EXE 130214
Item 10

Medium Term Financial Strategy (MTFS) 2014/15 to 2017/18

EXECUTIVE MEMBER: Councillor Gilliam Troughton
LEAD OFFICER: Darienne Law, Head of Corporate Resources
REPORT AUTHOR: Ann Treble, Financial Management and Treasury Accountant

WHY HAS THIS REPORT COME TO THE EXECUTIVE?

The Medium Term Financial Strategy (MTFS) sets out the current framework for planning and managing the Council's financial resources, to develop its annual budget strategy and update its four year financial projections.

Good financial management is essential for the delivery of good public services and the effective stewardship of taxpayers' money. It assists the Council in making the right financial decisions for the short, medium and longer term.

The financial management arrangements of the Council express in monetary terms the planned use of resources to deliver Council services in accordance with its stated priorities within the Corporate Plan. The Corporate Plan 2013-15 was approved by Council on 21st February 2013.

The Councils financial management arrangements and projections for the period 2014/15 to 2017/18 are set out in the Medium Term Financial Strategy (MTFS) attached to this report, and incorporate the detailed work on the Revenue Budget, Capital Programme, Reserves Strategy and Treasury Management Strategies also to be considered for recommendation.

The projections and assumptions within the MTFS will be updated annually.

SUMMARY AND RECOMMENDATIONS:

Summary:

This report sets out the Medium Term Financial Strategy for the period 2014/15 to 2017/18 for recommendation for approval by the Executive, and for final approval by Council on 27th February.

Recommendation:

That the Executive recommend to Council on 27th February that the Medium Term Financial Strategy, as attached in Appendix A, is approved.

1. INTRODUCTION

1.1. The Medium Term Financial Strategy (MTFS) sets out the current framework for planning and managing the Council's financial resources, to develop its annual budget strategy and update its four year financial projections.

1.2. Good financial management is essential for the delivery of good public services and the effective stewardship of taxpayers' money. It assists the Council in making the right financial decisions for the short, medium and longer term.

1.3. Central Government funding has been cut and we face the challenge of meeting community expectations with significantly less money. Copeland was one of the hardest hit councils, with almost a third of our funding from Government cut over the four years from 2011 to 2015. During the period of this Medium Term Financial Strategy we will need to save at least a further £3 million. This taken together with changes in Council Tax, Business Rates and the costs of providing services throughout our district all pose significant challenges for Copeland.

1.4. We must respond to these challenges positively if we are to serve the needs of Copeland in the best way we can. In 2013/14 we delivered a balanced budget whilst maintaining our core services. We collected waste from approximately 32,000 households, processed 530 planning applications, processed approximately 20,000 revenues and benefits forms and took 65,000 calls through our customer contact centre.

1.5. We have also made significant progress in the way customers access our services, redeveloping our website to create quick, easy and efficient access to information and make services available on-line, more conveniently for our customers.

1.6 In looking forward, we will continue to take the initiative. We are setting clear priorities for future, continuing to invest in priority services, supporting economic growth and radically transforming the way we organise ourselves and deliver services.

1.7 We recognise we can't do this alone. We will work with businesses, the voluntary sector, other public sector organisations and, most importantly, with our communities to plan and deliver what is needed locally. Our mission for the future is to be, "**an effective Council that works with partners and communities to arrange services for residents in Copeland**".

2.0 MEDUIM TERM FINANCIAL STRATEGY (MTFS) 2014/15-2017/18

2.1 The Council continues to face severe financial challenge. The impact of the recession has seen an increase in the demand for services together with a reduction in the financial resources available to it. Good financial management is essential for the delivery of good public services and the effective stewardship of taxpayers' money, and it will help the Council make the right decisions for the short, medium and longer term. The Medium Term Financial Strategy (MTFS) sets out the strategic direction for the next four year period 2014/15 to 2017/18 (updated annually).

2.2 The settlement figures for 2015/16 figures provided, by DCLG, on 18 December were on an 'illustrative' basis and have been included in the MTFS. The figures for 2016/17 onwards have been included as 15/16 base, reduced by 1% year on year for RSG and increased by RPI year on year for NNDR for the purposes of the MTFS. These figures are subject to further change and consultation will take place on the 2015/16 figures in Autumn 2014, ahead of the annual provisional settlement, which is expected to be received in December 2014

2.3 The financial management arrangements of the Council express in monetary terms the planned use of resources to deliver Council services in accordance with its stated priorities within the Corporate Plan. The Corporate Plan 2013-15 was approved by Council on 21st February 2013. This is the plan which sets out the Council's strategic objectives, the main challenges facing the Council and the borough and outlines our plans to tackle them over the next two years.

2.4 The Councils financial management arrangements and projections for the period 2014/15 to 2017/18 are set out in the Medium Term Financial Strategy attached to this report, as Appendix A. The annual Revenue Budget, Capital Programme, Reserves Strategy and Treasury Management Strategies also to be considered for recommendation for approval by the Executive at this meeting.

2.5 The main sources of funding are considerably at risk and diminishing in value and include:

- The final allocations of the New Homes Bonus which were published on 4 February 2014. The New Homes Bonus is a grant paid by central government for increasing the number of homes and their use. The New Homes Bonus is paid each year for 6 years. It's based on the amount of extra Council Tax revenue raised for new build homes, conversions and long-term empty homes brought back into use. There is also an extra payment for providing affordable homes. This money recognises the additional burden that new homes and residents will place on existing services and as it is not ring fenced.

- The current financial year saw the introduction of localisation of business rates which ended our guaranteed NNDR income and replaced it with a Baseline need amount. This funding is not guaranteed and can fluctuate dependent upon recovery of business rates. In theory this could rise but in all likelihood due to appeals currently lodged, this amount will fall. The government 'safety net' will limit the impact of this this drop to the Councils finances to £165k a year but the financial burden up to this limit must be borne by the authority.

- The council tax support grant is now rolled up in in SGA, so it is not possible to determine its value. Last year Members agreed a Localised Support for Council Tax scheme (LSCT) in which the authority, and other precepting authorities; County, Police and Parishes in proportion to their Council Tax precepts, carried the full risk of any increase in claimants or collection issues by offering discounts to those who previously would have received a benefit on the old scheme, at an equivalent level.

- External funding provided by the BEC social fund from the 'Energy Coast Social investment Fund' which is allocated to projects, initiatives and programmes of work that deliver social conditions for growth and complement the West Cumbria Economic Blueprint (2012).

