



Medium Term Financial Strategy 2018/19

**Corporate Resources Overview
and Scrutiny Committee
July 2017**

MTFS

- » Commitment to produce a tentative 5 year strategy with more precise 1-2 year predictions
- » Current format and content has been popular and effective - so a good basis
- » Possible additional of a fourth solutions theme on community action
- » Addition of a set of Key Performance Indicators
- » All figures being updated
- » Council 'backstory' on our achievements in reducing cost overheads, and innovating, being updated

MTFS

- » Published in two parts: forecast and solutions
- » Solutions of three types in recent years: corporate; service; national
- » Corporate and portfolio plans under review
- » Our 'low funded council' position creates a high exposure to risk
- » Timed with the Welsh Government Provisional Settlement for Local Government
- » Both a planning and a campaigning tool
- » Collective campaigning on three policy fronts is key
- » The MTFS illustrates the unsustainable budget position

Financial Forecast 2018/19

- » Forecast complete using all latest information
- » Working budget gap at £11.7M if all other factors remained equal (AEF/RSG and Council Tax at static levels)
- » Use this figure for budget planning at this stage
- » Further potential pressures in (a) ongoing risks in services under pressure and (b) non-resolved risks carried forward into 2017/18 at the setting of the budget
- » Cabinet and Scrutiny combined report – July
- » Public version of the forecast to be due - September



Financial Forecast

		2018/19 £m
Expenditure		
National Pressures		1.0
Local Pressures		6.5
Inflation		2.9
Workforce Pressures		1.3
Projected Gap		11.7

- » Updated for 2017/18 budget decisions and updated information on pressures and inflation
- » Assumes RSG at same level as 2017/18 and excludes any modelling for local decisions on Council Tax

Main Pressures (1)

- » National Pressures:
 - » Council Tax Reduction Scheme (£0.323m)
 - » Apprentice Tax Levy (£0.699m)

- » Local Pressures include
 - » Social Care Pressures (£3.828m)
 - › Transition to adulthood
 - › Care Fees

 - » Repayment of Reserves (£1.646m)



Main Pressures (2)

- » Inflation assumptions include:
 - » Pay – included as 1%
 - » Price – targeted areas only
 - » Energy
 - › Gas (30%)
 - › Electricity (11%)
 - › Street Lighting (16%)

- » Workforce pressures include:
 - » Actuarial Review (£0.370m)
 - » Auto Enrolment (£0.270m)
 - » Increments and other impacts (£0.628m)



Risks and Potential Impacts from 2017/18

- » Homelessness
- » Social Services and Wellbeing Act
- » Out of County Placements
- » Continuation of Intermediate Care Fund
- » Further specific grant reductions and other pressures
- » Economic and political climate son inflation, investment income, and future Government funding settlements
- » A number of variations emerging that could impact - broadly cost neutral at this stage

National Position

- » Changed UK Government position to yet unravel
- » Direct impacts on Wales – ‘consequential’
- » Welsh Government has some financial flexibility
- » Predictive Welsh budget - cash increase of 0.2% (17/18) 1.5% (18/19) and 1.5% (19/20)
- » Welsh budget £345M+ by 19/20 in cash terms
- » The NHS pressures are consuming budget growth
- » Minister committed to 3 year settlements if possible
- » Some acceptance within Welsh Government of the need for local government finance reform



National Case Making

» **Social Care**

- demographic projections incontestable
- fragility of care sector and relief for NHS

» **Schools**

- warning signs nationally and locally
- Flintshire a low spender per pupil; pressures on schools increasing with worsening deficit positions

» **Workforce**

- national mood changing on public sector pay
- transfer of costs to employers is unsustainable



Next Steps

- » Member Workshop 18th July 2017
- » Publication of budget setting process and timetable
- » Re-adoption of the MTFs and endorsement of proposals within portfolio business plans
- » Ongoing internal review of diminishing corporate and service options through portfolio business plans
- » Risks to service resilience under review
- » National case-making
- » Further work on forecasting for future years aim of developing an MTFs for the term of this Council