

**BROMSGROVE DISTRICT COUNCIL**

**CABINET**

**23<sup>RD</sup> OCTOBER 2019**

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**MEDIUM TERM FINANCIAL PLAN - FINANCIAL FRAMEWORK 2020/21–2023/24**

<b>Relevant Portfolio Holder</b>	Councillor Geoff Denaro , Portfolio Holder for Finance and Enabling Services
<b>Relevant Head of Service</b>	Jayne Pickering, Executive Director Finance and Corporate Resources
<b>Non-Key Decision</b>	

**1. SUMMARY OF PROPOSALS**

- 1.1 To enable Members to consider the overall financial strategic framework and objectives for the Council for the period 2020/21- 2023/24.

**2. RECOMMENDATIONS**

- 2.2 **That Cabinet notes the overarching financial objectives and framework to be used in developing the detailed financial plan, to enable the Council to realise savings and additional income whilst delivering the strategic priorities of the Council.**

**3. KEY ISSUES**

**Financial Implications**

**Financial Framework**

- 3.1 The Medium Term Financial Strategy (MTFS) is a four year strategy which sets out the Council's commitment to provide services that meet the needs of people locally and that represent good value for money within the overall resources available to it. The MTFS is what links our Council Plan with forecasted resources and budgets and shows how our Council's finances will be structured and managed to ensure that this fits with, and supports, the priorities of our Council and its community
- 3.10 In light of the financial pressures the Council faces the strategy aims to provide a framework in which the Council can become financially sustainable whilst delivering the priorities to our communities. The key objectives are:
- To ensure resources are directed to the council's strategic purposes
  - To set financially sustainable budgets over the 4 year period
  - To maintain balances at £2m to ensure funds available for future projects and to mitigate opportunities

- To maximise income opportunities whilst supporting the vulnerable
- Identify and disinvest in non priority areas
- To ensure all savings are achievable and developed with robust data
- To reduce overheads & direct costs over the 4 year period
- To maximise use of assets and disinvest surplus or non performing assets
- To further develop the commercial culture within the Council
- To consider and adapt to the uncertain future financial climate
- To work with the public, members and staff to engage and inform partners on the impact of the financial pressures of the Council

3.11 The strategy will bring together the key issues affecting the:

- Revenue Budget
- Capital Strategy and Capital Programme,
- Treasury Management Strategy.
- Investment & Acquisition Strategy

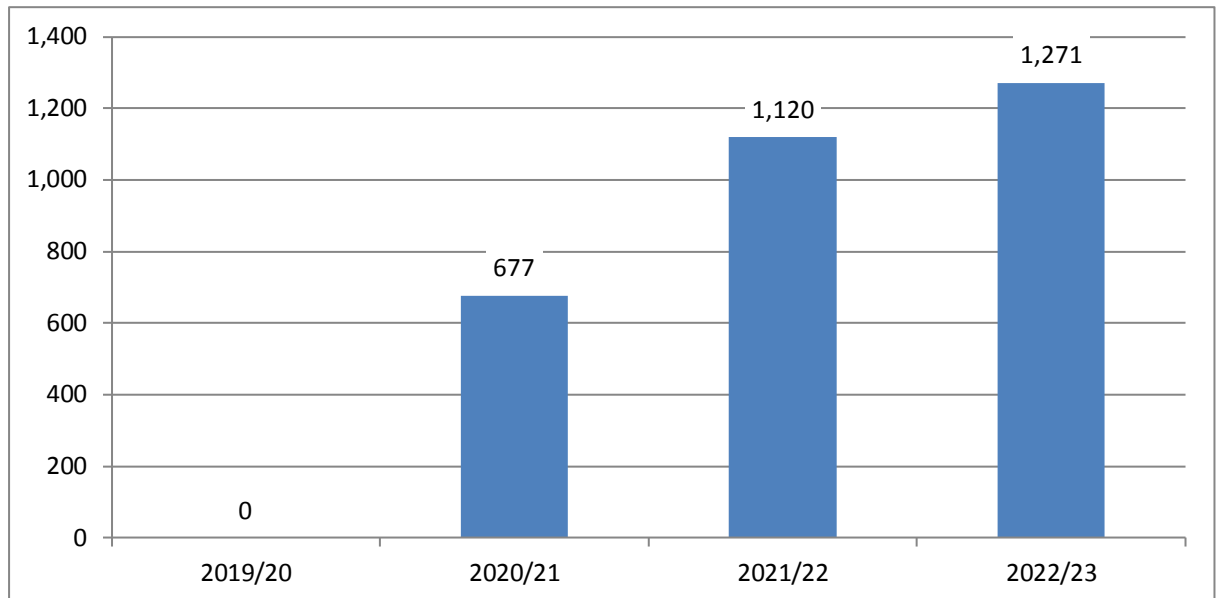
A key part of the strategy will be to highlight the budget issues that will need to be addressed by the Council over the coming financial years, by forecasting the level of available resources from all sources and budget pressures relating to both capital and revenue spending. This will include assumptions made in relation to the national and local changes to financial funding that may impact on the future financial position of the Council.