2.6 The MTFS projections were based on broad assumptions and Members confirmed or amended these assumptions at their meeting on 9th January 2014 for the purpose of setting the MTFS as follows:

Inflation:

- 2% increase on general inflation for 2015/16 onwards
- Individual contracts (CPI/RPI/Other) for 2015/16 onwards

Salaries:

- 1% for 2015/16 to 2017/18. To meet the expected national pay award (N.B. Each 1% addition on salaries equates to c. £69k)
- Increments c.£12k in 15/16 ,16/17 and 17/18

Pensions Contributions:

- The MFTS as at February 2013 included sufficient to fund the pension contributions at 20.1% (being the then current and past commitments rates).
- The Pension Fund triennial review received in November 2013 identified a need for additional yearly sums to be paid to meet the past service commitment and these are shown below:

	2015/16	**2016/17**	**2017/18***
	£'000s	**£'000s**	**£'000s**
In MTFS at Feb 13 (7.7%)	348	348	348
dditional requirement in MTFS	**124**	**133**	**133**
Total needed	**554**	**687**	**820**

*The pension fund will undergo another triennial review before the end of the life of the current MTFS but for the sake of completeness 16/17 contribution has been replicated for inclusion in 17/18 figures.

- The impact of auto enrol has been assessed at a maximum of £200k pa once fully in force. The MTFS assumes a cost of £50k per annum for people who may opt in themselves before we reach our postponed date of 1 October 2017.

Treasury Management:

- The Treasury Management income budget has been reduced by £50k for 2014/15 from that of 2013/14 to reflect that the average rate of interest achieved has dropped to 0.44%. Whilst interest rates are currently expected to pick up (not before) Q3 2016, this reduction remains in for the period of the MTFS.

Council Tax Projections:

- As the Council Tax threshold principles are yet to be announced (expected in the new year) an increase of 1.95% for 2014/15 and

2015/16 onwards, based on the current estimated council tax base, has been assumed for forward planning purposes only, as currently any rise over 2% would trigger a referendum. Any change to the level of capping, the inclusion of Parishes or any grants, which will be built into the baseline funding (i.e. not lost after the year in which awarded) that may be offered will be included in future budget reports when the details are known.

Income:

- Increases in fees and charges will be proposed on a service-by-service basis, taking into account the need to recover cost, local demand and any legal requirements, when each years budget is prepared in detail.
- The MTFS contains the proposed fees increases for 2014/15 only, which are detailed in the annual Revenue Budget paper.

Government Settlement:

- The final settlement for 2014/15 has now been received together with the illustrative/provisional settlement for 2015/16 and these figures as set out in Table 1 of this report.
- Illustrative figures have been received for 2015/16 only, in the absence of any further information the figures included for 2016/17 and 2017/18 have been reduced by 1% year on year for RSG and increased by RPI year on year for NNDR for the purposes of the MTFS.
- The Government have offered a Council Tax Freeze Grant for 2014/15 funded at the level of a 1% to be incorporated into base line funding i.e. will not be directly removed, which is different to previous freeze grants which did not equate to an on-going offer of funding and after the two year period the funding will potentially drop out, leaving the Council to find the balance from other sources. For information each 1% increase in Council Tax equates to c. £40,000. The figures included in this report assume the freeze grant will not be accepted and that Council Tax will rise by 1.95% in each year of the MTFS.

2.7 <u>Table 1 MTFS projections 2014/15-2017/18</u>

	2014/15 Current revision	2015/16 Current revision	2016/17 Current revision	2017/18 Current revision
	£	£		
Base budget	10,184,428	10,176,273	10,912,865	11,452,519
Budget Reductions				
Savings not on-going into later years	2000			
Savings proposals identified 2012/13	**-500,000**			
Savings proposals for 2014/15	**-162,377**	-8,000		
Budget Increases				
Salary Movements	115,388	94,789	81,278	81,278
Auto Enrol pensions	50,000	50,000	50000	50,000
Estimate change to eligible earning on pension	7,561			
Estimate increase pension deficit	82,497	123,700	133,100	133,100
Loss of NI rebate		125,828		
Contractual increases for inflation	346,776	275,276	275,276	275,276
Treasury Management	50,000			
Costs for referendum for locally elected mayor	60,000			
Loss of recycle credits		75,000		
	10,236,273	10,912,865	11,452,519	11,992,173
Funding from Reserves				
Earmarked Reserves	274,500	54,000	0	0
Total Spending	10,510,773	10,966,865	11,452,519	11,992,173
Rounded Total Spending (£'000)	10,511	10,967	11,453	11,992
FUNDING				
RSG	2513	1695	1678	1661
Baseline Need	2081	2142	2206	2272
New Homes Bonus	472	472	472	472
PFI Grant	837	837	837	837
Council Tax	3,650	3,719	3,790	3,862
Collection Fund surplus	37			
Specific Grants	17			
BEC - Social Fund	**400**	**400**	**400**	**400**
General Reserves	**230**			
Earmarked Reserves	275	54	0	0
	10,511	9,319	9,383	9,505
Shortfall		**1,648**	**2,069**	**2,488**
In year increase in difference		1648	422	418

2.8 The **original** budget deficit projections set out in the MTFS approved in February 2013 were as set out below in Table 2, along with the currently anticipated deficit taking into account information known to date and the assumptions set out above:

Table 2 – Revised Projections 2014/15-2017/18

Year	**MTFS Projections February 2013 £000**	**Current Projections February 2014 £000**
2014/15	***278**	****792**
2015/16	**510**	**1,648**
2016/17	**441**	*****546**
2017/18		*****418**
Total Projected Deficit	**1,229**	**3,404**

* Remaining shortfall as 549k savings identified in 12/13
** £1.292m less £500k saving (£549k above as adjusted)
*** no settlement figures received, based on 1% reduction year on year on RSG and RPI increase on safety net figures for NNDR

3.0 Savings Strategy for 2014/15-2017/18

3.1 The work carried out by the PDGs during 2011, 2012 and 2013 has been critical in identifying on going budget savings which are necessary to enable balanced budgets to be set. The 2014/15 budget proposals includes £500k of savings identified by the PDGs in 2012/13 and a further £162k of savings identifies in 2013/14. The work of the PDG groups will continue in order to identify further budget reductions for future years.

3.2 Our future strategy will focus on

- Looking to maximise our business rates and new homes bonus through accelerated growth.
- A continued focus on finding efficiencies and reducing costs including the reshaping of our office accommodation, continuing with our customer access strategy and the move to web enabled access.
- Moving to a commissioning approach, using evidence based need to set the level of statutory service and exploring alternative forms of service delivery

- Enhanced 2 tier working and exploring unitary / further shared services.
- Maximising the income from our fees and charges including introducing new charges.
- Approaching the Boundary Commission ref the number of councillors.
- Ensuring discretionary services are provided at no cost to the council.
- Reviewing the levels of subsidy we provide in our Council Tax discount scheme.

4.0 Risks

4.1 There are always risks associated with setting the MTFS as many assumptions can change if forecasts used in the process prove to be inaccurate.

