

BRIDGEND COUNTY BOROUGH COUNCIL

REPORT TO CABINET

13 FEBRUARY 2018

JOINT REPORT OF THE CHIEF EXECUTIVE AND INTERIM SECTION 151 OFFICER

MEDIUM TERM FINANCIAL STRATEGY 2018-19 to 2021-22 AND COUNCIL TAX 2018-19

1. Purpose

- 1.1 The purpose of this report is to present Cabinet with the Medium Term Financial Strategy 2018-19 to 2021-22, which includes a financial forecast for 2018-22, a detailed revenue budget for 2018-19 and a Capital Programme for 2017-18 to 2027-28.
- 1.2 The Strategy also includes the proposed Council Tax requirement for the County Borough Council, for approval by Council, which will be presented together with the requirements of the Police & Crime Commissioner for South Wales and Community/Town Councils.

2. Connections to Corporate Improvement Objectives / Other Corporate Priorities

- 2.1 The Corporate Plan and Medium Term Financial Strategy (MTFS) identify the Council's service and resource priorities for the next four financial years, with particular focus on 2018-19.

3. Background

- 3.1 In March 2016, the Council approved a revised set of three priorities:

- Supporting a successful economy
- Helping people to be more self-reliant
- Making smarter use of resources

This MTFS has been significantly guided by these priorities. Although year-on-year reductions in Aggregate External Finance (AEF) have necessitated significant budget reductions across different service areas, the Council still plays a very significant role in the local economy of Bridgend County Borough and is responsible for annual gross expenditure of around £400 million and is the largest employer in the county borough.

- 3.2 The Council's Corporate Plan is being presented to Council for approval alongside the MTFS 2018-22 and the two documents are aligned to each other, enabling the reader to make explicit links between the Council's priorities and the resources directed to support them.

4. Current Situation / Proposal

- 4.1 This report is presented to Cabinet to provide details of the Council's Medium Term Financial Strategy (MTFS) for the four year period 2018-19 to 2021-22. The MTFS is complimentary to the Council's Corporate Plan, and looks to provide the resources to enable the Council's corporate objectives to be met. The MTFS outlines

the principles and detailed assumptions which drive the Council's budget and spending decisions, outlines the financial context in which the Council is operating, and tries to mitigate any financial risks and pressures going forward, at the same time, taking advantage of any opportunities arising.

- 4.2 The MTFS focuses on how the Council intends to respond to the forecasted public sector funding reductions as a result of on-going austerity and increasing pressures on public sector services. It sets out the approaches and principles the Council will follow to ensure the Council remains financially viable and delivers on its corporate priorities.
- 4.3 The Council is required to approve a balanced budget for the following financial year and set the Council Tax rates for the County Borough. This report sets out proposals to achieve that objective and contribute towards a sustainable position going into the medium-term.
- 4.4 The well-being goals identified in the Well-being of Future Generations (Wales) Act 2015 were considered in the preparation of the MTFS. Officers have considered the importance of balancing short-term needs in terms of meeting savings targets, while safeguarding the ability to meet longer-term objectives. The Council's approach to meeting its responsibilities under the Act, including acting in accordance with the sustainable development principle, is reflected in those areas identified for additional investment within the MTFS. It attempts to mitigate against significant or unacceptable impacts upon the achievement of all of the wellbeing goals/objectives.

5. Effect on Policy Framework and Procedure Rules

- 5.1 The budget setting process is outlined within the Council's Constitution and Financial Procedure Rules.

6. Equality Impact Assessment

- 6.1 The proposals contained within this report cover a wide range of services and it is inevitable that the necessary budget reductions will impact on the local population in different ways. In developing these proposals, consideration has been given to their potential impact on protected groups within the community and on how to avoid a disproportionate impact on people within these groups.
- 6.2 A high level equality impact assessment (EIA) has been undertaken on the Council's budget proposals and updated MTFS (see Appendix I). Individual EIAs are completed for 2018-19 proposed budget reduction proposals which may impact on certain groups of citizens within the County Borough.

7. Financial Implications

- 7.1 This report outlines the financial issues that Council is requested to consider as part of the 2018-19 to 2021-22 MTFS. The Council's Section 151 Officer is required to report annually on the robustness of the level of reserves. The level of Council reserves is sufficient to protect the Council in light of unknown demands or emergencies and current funding levels. It must be emphasised that the biggest financial risks the Council is exposed to at the present time relate to the uncertainty of Welsh Government funding, the increasing difficulty in the delivery of planned budget reductions as well as the identification of further proposals. Therefore, it is imperative

that the Council Fund balance is managed in accordance with the MTFS Principle 8, as set out in the MTFS, and it is essential that revenue service expenditure and capital expenditure is contained within the identified budgets.

- 7.2 The Section 151 Officer is also required to report to Council if they do not believe that they have sufficient resource to discharge their role as required by s114 of the Local Government Act 1988. Members should note that there is sufficient resource to discharge this role.
- 7.3 The budget includes estimates which take into account circumstances and events which exist or are reasonably foreseeable at the time of preparing the budget. The budget has been prepared following consultation with Members, the School Budget Forum and service managers. Subject to the risks identified the MTFS provides a firm basis for managing the Council's resources for the year 2018-19 and beyond.

8. Recommendations

- 8.1 Cabinet is asked to approve the MTFS 2018-19 to 2021-22 including the 2018-19 revenue budget, the Capital Programme 2017-18 to 2027-28 and the Treasury Management Strategy 2018-19 and recommend these to Council for adoption. In particular it is asked to approve that the following specific elements are forwarded to Council for approval:
- The MTFS 2018-19 to 2021-22
 - The Net Budget Requirement of £265,984,097 in 2018-19.
 - The 2018-19 budgets as allocated in accordance with Table 9 in paragraph 3.3.
 - The Capital Programme 2017-18 to 2027-28 (Appendix G).
 - The Treasury Management Strategy 2018-19 and Treasury Management and Prudential Indicators 2018-19 to 2021-22 (Appendix H).
 - A Band D Council Tax for Bridgend County Borough Council of £1,395.51 for 2018-19 (Table 11).

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Background Papers:

Final Local Government Revenue and Capital Settlements 2018-19
Cabinet Report – MTFS 2018-19 to 2021-22 – 28 November 2017
Provisional Local Government Revenue and Capital Settlements 2018-19