

Summary Sheet

Committee Name and Date of Committee Meeting

Cabinet – 17 December 2018

Report Title

Medium Term Financial Strategy

Is this a Key Decision and has it been included on the Forward Plan?

Yes

Strategic Director Approving Submission of the Report

Judith Badger, Strategic Director of Finance and Customer Services

Report Author(s)

Paul Stone, Head of Corporate Finance

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Ward(s) Affected

All

Executive Summary

The Council's Medium Term Financial Strategy (MTFS) sets out a framework for understanding the challenges the Council faces and supports corporate planning. It helps the Council to shape its finances over the medium term by examining the projected resources available to meet the s priorities as set out in its Council Plan.

The Strategy sets out the framework and principles upon which current and future financial projections, over the medium term, will be predicated. The MTFS financial projections were revised and updated alongside the setting of the revenue budget 2018/19 and illustrated budget gaps of £29.7m over the period 2019/20 and 2020/21. The updated budget gaps were re-affirmed in the Financial Outturn 2017/18 report to Cabinet in July 2018 and the financial assumptions underpinning the budget gaps were reviewed again in Summer 2018 with no changes required to key financial assumptions. The financial projections have been reviewed and updated again alongside the development of a two-year budget for 2019/20 and 2020/21 and are incorporated into the MTFS. The details of the budget including outcomes of consultation will be reported to Cabinet and Council in February 2019 when the Budget and Council Tax Report 2019/20 is considered.

The Strategy provides both national and local context of the challenges faced by councils in delivering services, particularly the demand pressures in respect of adults and children's social care. It sets out a clear set of objectives that will support the Council in developing its annual budgets and ensuring financial resilience. Furthermore, it provides details of the risks and uncertainties that are characteristic of local government finances.

The Strategy document attached to this report represents an interim update to the Council's medium term financial plans, which will be further updated following completion of budget consultation and the receipt of further information on the Council's funding from Government to be provided on 6th December 2018 within the Provisional Local Government Finance Settlement for 2018/19.

The final version of the Medium Term Financial Strategy will be submitted to Cabinet and Council in February 2019 alongside the Budget and Council Tax 2019/20 Report.

Recommendation

1. That the updated Medium Term Financial Strategy be approved and that it be noted that the final version of the Strategy will be submitted to Cabinet and Council in February 2019.

List of Appendices Included

Medium Term Financial Strategy

Background Papers

None.

Consideration by any other Council Committee, Scrutiny or Advisory Panel

Overview and Scrutiny Management Board – 12 December 2018

Council Approval Required

No

Exempt from the Press and Public

No

Medium Term Financial Strategy (MTFS)

1. Recommendations

- 1.1 That the updated Medium Term Financial Strategy be approved and that it be noted that the final version of the Strategy will be submitted to Cabinet and Council in February 2019.

2. Background

- 2.1 The Council's Outline Medium Term Financial Strategy 2016-2019 was approved by Council on 9th December 2015. Since that time, financial projections have been updated and regularly reported to Commissioners, Cabinet and Council. The Strategy document which sets out the framework and principles which the Council follows in developing its budgets and financial strategies has been re-written and an interim update is attached to this report in advance of the final document being submitted to Cabinet and Council in February 2019.

3. Key Issues

- 3.1 Councils have had to address significant reductions in their funding since the Government implemented austerity measures in 2010. This is coupled with unprecedented demand for social care services. The Local Government Association has estimated that there will be a £8bn funding gap nationally for local government services by 2025.
- 3.2 In developing a financial strategy, councils complete an appraisal of their current financial position and the financial challenges that they face. From this, stems the values of how they will develop financial sustainability in both the short and medium term. In doing so, a series of objectives is then formed, which, in turn, help to shape the finances by considering both the expenditure and resource implications, assessing their impact on the functions across the Council and the services that it delivers.
- 3.3 The challenges and objectives referred to in section 3.2 above are emphasised in the Strategy which sets out the Council's proposed approach to setting a balanced budget over the next two financial years.

4. Options considered and recommended proposal

- 4.1 The Council's MTFS considered by Council on 28 February 2018 demonstrated a funding gap of £29.7m over the period 2019/20 to 2020/21. The MTFS outlines how this has been addressed.

5. Consultation

- 5.1 The MTFS will be shared with key stakeholders and partners.

- 5.2 Public consultation on budget proposals for 2019/20 and 2020/21 commenced on 26 October 2018 and ceased on 30 November 2018. The outcomes from the consultation will inform the Council in finalising the Budget and MTFS. The response to the budget consultation will be formally reported to Overview and Scrutiny Management Board on 16th January 2019.

6. Timetable and Accountability for Implementing this Decision

- 6.1 The Council's medium term financial projections have been updated within the interim MTFS document following analysis of the impact on the Council of announcements made within the Chancellor's Autumn Budget 2018. They will be further reviewed from the Provisional Local Government Finance Settlement 2019/20 which is to be released on 6th December 2018.
- 6.2 The final MTFS will be presented to Cabinet and Council in February 2019 alongside the Budget and Council Tax Report 2019/20.

7. Financial and Procurement Implications

- 7.1 The financial implications are set out in the Strategy.
- 7.2 There are no direct Procurement implications arising from this report.

8. Legal Implications

- 8.1 No direct legal implications.

9. Human Resources Implications

- 9.1 HR support will be required in delivering service changes that will enable the Council to meet its financial challenges.

10. Implications for Children and Young People and Vulnerable Adults

- 10.1 The Strategy provides details of the pressures faced in respect of adults and children's social care at both the national and local level and the funding identified within the Council's budget for services.

11 Equalities and Human Rights Implications

- 11.1 Where appropriate, a detailed Equality Impact Assessment will be completed for budget savings proposals considered by Cabinet or Council as part of the Budget and Council Tax Report 2019/20.

12. Implications for Partners and Other Directorates

- 12.1 Where the Council is working with partner organisations on specific revenue or capital projects, budget options will be developed in conjunction with these organisations.

13. Risks and Mitigation

13.1 Risks and uncertainties are detailed in the updated MTFS.

14. Accountable Officer(s)

Judith Badger, Strategic Director of Finance and Customer Services

Approvals obtained on behalf of:-

| | Named Officer | Date |
|--------------------------------------------------------|----------------------|-------------------------------|
| Strategic Director of Finance & Customer Services | Judith Badger | 3 rd December 2018 |
| Assistant Director of Legal Services | Dermot Pearson | 3 rd December 2018 |
| Head of Procurement (if appropriate) | Karen Middlebrook | 3 rd December 2018 |
| Assistant Director of Human Resources (if appropriate) | Lee Mann | 3 rd December 2018 |

Report Author: Paul Stone, Head of Corporate Finance

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