

# Cabinet report



Report of Head of Finance

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12 February 2018 to CABINET

15 February 2018 to COUNCIL

## Medium Term Financial Strategy 2018/19 – 2022/23

### Recommendation to Council:

To recommend Council to approve the Medium Term Financial Strategy for 2018/19 – 2022/23 as attached to the report of the head of finance to the Cabinet meeting of 12 February 2018.

### Purpose of report

1. This report asks Cabinet to consider and recommend Council approve the medium term financial strategy for 2018/19 – 2022/23.

### Strategic objectives

2. Financial planning within a medium-term strategy helps maintain our strong financial position in a structured way while directing resources to priority areas.
3. Sound financial management is central to the ongoing delivery of all the council's functions and a key part of our governance framework.

### Background

4. The medium term financial strategy (MTFS) is reviewed and approved annually. The document sets a stable financial framework within which the council operates and as such should not require significant amendment on an annual basis.
5. Council approved the previous MTFS on 16 February 2017.

## **The Medium Term Financial Strategy**

6. The MTFS for 2018/19 – 2022/23 is attached as appendix one. It sets out the fundamental financial objectives of the council and the principles to be followed in managing the council's finances to achieve its objectives. It helps inform our treasury management strategy that governs how we invest money held in balances.
7. In addition to objectives and principles, a narrative on significant current issues is included in each section.
8. The significant current issues have been updated. No changes to the principles or objectives of the MTFS are being proposed.
9. The council's medium term financial plan (MTFP) projects the council's income and expenditure across the next five years. The MTFP under consideration as part of 2018/19 budget setting process projects a significant gap opening up between the council's expenditure and income in future years as a result of a real terms reduction in government funding. To close the gap the council needs to find ways in which to reduce its expenditure and/or increase its income. The council holds sufficient balances to allow it to address this matter in an orderly way. This does not mean the council can indefinitely put off the actions it will need to take. In the light of this the council will need to carry out a thorough review its MTFS during 2018/19.
10. In advance of that review the amount of money that can be used to support capital or revenue expenditure that produces a return of certainty has been increased from £30 million to £35 million (appendix one, paragraph 4 (a)) to allow additional non-treasury investment in 2018/19.

## **Financial implications**

11. The MTFS provides a framework within which we will prepare annual spending plans. The implications of working within this framework are set out in the strategy. In essence, it creates a rigorous discipline to follow, but one which helps ensure sound financial management.

## **Legal implications**

12. The MTFS will help ensure council sets its budget and council tax requirements and approves its annual statement of accounts within legislative requirements and deadlines.

## **Conclusion**

13. A key target of the council is to keep our share of council tax as low as possible whilst continuing to deliver high quality services and the proposed MTFS 2018/19 – 2022/23 will help achieve this. The MTFS identifies the objectives the council will pursue, and the principles it will follow, in managing its finances. Real term reductions in government funding will require a thorough review of the MTFS during 2018/19

## **Background Papers**

- MTFS 2017/18 – 2021/22 Council 17 February 2017.