

# Decision Pathway



**PURPOSE:** Key decision

**MEETING:** Cabinet

**DATE:** 06 October 2020

<b>TITLE</b>	<b>Medium Term Financial Plan and Capital Strategy</b>		
<b>Ward(s)</b>	n/a		
<b>Author:</b> Denise Murray	<b>Job title:</b> Director of Finance		
<b>Cabinet lead:</b> Craig Cheney	<b>Executive Director lead:</b> Mike Jackson		
<b>Proposal origin:</b> <i>Other</i>			
<b>Decision maker:</b> Cabinet Member <b>Decision forum:</b> <i>Cabinet</i>			
<b>Purpose of Report:</b> To present an annual update of the Medium Term Financial Plan (MTFP) and Capital Strategy for the period 2021/22 – 2025/26 to be considered by Cabinet in making recommendations for Council to approve. The two documents outline the Council’s strategic approach to the management of its finances, provides a framework within which delivery of the Council’s priorities will be progressed and will support preparation of the 2021/22 budget.  A financial outlook for the period 2021/22 – 2025/26 is produced for indicative planning purposes and a financial strategy with principles on how the Council will approach managing its finance over the medium term. Final decisions on the overall Budget and Council Tax level will be made by Council in February 2021.			
<b>Evidence Base:</b> The MTFP and Capital Strategy provides the financial context within which revenue and capital budget for the Council will be set and the financial planning assumptions will be kept under constant review given the increased level of uncertainty in the financial and economic climate. The MTFP sets the principles and framework under which the budget proposals are developed which are then put forward to Full Council for approval as part of the annual budget setting process.  On 25 February 2020 Council agreed the annual 2020/21 budget, directorate spending limits and the Capital Programme covering the period up to 2024/25. This refresh provides an update on the five year financial outlook for the Council’s finances and high level review of the key resourcing principles.  The Covid-19 pandemic and subsequent impact on the international and national economic climate context is substantial. The immediate impact on the Council’s finance this year is reported monthly to Cabinet. The MTFP considers the longer term impact this may have on the Council’s finances. There is huge uncertainty as the full impact on the economy and citizens is still unknown and therefore it is essential the Council builds resilience into its medium term planning. Our previous financial resourcing principles have been analysed and the have been reviewed in light of these changes and the MTFP highlights some key principles which are more relevant in our financial strategy going forward.  The Chartered Institute of Public Finance and Accountancy (CIPFA) Financial Management code requires authorities to have a rolling multi-year medium-term financial plan consistent with sustainable service plans.  The CIPFA Prudential Code requires local authorities to produce a Capital Strategy to demonstrate how capital expenditure, capital financing and treasury management activity contribute to the provision of desired outcomes and take account of stewardship, value for money, prudence, sustainability and affordability.  The report has been developed through analysis of relevant data sets and engagement with officers, a scrutiny task and finish group and Cabinet members.			

**Cabinet Member Recommendations:**

That Cabinet notes:

1. Notes the economic outlook and projections within the 5-year MTFP
2. Notes the strategic planning assumptions
3. Note the creation of the Covid Funding Reserve to retain transparency of the government funding and its deployment over the medium term.

That Cabinet recommend to Council for approval:

4. The Medium Term Financial Strategy for the period 2021/22 to 2025/26 (Appendix A1), which includes the strategy for balancing the budget as set out in the report.
5. The Capital Strategy for the period 2021/22 to 2025/26 (Appendix A2).

**Corporate Strategy alignment:** The Medium Term Financial Plan and Capital Strategy aim to ensure available funding and budgetary processes are aligned with corporate priorities.

**City Benefits:** n/a

**Consultation Details:** Public budget consultation exercise will be carried out annually to help inform Members of stakeholder's views of spending priorities and acceptable levels of Council Tax.

<b>Revenue Cost</b>	£n/a	<b>Source of Revenue Funding</b>	
<b>Capital Cost</b>	£n/a	<b>Source of Capital Funding</b>	
<b>One off cost</b> <input type="checkbox"/>	<b>Ongoing cost</b> <input type="checkbox"/>	<b>Saving Proposal</b> <input type="checkbox"/>	<b>Income generation proposal</b> <input type="checkbox"/>

**Required information to be completed by Financial/Legal/ICT/ HR partners:**

**1. Finance Advice:** The financial implications are set out in the Medium Term Financial Plan and Capital Strategy for the period 2021/22 to 2025/26.

**Chief Accountant: Michael Pilcher**

**2. Legal Advice:**

The CIPFA Financial Management code requires authorities to have a rolling multi-year medium-term financial plan consistent with sustainable service plans.

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 requires the Council to produce a Capital Strategy.

The strategy should 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 allow Members to understand how stewardship, value for money, prudence, sustainability and affordability will be secured.

**Legal Team Leader: Nancy Rollason, Head of Legal Service, 28/09/2020**

**3. Implications on IT:** As this is document is a financial approach proposal, there are no direct implications for IT Services. However, IT Services are delivering the technology platforms and strategy that will support the service areas in achieving their savings commitments and to continue to drive efficiency savings; all whilst enabling innovative ways of delivering current/new services. Support for the Digital Transformation agenda alongside some financial flexibility is critical to enable efficiency savings to be made.

**IT Team Leader: Simon Oliver, Director of Digital Transformation, 29/09/2020**

**4. HR Advice:** A key principle underpinning the Medium Term Financial Plan is our workforce and productivity. An organisational improvement plan has been put in place which will support the requirements set out in the Medium Term Financial Plan and our Corporate Strategy. Any workforce changes which arise during the financial planning period will be addressed and considered during the annual budget setting process.

<b>HR Partner: Mark Williams, Head of Human Resources, 28/09/2020</b>		
<b>EDM Sign-off</b>	Denise Murray	28/09/2020
<b>Cabinet Member sign-off</b>	Cllr Cheney	28/09/2020
<b>CLB Sign-off</b>	Denise Murray	28/09/2020
<b>For Key Decisions - Mayor's Office sign-off</b>	Mayor's Office	28/09/2020

<b>Appendix A – A.1 Medium Term Financial Plan 2021/22 to 2025/26 A.2 Capital Strategy 2021/22 to 2025/26</b>	<b>YES</b>
<b>Appendix B – Details of consultation carried out - internal and external</b>	<b>NO</b>
<b>Appendix C – Summary of any engagement with scrutiny</b>	<b>NO</b>
<b>Appendix D – Risk assessment</b>	<b>NO</b>
<b>Appendix E – Equalities screening / impact assessment of proposal</b> There are no direct equalities implications. An impact relevance check is attached at Appendix E	<b>YES</b>
<b>Appendix F – Eco-impact screening/ impact assessment of proposal</b>	<b>NO</b>
<b>Appendix G – Financial Advice</b>	<b>NO</b>
<b>Appendix H – Legal Advice</b>	<b>NO</b>
<b>Appendix I – Combined Background papers</b>	<b>NO</b>
<b>Appendix J – Exempt Information</b>	<b>NO</b>
<b>Appendix K – HR advice</b>	<b>NO</b>
<b>Appendix L – ICT</b>	<b>NO</b>