

REPORT OF THE CABINET

A. MEDIUM TERM FINANCIAL STRATEGY 2020/21 – 2023/24

Introduction

1. This report relates to the Cabinet's consideration of the 2020/21 to 2023/24 Medium Term Financial Strategy (MTFS) which has the following four main elements:-
 - 2020/21 revenue budget;
 - 2021/22, 2022/23 and 2023/24 provisional revenue budgets;
 - 2020/21 – 2023/24 capital programme;
 - Financial strategies and policies including the capital strategy, corporate asset investment fund strategy, treasury management and investment strategy, financial performance indicators, earmarked funds policy and an Equality and Human Rights Impact Assessment.

Background

2. Attached is a report considered by the Cabinet on 7th February 2020 which reflects the changes to the budget since it was approved for consultation in 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 7th February also contains the following appendices:

Appendix A	Four Year Revenue Budget 2020/21 to 2023/24
Appendix B	2020/21 Revenue Budget
Appendix C	Growth and Savings 2020/21 to 2023/24
Appendix D	Detailed Revenue Budgets 2020/21
Appendix E	Detailed Capital Programme 2020/21 to 2023/24
Appendix F	Capital Strategy
Appendix G	Corporate Asset Investment Fund Strategy
Appendix H	Risk Management Policy and Strategy
Appendix I	Earmarked Funds Policy
Appendix J	Earmarked Funds

Appendix K	Insurance Policy
Appendix L	Council Tax and Precept
Appendix M	Treasury Management Strategy Statement and Annual Investment Strategy
Appendix N	MTFS Consultation Report
Appendix O	Comments of the Overview and Scrutiny Committees and Scrutiny Commission
Appendix P	Equality and Human Rights Impact Assessment

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 'O' to this report.
5. The Corporate Governance Committee at its meeting on 31st January approved the Risk Management and Treasury Management Policies and Strategies which are set out in Appendices H and M. The Treasury Management Policy has been amended to reflect the comments of the Committee.

Consideration by the Cabinet

6. On 7th 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 in December 2019.
7. At the time of the Cabinet meeting the final Local Government Settlement had not been received. The Cabinet therefore agreed to authorise the Director of Corporate Resources following consultation with the Lead Member for Resources to make any changes to the provisional MTFS which may be required between the Cabinet and County Council meeting on the basis that any changes would be reported to the County Council meeting on 19th February.
8. The recommendations of the Cabinet to the County Council concerning the MTFS 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 2020/21 totalling £390m as set out in Appendices A, B and D 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 2021/22, 2022/23 and 2023/24, 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 and human rights impact assessments, as may be necessary towards achieving the savings specified for those years including savings under development;**
- (c) That approval is 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 J be noted and the use of those earmarked funds as indicated in that appendix 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 2020/21 be as set out in Appendix L (including 2% for the adult social care precept);**
- (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 2020/21 to 2023/24 capital programme as set out in Appendix E;**

- (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, 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:

	2020/21 £m	2021/22 £m	2022/23 £m	2023/24 £m
Operational boundary for external debt				
i) Borrowing	264	264	263	263
ii) Other long term liabilities	1	1	1	1
TOTAL	265	265	264	264
Authorised limit for external debt				
i) Borrowing	274	274	273	273
ii) Other long term liabilities	1	1	1	1
TOTAL	275	275	274	274

- (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 2020/21 to 2023/24:
- (i) Upper limit on fixed interest exposures 100%;
 - (ii) Upper limit on variable rate exposures 50%;
 - (iii) Maturity of borrowing:-

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

- (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 2020/21, subject to the prudential limits in Appendix M;
- (m) That the Treasury Management Strategy Statement and the Annual Investment Strategy for 2020/21, 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 as set out in Appendix M, Annex 1;
- (n) That the Capital Strategy (Appendix F), Corporate Asset Investment Fund Strategy (Appendix G), Risk Management Policy and Strategy (Appendix H), Earmarked Funds Policy (Appendix I) and Insurance Policy (Appendix K) be approved;
- (o) That it be noted that the Leicester and Leicestershire Business Rate Pool will continue for 2020/21;

8th February 2019

N. J. Rushton
Leader of the Council

Background Papers

Report to the County Council on 20th February 2019: Medium Term Financial Strategy

2019/20-2022/23 - <http://politics.leics.gov.uk/ieListDocuments.aspx?CId=134&MId=5125>

County Council Strategic Plan –

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

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