

REPORT TO	ON
CABINET	21 st June 2017

Jan 2017



TITLE	PORTFOLIO	AUTHOR	Agenda item No.
Medium Term Financial Strategy (MTFS) Implementation Plan and Draft 2018/19 Budget Setting and MTFS Update Timetable	Finance	Susan Guinness	XX

Is this report a KEY DECISION (i.e. more than £75,000 or impacting on more than 2 Borough wards?)	Yes
Is this report on the Cabinet Forward Plan ?	Yes
Is the request outside the policy and budgetary framework and therefore subject to confirmation at full Council?	No

1. PURPOSE OF THE REPORT

- 1.0 The purpose of this report is to set out the key events and methodology to record, monitor and manage the delivery of the 2017/18 Budget and MTFS.
- 1.1 The report also present a draft summary timetable to set the 2018/19 Budget and MTFS.

2. RECOMMENDATIONS

- 1. Cabinet agree and approve the 2017/18 MTFS Implementation Plan
- 2. Cabinet agree and approve the draft 2018/19 Budget Setting and MTFS Update Timetable

3. CORPORATE PRIORITIES

- 3.1 The report relates to the following corporate priorities:-

Clean, green and safe		Strong and healthy communities	
Strong South Ribble in the heart of prosperous Lancashire		Efficient, effective and exceptional council	X

4. BACKGROUND TO THE REPORT

- 4.0 The Council set the budget required to deliver the current Corporate Plan whilst facing acute financial risk with a resulting forecasted budget deficit of £3.3m to 2019/20. It should be noted that the forecasted budget shortfall is based on a set of assumptions that are subject to change and also excludes unquantifiable known factors that may have a further adverse impact, for example, the impact of 100% Business Rates Retention Scheme, further changes to the core funding regime (e.g. Business Rates Baseline Adjustments and New Homes Bonus), Performance of the Pension Fund Deficit Recovery Plan and Brexit.
- 4.1 Internally, the outcomes of the Leisure Services Review project and Strategy Review of Assets also have a key role to play in the next budget setting round and the refresh of the MTFS.
- 4.1 To proactively manage this significant level of financial risk downwards and to increase financial resilience and sustainability the cabinet proposed a MTFS to cover the period to 2019/20. Both the 2017/18 Budget and 2017/18 MTFS to 2019/20 were approved by Cabinet on 20th February 2017 and subsequently Council on 1st March 2017.
- 4.2 Cabinet presented the first MTFS that set out a detailed plan to balance the budget by implementing a programme of net cost reducing projects. Priority was aligned to income generation schemes which enables financial risk to be reduced whilst protecting statutory front line service provision. The 2017/18 Budget contained net budget deficit reducing projects that will be delivered as a matter of urgency within 2017/18 in order to deliver a balanced budget. The approved actions and projects and their targets are as follows:-

INCOME GENERATION

- Introduce a subscription based Garden Waste Collection Service £0.540m.
- Review of Earmarked Reserves £0.300m recurring from 2018/19 – (£0.700m to be used in 2017/18).
- Investment of the Borough Investment Account funds £0.300m.
- Contribution from General Reserves £0.300m.
- Increase in Business Rates Retention (BRR) income £0.250m.
- Council Tax Increases £0.227m.
- Review of Car Parking Charges £0.110m.
- Charging for Replacement Waste Collection Bins £0.060m.
- Growing the Council Tax base £0.050m.

COST REDUCTION

- Business Transformation, Review of Non-statutory Services and Non-employee cost budget heads £0.300m.
- Expansion of Shared services, Review of Major Contracts and One Public Estate (OPE) collaboration and Co-location £0.250m.
- Cessation of Contribution to Police Community Support Officers £0.044m.

USE OF RESERVES

- One off contributions from General and Earmarked Reserves to fund the profiled delivery of the 2017/18 MTFS.

5. MTFS IMPLEMENTATION PLAN

5.1 Methodology and Performance Monitoring

- 5.1.1 Some of the 2017/18 MTFS actions can be achieved instantaneously, for example, contribution from General Reserve, however, others are detailed projects with complex and involved communications plans and new technical systems that need to be rigorously tested, for example, Charging for Garden Waste Collection and the introduction of a: new; complete; regulation compliant; easy to use; cash receipting system.
- 5.1.2 To this end a formal Project Management Framework will be followed using a new Project Management System including a robust milestone setting and performance management processes. The framework roles include a Senior Responsible Officer who is accountable to a series of Programme Boards who in turn validates the effective monitoring and management of projects using regular formal performance data and reporting.
- 5.1.3 To use finite resources and capacity at maximum efficiency the budget and MTFS delivery meeting framework will be aligned and co-ordinated with existing boards and performance monitoring groups. Project Management is also being applied to other corporate plans being implemented within the Authority with work streams that are very much interlinked and interdependent with the MTFS.
- 5.1.4 This overall methodology will also provide a control in respect of compliance with Council policies such as the review of HR policies e.g. Corporate Restructuring Policy to achieve transparency, employee engagement, equity and where appropriate audit trails to evidence compliance with all requisite governance arrangements.