4.2 The settlement figures for 2015/16 figures provided on 18 December were on an 'illustrative' basis and have been included in the MTFS. The figures for 2016/17 onwards have been included as 15/16 reduced by 1% year on year for RSG and increased by RPI year on year for NNDR for the purposes of the MTFS. These figures are subject to further change and consultation will take place on the 2015/16 figures in Autumn 2014, ahead of the provisional settlement, which is expected to be received in December 2014

4.3 A pension triennial review will be due 2016/17 which is within the life of the current MTFS. The current contribution rate is included at 12.4% with yearly additional sums being necessary for past service which gives a pressure of c. 83k for 14/15, increasing by £124k for 15/16, and by £133k for 16/17. For the sake of completeness 16/17 contribution has been replicated for inclusion in 17/18 figures.

4.4 Whilst the authority has taken the decision to postpone auto enrol into the pension scheme for its employees until 2017/18, any employee who is not a member can join at any time. An estimate of take up has therefore been included at £50k (circa 25% of estimated additional cost if all employees in scheme) a year, every year, until 2017/18. However this is only an estimate and take up may be more or less.

4.5 The government published 'The single-tier pension: a simple foundation for saving' on 14 January 2013. On 18 March 2013 the government announced that the single-tier pension will be brought in on 6 April 2016. The single-tier pension will replace the State Second Pension, contracting-out arrangements and reliefs. Closing the State Second Pension is an important part of the single-tier reforms. Contracting out of the State Second Pension for Defined Benefit schemes will therefore come to an end. Contracting out means giving up entitlement to the

State Second Pension in return for a broadly similar occupational pension and a lower National Insurance (NI) rate for employer and employee.

For employers, the end of contracting out will have cost and administrative implications, the largest of which will be paying higher employer National Insurance contributions. They will have to pay the same rate of National Insurance as all other employers, meaning an increase in respect of each contracted-out employee of 3.4 per cent of earnings between the Lower Earnings Limit (LEL) and Upper Accrual Point (UAP), for Copeland this cost is estimated at £126k pa and is included in the MTFS projections from 2015/16 onwards.

5.0 STATUTORY OFFICER COMMENTS

5.1 The Monitoring Officer's comments are: None

5.2 The Section 151 Officer's comments are: contained in the report

5.3 EIA Comments: An Equality Impact Assessment has been completed.

5.4 Other consultee comments, if any: None at this stage

6.0 HOW WILL THE PROPOSALS BE PROJECT MANAGED AND HOW ARE THE RISKS GOING TO BE MANAGED?

6.1 The Risk that the MTFS projections will not be realised as set out is considered a Strategic Risk and is included on the Strategic Risk Register and monitored as part of that process. Section 14 of the attached Appendix A gives more detail.

6.2 The Council has a statutory responsibility to have in place arrangements for managing risks. Risk Management covers the whole spectrum of risks and not just those associated with finance, health & safety, business continuity and insurance. It also includes risks associated with service provision, effectiveness and continuity, reputation, compliance with legislation and environment.

6.3 The assessment of risk is depend on the Councils appetite to risk and the preference that it has for dealing with the risk, which of the 4 Ts of risk management that the council prefer to use. The 4 T's are:-

- Treat
- Tolerate
- Terminate
- Transfer

6.4 The recent workshop with members held in December 2013 highlighted the council's approach has in the past looked to Treat its significant risks and has a low appetite for risk. This approach will require appropriate levels of financial resources to be available to fund the treatment. The known risks are set out below and an estimation of the financial impact has been undertaken.

Potential Risk	Risk Score	Weighting	Financial Exposure (£000)	Balance Required (£000)	Comment (Basis of Financial Exposure)
Base Budget Contingency for inflation or other unanticipated rise.	4	50%	100	50	Assumed at 1% of Net Revenue Budget
Underachievement of Charges Income targets and spending exceeds budgets	4	50%	232	116	Estimate of 10% Charges Income forecasts for 2014/15
Underachievement of Investment Income	4	75%	202	152	1% of exposure of average balance of £25m
Civil Emergencies	6	75%	167	125	Bellwin scheme cuts in at 0.2% of Net Budget and provides for up to 85% of eligible costs (assume £1m cost - not covered by insurance)
Insurance Excesses	2	75%	34	26	Based on 10% of insurance premia payments
Fall in Rental Income from Property	6	75%	79	59	10% of Rental Income (assumed at £0.8m for 2014/15)
partnership support to discretionary services not met	2	25%	725	181	level of support in grants material and subject to agreements
accomodation strategy and ICT technology changes	4	50%	250	125	significant moves and risks ref PFI and new acomodation for staff and ability to address the needs of
business rate - safety net	6	75%	165	165	annual funding if fall into safety net - plus cashflow costs
underachievement of council tax revenues	4	50%	360	180	Assumed at 1% of Net Revenue Budget
future pension changes and pensions deficit	6	75%	526	395	Assumed payback over 19 years and new CARE mitigates some increases - 7% average defic pension returns and repayment plan not sufficient
Emergency Contingency	6	100%	500	500	Emergency contingency fund - allocate £0.5m for any unforeseen emergencies eg cliffs/ shafts
TOTALS			**3,340**	**2,073**	
Maximum Risk Based Reserve Balances				**3,340**	
Minimum Risk Based Reserve Balances				**1,670**	
Recommended Level of General Risk Based Reserves (Projected as at 31/03/13) (General Fund)				**2,000**	
Projected (Shortfall)/Excess of Current Risk Based Reserve Balance over Risk Assessment Above				**-73**	

The main risks in the strategic risk register are ones which score a rating of 5/ 6 for Likelihood and 3/ 4 for impact are:-

- Financial Viability,
- Lack of capacity, resources and capability to deliver the change programme
- Maintaining focus on the Council's core business
- Challenge/Judicial review
- Making partnerships work during times of significant change
- Failure to design services to meet the needs of the most vulnerable in the community
- NNDR & the Growth Strategy

7.0 WHAT MEASURABLE OUTCOMES OR OUTPUTS WILL ARISE FROM THIS REPORT?

7.1 The key measurable outcome is the formal Medium Term Financial Strategy which will guide the allocation of financial resources over the period 2014/15 to 2017/18 and which will determine the manpower, financial and other resources it will have available to provide services for the year.

List of Appendices

Appendix A – Medium Term Financial Strategy 2014/15 to 2017/18.
Appendix B – BEC Social Investment Fund – To Follow

List of Background Documents:

- Proposed Revenue Budget Proposal 2014/15
- Use of Reserves 2013/14
- Proposed Capital Programme for 2014/15 to 2016/17
- Proposed Treasury Management Strategy 2014/15 incorporating the Annual Investment Strategy for 2014/15 and the Minimum Revenue Provision Strategy for 2014/15. Audit Committee agreed, on the 30 January 2014, to recommend the proposed strategy for approval by the Executive.
- The Corporate Plan 2013-15 was approved by Council on 21st February 2013
- Various other internal and external Strategies.

