

MEDIUM TERM FINANCIAL STRATEGY REFRESH

Cabinet Member: Councillor David Watson

Wards Affected: All

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Recommendation to Council

The Medium Term Financial Strategy (MTFS) attached as Appendix A makes the following recommendations for approval by Council. It is recommended that:

- a. The financial projections within the 5-year MTFS be noted, and the Strategy approved;
- b. A revenue savings target of £331k be approved for the 2019/20 budget-setting process;
- c. A further revenue savings target of £1.822m for the three years 2020/21, 2021/22 & 2022/23 be approved for the duration of this MTFS;
- d. The Head of Finance & Commercial works with the Council's Strategic Management Board (SMB) and Portfolio Holders to deliver options that will achieve the saving targets identified within the Strategy;
- e. The Budget Setting Process is approved to support the delivery of this process for 2019/20;
- f. The Head of Finance & Commercial be requested to revise the MTFS and re-present to Cabinet and Council for approval if material changes to forecasts are required following future Government announcements;
- g. The revised Capital Plan incorporating the adjustments set out in section 8 of this report is approved; and
- h. The key principles, as set out in section 8.4 of this report, that any new Capital proposal needs to demonstrate that it provides Value for Money, is affordable within a prescribed Capital budget envelope, is clearly aligned with the Council's strategy, and, in the case of "Invest to Save" or investment proposals, delivers a return above a prescribed threshold, are approved.

Reason for Decision

The preparation of a Medium Term Financial Strategy is the first stage in the annual budget planning cycle, leading to the budget and council tax setting; for 2019/20 this will be in February 2019. The Strategy also provides a framework for delivery of corporate priorities and to address issues arising from risks and opportunities identified within the Strategy.

Corporate Implications

1. The financial implications are contained within Appendix A of this report.
2. Section 31A of the Local Government Finance Act 1992 requires billing authorities to calculate their council tax requirements in accordance with the prescribed requirements of that section. This requires consideration of the authority's estimated revenue expenditure for the year in order to perform its functions, allowances for contingencies in accordance with proper practices, financial reserves and amounts required to be transferred from general fund to collection fund.
3. The main financial risks to the Council have been reviewed as part of this report.

Executive Summary

4. In the current economic climate and in light of continued reforms to Local Government Finance it is essential that the MTFS is regularly reviewed to enable forward projections to remain as relevant as possible.
5. The attached Strategy has been reviewed to take into account the draft pre-audited Statement of Accounts position for 2017/18, and the 2018 Local Government Finance Settlement.
6. It is recommended that Cabinet recommend the revised MTFS to Council for approval. The Strategy will provide the framework for the development of annual budgets for 2019/20, together with the development of the five-year Capital Programme for consideration and approval by Council in February 2019.

Sustainable Community Strategy/Council Priorities - Implications

7. The approval of the Council's MTFS is key to the delivery of the Council's priorities.

Background and Issues

8. Background papers are listed below. All relevant issues are noted and addressed in the Strategy itself.

Consultation

9. The chairman of the Improvement and Review Commission has been consulted on the timetable during the preparation of this proposed Strategy, and the public will be consulted at an appropriate time.

Options

10. There are no other options to be considered.

Conclusions

11. When the proposed Strategy is approved by Cabinet and Council, it sets a strong basis to support and enable the future strategic financial and budget management for the Council.

Next Steps

12. When the Strategy has been approved by Cabinet and Council, the budget setting process for the next financial year, 2019/20, can commence.

Background Papers

2018/19 Revenue Budget, Capital Programme and Council Tax Setting report to February 2018 Cabinet.

2017/18 Provisional Outturn report to June 2018 Cabinet.