

FLINTSHIRE COUNTY COUNCIL

REPORT TO: **CABINET**

DATE: **TUESDAY, 15 OCTOBER 2013**

REPORT BY: **HEAD OF FINANCE**

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 revised as at 30th September 2013 for consideration.

1.02 To set out key dates in the budget planning process for 2014/15.

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 on an ongoing basis within the budget reports for 2012/13 and 2013/14. A report to Cabinet in June this year set out the plans to publish two revisions to the MTFP within 2013/14.

2.04 The first revision, which included the most accurate forecasts possible as at 31st May 2013, was reported to Cabinet in June and to Corporate Resources Overview and Scrutiny Committee in July, and was positively supported by both.

3.00 **CONSIDERATIONS**

Medium Term Financial Plan

3.01 This, the second revision of the MTFP, outlines the financial position on the best known information available at this time. As outlined in the document the prospects around the level of funding that will be available to local government in 2014/15 have worsened considerably in recent months and potentially could get worse still.

- 3.02 The draft Welsh Government budget was announced on 8th October with the Provisional Settlement expected to be received on the 16th October. A verbal update will be provided to Cabinet on the key points of the draft budget and the probable implications for the Council.
- 3.03 The second revision of the published Medium Term Financial Plan (attached as Appendix 1), sets out the position as at 30th September with:
- Updated forecasts on funding over the five years taking account of the latest national intelligence but noting that the draft Welsh Government (WG) Budget and the provisional local government settlement are not due to be announced until 8th and 16th October respectively
 - Updated forecasts on inflationary impacts and the investment needed to support council priorities.
 - A projected revenue “gap” over the five year period to 2018/19 of £47.8m, with £16.5m of this in 2014/15.
 - A outline of the Organisational Change and Re-Design Plan to further modernise the organisation and secure major efficiencies in costs and overheads through four Strategic Change Programmes:
 - Corporate Efficiency
 - Functional Efficiency
 - Organisational Design – Structure and Operating Models
 - Organisational Design - Workforce
 - Financial Quantum targets for the five year strategy period and in detail for the first two financial years, 2014/15 and 2015/16.
- 3.04 The MTFP 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. Revisions to the forecasts within the MTFP and for 2014/15 will be reported on an ongoing basis over the coming months through to February as part of the budget process and ongoing thereafter as an essential tool of integrated organisational and financial planning.
- 3.05 The MTFP looks at the position over five years, currently 2014/15 to 2018/19. Whilst developing plans for the medium term, there is also a need to plan in detail to set a balanced budget for the forthcoming financial year 2014/15.

At this stage in the planning cycle, the Council is engaged in the two interrelated strands:

- Development of the MTFP – setting out the best available forecasts and plans to meet the budget gap over the medium term.
- Planning to set the budget for 2014/15.

3.06 The revised MTFP will be one of the elements to be incorporated into a refresh of the Medium Term Financial Strategy for publication alongside the budget for 2014/15.

Budget Planning 2014/15

3.07 Consideration of the annual budget for 2014/15 is timetabled to be in an earlier cycle than in previous years. The committee timetable provides for initial budget proposals for 2014/15 to be considered by Cabinet at the November meeting. This will be followed by overview and scrutiny meetings which are scheduled from 5th to 18th December. Details of these meetings were recently sent out to all members in a letter dated 18th September.

3.08 Final budget proposals are timetabled for consideration at the Cabinet in January, with the Council meeting on 18th February setting the budget and the Council Tax for 2014/15.

4.00 RECOMMENDATIONS

4.01 Members are asked to:

- (a) Consider the Medium Term Financial Plan 2014/15 to 2018/19 as at 30th September 2013.
- (b) Refer the Medium Term Financial Plan 2014/15 to 2018/19 to Corporate Resources Overview and Scrutiny Committee on 14th November 2013 for consideration and to provide feedback to Cabinet.
- (c) Support the approach of bringing revisions to the forecasts within the MTFP to Cabinet on an ongoing basis over the coming months as part of the budget process for 2014/15.
- (d) Note the key dates in the budget planning process for 2014/15.

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 a result of this report.

7.00 ENVIRONMENTAL IMPACT

7.01 None directly as a result of this report.

8.00 EQUALITIES IMPACT

8.01 None directly as a result of this report.

9.00 PERSONNEL IMPLICATIONS

9.01 None directly as a 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 14 November 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 30th September 2013.

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

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