

## PLYMOUTH CITY COUNCIL

**Subject:** Updated Medium Term Financial Strategy  
**Committee:** Joint Budget Scrutiny Committee  
**Date:** 22 September 2016  
**Cabinet Member:** Cllr Darcy  
**CMT Member:** Lesa Annear  
**Author:** Paul Cook (Head of Financial Planning and Reporting)  
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**Ref:**

**Key Decision:** Yes

**Part:** I

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**Purpose of the report:**

Scrutiny is invited of the Council's updated Medium Term Financial Strategy 2016-20.

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**The Corporate Plan 2013/14 -2016/17:**

The MTFS will assist the Council in delivering the Corporate Plan.

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**Implications for Medium Term Financial Plan and Resource Implications:  
Including finance, human, IT and land:**

The resource implications are set out in the body of the MTFS

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**Other Implications: e.g. Child Poverty, Community Safety, Health and Safety and Risk Management:**

The MTFS addresses the financial risks facing the Council. It also provides the maximum resources achievable to address key policy areas.

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**Equality and Diversity:**

Has an Equality Impact Assessment been undertaken? No

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**Recommendations and Reasons for recommended action:**

1. That Joint Budget Scrutiny Committee scrutinises the MTFS
  2. That Joint Budget Scrutiny Committee recommends any proposed changes to Cabinet
  3. That Joint Budget Scrutiny Committee reviews the MTFS risk register and recommends any appropriate changes to Cabinet
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**Alternative options considered and rejected:**

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None

**Published work / information:**

**Background papers:**

Title	Part I	Part II	Exemption Paragraph Number							
			1	2	3	4	5	6	7	

**Sign off:**

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Originating SMT Member													
Has the Cabinet Member(s) agreed the content of the report?													

## **1.0 Introduction**

- 1.1 The revised MTFS calculates the resources that are expected to be available over the plan period. The main sources are RSG, Council Tax and business rates. It also reflects the latest projections (during a government consultation period) for New Homes Bonus. There are no significant changes in these figures compared to the MTFS reported to Scrutiny in July 2016.
- 1.2 The MTFS then looks at the additional costs facing the Council in the Adults and Children's areas. The pressures identified in Quarter 1 monitoring are reported, but no specific adjustment is made in the MTFS at this stage compared to the version considered in July 2016.
- 1.3 Provision is made for specified risks and additional costs facing the Council including the capital financing costs of essential schemes that cannot be met from service budgets. An additional allocation of £0.5m has been made from 2017/18 to reflect anticipated housing benefit subsidy losses. These arise from claimant error identified and reported by DWP using the Real Time information system.
- 1.4 Provision of £100k is also made for Neighbourhood Initiatives.
- 1.5 The revised MTFS still assumes collection rates of 98.5% for council tax and 98.5% for business rates. Stretch targets to increase these rates by 0.1% per annum from 2017/18 have now been set. However it is prudent to continue the 98.5% assumption for income purposes, and performance will be carefully monitored.
- 1.6 The results of the Time for Big Decisions consultation will be reported separately to the Joint Budget Scrutiny
- 1.7 The revised MTFS continues to outline the significant savings that have been achieved since December 2013. At the same time it reflects on the high value Transformation Programme already committed in balancing the 2016/17 budget.
- 1.8 The MTFS presented in July 2016 to Scrutiny Committees included planned savings for Commercialisation, Customer Services and Councilwide Systems Reviews. These savings have now been reallocated to Directorates in the revised MTFS in order to facilitate their achievement.
- 1.9 Various savings have been reprofiled or adjusted since the version reported to Scrutiny in July 2016 of which the main changes are:
  - Increased savings (£250k) from the Asset Investment Fund in accordance with existing policies
  - The Integrated Health and Wellbeing savings have been allocated more clearly to specific services in accordance with existing strategies
  - The planned use of flexible capital receipts has been reduced to reflect the likely availability of surplus receipts for this purpose. (£3m less 2018/19; £1m less 2019/20.)
- 1.10 The revised MTFS sets out the policy decisions that will be required by October 2016 Cabinet. The comments of the Joint Budget Scrutiny are invited on these, being:
  - Proposals for waste collection, including the comments of the Waste Scrutiny meeting in August 2016

- I.11 There are number of savings areas other than Waste that were reported in July 2016 without values. These themes are still under consideration and no specific proposals will be brought forward to October Cabinet. Those savings were:
- PEC
  - ASDV Dividends
  - Relocation of libraries to wellbeing hubs
  - Stretch services to schools
  - Commercial health operations
  - Leisure service review
  - Review of Public Toilets
  - FM Service review
  - Total reward package
- I.12 The revised MTFS now includes a risk register, this being one of the areas identified by Scrutiny in July. The Register provides more background to the key risk identified corporately of non-delivery of the MTFS. Clearly there are a wide range of risks associated with the delivery of the revised MTFS. The views of Scrutiny will be helpful to Cabinet in identifying and managing the risks.
- I.13 The revised MTFS also sets out the Council's future approach to Transformation, and the financial challenges that lie ahead. There is no significant variation from the version reported to July Scrutiny.
- I.14 The revised MTFS also summarises the Council's Capital Programme and Treasury Management Policy. There is no significant variation from the version reported to July Scrutiny.