

FLINTSHIRE COUNTY COUNCIL

REPORT TO: **CORPORATE RESOURCES OVERVIEW AND SCRUTINY COMMITTEE**

DATE: **MONDAY 13 JULY**

REPORT BY: **CHIEF EXECUTIVE AND CORPORATE FINANCE MANAGER**

SUBJECT: **MEDIUM TERM FINANCIAL STRATEGY**

1.00 PURPOSE OF REPORT

1.01 To present part one of the latest revision of the Medium Term Financial Strategy which sets out the financial forecast for the Council for 2015-2018.

2.00 BACKGROUND

2.01 The Council maintains a financial strategy for the medium term. The purpose of the strategy is to forecast the resources the Council will have at its disposal and to guide planning on how best to use them. The medium term is set as a 3 year interval. The period for the revised strategy in financial years is 2015/16 to 2017/18. This will take the Council to the end of the first year of its new electoral cycle with the next local elections due in May 2017.

3.00 CONSIDERATIONS

3.01 In drawing a financial picture five principal factors have been taken into account:-

- National cost pressures
- Local cost pressures
- Inflation
- Workforce costs
- Income

3.02 Producing an accurate medium term forecast in a period of fiscal and economic uncertainty is extremely challenging. Whereas workforce costs can be predicted with some reliability, inflation is proving to be volatile in areas such as energy and fuel, and there is no certainty over future levels of the main revenue support government grant that underpins the Council's overall funding. In the period between the Parliamentary elections and the first full Chancellor's budget within the new government term, there is even

greater uncertainty over public funding. Therefore, a number of assumptions have to be made in arriving at a forecast.

- 3.03 A summary of the financial picture for this three year picture is set out below. This forecast predicts a total funding 'gap' of £52.8M for the three year period. It should be noted that the period includes the current financial year for which the Council already has an adopted budget strategy. This first of three year strategies accounts for identifying £18.3M of the total 'gap'.

<u>Expenditure</u>	2015/16	2016/17	2017/18	Total
	£m	£m	£m	£m
National Pressures	0.9	0.4	0.3	1.6
Local Pressures	6.2	2.5	1.2	9.9
Inflation	4.1	4.1	4.3	12.5
Workforce Pressures	2.5	9.4	3.7	15.6
<u>Income</u>				
Reduction in Revenue	6.6	6.5	6.3	19.4
Support Grant (3.5%)				
Council Tax Increase (3%)	(2.0)	(2.1)	(2.1)	(6.2)
Projected Gap	18.3	20.8	13.7	52.8

- 3.04 To deal with the projected budget gap Chief Officers and Cabinet members have been reviewing options for 2016/17-2017/18 drawing on the developing business plans for each portfolio. This is in addition to work on options for corporate financing choices. It is these options, building on the strategies for organisational change and service reform already being implemented, which will form the second part of the Medium Term Financial Strategy on solutions to bridging the funding 'gap'. Full member engagement on the development of the second part of the strategy is being planned for the summer months beginning with an all member workshop on 7 July.

4.00 RECOMMENDATIONS

- 4.01 To receive and adopt part one of the revised Medium Term Financial Strategy and the financial forecasts it makes.

5.00 FINANCIAL IMPLICATIONS

- 5.01 The Medium Term Financial Strategy is a significant document which forecasts the financial picture for the Council.

6.00 ANTI POVERTY IMPACT

- 6.01 No direct impacts.

7.00 ENVIRONMENTAL IMPACT

7.01 No direct impacts.

8.00 EQUALITIES IMPACT

8.01 No direct impacts.

9.00 PERSONNEL IMPLICATIONS

9.01 No direct impacts.

10.00 CONSULTATION REQUIRED

10.01 None.

11.00 CONSULTATION UNDERTAKEN

11.01 The Medium Term Financial Strategy will underpin future consultations with elected members, the workforce, Trade Unions, partner organisations and the public on future service choices.

12.00 APPENDICES

12.01 The Medium Term Financial Strategy part one.

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

None.

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