Copeland borough council
Proud of our past. Energised for our future.

Appendix A

Medium Term Financial Strategy

2014/15 to 2017/18

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13 February 2014

Council
27 February 2014

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1. INTRODUCTION & BACKGROUND

1.1. Copeland is situated on the west coast of Cumbria, extending over 737km2 with a population of approximately 70,000. The population of the borough is expected to change over the next 20 years with increasing numbers of people aged over 60 and fewer younger people.

1.2. Copeland is a place of contrasts. Two thirds of the borough is within the Lake District National Park, so agriculture and tourism play a significant role in the local economy. However, Copeland also plays host to Europe’s largest nuclear facility, Sellafield covering over two square miles. The majority of our residents live near the coast with most residents living in our main service centres of Whitehaven, Egremont and Cleator Moor in the north of the borough, and Millom in the south.

1.3. The nuclear sector and its supply chain is the major employer within the area, employing over 60% of all employees in Copeland with 72% of employees on site being Copeland residents. Historically, the pay levels for those employed within the sector have been significantly higher than other jobs available within the local economy. This is reflected by our weekly wage level which stands at an average £653.70 per week for full time workers for Copeland in 2012.

1.4. The jobs created at Sellafield enable many of our residents to realise their aspirations. Whilst this is positive for many families within Copeland, for others their experience of living here is different. Some of our residents experience unemployment, survive off low incomes, suffer financial exclusion (no bank account or access to appropriate credit), use food banks, live in houses which don’t meet modern standards and lack skills and experience which hinder their ability to take advantage of job opportunities. Whilst this is not everybody’s experience of Copeland, nor is it unique to us, our commitment is to arrange services and make policy decisions which take into account the needs of these families and residents.

1.5. Key facts:

- Our youth unemployment is above national levels at 7.5%
- More than 6,700 households in Copeland are in fuel poverty, levels which are above the rest of the country.
- There are 5,500 people claiming housing benefit.
- The GCSE attainment rate of 5 A*-C’s in Copeland, is 48%, compared with a national average of 58.2% and a Cumbrian average of 57%. 13% of working age people have no qualifications.
- There are a total of 2,515 children aged between 0-19 years currently living in poverty.
- Life expectancy varies by 9.6 years according to where you live in the borough, with overall life expectancy below the national average
- Parts of Copeland are some of the most deprived areas in the country, with the proportion of low income households above national levels, and 38% of households have a limiting long-term illness.

1.6. Central Government funding has been cut and we face the challenge of meeting community expectations with significantly less money. Copeland was one of the hardest hit councils, with almost a third of our funding from Government cut over the four years from 2011 to 2015. During the period of this Medium Term Financial Strategy we will need to save at least a further £3 million. This taken together with changes in Council Tax, Business Rates and the costs of providing services throughout our district all pose significant challenges for Copeland.

1.7. We must respond to these challenges positively if we are to serve the needs of Copeland in the best way we can. In 2013/14 we delivered a balanced budget whilst maintaining our core services. We collected waste from approximately 32,000 households, processed 530 planning applications, processed approximately 20,000 revenues and benefits forms and took 65,000 calls through our customer contact centre.

1.8. We have also made significant progress in the way customers access our services, redeveloping our website to create quick, easy and efficient access to information and make services available on-line, more conveniently for our customers.

1.9. In looking forward, we will continue to take the initiative. We are setting clear priorities for future, continuing to invest in priority services, supporting economic growth and radically transforming the way we organise ourselves and deliver services.

1.10. We recognise we can't do this alone. We will work with businesses, the voluntary sector, other public sector organisations and, most importantly, with our communities to plan and deliver what is needed locally. Our mission for the future is to be, "**an effective Council that works with partners and communities to arrange services for residents in Copeland**".

2. THE COUNCIL'S FINANCES

2.1. The Council continues to face severe financial challenge. The impact of the recession has seen an increase in the demand for services together with a reduction in the financial resources available to it. Good financial management is essential for the delivery of good public services and the effective stewardship of taxpayers' money, and it will help the Council make the right decisions for the short, medium and longer term. The Medium Term Financial Strategy (MTFS) sets out the strategic direction for the next four year period 2014/15 to 2017/18 (updated annually).

2.2. The Corporate Plan 2013-15 was approved by Council on 21st February 2013. This is the plan which sets out the Council's strategic objectives, the main challenges facing the Council and the borough and outlines our plans to tackle them over the next two years. Further information on the Strategic Planning of the authority is set out in Section 5.

2.3. The MTFS is a key part of the Council's Budget and Policy Framework which aims to ensure that resources are directed to delivering the Council Plan. The MTFS provides the financial means by which the Council intends to achieve its vision through priority based financial planning and budgeting (covering both revenue and capital) within the total resources available to it. The Council has a sound track record for achieving value for money in its services.

2.4. The strategy describes the financial direction of the Council for planning purposes and outlines the financial pressures over a four year period. However, the plan is reviewed and updated on an annual basis to reflect the significantly changing nature of local government funding.

2.5. The MTFS outlines how the Council intends to align its financial resources to national and local priorities within the total resources available to it over the medium term. It is a high level framework driven by the members and follows the top down/bottom up approach to strategic, financial, performance and service planning. The planning framework is designed to ensure that financial and service planning is fully integrated taking account of cross cutting corporate and external partner strategies.

2.6. At a more detailed level the MTFS focuses on an ongoing review of spend by services and informs how senior management will re-direct resources towards Council's priorities in the short to medium term.

2.7. Member lead Policy Development Groups (PDG) have again met this year and contributed to the process by review of service costs and the potential to generate income. The Capital Control and Monitoring Group have met to receive and discuss capital bids put forward, and the Change Programme Board, chaired by the Chief Executive meet regularly to ensure progress of the Change. This process is designed to ensure that a robust rolling capital programme and net revenue operating budget together with the council tax resolution be delivered to Council for approval in February each year.

2.8. Following the provisional Settlement Funding Assessment (SFA) (which comprises Revenue Support Grant and the baseline funding level), announcement on 18 December 2013 there was a period allowed for consultation on the figures with written responses required by 15th January 2014. The final settlement figures for 2014/15 together with the illustrative figures for 2015/16 were received in February 2014. There has been very little change between the provisional and final settlement figures.

2.9. Whilst illustrative figures have been provided for 2015/16 (and included in the MTFS) these are subject to further change and consultation will take place on the 2015/16 figures in autumn 2014, ahead of the provisional settlement, which is expected to be received in December 2014.