6.2 2017/18 Delivery Timetable

- 6.2.1 The significant financial risk facing the Council has been documented and amplified in the Council's Budget and MTFS report and also ratified within the recent Peer Review and opinions reported by the External Auditor. It is imperative that the commitment to deliver the 2017/18 MTFS is maintained and progress equals the pace set out in the attached delivery profile set out in **Appendix One**.
- 6.2.2 Any variation from the total programme will have serious implications and can adversely influence the following:-
- Ability to comply with the statutory duty to deliver a balanced budget.
 - The commentary of the Council's Senior Statutory Officers.
 - Further reduction in the Council's financial standing and resilience in the form of reducing the General Reserve when in fact as financial risk increases the importance of maintaining balances also increases.
 - Published opinion, judgement and confidence from the External Auditor and consequently that of strategic partners, residents and the inward investing business community.

7. DRAFT 2018/19 BUDGET SETTING AND MTFS UPDATE TIMETABLE

7.1 The Council set a budget and MTFS within very tight timescales, however, it is recommended that the next budget setting round follows a fundamentally different timetable aimed at concluding the process much earlier and therefore achieves an acceptable completion date to accommodate the following important stages. A draft timetable is set out in **Appendix Two** for comment and approval.

- Updated challenge to the robustness of MTFS project targets and timescales.
- Additional member finance and budget setting training.
- Appropriate internal and external budget consultation via a new Budget Communication Plan.
- Lessons learned from the in-year MTFS project delivery programme.

8. ALTERNATIVE OPTIONS CONSIDERED

8.1 This report does not re-consider the contents of the budget and MTFS, it is concerned with its implementation plan. Therefore there are no alternative options other than to successfully deliver the MTFS in order to avoid an adverse impact on the Council's reputation and financial standing.

9. WIDER IMPLICATIONS AND BACKGROUND DOCUMENTATION

9.1 Comments of the Statutory Finance Officer

9.1.1 The 2017/18 Budget was approved by Cabinet on 20th February 2017 and Council on 1st March 2017. Delivery of the approved budget and the actions and projects to balance the budget together with the pace of progressing successful outcomes are critical in meeting the statutory obligation to deliver a balanced budget in an environment where the Council is facing increasing financial risk.

9.1.2 The proposals set out in this report provide a framework whereby the pace of delivery and project performance can be monitored and managed by Cabinet, the Improvement Reference Group, Senior Management Team and Senior Responsible Officers. This in turn contributes towards achieving the approved Corporate Improvement Plan in addition to recommendations and addressing comments made by external agencies such as the Peer Review Team and External Auditors and also re-enforce the confidence partners have in the Council's level of performance.

9.2 Comments of the Monitoring Officer

9.2.1 As has already been stated the Council is under a legal duty to have a balanced budget, the provisions of the Local Government Finance Act 1992 apply here. To avoid an unbalanced budget local authorities have to be financially resilient. Setting a clear MTFS helps to clarify expected income and expenditure and regular monitoring will ensure that any financial issues are identified early and measures can be brought in to realign the budget.

9.2.2 It is considered that the proposals set out in this report will help to ensure that we manage effectively and proactively the Budget and MTFS and all associated risks.

9.3 Other Implications

RISK	The risk to not adhering to the recommendation set out in this report is the non-delivery of some, or all, of the projects proposed and approved in the 2017/18 MTFS that was approved at Council on 1 st march 2017. This will mean that the Council does not make any progress in delivering its statutory duty in achieving a balanced budget. This will have a critical impact on front line services and on the reputation of the Council by way of external inspection and intervention.
EQUALITY	The report is concerned with the delivery method of the projects within the 2017/18 MTFS. There are no equality matters resulting directly from the contents of this report, however, the delivery projects that are referred to will warrant an Impact Equality assessment in their own right.
HR	There are no direct implications for employees as a result of this report, however, some of the project referred to focus on employee costs contained within the Council's budgeted establishment.

10. BACKGROUND DOCUMENTS (or there are no background papers to this report)

2017/18 Budget and MTFS - approved at Council on 1st March 2017
Corporate Improvement Plan
Peer Review Report
External Audit Annual Report and Value for Money Conclusion

11. APPENDICES

Appendix One – 2017/18 MTFS Delivery Timetable
Appendix Two – DRAFT Summary 2018/19 Budget Setting and MTFS Update Timetable