



## **CABINET**

Tuesday 1 December 2020

### **DRAFT MEDIUM-TERM FINANCIAL STRATEGY**

#### **EXECUTIVE SUMMARY**

1. The **Medium Term Financial Strategy** (MTFS) sets the strategic financial direction for the Council and is regularly updated as it evolves and develops throughout the year to form the framework for the Council's financial planning. This ensures Members have a sound basis for planning and decision making, the MTFS is reviewed and updated at key points in the year:
2. The purpose of the MTFS is to set out the key financial management principles, budget assumptions and service issues. It is then used as the framework for the detailed budget setting process to ensure that resources are managed effectively and are able to deliver the aspirations of the Council as set out in the Strategic Plan, over the medium term.
3. Sections 2 to 4 of the MTFS provide an update on the financial challenge facing the Council, taking into account the ongoing pandemic, economic factors, the local government finance environment, and the Council's key funding streams. Sections 5 to 7 outline how the Council will respond to the challenges, as expressed in terms of its Budget and strategies towards reserves and capital.
4. At the end of the 2021/22 budget process, in February 2021, the Council is required to approve a balanced budget for the following financial year and set the Band D rate of Council Tax. This report sets out the context and initial parameters in order to achieve that objective and contribute towards a sustainable position. Covid-19 has presented significant additional financial challenges to the Council and the outlook is very uncertain at this stage for both next year and the medium term. However, the Council's robust reserves position should enable it to both meet these challenges and develop its response to both the pandemic and the goal of financial sustainability.

Is the report Open or Exempt?	Open
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<b>Wards Affected:</b>	All wards in East Suffolk
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<b>Cabinet Member:</b>	Councillor Maurice Cook Cabinet Member with responsibility for Resources
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<b>Supporting Officer:</b>	Brian Mew Senior Financial Services Manager and Deputy 151 Officer 01394 444571 <a href="mailto:Brian.Mew@eastsoffolk.gov.uk">Brian.Mew@eastsoffolk.gov.uk</a>  Lorraine Rogers Deputy Chief Finance Officer 01502 523667 <a href="mailto:lorraine.rogers@eastsoffolk.gov.uk">lorraine.rogers@eastsoffolk.gov.uk</a>
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## 1 INTRODUCTION

1.1 The **Medium Term Financial Strategy** (MTFS) sets the strategic financial direction for the Council and is regularly updated as it evolves and develops throughout the year to form the framework for the Council's financial planning. To ensure Members have a sound basis for planning and decision making, the MTFS is reviewed and updated at key points in the year these are:

- October/November – as a framework for initial detailed budget discussions for the forthcoming financial year.
- January – an update to include additional information received at a national level and corporate issues identified through service planning and the detailed budget build.
- February – with the final budget for the new financial year.

1.2 The purpose of the MTFS is to set out the key financial management principles, budget assumptions and service issues. It is then used as the framework for the detailed budget setting process to ensure that resources are managed effectively and are able to deliver the aspirations of the Council as set out in the Strategic Plan, over the medium term.

## 2 MEDIUM TERM FINANCIAL STRATEGY

2.1 The draft MTFS for this period is attached as **Appendix A** and represents a base position for the medium term. In the MTFS, the key uncertainties over this period relate to Covid and the proposed reforms to the Local Government finance system – Business Rates Retention and the Fair Funding Review. Both have now been deferred by a further year until 2022/23.

2.2 The draft MTFS as set out in this report is an update as at November 2020.

## 3 HOW DOES THIS RELATE TO THE EAST SUFFOLK STRATEGIC PLAN?

3.1 The vision of the East Suffolk Strategic Plan is to “deliver the highest quality of life possible for everyone who lives in, works in and visits East Suffolk”. The MTFS underpins the new plan and vision for East Suffolk. The key focus of the Financial Sustainability theme will be the development, monitoring and achievement of the savings and income increases required to ultimately close the Council's budget gap.

## 4 FINANCIAL AND GOVERNANCE IMPLICATIONS

4.1 All Financial and Governance implications are contained within the MTFS document, **Appendix A**.

## 5 OTHER KEY ISSUES

5.1 An Equality Impact Assessment is not applicable at this stage of the draft MTFS. The purpose of this report is to provide Members with an update on the MTFS as at November 2020. This assessment will be complete on the finalisation of the budget for approval in February 2021 and the results taken into consideration.

## 6 CONSULTATION

6.1 The Council will consult on its strategy and detailed financial plans for the coming year with staff, partners, key stakeholders, and Town and Parish Councils. The draft MTFS and the

Capital Programme will be considered by Scrutiny Committee at its meeting on 17 December 2020.

## 7 OTHER OPTIONS CONSIDERED

- 7.1 The consideration of the MTFS by members at an early stage of the budget process is essential, especially in order to commence actions to achieve a balanced budget and sustainable medium-term position. This report also updates the Cabinet on the financial impact and response to the current pandemic.
- 7.2 Consequently, no other options were considered to be appropriate in respect of this.

## 8 REASON FOR RECOMMENDATION

- 8.1 To approve an updated draft MTFS, taking account of new and revised risks in order that the Council will be able to set a balanced budget that delivers its priorities for the period under review 2020/21 (revision of the current year budget) to 2024/25.

### RECOMMENDATIONS

1. That the draft Medium Term Financial Strategy attached as **Appendix A** be approved.
2. That it be approved that Members and officers develop proposals to set a balanced budget for 2021/22 and beyond.
3. That it be approved that Members and officers develop proposals to continue the support and response to the Covid-19 pandemic.
4. That the draft Capital Programme as set out in **Appendix A5** be noted.

### APPENDICES

<b>Appendix A</b>	Medium Term Financial Strategy (November 2020 update)
<b>Appendix A1</b>	MTFS Key Principles and Risk Analysis
<b>Appendix A2</b>	NHB Reserve Summary 2020/21 to 2024/25
<b>Appendix A3</b>	MTFS Key Movements February to November 2020
<b>Appendix A4</b>	Financial Impact of Covid-19
<b>Appendix A5</b>	Draft Capital Programme 2020/21 to 2024/25
<b>Appendix B</b>	Medium Term Financial Strategy 2021/22–2024/25 – Spending Review Update (late appendix – added 30 November 2020)

## BACKGROUND PAPERS

Please note that copies of background papers have not been published on the Council's website [www.eastsuffolk.gov.uk](http://www.eastsuffolk.gov.uk) but copies of the background papers listed below are available for public inspection free of charge by contacting the relevant Council Department.

Date	Type	Available From
November 2020	Various Government funding packages to support the impact and response to Covid-19	Financial Services
November 2020	Budget Working papers	Financial Services