3.12 Prior to the final budget approval in February 2020 the financial strategy will be developed and presented to members to include, over the next 6 months;

- Review and approval of fees and charges
- Identification of savings plans
- Consideration of additional pressures to the budgets
- Detailed consideration of the Capital Programme
- Review of Reserves
- Consideration of Government Funding settlement and impact on the financial position

3.13 The Budget Scrutiny working group as established by the Overview and Scrutiny Committee will continue to meet on a regular basis to review costs, fees and charges and the capital programme and it is anticipated they will make a number of recommendations to Cabinet.

3.14 The current Medium Term Financial position for the Council presents the following gap over the next 3 years.



3.15 As can be seen from the above table the Council has to deliver £3m over the next 3 years with a £677k to be found for 2020/21.

3.16 In addition to the financial strategy objectives for 2020/21 measures are in place currently to address the financial challenge with the aim to maximise the savings in 2019/20 to enable balances to be increased. These actions are in place for both the General Fund and Capital include:

- Non essential spend freeze
- Recruitment Freeze
- Full review of Capital Spending to enable a reduction in borrowing costs
- Ensuring all commercial activities are marketed to maximise income potential

3.17 Financial position and update reports will be presented to Cabinet over the next 6 months to enable the Council strategic purposes to be delivered within a sustainable financial position and be presented in line with the Council Tax setting in February 2020.

3.18 Whilst officers will always continue to seek to make the council efficient, generate savings and additional income it has to be noted that some extremely difficult decisions will need to be made and as such it is essential that the Council has clear priorities and indeed non priorities.

**4 Legal Implications**

- 4.1 As part of the budget and the Council Tax approval process, the Council is required by the Local Government Finance Act 1992 to make specific calculations and decisions in approving a balanced budget for the following financial year and setting the Council Tax Level. These will be included in the report to Cabinet and Council in February.

**5 Service / Operational Implications**

- 5.1 The Financial Strategy will enable services to be maintained and, where achievable, improvements to the community.

**6 Customer / Equalities and Diversity Implications**

- 6.1 The link with the finances supporting the Council Plan will enable the funding to be directed to the Councils purposes to support the community.

**7 RISK MANAGEMENT**

- 7.1 To mitigate the risks associated with the financial pressures facing the Authority regular monitoring reports are presented to both officers and Members to enable proactive action being undertaken to address any areas of concern. Risks include:
- Reductions in government funding leading to a reduction in the level of services delivered to the public
  - Reductions in business rates income as a result of appeals or reduction in the rateable value leading to a lower level of income for the Council.
  - Identification of sufficient and ongoing revenue savings to deliver a balanced budget.
  - Allocation of sufficient resources to meet the needs of service delivery and the Councils priorities.
  - Maintain adequate revenue and capital balances as identified in the MTFP to ensure financial stability.

The regular financial monitoring by Officers and Cabinet will provide a framework to mitigate the above risks.

**AUTHOR OF REPORT**

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