Waveney District Council

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CABINET

Wednesday 6 December 2017

DRAFT MEDIUM TERM FINANCIAL STRATEGY AND EFFICIENCY PLAN (REP1586)

EXECUTIVE SUMMARY

1. The Medium Term Financial Strategy (MTFS) provides a baseline forecast of income and expenditure and looks at the overall financial climate. It provides a framework within which the Council's overall spending plans will be developed.

2. The Government has announced proposals for Councils to retain all locally raised business rates by the end of the decade, and to end the distribution of core grant from central Government. These proposals have been subject to delay as a result of the General Election and the Local Government Finance Bill not being included in the legislative programme for this Parliament. However, the government continues to be committed to this change, and is continuing to develop key aspects of the new system, for example the invitation to groups of authorities to become pilots for 100% Business Rates retention.

3. Overall, this period and the long-term Local Government financial picture continues to be characterised by an increased shift towards locally-generated resources, with an accompanying transfer of both risk and opportunity. This report sets out the assumptions made in identifying resources for the MTFS period.

4. The Council has signed up to 4-year Local Government Finance Settlements for the period 2016/17 – 2019/20, covering Revenue Support Grant. To take advantage of this offer each authority needed to submit an Efficiency Plan. Although an updated Efficiency Plan does not need to be submitted to DCLG in respect of the 4-year LG Finance Settlement, it is an overarching document sitting between the East Suffolk Business Plan and the MTFS, and this report seeks approval of an updated Efficiency Plan.

5. During the timescale of the updated MTFS presented in this report, the Council is progressing the potential creation of a new single council for East Suffolk. If progressed and approved by the Secretary of State, a new East Suffolk district council could be implemented with effect from 1 April 2019.

6. The draft MTFS will be revised for further updates including those resulting from the Chancellor's Autumn Budget; further developments in the Business Rates Retention proposals; the outcome of the business rates Pilot invitation; budget monitoring forecasts; and the provisional Local Government Finance Settlement.

7.	At the end of the 2018/19 budget process, in February 2018, the Council is required to approve a balanced budget for the following financial year and set the Band D rate of Council Tax. This report sets out the context and initial parameters in order to achieve that objective and contribute towards a sustainable position going into the major changes now planned for the medium term.

Is the report Open or Exempt?	Open

Wards Affected:	All Wards in the District

Cabinet Member:	Councillor Bruce Provan Cabinet Member for Resources

Supporting Officer:	Homira Javadi Chief Finance Officer (01394) 444529 Homira.Javadi@eastsuffolk.gov.uk

1 INTRODUCTION

1.1 The **Medium Term Financial Strategy** (MTFS) sets the strategic financial direction for the Council and is regularly updated as it evolves and develops throughout the year to form the framework for the Council's financial planning. To ensure Members have a sound basis for planning and decision making, the MTFS is reviewed and updated at key points in the year these are:

- Midyear – as a framework for initial detailed budget discussions for the forthcoming financial year;
- January – an update to include additional information received at a national level and corporate issues identified through service planning, and the detailed budget build; and
- February – with the final Budget for the new financial year.

1.2 The purpose of the MTFS is to set out the key financial management principles, budget assumptions and service issues. It is then used as the framework for the detailed budget setting process to ensure that resources are managed effectively and are able to deliver the aspirations of the Council as set out in the Business Plan, over the medium term.

1.3 The **Efficiency Plan** is an overarching document sitting between the East Suffolk Business Plan and the MTFS. This report seeks approval of an updated Efficiency Plan, and approval of the draft MTFS, which will be subsequently updated during the course of the 2018/19 budget process.

2 EFFICIENCY PLAN AND MEDIUM TERM FINANCIAL STRATEGY

2.1 The Council's Efficiency Plan was originally approved in October 2016 for submission to the Secretary of State in respect of the 4-year settlement offer. An updated Efficiency Plan for the period 2018/19 to 2021/22 is attached as Appendix A, including some additional information on key projects. The same basic overarching Efficiency Plan has been produced for both Waveney and Suffolk Coastal, with the MTFS component being separate.

2.2 The draft MTFS for this period is attached as Appendix B, and represents a base position for the medium term. In the MTFS, the key uncertainties over this period relate to the creation of a single council for East Suffolk and developments in respect of 100% business rates retention.

3 HOW DOES THIS RELATE TO THE EAST SUFFOLK BUSINESS PLAN

3.1 The Efficiency Plan and MTFS sit beneath the East Suffolk Business Plan in both councils' hierarchy of plans and strategies, and are effectively the mechanism by which the key Business Plan objective of Financial Self-Sufficiency will be delivered over the medium term.

4 FINANCE AND GOVERNANCE IMPLICATIONS

4.1 All Finance and Governance implications are contained within the Efficiency Plan and MTFS documents themselves.

5 OTHER KEY ISSUES

5.1 This report has been prepared having taken into account the results of an Equality Impact Assessment.

6 CONSULTATION

6.1 The Council will consult on its strategy and detailed financial plans for the coming year with staff, residents, partners, and business through a variety of methods including e-consultation and forums. The Council is undertaking a detailed Residents' Survey which will help to further develop consideration of strategies and priorities.

6.2 A joint meeting of the Overview and Scrutiny Committee and the Audit and Governance Committee will consider the draft MTFS on 7 December 2017.

7 OTHER OPTIONS CONSIDERED

7.1 MTFS – The consideration of the MTFS by members at an early stage of the budget process is essential, especially in order to commence actions to achieve a balanced budget and sustainable medium term position. Consequently, no other options were considered to be appropriate in respect of this.

8 REASONS FOR RECOMMENDATION

8.1 To approve an updated Efficiency Plan and an updated MTFS, taking account of new and revised risks in order that the Council addresses them and will be able to set a balanced budget that delivers its priorities for the period under review, 2018/19 to 2021/22.

RECOMMENDATIONS

The Cabinet is recommended to:

1. approve the draft Efficiency Plan attached as Appendix A;
2. approve the draft Medium Term Financial Strategy;
3. approve that members and officers develop proposals to set a balanced budget for 2018/19 and beyond.

APPENDICES	
Appendix A	Efficiency Plan
Appendix B	Medium Term Financial Strategy
Appendix B1	Medium Term Financial Strategy – Key Principles
Appendix B2	Medium Term Financial Strategy – Mid-November 2017 Update

BACKGROUND PAPERS

Please note that copies of background papers have not been published on the Council's website but copies of the background papers listed below are available for public inspection free of charge by contacting the relevant Council Department.

Date	**Type**	**Available From**
October 2017	Equality Impact Assessment	Chief Finance Officer