2.10. The impact of the settlement figures on our budget for 2014/15 and projections to 2017/18 are set out in Section 4. It should be noted that no information is yet available on the settlement figures from 2016/17 onwards we have assumed a further 1% reduction on the RSG element.

2.11. The assumptions on which the MTFS strategy are built will certainly change over time and hence the MTFS will be reviewed and updated annually to ensure that it remains current and sustainable and that the Council remains financially viable over the timeframe of the MTFS and beyond. Managing for the medium and longer term is not about trying to predict the future; but is preparing for it. The Council needs to understand future demand, assess the impact of probable changes, and review the gaps between funding needs and possible income levels.

2.12. A key objective of the planning process is to align budgets with policies taking account of the priority for spending and investment decisions as decided through the consultation process. Priority budgeting requires a robust approach to financial planning with the redirection of resources to ensure delivery of corporate objectives. Central government's public sector spending reductions reinforce the need for the Council to deliver

- alternative ways of delivering services,
    - the council already has 4 shared services arrangements including Revenues and Benefits, Internal Audit, Procurement and Human Resource Management
    - securing alternative self-financing models for its discretionary services
- reviewing the ***level*** of statutory services provided and moving towards a commissioning approach
- implementing effective procurement strategies in order to achieve economies
- implementing the customer access and transformation programme to streamline processes, and enable channel shift in order to achieve efficiencies.
- focus on the delivery of statutory services that reflect our statutory role and remit.

3. PRINCIPLES OF THE MTFS

3.1. The benefits of planning for the medium term particularly in an environment of reducing government funding include:

- Helping the Council to reprioritise its functions and services and understand the focus of the work to underpin a realistic Council Plan;
- Improving financial planning and the financial management of resources;
- Helping to maximise the use of available resources;
- Ensuring the Council provides value for money and delivers budget savings;
- Allowing the development of longer term budgets and strategic thinking;
- Aligning financial resources to spending priorities;
- Ensuring that the reserves policy is sufficient to protect against unforeseen events;
- Developing a sustainable budget over the longer term; and
- Highlighting financial risks and mitigating controls

3.2. The principles underlying the MTFS 2014/15 to 2017/18 are shown below:

1. The overall financial strategy will be to ensure that the Council's resources are directed to achieving the objectives set out in the Council Plan;
2. Copeland recognises that it will not be able to continue to resource services at the current levels due to the level of funding cuts over the period of the current spending review and will ensure that budget savings are identified to minimise the impact on frontline statutory services;

3. Statutory services provided to the most vulnerable are protected wherever possible within the identified funding constraints;
4. At a global level Council spending will be contained within agreed budgets. If the monthly monitoring indicates that service budgets are expecting to exceed the total budget, then actions will be taken to ensure that spending is contained <u>within</u> the approved budgets;
5. Reserves will <u>only be used</u> to finance non-recurring spending or to cover transitional costs and delivery of significant change programmes. If in exceptional circumstances reserves are used to support recurring spending, this will be dependent on a strategy being in place to replace the use of reserves with mainstream funding in the following year;
6. The Council will maintain earmarked reserves for <u>specific purposes</u> which are consistent with achieving its key priorities. The use of earmarked reserves will be in line with the principles set out in the MTFS and reviewed twice annually (at budget setting and at out turn);
7. Balances and reserves will be maintained at a level which is sufficient to allow for quantifiable liabilities and foreseeable risk and also to enable the Council to react to opportunities and risks should they arise;
8. The Council will continue to improve its approach to efficiency, value for money and procurement so as to minimise the impact of budget savings;
9. The impact of any increases in Council Tax / Council Tax Freeze Grant will be carefully considered against the delivery of the Council Plan;
10. Fees and charges will be reviewed to ensure that fees and charges are set at an appropriate level in line with the delivery of the Council Plan and take into account comparative levels of charge, and give regard to current legal cases;
11. The Council will consider ways in which it can maximise trading opportunities and new charges to maximise income to deliver priorities, and regard to current legal cases;
12. External funding opportunities will be considered to ensure that income is maximised to help deliver Council its priorities and statutory services;
13. Discretionary services will be cost neutral to the council raising additional funding or covering their <u>full costs</u> through fees and charges or grants;
14. The Council will continue to contribute to reviews of the local government finance system;
15. Opportunities for working in collaborating and partnership will be identified and developed where this will support the Council’s priorities provide alternative service delivery models and leverage funding, improve service efficiency and delivery;
16. The council will recover <u>all and full costs</u> associated with its work as an accountable body;
17. The council will move to service level agreements for other additional work such as pre-application advice and nuclear work;

18. Any proposed changes to service provision will take account of financial implications for future years.

4. NATIONAL CONTEXT

4.1 Financial and service planning takes place within the context of national economic and public expenditure plans. The Council's spending and income projections are in many instances reliant on issues outside its control such as the rate of inflation, bank base rates and the general economic position which affects demand for services.

4.2 The financial pressures that Copeland Borough Council currently faces arise from a combination of the impact of the recession and the Governments on going austerity measures which have decreased the funding available to Councils' considerably, together with demographic changes, particularly ageing population, and increased service demand.

4.3 The coalition government elected in May 2010 reviewed the policy of debt repayment and undertook to repay the full amount of the fiscal deficit over the life of the current Parliament i.e. by the end of 2014/15. This resulted in the 2010 Spending Review being the toughest on record with the grant settlement for local government particularly severe. In announcing the settlement figures for 2014/15 on 18 December 2013 it was stated that local authorities (collectively) will face a further overall reduction in *spending power* of 2.9%; and that no local authority (individually) would experience a decrease of more than 6.9%. See paragraph 6 below for details on the impact for this authority.

4.4 In addition the way that Local Government is funded significantly changed as a result of the 2012 Local Government Finance Act which introduced the localisation of council tax schemes and the localisation of business rates. These changes are designed to increase local determination and control over Council's finances but bring with them further risks due to fluctuations and the removal of guaranteed income streams.

5. ECONOMIC OUTLOOK

5.1 Until 2013, the economic recovery in the UK from 2008 had been the worst and the slowest recovery in recent history. However in 2013 growth has surpassed all previous expectations, with the result that the Bank of England has upgraded growth forecasts in its last two quarterly inflation reports to 2.8% for 2014 (up from 1.7%).

5.2 However there is a major downside risk for our economy, as in the UK we are currently very dependent on consumer spending and recovery in the housing market. This is unlikely to extend much beyond 2014 as most consumers are maxed out on borrowing and wage inflation is less than CPI inflation so disposable income is being eroded.

5.3 The bank rate remains unchanged at 0.5% and the Bank of England has stated it will not consider raising interest rates until the jobless rate (labour force survey/ILO not the claimant count measure) has fallen to 7% or below. This would require the creation of circa 750,000 jobs.

