

The following is the report considered by the Cabinet at its meeting held on 31 July 2018.

TITLE OF REPORT: MEDIUM TERM FINANCIAL STRATEGY 2019 TO 2024

REPORT OF: SERVICE DIRECTOR- RESOURCES

EXECUTIVE MEMBER: COUNCILLOR JULIAN CUNNINGHAM

COUNCIL PRIORITY: ATTRACTIVE AND THRIVING / PROSPER AND PROTECT / RESPONSIVE AND EFFICIENT

1. EXECUTIVE SUMMARY

1.1 This report recommends the Medium Term Financial Strategy (MTFS) for 2019/24 to guide and inform the Corporate Business Planning Process. The updated version of the Strategy reflects any expected changes in funding alongside decisions taken by the Council during 2017/18. This is used to model the budget for the next five years and therefore highlight additional decisions that will need to be taken. It also reflects the significant uncertainty over funding in future years and highlights the need to be able to react to any changes.

2. RECOMMENDATIONS

2.1 That Cabinet recommends to Full Council the adoption of the Medium Term Financial Strategy 2019-24 as attached at Appendix A.

3. REASONS FOR RECOMMENDATIONS

3.1 Adoption of a MTFS and communication of its contents will assist in the process of forward planning the use of Council resources and in budget setting for 2019/2020 to 2023/2024, culminating in the setting of the Council Tax precept for 2019/20 in February 2019.

4. ALTERNATIVE OPTIONS CONSIDERED

4.1 None.

5. CONSULTATION WITH RELEVANT MEMBERS AND EXTERNAL ORGANISATIONS

5.1 No external consultation has been undertaken in the preparation of this report.

5.2 Members will be aware that consultation is an integral part of the Corporate Business Planning process, and consultation on the individual actions and projects planned to support the Objectives will be carried out in accordance with the Corporate Business Planning Timetable and the Council's Consultation Strategy.

5.3 As in previous years, Member workshops will be held in regard to corporate business planning proposals, in addition to seeking the views of the Finance Audit and Risk Committee, the North Hertfordshire Partnership (LSP), parish, town and community councils, panel of residents, statutory partners and business ratepayers views as appropriate

6. FORWARD PLAN

- 6.1 This report contains a recommendation on a key decision that was first notified to the public in the Forward Plan on the 5th June 2018.

7. BACKGROUND

- 7.1 Before considering the detailed budget position for the authority, the Corporate Business Planning Process requires that the Council's high level objectives are determined.
- 7.2 The Council's budget and its objectives are inextricably linked. There is no point in having a service or key project that cannot be funded and no point in spending limited resources (including staff resources) if they are not achieving the objectives that have been set. This aligns the agreed Policy of the Council with the finances which will deliver it.
- 7.3 The Corporate Plan, proposed for adoption in this same committee cycle, informs the opportunities and risks facing the district, and also identifies the things the Council will do to ensure that it is being delivered.

8. RELEVANT CONSIDERATIONS

- 8.1 The Medium Term Financial Strategy attached as Appendix A details the forecast impact of reducing resources, and quantifies what the Council will need to do to balance its budget in the medium term. It also reflects the significant uncertainty over a number of our funding sources in future years and therefore highlights the need to be able to react to any changes.
- 8.2 Subject to Cabinet's consideration, the MTFS at appendix A will be referred to Council for adoption on 6th September 2018.

9. LEGAL IMPLICATIONS

- 9.1 Cabinet's terms of reference include at 5.6.35 the power, by recommendation "to advise the Council in the formulation of those policies within the Council's terms of reference". Council's terms of reference include at 4.4.1(b) "approving or adopting the budget". The MTFS is part of the budget setting process.
- 9.2 The purpose of the report is to outline a medium term financial management strategy for 2019 to 2024. The attached MTFS will assist the Council in making sustainable decisions by providing a framework within which those decisions may be taken.
- 9.3 Councillors are reminded of the requirement, under section 30 of the Local Government Finance Act 1992, to set a balanced budget prior to the commencement of the financial year in question; and also that the Local Government Act 2003 requires the Chief Finance Officer to report on the robustness of estimates and the adequacy of reserves allowed for in the budget.

10. FINANCIAL IMPLICATIONS

10.1 All financial implications are covered in Appendix A.

11. RISK IMPLICATIONS

11.1 The key risks within the budget assumptions are referred to in Appendix A. Section 2.14 of Appendix A highlights some of the impacts of what would happen if there were changes in the assumptions made.

11.2 There are financial and reputational risks involved in arriving at a balanced budget against the uncertainty surrounding levels of government funding. We seek to mitigate the risks by scenario planning, use of the established corporate business planning process and early involvement of members and key stakeholders. The Council has a Corporate Risk of "Managing the Council's Finances". This is monitored by the Finance Audit and Risk Committee. Having an MTFS is a key mitigation to this risk.

12. EQUALITIES IMPLICATIONS

12.1 In line with the Public Sector Equality Duty, public bodies must, in the exercise of their functions, give due regard to the need to eliminate discrimination, harassment, victimisation, to advance equality of opportunity and foster good relations between those who share a protected characteristic and those who do not.

12.2 In setting its Corporate Objectives, the council is seeking to address equality implications in the services it provides and through the remainder of the Corporate Business Planning Process will carry out Equalities Impact Assessments for those Efficiency or Investment options that are taken forward.

13. SOCIAL VALUE IMPLICATIONS

13.1 The Social Value Act and "go local" policy do not apply to this report.

14. HUMAN RESOURCE IMPLICATIONS

14.1 Section 2.5 of Appendix A details the forecasts of pay growth over the period of the MTFS. The ability of the Council to employ the people it needs to deliver services will be significantly impacted by not providing a competitive remuneration package.

14.2 The delivery of projects to deliver council objectives depends on having adequate people resources with the requisite skills as set out in paragraph 7.2.

15. APPENDICES

15.1 Appendix A – Medium Term Financial Strategy 2019-2024.

16. CONTACT OFFICERS

Ian Couper, Service Director: Resources
ian.couper@north-herts.gov.uk ; ext 4243

Antonio Ciampa, Accountancy Manager
antonio.ciampa@north-herts.gov.uk; ext 4566

Kerry Shorrocks, Corporate HR Manager
Kerry.shorrocks@north-herts.gov.uk, ext 4224

Reuben Ayavoo, Senior Policy Officer
Reuben.ayavoo@north-herts.gov.uk, ext 4212

Tim Everitt, Performance Improvement Officer
Tim.everitt@north-herts.gov.uk, ext 4646