

## **FLINTSHIRE COUNTY COUNCIL**

**REPORT TO:**           **CABINET**

**DATE:**                 **TUESDAY, 18 JUNE 2013**

**REPORT BY:**         **HEAD OF FINANCE & CHIEF EXECUTIVE**

**SUBJECT:**           **MEDIUM TERM FINANCIAL PLAN 2014/15 TO 2018/19**

### **1.00 PURPOSE OF REPORT**

- 1.01 To present the updated Medium Term Financial Plan (MTFP) 2014/15 to 2018/19 for consideration.
- 1.02 To seek endorsement to the approach for future development and reporting.

### **2.00 BACKGROUND**

- 2.01 The Medium Term Financial Strategy (MTFS) and the Medium Term Financial Plan (MTFP) are critical aspects to the Council's overall governance arrangements.
- 2.02 The Medium Term Financial Strategy 2011/15, incorporating the MTFP, was approved by Council in June 2011, following detailed consideration by the Executive and Corporate Resources Overview and Scrutiny Committee.
- 2.03 Updates to the MTFP have been provided to Members with the budget reports for 2012/13 and 2013/14. The most recent update was provided in the 2013/14 budget report to Council on 1<sup>st</sup> March 2013. Whilst indicating a potential budget gap at that point of £29m over the five years to 2017/18, the report did identify that this gap would increase as further work was carried out to include:
- The inclusion of the effects of likely revised funding forecasts from the UK Treasury and Welsh Government (WG) decisions on the allocation of funding to other areas of the public sector in Wales.
  - Investment options for key organisational priorities including Single Status and Equal Pay, School Modernisation, School Funding Formula Review, Social Care Strategy and Capital Programme Strategy.

It was identified that the updated MTFP to be published in mid 2013 would inform a challenging and evidence based review of priorities for investment and priorities for disinvestment / efficiency and be a true basis and impetus for the next phase of organisational change within the Council.

- 2.04 The Council's response to the Wales Audit Office Improvement Report (WAO) in May 2013 sets out that an updated MTFP will be published in June 2013 alongside the Improvement Plan; that it will be far more advanced in planning the costs of Council Priorities and investments and in setting new efficiency targets for the period to 2018 and that it will reflect the changing financial national picture and it's impact on Council financial planning as important context.
- 2.05 The publication of the new Improvement Plan with refreshed Improvement Priorities provides an important opportunity to ensure that the financial strategy is focused on enabling resources to be aligned in order to achieve them.
- 2.06 Consideration of the MTFP is in the Forward Work Programme of Corporate Resources Overview & Scrutiny Committee for 11<sup>th</sup> July 2013.

### **3.00 CONSIDERATIONS**

- 3.01 The Medium Term Financial Plan (to follow as Appendix 1) is the first of two revisions of the published Medium Term Financial Plan within 2013-14.

The aims of this first revision are:-

- To present an updated forecast of the impacts of the changing and worsening national fiscal position, and inflationary trends, on the core resources available to the Council to meet its priorities and maintain its services.
- To present a first forecast of the investment needed to support the priorities of the Council.
- To present, by combining the above, the updated revenue 'gap' to be bridged by organisational change, efficiencies and choices between services.

This revision of the MTFP reports the most accurate forecasts possible as at 31<sup>st</sup> May 2013.

- 3.02 The second revision of the Medium Term Financial Plan will be published by October 2013. The second revision will:-
- Update the forecast with the most accurate information at that time.
  - Set out the Council's developing programme of organisational change and re-design to further modernise the organisation and secure major efficiencies in costs and overheads to meet its targets. The second revision will be accompanied by a fuller updated organisational change and re-design plan which builds on and extends current activity.
  - Enable the Council to make informed choices over base budget allocations to service functions according to need and choice.
  - Provide a platform for the setting of a sustainable annual budget for 2014-15 as the third of the five years of this Council under this plan.
- 3.03 In considering the MTFP, it is important to recognise that it will never be "complete" or finished." It is an ever evolving forecast of the Council's financial position, which is continually updated to take in and/or refine latest forecasts of funding, investment needs and the opportunities to be gained from efficiency or saving measures.
- 3.04 In relation to the budget for 2014/15, Corporate Heads, Directors and Heads of Service are already working on:-
- Continuation of current programmes of organisational reform and implementing key service reviews.
  - Identifying areas for budget re-alignment based which reflect the projected outturn for 2012/13 and the early emerging position for 2013/14 from the first two months of the year, and
  - Seeking all opportunities possible for efficiencies and savings within service areas as a matter of good budget management. These are additional to the efficiencies to come from the next phase of the organisational change and modernisation programme.
- 3.05 The October revision of the MTFP will be one of the elements to be incorporated into a refresh of the Medium Term Financial Strategy for publication in March alongside the budget for 2014/15.

#### **4.00 RECOMMENDATIONS**

4.01 Members are asked to:

- (a) Consider the Medium Term Financial Plan 2014/15 to 2018/19.
- (b) Support the approach to be adopted for ongoing development and reporting.
- (c) Refer the Medium Term Financial Plan 2014/15 to 2018/19 to Corporate Resources Overview and Scrutiny Committee on 11 July 2013 for consideration and to receive verbal feedback at the Cabinet meeting on 16th July 2013 so that Cabinet can receive the feedback prior to the summer recess.

#### **5.00 FINANCIAL IMPLICATIONS**

5.01 None directly as a result of this report.

5.02 The Medium Term Financial Plan sets out the currently projected levels of funding over the five years to 2018/19 and the potential budget gap which will need to be met.

#### **6.00 ANTI POVERTY IMPACT**

6.01 None directly as result of this report

#### **7.00 ENVIRONMENTAL IMPACT**

7.01 None directly as result of this report

#### **8.00 EQUALITIES IMPACT**

8.01 None directly as result of this report

#### **9.00 PERSONNEL IMPLICATIONS**

9.01 None directly as result of this report

#### **10.00 CONSULTATION REQUIRED**

10.01 Corporate Resources Overview and Scrutiny Committee. The Committee's forward work programme includes consideration of the MTFP at the meeting to be held on 11 July 2013.

#### **11.00 CONSULTATION UNDERTAKEN**

11.01 None at this stage

## **12.00 APPENDICES**

- 12.01 Appendix 1 - Medium Term Financial Plan 2014/15 to 2018/19 as at 31<sup>st</sup> May 2013 (to follow)

### **LOCAL GOVERNMENT (ACCESS TO INFORMATION ACT) 1985 BACKGROUND DOCUMENTS**

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