

REPORT TO THE EXECUTIVE MEETING OF 8th FEBRUARY 2016

Meeting: Executive
Date: 8th February 2016
Subject: Medium Term Financial Strategy (MTFS)
Report of: Simon Riley, Head of Financial & Corporate Services & S151 Officer
Portfolio Holder: Councillor Phil King

Status: Recommendation to Council

Relevant Ward(s): All

1 Purpose of the Report

1.1 For Executive to discuss the Medium Term Financial Strategy (MTFS) of the Council and to recommend to Council for approval.

2 Recommendations:

2.1 **Recommend to Council, approval of the Medium Term Financial Strategy attached at Appendix A**

3 Summary of Reasons for the Recommendations

3.1 Financial management is an important function within the Council, which is recognised through the Finance Portfolio and the Council's annual business planning framework.

3.2 The Council operates in a difficult financial and economic environment requiring a strategic and focused approach to financial planning for the short to medium term.

4 Key Facts

4.1 The Medium Term Financial Strategy looks ahead at the Council's financial position, in order to identify funding sources and potential issues. The Strategy provides a forecast of potential resource gaps over the period.

- 4.2 The MTFS provides the strategic context for the Council's corporate plan and business planning process.
- 4.3 Government indicative funding figures for the next four years indicate that the Government funding for Harborough District will reduce from £5.389 million in 2016/17 to £3.566 million in 2019/20 (a decrease of a third). During the period of the MTFS there is also a major shift in Government funding by 2020 with the cessation of Revenue Support Grant and proposals to increase business rate retention to 100% by 2020. This creates significant volatility during this MTFS Period. The MTFS will therefore be reviewed and updated regularly.
- 4.4 The MTFS is a complex document with many interdependencies which will be revisited over the next four years and be subject to change. The key drivers within this MTFS are:
- (a) Increased use of the Business Rate Retention Reserve
 - (b) Council Tax Increases of 1.99% from 2017/18
 - (c) Planned Use of Reserves
 - (d) Efficiency Plan Targets rising from £300K in 2017/18 to £1.2 million in 2019/20
 - (e) Funding anticipated pressures in respect of pay costs and inflation
- 4.5 The MTFS will form the basis of formulating an Efficiency Plan for the Council. This is required to secure a four year funding settlement from the Government and to address the emerging resource gaps identified from 2017 to 2020. Initial forecasts indicate that savings/income could be delivered through a phased increase over the MTFS period as below:

	Efficiency Plan Target
	£000s
2017/18	300
2018/19	600
2019/20	1, 200

This will be considered by Executive and Council later in the year.

5 Legal Issues

- 5.1 None arising directly from this report.

6 Resource Issues

- 6.1 Covered in the Medium Term Financial Strategy attached at **Appendix A**.

7 Equality Impact Assessment Implications/Outcomes

- 7.1 Nothing arising direct from this report

8. Risk Management Implications

8.1 In order to mitigate future financial risks, it is important to regularly review the Councils financial position and to identify where there might be a possibility of a shortfall in funding in future years.

9 Consultation

9.1 Discussions with the Portfolio Holder, Finance and Commercialisation and the Executive

10 Background Papers

10.1 Papers held by s.151 Officer and 2016/17 Budget Report

Previous report(s): MTFS report to Executive, 20th August 2013

Information Issued Under Sensitive Issue Procedure N

Ward Members Notified: N

Appendices:

A. Medium Term Financial Strategy