



CABINET REPORT

Report Title	MEDIUM TERM FINANCIAL PLAN (MTFP)
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AGENDA STATUS: PUBLIC

Cabinet Meeting Date:	17 th October 2018
Key Decision:	YES
Within Policy:	YES
Policy Document:	YES
Service Area:	Finance
Accountable Cabinet Member:	Cllr Brandon Eldred
Ward(s)	NA

1. Purpose

- 1.1 This report sets out for Cabinet approval the proposed Efficiency and Medium Term Financial Strategy to support the MTFP for 2019/20 to 2022/23.

2. Recommendations

- 2.1 That Cabinet approve the draft Efficiency and Medium Term Financial Plan as attached at Appendix 1.
- 2.2 That Cabinet adopt the key principles as set out at paragraph 3.2.4 below.

3. Issues and Choices

3.1 Report Background

- 3.1.1 The Medium Term Financial Plan (MTFP) is essential to underpin the Council's delivery of a balanced and sustainable financial position over the next three to four years.

- 3.1.2 The primary driver for the Efficiency and Medium Term Financial Strategy is the Council's Corporate Plan, and the need to deliver the priorities of the Council within the resources available.
- 3.1.3 This strategy relates specifically to General Fund budgets. The Housing Revenue Account faces similar financial challenges and the Council is working closely with Northamptonshire Partnership Homes to address these. This will result in an updated HRA Business Plan.

3.2 Issues

- 3.2.1 The Medium Term Financial Plan (MTFP) is set in the context of the proposed local government reorganisation and creation of a new unitary authority. Whilst this means that NBC will cease to exist in its current form beyond 2019/20, the budget set for that year must be sustainable. The new unitary authority will face considerable cost pressures from inception and each of the existing authorities must therefore ensure that existing budgets are robust and sustainable. Forecasts are being prepared for three financial years beyond 2019/20 on a no-change basis.
- 3.2.2 Latest projections show a requirement to make savings over the next five years of £3.4m by 2022/23, with £1.9m required in 2019/20 (6.5% of net service budgets).
- 3.2.3 Forecasts of funding and other technical budgets will be updated as the budget process progresses. The final position may vary as the budget is finalised, but it is not expected that this will significantly alter the level of savings required.
- 3.2.4 Medium Term Financial Plan (MTFP) Principles
- The Council will, within available resources, seek to maximise delivery of services and levels of performance and ensure that resources are targeted to meeting its objectives and priorities
 - The Council will set a balanced budget, which is stable and sustainable and fully represents the cost of providing the levels of service and performance set out in the Corporate Plan and Service Plans
 - Income streams will be maximised through the delivery of high quality, cost effective services.
 - Council Tax will be increased up to the maximum allowed without requiring a referendum.
 - Investment decisions will take into account both revenue and capital implications.
 - Where requirements to undertake borrowing are identified, the costs and benefits of doing so will be assessed as required in line with CIPFA's Prudential Code.
 - Financial implications will be underpinned by a robust risk assessment.

- Decision making will be business case lead. There will be a focus on the short, medium and long-term financial implications of decisions.
- Reserves will be utilised to fund investments that will deliver a long-term sustainable financial position.

3.2.5 Earmarked Reserves are available to support the delivery of the EMTFS. Where investment is supported by a robust business case then these reserves will be used to fund the up-front costs required to deliver future budget savings. Other earmarked reserves will be reviewed and realigned a necessary as part of the budget process, in order to ensure that they reflect the current risks and potential spending needs.

3.2.6 The efficiency strands detailed in the EMTFS are:

- Growth
- Partnerships, e.g. Support Services
- Use of IT/Digital channels
- Maximise income generation
- Review service and staffing structures
- Investment/commercial opportunities
- Realise opportunities from new ES contract

3.2.7 The EMTFS incorporates the key principles of the existing approved Capital Strategy. In line with the Prudential Code, a detailed capital funding strategy will be presented for approval as part of the capital programme proposals in December.

