

South Lakeland District Council
Overview and Scrutiny Committee - 12 July 2019
Cabinet – 17 July 2019
Council – 23 July 2019
Medium Term Financial Plan 2020/21 to 2024/25

Portfolio:	Andrew Jarvis, Finance and Resources Portfolio Holder
Report from:	Helen Smith – Finance Lead Specialist (Section 151 Officer)
Report Author:	Helen Smith – Finance Lead Specialist (Section 151 Officer)
Wards:	(All Wards)
Forward Plan:	Budget and Policy Framework Decision included in the Forward Plan as published on 18 June 2019

1.0 Expected Outcome

- 1.1 This report presents the draft Medium Term Financial Plan, incorporating the Financial Strategy and the Budget Strategy (referred to collectively as the MTFP). Overview and Scrutiny Committee and Cabinet are being asked to consider the Plan prior to Council being asked to approve it at their 23 July meeting. The Plan ensures the Council has a sound basis for allocating resources and effective financial management over the medium term.
- 1.2 Due to uncertainty with the timing of Government decisions around Spending Review 2019 and the proposed new local government funding system the funding from April 2020 is very uncertain. The overall position will be constantly reviewed and reported over the rest of 2019 and early 2020 as part of the budget process and update reports.

2.0 Recommendation

- 2.1 **It is recommended that the Overview and Scrutiny Committee:-**
- (1) **Consider the Draft Medium Term Financial Plan; and**
 - (2) **Agree comments to be taken forward for consideration at the Cabinet meeting on 17 July 2019;**
- 2.2 **It is recommended that the Cabinet:-**
- (1) **Consider comments from Overview and Scrutiny Committee;**
 - (2) **Consider the Draft Medium Term Financial Plan;**
 - (3) **Delegates to the Chief Executive and Finance Lead Specialist (Section 151 Officer) in consultation with the Leader and Finance and Resources Portfolio Holder, to decide on membership of any Cumbria Business Rate pool; and**
 - (4) **Agree comments to be taken forward for consideration and approval at the Council meeting on 23 July 2019.**

2.3 Council is requested to consider any comments raised and to approve the Medium Term Financial Plan.

3.0 Background and Proposals

- 3.1 The Council has produced a MTFP for several years. The financial projections were last reported to Council in February 2019. The Government has planned to change the funding model for local authorities from April 2020. The timing, and the amount of funding to be distributed, is still to be confirmed and is expected to be announced following the Spending Review 2019. The Spending Review is due to be prepared over the summer but may be delayed with a change in Prime Minister. The assumptions used within the financial model will be closely monitored and updates provided during the 2020/21 budget setting process.
- 3.2 The Draft MTFP is attached at Appendix 1 (the document includes 8 supporting documents). The annual revenue budget deficit projections before Customer Connect savings total c £2.3m for 2020/21 rising to £4.2m by 2023/24 based on a number of assumptions as detailed in the draft. The Customer Connect programme will generate £1.55m of recurring annual savings reducing the expected deficit in 2023/24 to £2.7m. The revenue budgets reflect additional costs of interest and debt repayment relating to items in the capital programme. The budgets have not been updated for income identified in the relevant business plans/budget bids to offset the costs. This further reduces the projected deficit for 2023/24 to £2.0m. Savings plans in addition to the Customer Connect Programme are being developed to provide a balanced position.
- 3.3 Overall the Council is in a positive financial position compared to most local authorities with adequate General Fund balances and reserves, robust financial management practices and an excellent track record in achieving efficiency savings. The overall position will be constantly reviewed and reported over the rest of 2019 and early 2020 as part of the budget process and update reports.
- 3.4 The MTFP, once approved, will form the basis of the budgets to be prepared during the remainder of 2019/20 for approval in February 2020. However, the MTFP and the budget strategy provide only the broad framework. Individual decisions, particularly the level of Council Tax, will be approved during the budget process, and no later than the end of February 2020, based on the latest projections available.
- 3.5 The Council is currently part of the Cumbria Business Rate Pool. This enables the Council to retain additional business rate income for fund economic development. Each year the members of the Pool have to consider the risks and rewards and consider whether the pool should continue. It is not yet clear how, or if, pools will continue beyond April 2020. Any applications have required a rapid response from all authorities about whether to join or remain in a pool. The decision to join a pool was delegated in both 2017 and 2018 and it is requested that the same delegations continue for the current year.

4.0 Consultation

- 4.1 Various modes of consultation are being undertaken including consideration of this Plan by the Overview and Scrutiny Committee, Corporate Management Team, Leadership Team, and Members prior to the request for approval at the 23 July 2019 Council meeting.

5.0 Alternative Options

- 5.1 The assumptions forming the MTFP could be amended. This is not recommended, as the proposals are regarded as the most appropriate option when considered against the need to secure financial resilience and deliver the Council Plan priorities.

6.0 Links to Council Priorities

6.1 The MTFP indicates the resources available to fund the Council Plan and how these resources will be allocated.

7.0 Implications

Financial, Resources and Procurement

7.1 As detailed in the report.

Human Resources

7.2 This report has no direct impact on the staffing of the Council.

Legal

7.3 The report recommendations enable the legal requirement to set a balanced budget by the end of February to be complied with.

Health, Social, Economic and Environmental

7.4 Have you completed a Health, Social, Economic and Environmental Impact Assessment? No

7.5 The Health, Social, Economic and Environmental Assessment is carried out as part of the future years Budget Report that will follow this strategic direction.

Equality and Diversity

7.6 Have you completed an Equality Impact Analysis? No

7.7 An Equality Impact Analysis is carried out as part of the future years Budget Report that will follow this strategic direction.

7.8 There are no additional Equality or Diversity impacts as a result of the report.

Risk

Risk	Consequence	Controls required
The Council does not have adequate arrangements for the identification and addressing of financial risks	Potentially expenditure could exceed resources available	A full analysis of the key risks are detailed within the MTFP. Robust short, medium and long term planning.

Contact Officers

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Appendices Attached to this Report

Appendix No.	Name of Appendix
1	Draft Medium Term Financial Plan

Background Documents Available

Name of Background document	Where it is available
2019/20 Budget Report	https://tinyurl.com/yy5n5v7h

Tracking Information

Signed off by	Date sent
Legal Services	26/06/19
Section 151 Officer	N/A
Monitoring Officer	26/6/19
SMT	14/6/19

Circulated to	Date sent
Human Resources Manager	N/A
Communications Team	N/A
Leader	N/A
Committee Chairman	N/A
Portfolio Holder	23/6/19
Ward Councillor(s)	N/A
Committee	13/7/19
Executive (Cabinet)	17/7/19
Council	23/7/19