

Full Council

11th December 2018



Report of: Denise Murray, Director of Finance & S151 Officer

Title: Medium Term Financial Plan and Capital Strategy

Ward: Citywide

Member Presenting Report: The Mayor and the Deputy Mayor, Cabinet Member for Finance, Governance and Performance

Recommendation

To note

1. The economic outlook and projections within the 5-year MTFP
2. The Strategic planning approach

To approve, subject to Cabinet Approval

3. The MTFP and Resourcing principles, as set out in appendix A1 and A2
4. The Capital Strategy, as set out in appendix A4

Summary

The Medium Term Financial Plan (MTFP) and Capital Strategy are a key parts of the Council's financial planning process and sets out the Council's strategic approach to the management of its finances and provides a framework within which delivery of the Council's priorities will be progressed. In July 2017, a Medium Term Financial Plan (MTFP) was presented to Cabinet which set out the financial outlook for the period 2017/18 – 2021/22 and set out a series of resourcing principles. This report sets out an update to the MTFP and a Capital Strategy to be approved by Full Council

Policy

1. The Medium Term Financial Plan (MTFP) and Capital Strategy are a key parts of the Council's financial planning process and sets out the Council's strategic approach to the management of its finances and provides a framework within which delivery of the Council's priorities will be progressed. An annual refresh is undertaken to ensure they remain relevant and accurate.

Consultation

2. **Internal**
The Medium Term Financial Plan and Capital Strategy have discussed and challenged by a Task and Finish Group of the Council's Overview and Scrutiny Management Board
3. **External**
Not applicable

Context

4. The Medium Term Financial Plan and Capital Strategy is set out in Appendices A1-A4

Proposal

5. The Medium Term Financial Plan and Capital Strategy is set out in Appendices A1-A4

Other Options Considered

6. Throughout the process, various data was analysed and reviewed in developing the resourcing principles and capital strategy. This is a complex process with many iterations and possibilities too numerous to present as discrete options. This report presents the final overall strategy.

Risk Assessment

7. Consideration of the economic context and financial risk to the Council is considered in detail in the MTFP.

Public Sector Equality Duties

- 8a) Before making a decision, section 149 Equality Act 2010 requires that each decision-maker considers the need to promote equality for persons with the following "protected characteristics": age, disability, gender reassignment, pregnancy and maternity, race, religion or belief, sex, sexual orientation. Each decision-maker must, therefore, have due regard to the need to:
 - i) Eliminate discrimination, harassment, victimisation and any other conduct prohibited under the Equality Act 2010.
 - ii) Advance equality of opportunity between persons who share a relevant protected characteristic and those who do not share it. This involves having due regard, in particular, to the need to --

- remove or minimise disadvantage suffered by persons who share a relevant protected characteristic;
 - take steps to meet the needs of persons who share a relevant protected characteristic that are different from the needs of people who do not share it (in relation to disabled people, this includes, in particular, steps to take account of disabled persons' disabilities);
 - encourage persons who share a protected characteristic to participate in public life or in any other activity in which participation by such persons is disproportionately low.
- iii) Foster good relations between persons who share a relevant protected characteristic and those who do not share it. This involves having due regard, in particular, to the need to –
- tackle prejudice; and
 - promote understanding.
- 8b) This report sets out the financial principles which will set out how the Council make financial decisions, including setting the annual budget. Any decision taken by the Council in line with these principles will be subject to the relevant process set out in the Council's constitution and scheme of delegation, including the requirement for completion of a relevance checks and Individual Equalities Impact Assessments (EQIAs) where decision may have an adverse impact on a particular group or individuals.

Legal and Resource Implications

Legal

Whilst there is no legal requirement to produce a medium term financial plan (MTFP), it is a key financial document as it informs the Council's budget setting process.

It brings together all known factors affecting the Council's financial position and its financial sustainability into one place and enables a basis for decision making that balances the financial implications of objectives and policies against constraints in resources.

It gives clear and understandable information to decision makers on the actions that are needed to ensure long-term financial sustainability and provides the framework against which the Council's annual budget should be formulated and set.

The CIPFA Prudential Code was revised in 2017 to introduce a requirement for the Council to produce a Capital Strategy.

The strategy should be tailored to individual circumstances and cover capital expenditure, investments and liabilities and treasury management overall strategy, and governance. It should enable procedures and risk appetite to be fully understood by all elected Members and allows Members to understand how stewardship, value for money, prudence, sustainability and affordability will be secured.

(Legal advice provided by Nancy Rollason, Head of Legal)

Financial

(a) Revenue

The financial implications are set out in the Medium Term Financial Plan for the period 2019/20 to 2023/24.

(b) Capital

The financial implications are set out in the Medium Term Financial Plan for the period 2019/20 to 2023/24.

(Financial advice provided by Michael Pilcher, Finance Business Partner)

Land

Not applicable

Personnel

A key principle underpinning the Medium Term Financial Plan is our workforce and productivity. An organisational improvement plan is being put in place which will support the requirements set out in the Medium Term Financial Plan and our Corporate Strategy. There will be workforce changes arising during the financial planning period and these will be addressed and considered during the annual budget setting process.

(Personnel advice provided by Mark Williams, Head of Human Resources)

Appendices:

A1 – Medium Term Financial Plan

A2 – Resourcing Principles

A3 – Resourcing Principles Change Log

A4 – Capital Strategy

LOCAL GOVERNMENT (ACCESS TO INFORMATION) ACT 1985

Background Papers:

None