

PLYMOUTH CITY COUNCIL

Subject: Medium Term Financial Strategy
Committee: Cabinet
Date: 31 October 2017
Cabinet Member: Cllr Darcy: Cabinet Member for Finance and ICT
CMT Member: Andrew Hardingham – Interim Joint Strategic Director for Transformation and Change
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Ref:
Key Decision: Yes
Part: I

Purpose of the report:

Under the Council's Financial Regulations, the Responsible Financial Officer (Section 151 officer) is required to report the medium term budget prospects. Cabinet is asked to consider the Medium Term Financial Strategy for the period 2018/19 to 2020/21.

The Strategy reflects the latest funding position. The Strategy sets out projected savings over the plan period.

The Medium Term Financial Strategy is recommended by Cabinet to Council.

The Council Corporate Plan 2016/19:

The Medium Term Financial Strategy sets out the resources available to deliver the Corporate Plan.

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 report and the Medium Term Financial Strategy.

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

The Medium Term Financial Strategy provides the maximum resources achievable to address key policy areas. A risk register is included.

Equality and Diversity:

The equalities impact of specific budget changes will be evaluated item by item where appropriate.

Recommendations and Reasons for recommended action:

1. That Cabinet approves and recommends the Medium Term Financial Strategy to the Council at its meeting of 20 November 2017.
 2. That Cabinet recommend the Leader of the Council writes to the Secretary of State for Communities and Local Government to express the Council's concerns about the availability of resources for Social Care and request additional funding for Adults and Children's Services as part of the local government finance settlement.
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Alternative options considered and rejected:

The Medium Term Financial Strategy is a key planning document for the Council and fulfills its statutory obligations to maintain a balanced budget.

Published work / information:

[Local Government Finance Settlement 2017/18](#)

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 Andrew Hardingham													
Has the Cabinet Member(s) agreed the content of the report? Yes													

1.0 Introduction

- 1.1 The Medium Term Financial Strategy (MTFS) is the Council's primary financial strategic and planning document linking the revenue budget, the capital programme and the treasury management strategy.
- 1.2 The Strategy sets out the financial planning assumptions for the next three years and ensures resource allocation is in line with Plymouth's priorities.
- 1.3 The previously published MTFS was approved by Council in November 2016 and was last updated in February 2017 when the 2017/18 budget was approved.
- 1.4 The updated Strategy sets out the national context and the Council's assumptions for resources including changes to New Homes Bonus, over the next three years. The key assumptions in the MTFS are:
- Reduction in the revenue support grant of £6.7m as set out in the four year settlement;
 - Increase in council tax base - £1.79m;
 - Adult Social Care precept of 3% - £3.0m;
 - Increased business rates incomes - £1.1m.
- 1.5 Additional costs have been identified and built into the base budget and proposed efficiencies and savings identified to reduce the budget gap.
- 1.6 The main changes in the updated MTFS compared to the previously published strategy are set out below:
- There has been a reduction in the provision for the pay award of £0.1m reflecting a reduced organisation headcount.
 - Spend has been re-profiled for major investments in 2018/19 and 2019/20.
 - Additional provision has been made for the costs of restructuring - £0.250m in 2018/19 and £0.5m in 2019/20.
 - Additional provision has been added to the plan for increased costs with Children's Services - £2.0m in 2018/19 and a further £1.806m in 2019/20.
 - The impact of the withdrawal of the Education Support Grant amounting to £1.3m is reflected in 2018/19.
 - The impact of increased costs for Adult Social Care and national living wage in the 2019/20 budget - £0.926m.
 - Additional provision of £0.250m in 2018/19 has been made to improve Street Scene Services.
 - Additional provision of £0.1m in 2018/19 has been made to strengthen the Elections Service.

The Cabinet are committed to the growth agenda within the City and ensuring adequate budgetary provision is made available to the provision of Street Services.

- 1.7 These changes result in increased costs of £4.150m in 2018/19 and £4.013m in 2019/20.
- 1.8 The updated MTFS also reflects savings in 2018/19 due to re-profiling of City Deal expenditure and one off savings from Public Transport efficiencies.
- 1.9 It has been assumed that all savings previously identified within the MTFS have been included when arriving at the identified budget gap.
- 1.10 In response to the financial challenges faced by Plymouth, a Budget Scrutiny Select Committee has been meeting during 2017 to review the budget and make recommendations to Cabinet and Council. At its meeting on the 27 September 2017, the Select Committee reviewed a first draft of the MTFS. At this stage the 2018/19 budget gap was £4.366m.
- 1.11 The Budget Scrutiny Select Committee will at a future meeting explore the Council's revenue and capital budgets and how they deliver the Council's priorities and will consider specific delivery plans within specific service areas. The Budget Select Committee recommended the Council's reserves are included within the MTFS. These have been included in the latest version.
- 1.12 Cabinet is asked to review the latest version of the MTFS and recommend that it is presented to Council at its meeting on 20 November 2017.