

NORTH WEST LEICESTERSHIRE DISTRICT COUNCIL

CABINET – 11 OCTOBER 2016

Title of report	MEDIUM TERM FINANCIAL STRATEGY (MTFS) 2017 - 2020
Key Decision	a) Financial Yes b) Community Yes
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Purpose of report	To establish and agree the financial strategy for the Authority for the next four years.
Reason for Decision	Requirement of the budget setting process.
Council Priorities	Value for Money
Implications:	
Financial/Staff	As set out in the report.
Link to relevant CAT	Has an impact on all Corporate Action Teams (CATs).
Risk Management	Preparation of a Medium Term Financial Strategy reduces the risk of adverse impacts on the delivery of services and priorities in the dynamic environment of local government finance.
Equalities Impact Screening	Not applicable.
Human Rights	There are no Human Rights implications.
Transformational Government	The strategy outlined responds to the requirement to continue to deliver a more efficient and effective authority within reducing and changing resource levels.
Comments of Head of Paid Service	Report is satisfactory
Comments of Deputy Section 151 Officer	Report is satisfactory

Comments of Monitoring Officer	Report is satisfactory
Consultees	Corporate Leadership Team Corporate Management Team
Background papers	None.
Recommendations	<p>IT IS RECOMMENDED THAT CABINET:</p> <p>1. APPROVES THE MEDIUM TERM FINANCIAL STRATEGY AS APPENDED TO THIS REPORT.</p> <p>2. DELEGATES AUTHORITY TO MAKE MINOR AMENDMENTS TO THE MEDIUM TERM FINANCIAL STRATEGY TO THE INTERIM DIRECTOR OF RESOURCES IN CONSULTATION WITH THE CORPORATE PORTFOLIO HOLDER.</p>

1. BACKGROUND

- 1.1 This Medium Term Financial Strategy (MTFS) as shown at Appendix A provides a high-level assessment of the financial resources required to deliver the Council's strategic priorities and essential services over the next four years. It sets out how the Council can generate and use these resources within the financial context and constraints likely to be faced.
- 1.2 Like all local authorities, North West Leicestershire (NWL) is influenced by national government policy, funding changes and Government spending announcements and the review of the MTFS builds on the existing Strategy and updates assumptions to reflect known funding announced as part of the local government financial settlement for 2016/17 and estimated multi-year settlement figures beyond this. Financial planning assumptions will need to be kept under constant review given the increased level of uncertainty which will continue until more detail is released on funding later in the year and as implications from the move to 100% rates retention are clarified.

2. THE MEDIUM TERM FINANCIAL STRATEGY

- 2.1 The MTFS assists in:
- Delivering the vision and priorities of the Council
 - Improving financial planning and the strategic financial management of the Council's revenue and capital resources
 - Considering future opportunities and investments
 - Maximising the use of resources available to the Council
 - Ensuring that the Council provides value for money
 - Reviewing the Council's reserves policy to ensure there is protection against unforeseen events
 - Responding to external pressures
 - Developing a sustainable budget over the medium term
 - Highlighting financial risks and mitigating controls.
- 2.2 It also sets out a number of assumptions used to develop the MTFS, and that need to be kept under review. The key assumptions are:

	2016/17	2017/18	2018/19	2019/20
Grant reduction on RSG	£0.64m	£0.55m	£0.33m	£0.24m

- NHB reducing from six years to four from 2017/18, but actual NHB income remaining stable
- Council Tax assumed at 0% increase to the Council Tax base per annum
- Best estimates of new build (520 homes p.a.) and impact on council tax base and NHB
- A slight slowdown in planning fees from 2018/19.
- Waste income reduced to nil from 2018/19
- Stable car parking charges and income
- A change to the Local Council Tax Reduction / Support Scheme for working age recipients from 85% to 75%
- From 2018/19 to reduce the Local Council Tax Reduction / Support Scheme grant to town and parish councils by £25k (approximately 25%) per annum over four years, and maintain Special Expenses at their current levels
- General Fund Reserve balance kept at current level.

3. ACHIEVING VALUE FOR MONEY AND EFFICIENCIES

3.1 Securing the best value for money for the Council Tax payer is a key objective of the MTFs and has been a major factor in managing the reducing resources available particularly since 2010. We employ a variety of measures to promote and deliver value for money. These include:

- The identification of service improvement and efficiency savings
- Effective corporate procurement mechanisms.
- Performance management. We report to Cabinet quarterly.
- An organisational structure that is kept under review to ensure it meets the needs of the organisation.
- Scrutiny by the Policy Development Group.
- Internal audit.
- Capturing efficiency gains in-year.

3.2 We also need to continue to increase efficiency and a number of measures to do this are set out in the MTFs:

- Align resources to our priorities, the Council Delivery Plan and essential services using the Business Excellence Model and service / team planning
- Continue to support the Combined Leicester and Leicestershire Authority and collaborative working
- Continue to develop our organisation through our Best Employee Experience (BEE) programme
- Encourage the use of digital interaction and transform our approach to customer access
- Behave more commercially and seize opportunities that present themselves and can be justified through a business case.

3.3 CLT will continue to monitor the situation – especially with regard to Government announcements in the Autumn Statement and as a result of changes to the NHB and business rates initiatives - and will come forward with recommendations as appropriate.