5.4 Our treasury management advisors, Capita, anticipate that the bank base rate will remain unchanged until quarter 3 of 2016.

5.5 This authority has achieved interest returns that average 0.44% during 2013/14, and in response to this, and the expected continuation of poor returns the 2014/15 budget includes an interest receivable income target that is reduced by £50k on the level of 2013/14 budget.

5.6 The Retail Price Index (RPI) for September 2013 was 3.2% with the Consumer Price Index (CPI) at 2.7%. The January 2014 forecasts** are predicting these to fall to 3.0% and 2.1% respectively by quarter 4 of 2014 (which is still above the 2% general inflation allowed in the 2014/15 budget)

** taken from HM Treasury which collate independent forecasts to give an average forecast.

6. LOCAL CONTEXT

6.1 The settlement figures for 2014/15 and illustrative figures for 2015/16 as are detailed in Table 1 following which shows a comparison between years of government settlement:

6.2 The figures in the grey columns in Table 1 following, for 2014/15 and 2015/16 are those published by the government, which assumed full recovery of NNDR (£2,246m in 2014/15 and £2,308m in 2015/16), as opposed to the safety net position that the authority anticipates once numerous appeals are heard (drop in income limited to £165k to bring anticipated figure of receipt to £2,081m).

6.3 It should be noted that the Government's announcement of the provisional settlement figures made comparisons of an authority's 'spending power'. This is a measurement that the Government favour and brings into account such things as Council Tax income generated by an authority, New Homes Bonus, impact of transitional grants and other special grants. This is the reason that different percentages have been quoted (i.e. depending on which measure is being used).

Table 1: Calculation of Formula Grant / Start-up Funding Assessment/Settlement Funding Assessment:

	Adjusted *Start-up funding assessment 2012/13	Final Start-up funding assessment (SUFA)	Final Settlement Funding Assessment (SFA)	**Final Settlement Funding Assessment (SFA) AS ADJUSTED**	Illustrative SFA for 2015/16	**Illustrative SFA for 2015/16 AS ADJUSTED**
	£m	2013/14	2014/15	**2014/15**	2015/16	**2015/17**
		£m	£m	£m	£m	£m
Relative Needs Amount		2.254				
Relative Resources Amount		-0.811				
Central Allocation		3.117	4.598	4.433	3.848	3.683
Floor Damping		0.171				
Grants rolled in:						
Council Tax Freeze compensation 11/12		0.1	0.100	0.100	0.100	0.100
Council Tax Support Funding		0.634				
Homelessness prevention funding		0.05	0.049	0.049	0.049	0.049
Efficiency Support for Services in Sparse Areas			0.006	0.006	0.006	0.006
Returned Funding			0.006	0.006		
SUFA/SFA	5.786	**5.515**	4.759	4.594	4.003	3.838
Year on Year change		-4.70%	-13.71%	-16.70%	-15.89%	-16.46%
Split:						
Revenue Support Grant		3.312	2.513	2.513	1.695	1.695
(Amount Guaranteed)						
Baseline Need		2.203	2.246	2.081	2.308	2.143
(Amount Not Guaranteed)						
Total		**5.515**	**4.759**	**4.594**	**4.003**	**3.838**

Notes *To make the comparison with earlier years' figures easier, the Government have provided an adjusted figure for 2012/13.

6.4 In announcing the settlement figures on 18 December it was stated that local authorities (collectively) will face an overall reduction in ***spending power*** of 2.9%; and that no local authority (individually) would experience a decrease of more than 6.9%.

6.5 On the basis of the figures provided by DCLG for Copeland, we have suffered a reduction of **4.4%.** However, as stated above, the figures given in the Settlement assumed full recovery of NNDR, as opposed to the safety net position that the authority anticipates. On the basis of this Copeland is one of the authorities most severely hit with an adjusted reduction of 6.74% as detailed in Table 2 following:

<u>Table 2 - Reduction in *Spending Power* (defined as categories in table below)</u>

	2013/14 Actual	2014/15 Provisional Adjusted	% drop in year	2015/16 Illustrative Adjusted	% drop in year
Spending Power:	**£'000s**	**£'000s**		**£'000s**	
Council Tax Requirement	3,590	3,648		3,976	
Settlement Funding Assessment	5,515	4,594		3,837	
New Homes Bonus *	236	472		**472	
Specific Grants	21	17		***0	
Public Health Grants	N/A	N/A			
Total	**9,362**	**8,731**	**-6.74**	**8,285**	**-5.38**

New Homes Bonus

6.6 The provisional allocations of the New Homes Bonus were published on 16 December 2013. The New Homes Bonus is a grant paid by central government for increasing the number of homes and their use. The New Homes Bonus is paid each year for 6 years. It's based on the amount of extra Council Tax revenue raised for new build homes, conversions and long-term empty homes brought back into use. There is also an extra payment for providing affordable homes. This money recognises the additional burden that new homes and residents will place on existing services and as it is not ring fenced.

6.7 Whilst it is proposed to use this funding to support the Council's existing services in 2014/15 and 2015/16 the funding is not guaranteed and in Spending Round 2013 (SR 13) the government announced that it intended to take £400m per annum from New Homes Bonus allocations to part-fund the Single Local Growth Fund.

6.8 This on-going deduction was due to start in 2015/16 and would reduce this income stream for the council. However within the recent settlement figures, it was announced that the government has reduced the top slice in 2014/15 from £300m to £200m (therefore the loss of income to this this council should be less). The top slice for 2015/16 remains at £300m. The total amount deducted will therefore be £700m in 2014/15 and £1,000m in 2015/16.

6.9 The council will need to constantly review its use of new homes bonus as a primary funding source for its base budget, the transformation of services in the medium term will need to continue, to reduce reliance on and offset the risks of, the withdrawal of this funding stream.

6.10 During 2013/14 in an attempt to maximise New Homes Bonus receipt for as long as it is available, an empty homes review was undertaken which identified a number of properties that could be re-classified as occupied. In addition to this exercise the impact of the 'long term empty premium' on council tax of 150% introduced by this authority has also decreased the number of empty properties; these two things together have resulted in an increase in New Homes Bonus. The in-year figure for 2014/15 is £236k which when added to cumulative years 1 to 3 still being paid gives an in year receipt in 2014/15 of £472k. The empty property review exercise will be repeated during 2014/15 with the anticipation of increasing NHB by a similar amount to that of this year; however this is not guaranteed and the current income in the MTFS does not reflect any possible increase.

6.11 Final allocations will be published alongside the final settlement, any surplus will be returned to local authorities in proportion to their 2013-14 Start-Up Funding Assessments, as soon as possible in the 2014-15 financial year.

