

RECOMMENDATIONS FROM CABINET 28 NOVEMBER 2017

Council – 5th December 2017

**Agenda Item 12
Recommendation from Cabinet
28th November 2017**

Present:

Members: Councillor G Duggins (Chair)
Councillor F Abbott
Councillor L Bigham
Councillor K Caan
Councillor J Innes
Councillor K Maton
Councillor J Mutton
Councillor J O'Boyle
Councillor E Ruane

Deputy Cabinet Members Councillor R Ali
Councillor R Lakha
Councillor C Thomas

Non-Voting Opposition Members: Councillor A Andrews
Councillor G Ridley

Other Members: Councillor R Bailey
Councillor J Lepoidevin
Councillor G Williams

Employees (by Directorate):

Chief Executive's People M Reeves (Chief Executive),
G Quinton (Deputy Chief Executive (People)), P Barnett, L
Gaulton, N Hart, M McGinty

Place M Yardley (Deputy Chief Executive (Place)), M Andrews,
O Aremu, D Cockroft, C Knight, L Knight, R Palmer, R Moon,
D Nuttall, T Miller, J Murphy, A Walster

Apologies: Councillor B Kaur, A Khan

RECOMMENDATION

76. Medium Term Financial Strategy 2018-21

The Cabinet considered a report of the Deputy Chief Executive (Place), which sought adoption of the Medium Term Financial Strategy.

The previous Medium Term Financial Strategy (MTFS) was approved in October 2016 and set out the financial planning foundations to support the Council's vision and priorities and led to the setting of the Council's revenue and capital budgets. Indications were that the Government was maintaining its commitment to the current 4 year funding settlement for local government. To qualify for this, the Council approved an Efficiency Plan within the previously approved MTFS for 2017-20.

It was acknowledged that local authorities continue to face severe financial pressures and although the previous Government policy of targeting a budget surplus by 2020 had been pushed back, uncertainty as a result of Brexit negotiations and over the future of local government finances meant that the pressure on public finances was unlikely to ease significantly in the foreseeable future. The MTFS 2018-21 assumed that reductions in available revenue resources and spending levels were likely to continue.

At a local level, the Council was faced with a challenging and fluid financial position affected by temporary shortfalls in the delivery of its existing savings plans and growing costs within Children's Services and services related to housing and homelessness. Notwithstanding the approaches set out in the Strategy, the Council would need to maintain a dynamic financial model that took account of changes in its medium term budget position. This may include adopting some measures which would have a short-term focus or which re-evaluated the Council's approach to financial risk.

The report summarised the national and local context that framed the strategy and, taken together, represented 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 was crucial that the Council's financial strategy was both robust and flexible. This would provide the financial foundations required to ensure that Council services were fit for purpose to protect the most vulnerable as well as providing decent core services for every citizen in the City.

The report also set out the financial gap for the following 3 years, based on the 2017/18 approved budget, at the start of the new Budget setting round. This indicated that whilst it was anticipated there would be a balanced budget for 2018/19 and 2019/20, by 2020/21 it was anticipated there would be a financial gap of £11.4m. It was noted that this position was dependent on the achievement of outstanding savings programmes over the medium term. It total these amounted to c£20m and although there were plans in place to deliver the majority of these, there remained up to £6m of savings for which plans still needed to be formalised.

The Cabinet noted that the Finance and Corporate Services Scrutiny Board (1) had considered the report at its meeting on 15th November 2017 and received a briefing note indicating the Board's support of the recommendations within the report.

RESOLVED that the Cabinet recommend that Council approve the Strategy.