

## REPORT OF THE CABINET

### MEDIUM TERM FINANCIAL STRATEGY 2019/20 – 2022/23

#### Introduction

1. This report relates to the Cabinet's consideration of the 2019/20 to 2022/23 Medium Term Financial Strategy (MTFS) which has the following four main elements:-
  - 2019/20 revenue budget;
  - 2020/21, 2021/22 and 2022/23 provisional revenue budgets;
  - 2019/20 – 2022/23 capital programme;
  - Financial strategies and policies including the capital strategy, corporate asset investment fund strategy, treasury management and investment strategy, financial performance indicators and earmarked funds policy.

#### Background

2. Attached is a report considered by the Cabinet on 8<sup>th</sup> February 2019 which reflects the changes to the budget since it was approved for consultation on 12<sup>th</sup> December including the final Local Government Settlement. The MTFS will be updated and rolled forward each year at budget setting time.
3. The report considered by the Cabinet on 8<sup>th</sup> February also contains the following appendices:

2019/20 Revenue Budget	Appendix A
Four Year Revenue Budget 2019/20 – 2022/23	Appendix B
Savings 2019/20 to 2022/23	Appendix C
Savings under Development	Appendix D
Growth 2019/20 to 2022/2023	Appendix E
Detailed Capital Programme 2019/20 to 2022/23	Appendix F
Capital Strategy	Appendix G
Corporate Asset Investment Fund	Appendix H
Risk Management Policy and Strategy	Appendix I
Earmarked Funds Policy	Appendix J
Earmarked Funds	Appendix K
Council Tax and Precept	Appendix L
Treasury Management Strategy Statement and Annual Investment Strategy	Appendix M
Results of consultation on MTFS	Appendix N
Comments of Scrutiny Committees and Commission	Appendix O

### **Consideration by Scrutiny Bodies and the Corporate Governance Committee**

4. As indicated above, the Cabinet's proposals were the subject of reports to Scrutiny bodies. The comments of these bodies are set out in Appendix 'N' to this report.
5. The Corporate Governance Committee at its meeting on 18<sup>th</sup> January approved the Risk Management Policy and Strategy which is set out in Appendix H.

### **Consideration by the Cabinet**

6. At its meeting on 9<sup>th</sup> February, the Cabinet noted the outcome of the final Local Government Settlement, considered the comments of the various Scrutiny bodies, the results of the consultations and other developments since it published the draft budget on 12<sup>th</sup> December 2018. The recommendations of the Cabinet are set out in the motion which appears below.

#### **(Motion to be moved:-**

- (a) That subject to the items below, approval be given to the Medium Term Financial Strategy (MTFS) which incorporates the recommended revenue budget for 2019/20 totalling £377m as set out in Appendices A, B and E of this report and includes the growth and savings for that year as set out in Appendix C;**
- (b) That approval be given to the projected provisional revenue budgets for 2020/21, 2021/22 and 2022/23 set out in Appendix B to the report, including the growth and savings for those years as set out in Appendix C, allowing the undertaking of preliminary work, including business case development, consultation and equality impact assessments, as may be necessary towards achieving the savings specified for those years including savings under development, set out in Appendix D;**
- (c) That approval be given to the early achievement of savings that are included in the MTFS as may be necessary, along with associated investment costs, subject to the Director of Corporate Resources agreeing to funding being available;**
- (d) That the level of earmarked funds as set out in Appendix K be noted and the use of those earmarked funds as indicated be approved;**
- (e) That the amounts of the County Council's Council Tax for each band of dwelling and the precept payable by each billing authority for 2019/20 be as set out in Appendix L (including 1% for the adult social care precept) be approved;**
- (f) That the Chief Executive be authorised to issue the necessary precepts to billing authorities in accordance with the budget requirement above and the tax base notified by the District Councils,**

and to take any other action which may be necessary to give effect to the precepts;

- (g) That approval be given to the 2019/20 to 2022/23 capital programme as set out in Appendix F;
- (h) That the Director of Corporate Resources following consultation with the Lead Member for Resources be authorised to approve new capital schemes, including revenue costs associated with their delivery, which are shown as future developments in the capital programme, to be funded from funding available;
- (i) That the financial indicators required under the Prudential Code included in Appendix M, Annex 2, be noted and that the following limits be approved:

	2019/20 £m	2020/21 £m	2021/22 £m	2022/23 £m
<b>Operational boundary for external debt</b>				
i) Borrowing	264.1	263.6	263.1	262.6
ii) Other long term liabilities	1.2	1.1	1.0	1.0
<b>TOTAL</b>	<b>265.3</b>	<b>264.7</b>	<b>264.1</b>	<b>263.6</b>
<b>Authorised limit for external debt</b>				
i) Borrowing	274.1	273.6	273.1	272.6
ii) Other long term liabilities	1.2	1.1	1.0	1.0
<b>TOTAL</b>	<b>275.3</b>	<b>274.7</b>	<b>274.1</b>	<b>273.6</b>

- (j) That the Director of Corporate Resources be authorised to effect movement within the authorised limit for external debt between borrowing and other long-term liabilities;
- (k) That the following borrowing limits be approved for the period 2019/20 to 2022/23:
- (i) Upper limit on fixed interest exposures 100%,
- (ii) Upper limit on variable rate exposures 50%,
- (iii) Maturity of borrowing:-

	Upper Limit	Lower Limit
	%	%
<b>Under 12 months</b>	<b>30</b>	<b>0</b>
<b>12 months and within 24 months</b>	<b>30</b>	<b>0</b>
<b>24 months and within 5 years</b>	<b>50</b>	<b>0</b>
<b>5 years and within 10 years</b>	<b>70</b>	<b>0</b>
<b>10 years and above</b>	<b>100</b>	<b>25</b>

- (l) That the Director of Corporate Resources be authorised to enter into such loans or undertake such arrangements as necessary to finance capital payments in 2019/20, subject to the prudential limits in Appendix M;
- (m) That the Treasury Management Strategy Statement and the Annual Investment Strategy for 2019/20, as set out in Appendix M, be approved including:
  - (i) The Treasury Management Policy Statement (Appendix M, Annex 4);
  - (ii) The Annual Statement of the Annual Minimum Revenue Provision ( Appendix M, Annex 1);
- (n) That the Risk Management Policy and Strategy (Appendix I) be approved;
- (o) That the Capital Strategy (Appendix G), Corporate Asset Investment Fund Strategy (Appendix H) and Earmarked Funds Policy (Appendix J) be approved;
- (p) That it be noted that the partners of the Leicester and Leicestershire Business Rate Pool have agreed to continue with the arrangements for 2019/20 and to operate the 75% business rates retention pilot).

8<sup>th</sup> February 2019

**N. J. Rushton**  
**Leader of the Council**

### **Background Papers**

Report to the County Council on 21st February 2018: Medium Term Financial Strategy 2018/19 - 2021/22

<http://politics.leics.gov.uk/documents/s135701/MTFS%20report.pdf>

County Council Strategic Plan

<https://www.leicestershire.gov.uk/about-the-council/council-plans/the-strategic-plan>