Localisation of Business Rates

6.12 The current financial year saw the introduction of localisation of business rates which ended our guaranteed NNDR income and replaced it with a Baseline Need amount. This funding is not guaranteed and can fluctuate dependent upon recovery of business rates. In theory this could rise but in all likelihood due to appeals currently lodged, this amount will fall. The government 'safety net' will limit the impact of this this drop to the Council's finances to £165k a year but the financial burden up to this limit must be borne by the authority. As explained above the settlement figures received from government assumed full recovery of NNDR whereas we have assumed a safety net position in our budget and MTFS.

6.13 The other authorities within the area have pooled for NNDR purposes with the aim of increasing retained income to every member. It has not been possible for Copeland to join the pool at this time as the outstanding appeals that would put Copeland into the safety net position as an individual authority (and trigger payments from government) would not be sufficiently large to put the pool into a safety net position so the loss would have to be borne by all members with no payment from government. The county pool and Copeland's inclusion in it will be reviewed in the future (can be renewed each year) to see if this would be beneficial.

Localisation of Council Tax Discount Scheme

6.14 The council tax support grant now rolled up in in SGA, so it is not possible to determine its value. Last year Members agreed a Localised Support for Council Tax scheme (LSCT) in which the authority, and other precepting authorities; County, Police and Parishes in proportion to their Council Tax precepts, carried the full risk of any increase in claimants or collection issues by offering discounts to those who previously would have received a benefit on the old scheme, at an equivalent level.

6.15 To minimise this cost technical changes were made to council tax. The scheme has been reviewed in year and members confirmed it would continue in its present state for 2014/15, with another review to take place in 2014.

6.16 The grant allocated also includes an amount of £65,607 which will be allocated to parish councils to compensate them for the impact on their tax base for the claimants in their area. Last year the grant totalled £66k and was all passed on to the parishes. This year Members agreed at Executive in November to pass on the grant to parishes, at the level the council received it in 2013/14, however the grants will be reduced to reflect the actual estimated loss the Parish will suffer from the combined effect of the CTS scheme once mitigated by the changes to discounts on empty properties and second homes, with a cap on the total amount payable being equal to the level of grant received by this authority. This will result in grants totalling £60,314 being paid to the parishes releasing a saving of £5,293 (£65,607 assumed receipt less £60,314 agreed payment).

6.17 As the Council Tax threshold principles are yet to be announced (expected in the new year) an increase of 1.95% for 2014/15 and 2015/16 onwards, based on the current estimated council tax base, has been assumed for forward planning purposes only, as currently any rise over 2% would trigger a referendum. Any change to the level of capping, the inclusion of Parishes or any grants, which will be built into the baseline funding (i.e. not lost after the year in which awarded) that may be offered will be included in future budget reports when the details are known.

Additional Income Sources

6.18 The Council is exploring all alternative funding options and is seeking to fund its discretionary services through applying for grants. The MTFS assumes £400k of grant funds will be achieved each year for the life of the MTFS, from sources such as BEC Social Investment Fund. See Appendix B for details.

7. LOCAL DECISIONS

7.1. The medium term financial forecast takes account of the latest overall financial position and three year projections for the Council in the light of the most up to date information in relation to efficiency savings targets, inflation indices, local demographics and the financial impact of new and emerging policies both locally and nationally. Local factors that influence available finance include:

- council tax levels, collection rates and tax base;
- spending and investment decisions;
- the level of reserves held by Council;
- income received from fees and charges.

7.2. The detailed budget deliberations take place on an annual basis, but they will be guided by the following overarching principles:

- Budgets allocated through the budget process will be cash limited at the annually approved amount and any additional budget will only be granted in exceptional circumstances;
- Any redirection of resources towards priority areas as set out in Corporate Strategies will be contained within existing budgets unless increases can be both justified and funded;
- External grants and income will be maximised wherever possible to mitigate the

impact of government grant reductions; and

- Partnership working and other funding opportunities will be explored wherever feasible to make more efficient use of Council resources.

7.3. The Council Tax threshold principles cap the amount at which the authority can raise its council tax without triggering a referendum. The Government have announced that they intend to offer a Council Tax Freeze Grant, which will be built into the baseline funding (i.e. not lost after the year in which awarded)

7.4. The planning assumptions in the MTFS projections currently assume increases in Council Tax of 1.95% each year from 2014/15 to 2017/18. This assumption will need to be considered once the Council has made a decision on the Council Tax freeze grant.

7.5. The Council tax base (i.e. the number of Band D properties used to determine the Council Tax) is 19,488.80 and is calculated in December each year. This low council tax base in the area means that every 1% increase in Council Tax generates only around £40k extra revenue to the Council.

7.6. The cost pressures facing the Council are principally the same as most other Councils and these including inflationary impacts of supplies and staffing costs, including pensions, increased fuel and utility costs and increasing demand for services.

8. STRATEGIC PLANNING 2013/14 to 2015/16

8.1. We are responding to unprecedented challenges around the future role of local government, driven by a series of fundamental changes to the national policy framework and significant reductions in funding. The scale and pace of these funding reductions have forced the Council to reconsider the services it provides and make policy decisions that reflect these changes in funding. Most importantly, this means that the Council will prioritise the delivery of its statutory services over discretionary ones.

8.2. In recognising the fundamental changes taking place, we published its consultation document, “Our proposed budget savings 2013-2015 – the future role of the Council” in October last year. The document set out a range of proposals to generate £2.6M to £2.9M of cash savings, enabling the Council to set a balanced budget. In line with the Council’s overall budget strategy, the majority of these proposals related to the Council’s discretionary services. The consultation process aimed to communicate these proposals as clearly as possible and gain feedback on these options so if there was subsequent scope for the Executive to accept or reject options and still be able to recommend a balanced budget, then the feedback gained would help inform this process as well as identifying any mitigating actions

8.3. The Council aims to optimise the allocation of its reducing resources by ensuring efficiency and good governance in the provision of its services. The continuing significant reduction to the Council’s budget over the next four year period means that clear prioritisation is even more important than before. This prioritisation is carried out through the Strategic Planning framework. This framework consists of the Council Plan, which will link to other key Strategies and Plans of the Council and other key partners, and down to Directorate Service Plans to ensure priorities are delivered.

8.4. In addition to financial information, performance information is used where necessary to determine whether resources are adequately allocated. Work is continuing to refine the link between service performance and financial performance and to ensure that outcomes are measured in both performance and financial terms. The use of performance information is crucial to evaluate whether value for money is being achieved.

8.5. In 2012, the Executive recognised that the continuing reductions in Council budgets and the radical shift in national policy necessitated a fundamental review of the role of Copeland Borough Council including what it will do and what it will look like going forward into 2015 and beyond. With this recognition, the Executive commenced an intensive period of work in order to prepare a series of proposals relating to the future role of Council and the future provision of services. This work was supported by a series of Policy Development Groups (PDGs) examining a series of discretionary services and the work of Overview and Scrutiny (OSC) looking at car parks specifically. The whole process sought to identify savings of £2.6M to £2.9M for the period 2013-2015.

