

CORPORATE RESOURCES OVERVIEW AND SCRUTINY COMMITTEE

Date of Meeting	Thursday, 14 th November 2019
Report Subject	Medium Term Financial Strategy: Council Fund Revenue Budget 2020/21
Cabinet Member	Cabinet Member for Finance
Report Author	Chief Executive and Corporate Finance Manager
Type of Report	Strategic

EXECUTIVE SUMMARY

The Council has set a cycle of reviewing its Medium Term Financial Strategy (MTFS) on an annual basis.

At the Council budget meeting on 19 February a high level overview of the range of potential pressures was presented. At that time the forecast for 2020/21 was £9.5m with the overall “gap” for the three year period forecast to be £26m. The 2020/21 “gap” increased to £9.8m due to the additional use of reserves in balancing the budget for 2019/20 at the final stage.

A second revision to the initial forecast was presented to Cabinet in April which set out the most up to date position at that time based on current intelligence. At that stage the high level projection, based on known issues and excluding national funding scenarios, showed that the potential budget gap had risen to £13.3m for 2020/21.

Over the summer, the forecast has been revised to take into account the latest intelligence on pay and other pressures which has led to an increase in the budget gap to £16.2m for 2020/21, which is a further increase of £2.9m.

A summary of the forecast and changes to the position previously reported is set out in the report to Cabinet on 22 October which is attached as Appendix A.

The report provides an update on the national position as it stands at the moment together with the Councils’ high level strategy to meet the forecast gap and highlights the risks associated with this.

RECOMMENDATIONS

1	Members are invited to consider the report and to provide comments.
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REPORT DETAILS

1.00	EXPLAINING THE MEDIUM TERM FINANCIAL STRATEGY FORECAST 2020/21
1.01	<p>The Council has set a cycle of reviewing its Medium Term Financial Strategy (MTFS) on an annual basis.</p> <p>At the Council budget meeting on 19 February a high level overview of the range of potential pressures was presented. At that time the forecast for 2020/21 was £9.5m with the overall “gap” for the three year period forecast to be £26m. The 2020/21 “gap” increased to £9.8m due to the additional use of reserves in balancing the budget for 2019/20 at the final stage.</p>
1.02	<p>A second revision to the initial forecast was presented to Cabinet in April which set out the most up to date position at that time based on current intelligence. At that stage the high level projection, based on known issues and excluding national funding scenarios, showed that the potential budget gap had risen to £13.3m for 2020/21.</p>
1.03	<p>Over the summer, the forecast has been revised to take into account the latest intelligence on pay and other pressures which has led to an increase in the budget gap to £16.2m for 2020/21, which is a further increase of £2.9m.</p> <p>A summary of the forecast and changes to the position previously reported is set out in the report to Cabinet on 22 October which is appended to this report which also provides an update on the national position as it stands at the moment together with the Councils’ high level strategy to meet the forecast gap.</p>

2.00 RESOURCE IMPLICATIONS

2.01	As set out in the Cabinet report in Appendix A
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3.00 IMPACT ASSESSMENT AND RISK MANAGEMENT

3.01	As set out in the Cabinet Report in Appendix A
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4.00	CONSULTATIONS REQUIRED/CARRIED OUT
4.01	As set out in the Cabinet Report in Appendix A.

5.00	APPENDICES
5.01	Cabinet Report - Appendix A.

6.00	LIST OF ACCESSIBLE BACKGROUND DOCUMENTS
6.01	As set out in the Cabinet Report in Appendix A.

7.00	CONTACT OFFICER DETAILS
7.01	<p>Contact Officer: Gary Ferguson Telephone: 01352 702271 E-mail: gary.ferguson@flintshire.gov.uk</p>

8.00	GLOSSARY OF TERMS
8.01	<p>Medium Term Financial Strategy (MTFS): a written strategy which gives a forecast of the financial resources which will be available to a Council for a given period, and sets out plans for how best to deploy those resources to meet its priorities, duties and obligations.</p> <p>Revenue: a term used to describe the day to day costs of running Council services and income deriving from those services. It also includes charges for the repayment of debt, including interest, and may include direct financing of capital expenditure.</p> <p>Budget: a statement expressing the Council's policies and service levels in financial terms for a particular financial year. In its broadest sense it includes both the revenue budget and capital programme and any authorised amendments to them.</p> <p>Revenue Support Grant: the annual amount of money the Council receives from Welsh Government to fund what it does alongside the Council Tax and other income the Council raises locally. Councils can decide how to use this grant across services although their freedom to allocate according to local choice can be limited by guidelines set by Government.</p> <p>Specific Grants: An award of funding from a grant provider (e.g. Welsh Government) which must be used for a pre-defined purpose.</p>

<p>Welsh Local Government Association: the representative body for unitary councils, fire and rescue authorities and national parks authorities in Wales.</p>
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<p>Financial Year: the period of 12 months commencing on 1 April</p>
