

Item

Strategy & Resources 7 October 2019 - Finance and Resources Portfolio: Medium Term Financial Strategy (MTFS)

To:

Councillor Richard Robertson, Executive Councillor for Finance and Resources Portfolio

Report by:

Caroline Ryba, Head of Finance

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Wards affected:

(All) Abbey, Arbury, Castle, Cherry Hinton, Coleridge, East Chesterton, King's Hedges, Market, Newnham, Petersfield, Queen Edith's, Romsey, Trumpington, West Chesterton

Key Decision

1. Executive Summary

Overview of Budget-Setting Report

- 1.1 This report presents and recommends the budget strategy for the 2020/21 budget cycle and specific implications, as outlined in the MTFS October 2019 document, which is attached and to be agreed.
- 1.2 This report 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 2020/21 budget process the range of assumptions on which the Budget Setting Report (BSR) published in February 2019 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 2020/21 to 2024/25. All references to the recommendations to Appendices, pages and sections relate to MTFS Version 3.0.
- 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 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 5 to 7 refer] of the MTFS document.
- 2.2 To agree the incorporation of changed assumptions and indicative net unavoidable budget pressures identified in Section 4 [pages 20 to 22 refer]. This provides an indication of the net savings requirement, by year for the next five years, and revised projections for General Fund (GF) revenue and funding as shown in Section 5 [page 23 refer] and reserves [section 7 pages 30 to 33 refer] of the MTFS document.

Capital

- 2.3 To note the changes to the capital plan as set out in Section 6 [pages 24 to 29 refer] and Appendix A [pages 37 to 41 refer] of the MTFS document and agree the new proposals.

Ref.	Description / £'000s	2019/20	2020/21	2021/22	2022/23	2023/24	2024/25	Total
	Proposals							-
SC646	Redevelopment of Cambridge Junction	250	-	-	-	-	-	250
SC658	CCTV infrastructure – additional cost	75	-	-	-	-	-	75
SC691	HR and payroll – new system	20	150	-	-	-	-	170
SC699	Corn Exchange fire doors	37	-	-	-	-	-	37
SC672	Mill Road redevelopment – development loan to CIP	-	1,142	-	-	-	-	1,142
SC695	Cromwell Road redevelopment – equity contribution	-	329	333	-	-	-	662
SC696	Cromwell Road redevelopment – development loan to CIP	2,376	5,481	1,000	-	-	-	8,857
SC701	Dales Brewery – replacement fire alarm system	24	-	-	-	-	-	24
	Total Proposals	2,782	7,102	1,333	-	-	-	11,217

Reserves

- 2.4 To agree changes to GF reserve levels, the prudent minimum balance being set at £5.51m and the target level at £6.61m as detailed in section 7 [pages 30 to 33 refer] and Appendix B [pages 42 and 43 refer].

3. Background

- 3.1 The purpose of this report is to outline the overall financial position of the council and to consider the prospects for the 2020/21 budget process within the context of projections over the medium term. The detailed analysis undertaken to fulfil this is presented in the MTFS October 2019 document appended to this report.
- 3.2 The document considers the GF revenue position and the council's overall capital plan.
- 3.3 Revenue forecasts are presented for the five year projection period through to the year 2024/25, demonstrating the sustainability of the council's financial planning with reference to the level of reserves held through 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 existing commitments to the council.
- 3.5 Recommendations for approval of specific capital costs, as identified, are included.
- 3.6 The analysis undertaken leads to a recommended integrated financial strategy for the 2020/21 detailed budget setting process.

4. Implications

- 4.1 These are incorporated within the document and will be taken account of in the subsequent budget reports.

5. Consultation and communication considerations

- 5.1 Budget consultation is outlined in the MTFS document [page 7 refers].

6. Background papers

- 6.1 Background papers used in the preparation of this report:
- MTFS working papers on the 2019/20 and 2020/21 files

7. Appendices

The following item is included in this report:

- MTFS October 2019

8. Inspection of papers

To inspect the background papers or if you have a query on the report please contact:

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