

STAFFORDSHIRE MOORLANDS DISTRICT COUNCIL

Copy of Report to Cabinet

6 December 2016

TITLE:	Updated Medium Term Financial Plan 2017/18 to 2020/21
PORTFOLIO HOLDER	Cllr Sybil Ralphs – Leader
CONTACT OFFICERS:	Claire Hazeldene – Finance & Procurement Manager
WARDS INVOLVED:	Non-Specific

Appendix Attached

- **Appendix A (Medium Term Financial Plan 2017/18 to 2020/21)**

1. Reason for the Report

- 1.1 This report presents the Council's updated Medium-Term Financial Plan (MTFP). The MTFP presents the Council's priorities in the context of the likely resources available, providing a financial context to future decision making.

2. Recommendations

- 2.1 That members of the Cabinet endorse the updated Medium-Term Financial Plan (Appendix A) with the recommendation that it should proceed to Council for approval.

3. Executive Summary

- 3.1 The medium term financial planning process provides the Council with the opportunity to plan its delivery of public services in accordance with local priorities and against the backdrop of unprecedented public sector financial constraint.
- 3.2 The MTFP is updated in accordance with the budget cycle. This version of the MTFP presents the Council's finances over a four-year period, namely 2017/18 to 2020/21. It sets the context for the preparation of the 2017/18 budget which will need to be approved by the Council in February 2017.
- 3.3 The Plan provides:-
- Details of local spending influences in the context of the Corporate Plan;

- A focus on the transformation programme and the consequential financial implications, including the capital programme and efficiency & rationalisation plan;
 - Updated inflation and interest assumptions using the latest forecasts and the impact of any budgetary demand;
 - An update on any national issues that will impact on the Council's financial position, including core Government funding forecasts and the Business Rates Retention Scheme.
- 3.4 The previous version of the MTFP was agreed by the Council in February 2016 when setting the budget for the current financial year. The Plan identified a £2,233,470 budget shortfall over the four year period. This was primarily as a result of the reduction in Government funding including the phasing out of Revenue Support Grant by 2019/20 and changes to the New Homes Bonus funding system.
- 3.5 The Council has subsequently accepted the four-year Local Government settlement and submitted an efficiency plan to Government setting out plans to address the challenge of financial sustainability.
- 3.6 The shortfall of £613,760 by the end of 2017/18 was to be offset through the Council's current efficiency and rationalisation strategy. With the remaining £1,619,710 to be met from future efficiency programmes focusing on the operation of waste, streets and leisure and the implementation of the channel shift project.
- 3.7 This latest MTFP update highlights a cumulative deficit by the end of 2020/21 of £2,347,050, which assumes the current efficiency programme is achieved (2016/17 being the last year of the current plan).
- 3.8 The ability to limit the impact of the reduction in central government support is underpinned by three major sources of self-financing income:-
- Retained Business Rates through economic growth and the saving of the levy payable to central government as a consequence of the Council's membership of the Staffordshire Business Rates Pool (as per the current Business Rates system);
 - Maintaining the level of New Homes Bonus through a commitment to housing growth; and
 - Reviewing fees and charges and identifying new sources of income generation.
- 3.9 The MTFP also assumes an annual 1.9% increase in Council Tax over the life of the plan.
- 3.10 Achieving a balanced budget in the medium-term relies upon delivery of the Council's approved efficiency & rationalisation strategy. The outstanding current efficiency programme will be re-profiled or reallocated as necessary as part of the February MTFP update to ensure the remaining savings can be achieved. A new efficiency plan will then be developed to address the MTFP

cumulative budget shortfall. It is essential that the Council continues to implement this strategy.

3.11 There are a number of principles that underpin the efficiency plans in order to ensure that they are focussed in the right areas and are deliverable. These are:-

- Individual service structures will be properly combined across the strategic alliance with High Peak BC;
- There will be continued protection of front-line services;
- Non-priorities will be identified in discretionary services and targeted for savings if possible;
- Mandatory services will be developed to ensure that they are efficient when compared with the best local authorities;
- Transactional services will be delivered around the needs of customers and development of “channel shift”;
- There will be strong focus on corporate efficiencies e.g. procurement and asset management to minimise the impact on staffing levels.

3.12 As previously stated, this version of the MTFP sets the context for the development of the 2017/18 Budget. Members will receive a further update of the MTFP when considering the final budget proposals in February 2017. The following actions will need to be completed to ensure that these proposals are robust:-

- Complete review of the Council's transformation programme and produce revised forecasts as required;
- Assess the impact of the Autumn statement announcement in November 2016;
- Development of detailed budget plans for 2017/18;
- Development of detailed proposals for Fees and Charges increases;
- Complete review of reserves and balances;
- Development of a new Efficiency and Rationalisation Strategy;
- Continue to monitor the ongoing issues arising from the retention of Business Rates and the associated financial implications for the Council.

4. How this Report Links to Corporate Priorities

4.1 The successful delivery of all corporate priorities is dependent upon the effective management of financial resources, which is the subject of this report.

5. Options and Analysis

5.1 Options will be identified and considered as detailed budget plans are developed.

6. Implications

6.1 Community Safety - (Crime and Disorder Act 1998)

None.

6.2 Workforce

None.

6.3 Equality and Diversity/Equality Impact Assessment

This report has been prepared in accordance with the Council's Equality and Diversity policies.

An Equalities Impact Assessment (EIA) has been undertaken on the Corporate Plan, which feeds into budget plans.

6.4 Financial Considerations

There are substantial financial considerations contained throughout the report.

6.5 Legal

None.

6.6 Sustainability

None.

6.7 External Consultation

The Council's budget plans are the subject of an annual public consultation exercise. Full details are contained within the plan.

6.8 Risk Assessment

A full risk analysis has been undertaken which is contained within the plan.

ANDREW P STOKES

Executive Director (Transformation) & Chief Finance Officer

Web Links and Background Papers

Location

Contact details

Various background working papers

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