

Report to:	EXECUTIVE
Relevant Officer:	Steve Thompson, Director of Resources
Relevant Cabinet Member:	Councillor Simon Blackburn, Leader of the Council
Date of Meeting:	19 th January 2015

MEDIUM TERM FINANCIAL STRATEGY 2015/16 to 2017/18

1.0 Purpose of the report:

1.1 To consider the attached report at Appendix 2a which constitutes the Council's Medium Term Financial Strategy (MTFS) for the 3-year period, 2015/16 to 2017/18.

2.0 Recommendation(s):

2.1 To approve the Medium Term Financial Strategy 2015/16 to 2017/18.

2.2 To initiate a period of stakeholder consultation on the savings proposals for 2015/16 as summarised at Appendix 2b.

2.3 To agree to receive updates of the Strategy on a rolling annual basis or as changing circumstances dictate.

3.0 Reasons for recommendation(s):

3.1 The strategy provides a summary of how the Council can finance its future delivery and the level of savings needed if these activities are to be enabled. The strategy also outlines the local and national context and enables consultation on savings proposals outlined.

3.2a Is the recommendation contrary to a plan or strategy adopted or approved by the Council? No

3.2b Is the recommendation in accordance with the Council's approved budget? This document if approved will inform the creation of the Council's approved budget

3.3 Other alternative options to be considered:

To agree a different Medium Term Financial Strategy 2015/16 to 2017/18 although there are significant risks in the delivery of the Council priorities in approving a different strategy.

4.0 Council Priority:

4.1 The decision will assist in the delivery of all Council Priorities namely:

- Tackle child poverty, raise aspirations and improve educational achievement
- Safeguard and protect the most vulnerable
- Expand and promote our tourism, arts, heritage and cultural offer
- Improve health and well-being especially for the most disadvantaged
- Attract sustainable investment and create quality jobs
- Encourage responsible entrepreneurship for the benefit of our communities
- Improve housing standards and the environment we live in by using housing investment to create stable communities
- Create safer communities and reduce crime and anti-social behaviour
- Deliver quality services through a professional, well-rewarded and motivated workforce

5.0 Background Information

5.1 This report constitutes the Council's Medium Term Financial Strategy (MTFS) for the 3-year period, 2015/16 to 2017/18.

5.2 Since 2010 funding for local government has been progressively reduced as part of the Government's plan to lower the fiscal deficit. The National Audit Office¹ estimates that Government funding to local authorities will have fallen in real terms by 27.9% from 2010/11 to 2014/15 and by 37.3% to 2015/16.

5.3 The Council is committed to protecting services, but to remain financially sustainable has had to respond to date with savings of £68m from its revenue expenditure. During the term of this Strategy a further £58m of savings is forecast to be needed.

5.4 Each successive year the scope remaining for savings from efficiency measures becomes less. Delivering savings of this magnitude (equivalent to 4 times the cost of

¹ *Financial sustainability of local authorities*, 19th November 2014

all the Council's back office services) has had an unavoidable impact on jobs and service levels, but by 2018 more radical, fundamental and transformational solutions will be necessary.

5.5 Against this backdrop the proposed Strategy summarises the comprehensive review and assessment that has been undertaken of how the Council can finance its future service delivery and the level of savings needed if these activities are to be enabled. It also considers the risks anticipated throughout what is forecast² to be an increasingly harsh economic climate for local government.

5.5 Does the information submitted include any exempt information? No

5.6 **List of Appendices:**

Appendix 2a: Medium Term Financial Strategy 2015/2016- 2017/18
Appendix 2b: Proposed Savings Schedule
Appendix 2c: Risk Register

6.0 **Legal considerations:**

6.1 As outlined in the report at Appendix 2a.

7.0 **Human Resources considerations:**

7.1 As outlined in the report at Appendix 2a and Appendix 2b.

8.0 **Equalities considerations:**

8.1 An Equalities Impact Analysis will be completed for consideration with the Revenue Budget 2015/2016.

9.0 **Financial considerations:**

9.1 As outlined in the attached report.

10.0 **Risk management considerations:**

10.1 As outlined in the attached report at Appendix 2a and the Risk Register at Appendix 2c

² The Chancellor's *Autumn Statement*, 3rd December 2014

11.0 Ethical considerations:

11.1 As outlined in the attached report.

12.0 Internal/ External Consultation undertaken:

12.1 The recommendations if approved will start consultation on the outlined proposals.

13.0 Background papers:

13.1 Medium Term Financial Plan Working Papers

14.0 Key decision information:

14.1 Is this a key decision? No

14.2 If so, Forward Plan reference number:

14.3 If a key decision, is the decision required in less than five days? No

14.4 If **yes**, please describe the reason for urgency:

15.0 Call-in information:

15.1 Are there any grounds for urgency, which would cause this decision to be exempt from the call-in process? No

15.2 If **yes**, please give reason:

TO BE COMPLETED BY THE HEAD OF DEMOCRATIC GOVERNANCE

16.0 Scrutiny Committee Chairman (where appropriate):

Date informed: N/A

Date approved: N/A

17.0 Declarations of interest (if applicable):

17.1

18.0 Executive decision:

18.1

18.2 Date of Decision:

19.0 Reason(s) for decision:

19.1 Date Decision published:

20.0 Executive Members in attendance:

20.1

21.0 Call-in:

21.1

22.0 Notes:

22.1