3.3 Choices (Options)

3.3.1 The options open to Cabinet are to approve the attached Medium Term Financial Plan (MTFP) Efficiency and Medium Term Financial Strategy as attached, and the strategic principles therein, or make alternative proposals.

3.3.2 Detailed budget options and choices will be proposed as part of the draft budget report to Cabinet in December. These will need to fully address the budget gap for 2019/20 and demonstrate progress towards a sustainable position over the medium term. This will inevitably involve tough choices.

4. Implications (including financial implications)

4.1 Policy

4.1.1 The Efficiency and Medium Term Financial Strategy sets a framework for the budget process and the focus for the delivery of a sustainable financial position. Any policy implications arising from detailed proposals will be the subject of separate reports to Cabinet and Council, as appropriate.

4.2 Resources and Risk

4.2.1 The financial implications are set out in the report.

4.2.2 The financial targets within the Medium Term Financial Plan (MTFP) Strategy generate a high level of financial risk, due to their scale and diversity. The Council holds General Fund balances in order to provide cover for these risks. The level of GF balances is reviewed and adjusted as part of the annual budget process and again as part of the final accounts process.

4.2.3 The Council also holds earmarked reserves, which are set aside for specific purposes, but have been re-focussed to ensure that they are targeted on the delivery of the Medium Term Financial Plan (MTFP) Strategy and a balanced budget.

4.3 Legal

4.3.1 There are no direct legal considerations arising from the recommendations of the report, however there may be specific legal implications for the budget options as they are generated, and these will be presented to Cabinet as part of the draft budget report in December.

4.4 Equality and Health

4.4.1 Equality impact assessments will be undertaken in respect of the detailed budget proposals that will emerge from the MTFP.

4.5 Consultees (Internal and External)

4.5.1 Corporate Management board have been consulted and endorse the MTFP.

4.6 How the Proposals deliver Priority Outcomes

4.6.1 The MTFP is linked to, and set in the context of the Corporate Plan and other approved Council plans and strategies.

4.7 Other Implications

4.7.1 None

5. Background Papers

5.1 None

Stuart McGregor, Chief Finance Officer

Appendix 2

Milestones for Medium Term Financial Planning & Budget 2019-23		DRAFT
	Activity	Timescale
Efficiency and MTP Options	CMB & Informal Cabinet to agree priorities and start/stops	Fri 12/10/18
	MTP Options completed by Services and returned to Finance.	Fri 12/10/18
	Cabinet Approval of Medium Term Financial Strategy	Wed 17/10/18
	Finance Review, Challenge and QA of MTP Options	Fri 26/10/18
	CMB & Informal Cabinet to agree Savings Options & Capital Programme Proposals	Fri 09/11/18
Continuation Budget	Finance Issue Budget Pack & Savings Targets to Heads of Service and Managers - inc. Continuation Budget for 2019-23	Mon 01/10/18
	Continuation Budget completed by Services and returned to Finance.	Fri 12/10/18
	Finance Complete Review and Challenge of Continuation Budget.	Fri 26/10/18
Capital Programme	Services to submit Capital Appraisals for proposed new schemes	Fri 12/10/18
	Capital Programme Board consider draft Capital Programme	Fri 26/10/18
Draft Budget Report	Consolidation of Budget data and preparation of Draft Budget Report and appendices.	Fri 09/11/18
	Submit Draft Budget reports and appendices to Democratic Services for CMB & EPB Review	Wed 14/11/18
	Final Draft Budget reports and appendices required	Fri 30/11/18
Consultation	Cabinet – Launch of consultation on draft Budget approved.	Wed 12/12/18
	Overview and Scrutiny Working Group review of draft budget.	TBC
	Overview and Scrutiny review of draft budget.	Mon 08/01/18
	Audit Committee	Mon 07/01/19
	Public Event - Consultation Day	TBC
	Cabinet - budget proposals to Council for approval.	Wed 20/02/19
	Council sets budget and council tax.	Mon 25/02/19