

SUBJECT:	MEDIUM TERM FINANCIAL STRATEGY 2017 - 2022
REPORT OF:	Leader of the Council – Councillor Ralph Bagge
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1. Purpose of Report

The appendix to the report contain the Council's Medium Term Financial Strategy, which is integral to complying with the Prudential Code that will enable the Council to undertake external borrowing as part of the financing of the Strategy.

RECOMMENDATIONS

1. The Cabinet RECOMMENDS to Council the updated Medium Term Financial Strategy (Appendix A)

2. The Cabinet agrees that the Treasury Management Strategy be updated to reflect the implications of the Medium Term Financial Strategy

3. The Cabinet notes that the Council will indicate it is interested in taking up the Government's Four Year Funding Offer, and the Joint Efficiency Plan produced with Chiltern DC (Appendix B) that is a requirement of taking up the offer.

2. Reasons for Recommendations

- 2.1 The Council needs to have a clear financial strategy to tackle the challenges faced in the coming years. The proposed strategy requires significant investment in a range of projects necessary to meet its key priorities including achieving a sustainable financial position by the end of the decade.
- 2.2 As the financial strategy will require capital investment for the authority in excess of available capital resources there will be a requirement to undertake Prudential Borrowing. This will require the authority to meet the requirements of the Prudential Code¹.

3. Content of Report

- 3.1 The financial strategy for the authority is intended to provide a stable financial environment for the Council to progress its aims and objectives.
- 3.2 The key principles underpinning the strategy are:
- The matching of expenditure and income in the medium term
 - Optimising the use of Council assets to deliver or help finance Council priorities

¹ Prudential Code for Capital Finance in Local Authorities issues by CIPFA.

- Aligning new expenditure to key Council priorities and to continue to provide value for money
- Having in place sound financial processes to control and monitor expenditure
- Awareness of the financial risks facing the authority and using this to inform the authority's level of financial reserves

3.3 The updated Medium Term Financial Strategy is Appendix A of this report. The financial forecast in the Strategy assumes grant funding and tariff levels as included in the last Financial Settlement data. The Government has made the offer to local authorities that they can ask for these figures to remain unchanged over the period of the current spending review (i.e. until 2020/21). The Council has accepted this offer on the basis of providing some certainty for planning purposes, and the likelihood of the Government funding being improved is remote.

3.4 The Government has requested authorities produce efficiency plans to set out their approach in the coming years to improving services with limited resources from Central Government. Where authorities have joint working programmes they are asked to submit joint efficiency plans, and this is what Chiltern and South Bucks have done. The joint efficiency plan has been produced in line with guidance from the LGA and CIPFA and is attached Appendix B.

3.5 The Medium Term Financial Strategy is a main driver for the Council's Treasury Management Strategy, especially if the authority is moving from being debt free to Prudential borrowing. Therefore the Treasury Management Strategy will need to be updated as part of its normal annual review, to reflect the new Medium Term Financial Strategy.

4. Consultation

4.1 The Strategy will be considered by the Overview & Scrutiny Committee as part of the consultation with the Committee for the 2017/18 Budget.

5. Options

5.1. If the authority wishes to undertake Prudential borrowing it is required to have in place a medium term financial strategy to establish the level of borrowing anticipated and its affordability. It is also important from the view point of financial governance to have a Medium Term Financial Strategy.

6. Corporate Implications

6.1 The Medium Term Financial Strategy is an important document in the Council's governance. It expresses in a financial context how the authority will progress its key objectives and manage major financial risks over the medium term. It is a cornerstone of the legal basis for authorities wishing to undertake prudential borrowing.

6.2 The Medium Term Financial Strategy includes potential projects where the Council will exercise its General Power of Competence, in accordance with sections 1 to 6 of the Localism Act 2011. In summary, this enables councils to do things:

- an individual may generally do
- anywhere in the UK or elsewhere
- for a commercial purpose or otherwise, for a charge or without a charge
- without the need to demonstrate that it will benefit the authority, its area or persons resident or present in its area (although in practice councils will want to realise such benefits).

7. Links to Council Policy Objectives

7.1 The Medium Term Financial Strategy is the financial statement that shows how the Council intends to fund meeting its key objectives.

8. Next Step

- The Medium Term Financial Strategy will underpin the forthcoming decisions on the budgets and council tax for 2017/18, and will be updated in the light of the final budget outcomes for 2017/18.
- The Treasury Management Strategy will be updated to reflect the MTFs, and reported to Cabinet - Feb 2017
- The Capital and Asset Management Strategies updated and reported to Cabinet - Feb 2017

Background Papers:	Treasury Management Strategy 2016 Risk Management Strategy
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