

**OVERVIEW AND SCRUTINY  
COMMITTEE**

7<sup>th</sup> December 2017

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**MEDIUM TERM FINANCIAL PLAN 2018/19 - 2021/22 – UPDATE REPORT**

Relevant Portfolio Holder	Cllr John Fisher
Portfolio Holder Consulted	Yes
Relevant Head of Service	Jayne Pickering ( Exec Director)
Wards Affected	<b>All</b>
Ward Councillor Consulted	None specific

**1. SUMMARY OF PROPOSALS**

- 1.1 To receive an update on the progress against the budget timetable and key issues from the Autumn Budget relevant to local authorities.

**2. RECOMMENDATIONS**

**The Committee is asked to**

**NOTE the progress against the budget timetable and the key issues from the Autumn Budget.**

**3. KEY ISSUES**

- 3.1 The overarching timetable for the Medium Term Financial Plan (MTFP) 2018/19 to 2021/22 and budget setting for 2018/19 is provided below:-

	Executive	Council
Budget Assumptions providing the parameters for inflation, fees and charges and Council tax setting	31/10/17	20/11/17
Fees and Charges	12/12/17	29/01/18
Council Tax Base	16/01/18	n/a
Housing Revenue Account budget 2018/19 to 2021/22 and rent setting 2018/19	16/01/18	29/01/18
Capital Programme 2018/19 to 2021/22	16/01/18	29/01/18
Pay Policy including Gender Pay Gap	06/02/18	19/02/18
Treasury Management Strategy	06/02/18	19/02/18
Medium Term Financial Plan 2018/19 to 2021/22, Budget 2018/19 and Council Tax setting 2018/19	06/02/18	19/02/18

**Financial Implications**

- 3.2 The Council is legally obliged to set a balanced budget. The budget setting process is complex and must be undertaken in a planned way.

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The Council has agreed assumptions to be used in the preparation of the budget in advance which is good practice and will consistently applied by all services. A number of recommendations from the Councils External Auditors, Grant Thornton, are addressed by ensuring robust assumptions and a transparent planned approach is undertaken when agreeing the budget. It is proposed that a 4 year financial model is prepared for the MTFP.

- 3.3 The 2018/19 budget as presented within the current 4 year Medium Term Financial resulted in a balanced budget with £1.111 of savings identified to be delivered. This budget was also dependent on £87k transfer from balances and relied on the delivery of the savings planned for 2017/18 together with £440k from the alternative model of delivery for leisure services. The required budget savings are challenging and therefore the Corporate Management Team are working through the savings from previous years and identifying other areas where additional income can be generated or further efficiencies can be made to ensure that a balanced budget is presented to members in February.
- 3.4 Once the final settlement on funding is advised by the Government in late December the revised position will be presented to members in January 2018.
- 3.5 The MTFP and budget will be shared with Budget Scrutiny Committee (9<sup>th</sup> January 2018) and Overview and Scrutiny Committee (11<sup>th</sup> January 2018).
- 3.6 The Financial Monitoring and Efficiency Plan update for quarter 2 identifies that the Council has a projected shortfall on budget of over £400k, mainly as a result of a reduction in income from capital and business rate growth. Officers are continuing to address how this shortfall can be mitigated in the last quarter of the financial year.

**Autumn Budget**

- 3.7 The Autumn Budget was announced on 22<sup>nd</sup> November 2017. The following key issues were in the Budget relevant to the local authorities:-
- The downgrade in growth forecasts may mean further future reductions in funding or increases in the tariff ( negative Revenue Support Grant) payment for future years
  - Removal of the Housing Revenue Borrowing Cap – this is to encourage Councils to further invest in housing developments and a review will be undertaken to identify if additional funding is required as

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the Council currently holds the capital reserves to fund the approved growth programme

- The Living Wage increases have already been factored into the budget for the next 4 years at 2% increase per annum

3.8 The Council signed a four year settlement and 2018/19 will be the third year of the is agreement. There is no impact on this agreement from the Autumn Budget

**3.9 Capital**

Heads of Service will undertake a full review of the capital programme is currently being undertaken. This review will provide a four year capital programme for 2018/19-2021/22 this will take into consideration the estimated reduction in capital resources and the limited revenue available to fund capital borrowing in these years future years. Following this review a report to Executive in January 2018 will recommend the 4 year programme.

**Legal Implications**

- 3.10 The Council is under a duty to calculate the budget in accordance with Section 32 of the Local Government Finance Act 1992 and must make three calculations namely:
- An estimate of the Council's gross revenue expenditure; an estimate of anticipated income and a calculation of the difference between the two. The amount of the budget requirement must be sufficient to meet the Council's budget commitments and ensure a balanced budget. The amount of the budget requirement must leave the Council with adequate financial reserves. The level of budget requirement must not be unreasonable having regard to the Council's fiduciary duty to its Council Tax payers and non-domestic rate payers.

**Service / Operational Implications**

- 3.11 Budget Holders will prepare budgets to enable services to be delivered to meet the Councils Strategic Purposes. It is expected that officers will work across the organisation to establish financial projections that best meet the wider community needs and identify any savings or additional income to fund any budget shortfalls.

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**Customer / Equalities and Diversity Implications**

- 3.12 Clarity on budget assumptions will ensure services are delivered to meet customer needs and expectations

**4. RISK MANAGEMENT**

- 4.1 The risks associated with the budget process and calculations mainly relate to the uncertainties around external funding and the resulting pressures on the budget. To mitigate this risk officers will work on a number of scenarios to ensure all options can be reported to members in a timely fashion.

**AUTHOR OF REPORT**

Name: Jayne Pickering – Exec Director Finance and Resources  
E Mail: [j.pickering@bromsgroveandredditch.gov.uk](mailto:j.pickering@bromsgroveandredditch.gov.uk)  
Tel: 01527-881400