

REPORT OF THE CABINET

A: MEDIUM TERM FINANCIAL STRATEGY UPDATE

Introduction

1. The purpose of this report is to advise the Council of the worsening financial position and the approach to updating the current Medium Term Financial Strategy (MTFS).

Background

2. The current MTFS for 2014/15 to 2017/18 was approved by the County Council in February 2014. Over the autumn and winter the MTFS will be updated. All Scrutiny Committees and the Scrutiny Commission will have the opportunity to consider the outcome of the update in January and early February. The Cabinet will then consider the outcome of scrutiny and other deliberations before it makes a recommendation to the County Council in February.

MTFS Update

3. The Cabinet at its meeting on 19th September is due to consider the attached report, marked Appendix 1. The report highlights the serious financial position facing the County Council and the need to need to develop a strategy for addressing the challenges ahead.
4. The report highlights the following:-
 - a) The national position in which all political parties are committed to balancing the budget which, subject to the balance between spending and tax, will inevitably result in further austerity at least until 2018/19;
 - b) The negative impact on the County Council's budget of the cost of implementing the Care Act and other national initiatives;
 - c) That the County Council is both low funded and low spending when compared to other Councils which would limit scope for further savings. In this regard the report highlights that the County Council has already achieved savings of £85million since 2010 but the roll forward of the MTFS indicates that further savings of approximately £120m will be required before the national budget is expected to be balanced in 2018/19.

- d) That almost 93% of the Council's budget relates to 'statutory services' if a wide definition is taken. This further limits the scope for making significant reductions.
 - e) That notwithstanding the recent increase announced in respect of the Dedicated Schools Grant it is not thought this will be sufficient to fund strategic issues facing schools.
5. The report also makes reference to a consultation on some technical proposals for the 2015/16 local government finance settlement and the Council's response thereto.

Timetable for updating the MTFS

6. The broad timetable for updating the MTFS is as follows:-

October	Consideration of future savings proposals by Lead Members
November	Transformation Board to consider the MTFS and implications for the Transformation Programme
December	Local Government Finance Settlement
January	Cabinet and Scrutiny consideration
February	County Council

7. The Cabinet will be considering the report at its meeting on 19th September and its views will be reported to the County Council.

(Motion to be moved:-

That the update on the MTFS as set out in the report of the Cabinet, be noted.)

**N. Rushton
Chairman**

Background Papers

Report to the meeting of the Cabinet on 19 September 2014 on the Medium Term Financial Strategy Update