

## Item

# Medium-Term Financial Strategy (MTFS) October 2017

**To:**

Councillor Richard Robertson, Executive Councillor for Finance & Resources

**Report by:**

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**Wards affected:**

All

## Key Decision

### 1. Executive Summary

- 1.1 This report presents and recommends the budget strategy for the 2018/19 budget cycle and specific implications, as outlined in the Medium-Term Financial Strategy (MTFS) October 2017 document, which is attached and to be agreed.
- 1.2 This report also recommends the approval of new capital items and funding proposals for the Council's Capital Plan, the results of which are shown in the MTFS.
- 1.3 At this stage in the 2018/19 budget process the range of assumptions on which the Budget-Setting Report (BSR) published in February 2017 was based need to be reviewed, in light of the latest information available, to determine whether any aspects of the strategy need to be revised. This then provides the basis for updating budgets for 2018/19 to 2022/23. All references in the recommendations to Appendices, pages and sections relate to the MTFS Version 1.

- 1.4 The recommended budget strategy is based on the outcome of the review undertaken together with financial modelling and projections of the Council's expenditure and resources, in the light of local policies and priorities, national policy and economic context. Service managers have identified financial and budget issues and pressures and this information has been used to inform the MTFS.

## **2. Recommendations**

The Executive Councillor is asked to recommend to Council:

### **General Fund Revenue**

- 2.1 To agree the budget strategy and timetable as outlined in Section 1 [pages 1 to 2 refer] of the MTFS document.
- 2.2 To agree incorporation of the budget savings and pressures identified in Section 4 [pages 13 to 16 refer] including an additional £100k contribution to Sharing Prosperity Fund. This provides an indication of the net savings requirements, by year for the next 5 years, and revised General Fund revenue, funding and reserves projections as shown in Section 5 [page 17 refers] of the MTFS document.

### **Capital**

- 2.3 To note the changes to the Capital Plan as set out in Section 6 [pages 18 to 23 refer] and Appendix A [pages 32 to 40 refer] of the MTFS document and agree the new proposals:

Ref.	Description	2017/18 £000	2018/19 £000	2019/20 £000	2020/21 £000	2021/22 £000	2022/23 £000	Total £000
	<b>Proposals</b>							-
SC648	Local Centres Improvements Programme - Arbury Court	59	141	-	-	-	-	200
SC653	Replacement heating system at the <u>Waterbeach</u> garage	39	-	-	-	-	-	39
SC652	Modification to in-ground lift in <u>Waterbeach</u> <sup>1</sup>	18	-	-	-	-	-	18
SC645	Electric vehicle charge points – use of additional funding received	205	145	151	25	-	-	526
	<b>Sub-total</b>	<b>321</b>	<b>286</b>	<b>151</b>	<b>25</b>	<b>-</b>	<b>-</b>	<b>783</b>
<u>Misc.</u>	Section 106 miscellaneous	833	14	-	-	-	-	847
	<b>Total Proposals</b>	<b>1,154</b>	<b>300</b>	<b>151</b>	<b>25</b>	<b>-</b>	<b>-</b>	<b>1,630</b>

<sup>1</sup> - £8k requested for funding, £10k funded from service revenue resources.

## Reserves

- 2.4 To agree changes to General Fund Reserve levels, with the Prudent Minimum Balance being set at £5.35m and the target level at £6.42m as detailed in Section 7 [pages 24 to 27 refer] and Appendix B [pages 41 to 42 refer].

## 3. Background

### Medium-Term Financial Strategy

- 3.1 The purpose of this report is to outline the overall financial position of the Council and to consider the prospects for the 2018/19 budget process within the context of projections over the medium-term. The detailed analysis undertaken to fulfil this is presented in the MTFS October 2017 document appended to this report.
- 3.2 The document considers the General Fund revenue position and the Council's overall Capital Plan.
- 3.3 Revenue forecasts are presented for the 5-year projection period through to the year 2022/23, demonstrating the sustainability of the Council's financial planning with reference to the level of reserves held throughout this period.

- 3.4 The report considers the effects of external factors affecting budget preparation, including the overall economic climate, and external funding levels which can reasonably be expected; as well as the existing commitments of the Council.
- 3.5 Recommendations for approval of specific revenue and capital costs, as identified, are included.
- 3.6 The analysis undertaken leads to a recommended integrated financial strategy for the 2018/19 detailed budget-setting process.

## **4. Implications**

- 4.1 These are incorporated in the document and will be taken account of in the subsequent budget reports to all Executive Councillors / Scrutiny Committees.

## **5. Consultation and communication considerations**

Budget Consultation is outlined in the MTFS document [pages 1 to 2 refer].

## **6. Background papers**

Background papers used in the preparation of this report:

MTFS Working Papers on the 2017/18 and 2018/19 files

## **7. Appendices**

MTFS October 2017: 2017/18 to 2022/23 Document

## **8. Inspection of papers**

To inspect the background papers or if you have a query on the report please contact John Harvey, Senior Accountant, tel: 01223 - 458143, email: [john.harvey@cambridge.gov.uk](mailto:john.harvey@cambridge.gov.uk).