologies: Councillor B Kaur, A Andrews and G Ridley

## RECOMMENDATION

### 43. **Medium Term Financial Strategy 2019-22**

The Cabinet considered a report of the Deputy Chief Executive (Place) which presented the Medium Term Financial Strategy (MTFS) 2019-2022 for adoption by the City Council.

The Cabinet noted that the report had also been considered by the Finance and Corporate Services Scrutiny Board (1) at their meeting held on 12<sup>th</sup> September 2018. A briefing note setting out their recommendations was appended to the report and accepted by the Cabinet.

The previous MTFS was approved in December 2017. The Strategy sets out the financial planning foundations that support the Council's vision and priorities and the financial and policy context for the Council's forthcoming budget process. It was noted that proposals within the Pre-Budget report would be considered by the Cabinet in November 2018 and the final Budget Setting Report would be submitted to Cabinet and Council in February 2019.

The national funding background to the MTFS is that the Council is approaching the final year (2019/20) of the current four year funding settlement from Government. From 2020/21 there will be significant upheaval in the funding arrangements for all councils and local authorities continue to face severe financial pressures. Although the previous government policy of targeting a budget surplus by 2020 has been pushed back, uncertainty of the future of local government finance and wider financial matters, including future Brexit negotiations, mean that the pressure on public finances is unlikely to ease in the foreseeable future. This Strategy assumes that reductions in available revenue resources and spending levels are likely to continue.

On a local level, the Council continues to be faced with a challenging and fluid financial position affected by temporary shortfalls in delivery of its existing savings plans and financial pressures within services for children, housing and homelessness. Although the Council has some ambitious Capital Programme plans, the scale and pace of these represent a significant challenge in terms of the Council's ability to deliver them to the required timescales and within its existing project capacity.

Notwithstanding the approaches set out in this strategy, the Council will need to maintain dynamic financial models that take account of changes in its medium term budget position and ongoing re-evaluation of its Capital Programme. This may include adopting some measures which have a shorter-term focus or which re-evaluate the Council's approach to financial risk. These will be set out fully at the point of decision making.

In summary, the key national and local contexts that frame this Strategy include:

- A paramount need to protect the most vulnerable people in the city;
- Expectations on the Council to maintain service levels and standards across a wide range of core services;

- Fast population growth causing greater demand and expenditure pressures in areas such as housing, social care and waste disposal;
- Likely future reductions in government resources within a revised local government funding framework;
- A 75% Business Rates retention system emphasising the increasing importance of promoting growth in the local economy;
- A massive Capital Programme which defines the Council's aspirational outlook but which establishes a major programme and logistical challenge in order to deliver it.

Taken together, these factors represent a combination of reducing resources, challenging underlying economic and demographic conditions, increased demand, a heightened need to improve the quality of services and new challenges represented by government reform and local structural and governance relationships. In these circumstances it is crucial that the Council's financial strategy is both robust and flexible. This will provide the financial foundations required to ensure that Council services are fit for purpose to protect the most vulnerable as well as providing decent core services for every citizen in the city.

In support of these aims, the City Council's strategic financial approach to the demands that it faces includes:

- A Council Plan focusing on economic growth, quality of life and a commitment to protecting the vulnerable, whilst delivering services with fewer resources;
- A Local Plan setting the blueprint for taking the City forward, identifying land to satisfy housing, infrastructure and developmental demand;
- A fundamental commitment to protecting the city's vulnerable children, adults and older people;
- Managing the demand for services selectively, through digital working and community engagement;
- Transformation projects to change the way the Council works and engages with its customers in part to achieve the delivery of savings;
- A programme of major capital schemes to drive regeneration and economic growth in the city including its public realm, the city's highways network and its cultural and leisure offer to make Coventry an attractive place to live and work.
- Growing the city's local income base, within the environment of increasing localisation of funding sources, including Business Rates;
- Partnership working, including as part of the West Midlands Combined Authority, together with voluntary organisations and other partners;
- A continued drive towards income maximisation, including investment in commercial ventures within the context of robust risk management arrangements and mindful of sector guidance;
- A continued Workforce Strategy requiring a workforce working in flexible ways consistent with a modern organisation, ensuring that the Council has the talent in place necessary to deliver the challenging agenda that it faces;
- Seeking to optimise the use of pooled funding available to support social care and health;

- Seeking to modernise, rationalise and prioritise services, consider alternative service delivery models and work in tandem with partners and neighbouring authorities;
- Strong corporate financial planning, monitoring and project management arrangements;

Based on the 2018/19 approved budget, the initial financial gap for the following 3 years as at the start of the new Budget Setting round was £0.0m for 2019/20; £20.8m for 2020/21 and £23.5m for 2021/22.

The Cabinet acknowledged that it is important to be clear, as indicated above, that the position set out is dependent on the achievement of outstanding savings programmes over the medium term. In total these are still expected to amount to c£11m in 2019/20 although there are plans in place to deliver the majority of these.

The position from 2020/21 onwards is based on early estimates and could be subject to major change depending on the outcome of the forthcoming changes in the local government finance regime which will not emerge until 2020. The scale of the financial gap is not unusually large in a historical context or compared with authorities similar to Coventry. It will nevertheless require the Council to consider further reductions in services and the need to prioritise the services that it wishes to maintain in the future and identify those that may be allocated fewer resources or ceased altogether.

**RESOLVED that the Cabinet recommend that Council approve the Strategy as the basis of its medium term financial planning process.**

(Meeting closed at 3.05 pm)