8.6. This work lead to the development and publication of the Council's consultation document, "Our proposed budget savings 2013-2015 – the future role of the Council". As well as setting out the Council's proposed vision, mission and priorities for the future, the document also set out the Council's overall budget strategy and a series of detailed service change options. Given the nature and scale of the proposed changes, the Council conducted an extensive consultation process. This range of activities included:

- The publication of the consultation document setting out the proposals and opportunities to feedback available on the Council's website, face to face outlets and drop in sessions;
- A special edition of Copeland Matters targeted at all households throughout the Borough;
- An accompanying questionnaire (hard copy and on-line);
- A direct mail out to the Citizens' Panel;
- On-line comments facility and use of social media;
- Drop in sessions throughout the Borough at varying times and venues;
- Meetings with stakeholders and representative groups; and
- Local press coverage.

Council Plan 2013-15

8.7. The resulting Council Plan for 2013-15 contains the Council's vision, goals and objectives and was approved by Council in February 2013. In compiling the objectives the Executive has taken account of the Governments Plans for public sector spending and the feedback from the consultation activities.

8.8. We are here to represent resident's needs and to look to the future in the decisions we make. In looking forward we believe that we can have a positive impact on our residents lives by delivering statutory services, working in key strategic partnerships and working with the community. Given the impact of the Government's austerity measures on Local Government funding, we will need to make some tough decisions.

8.9. We have started this process by agreeing our Mission and Priorities for the term of this plan given our financial settlement from government.

Our mission:

> "An effective Council that works with partners and communities to arrange services for residents in Copeland"

Our priorities are:

- Deliver efficient and effective statutory services
- Be an effective public service partners so we can get the best deal for Copeland
- Working in partnership with communities

In delivering against our mission and priorities we will make our contribution to the Sustainable Community Strategy which sets out the vision for Copeland as 2020 as:-

- Be a strong, diversified and well-connected economy, with a growing, appropriately skilled population with high employment;
- Protect and enhance its special natural environments and be recognised by all as an area of outstanding natural beauty and vibrant lifestyle, which attracts a diverse population and visitor profile;
- Be home to a strong and healthy community, which offers (all of its) people a good quality of life and enables them to play a full part in their community and locality.
- Be globally recognised as a leading nuclear, energy, environment and related technology business cluster, building on its nuclear assets and its technology and research strengths.

A Transformed Organisation

8.10. Over the last two years we have delivered a significant efficiency savings programme. However, to continue to deliver services within the financial settlement from Government, (which is set to reduce further until 2017), we now need to radically and dramatically change the way in which we organise ourselves. This will bring about change for residents, councillors, staff and our partners.

8.11. In order to help navigate this process of change, we have a set of guiding principles for how we operate. We will:

- Focus on the delivery of statutory services that reflect our statutory role and remit.
- Be evidenced-based and needs led.
- Deliver seamless services to create better outcomes for our communities.
- Have defined relationships with credible partners,

- Have clarity about what we do and what others do
- Value local decision-making and encourage community participation.
- Invest in and make the best use of technology in the delivery of services.
- Support our staff through change
- Support councillors to lead this change process in their communities

8.12. We will also develop new ways of working. We already have some experience of these but the scale and pace of this change will be much greater than before. We need to do this because we cannot afford to stay as we are. We will:

- Commission more of our services in future and directly deliver less.
- Look for new and different partners to help sustain services in future.
- Investigate the potential advantages of pooled budgets.
- Work with partners, including other local councils, to develop shared services and enhanced two tier working, to help reduce our running costs.

8.13. In order to make these changes, we will be delivering a number of exciting and ambitious projects. These projects will require some investment from us and we will prioritise those projects which improve service delivery to customers, reduce our running costs and ensure we are strong and resilient. Some of these projects include:

- Implementing mobile working technologies for employees and councillors to increase productivity, reduce mileage and reduce our carbon footprint
- Develop our contact centre in order to make our services more accessible, and to be able to resolve more customer queries in the most efficient way
- Launch our new website and smart phone technology so residents can access more services, at a time and place to suit them, more easily
- Fully automate our processes where possible, thus reducing red tape, delays and costs
- Invest in wireless technology and support broadband improvements
- Work with neighbouring authorities to progress on a shared services agenda

8.14. We will be very different by 2015. Our change programme will help all of our stakeholders to understand the changes required and how to prepare for them.

For our residents and customers	For our staff	For our councillors	For our partners
We will provide fewer services in future and the level of service you currently experience may change	There will be an agile working environment, which will be supported by investment in technology and changes to working	Ward councillors will play an increasing role in their communities There will be a key role for Overview and Scrutiny, to hold	We will re-affirm our commitment to our key strategic partners in line with the

Our services will be easier and quicker to access through our website and the customer contact centre Access to our online services with support from our customer services officers There will be more opportunities to get involved through the Community Asset Transfer, providing feedback on the services and helping to shape what is needed We will continue to help those in need, through the delivery of our statutory services Continue to promote equalities and challenge inequality in our plicy decisions and design of our services. We will continue to represent community needs with our key strategic partners We will remain accountable and transparent We will demonstrate value for money	practices An increase in flexibility of roles and responsibilities There will be opportunities to take part in change projects; for all staff this will become part of the day job Service plans will identify the key priorities for each service area so that all staff members have a clear focus There will be an increased emphasis on people management and performance improvement through appraisals giving staff clear aims, objectives and development plans Continue to develop an open and transparent environment that encourages collaborative working, and the break-down of departmental silos Staff will be supported through the change process to enable them to deliver services in new ways	others to account and help inform the work of the Executive There will be more opportunities for councillors to work together in Policy Development Groups We will support and train councillors to fulfil and adapt to the changing role of public office Councillors will champion democratic vitality and make public office more appealing Councillors will take on an increased community leadership role ensuring that local services are joined up and coordinated to make the best use of local resources Living and leading the values of the council within communities Fostering co-operation between communities and ourselves	needs of our communities We will be clear with our partners about what we can and cannot offer and what we want from them We will ask for different partnerships where we need them We will be clear about what we need to achieve on behalf of our communities

9. REVENUE BUDGET STRATEGY

9.1. The revenue budget is spending on day to day council services and comprises the net budget requirement (i.e. expenditure net of fees and charges and specific grants) to be funded by council tax and central government grant, plus any additional expenditure which will be funded from reserves; the two elements taken together make up the net budget.

9.2. Key to the management of the MTFS is the budget prioritisation process whereby all proposed changes, whether growth or savings, are considered within the knowledge of the total resources available to the Council so that an informed decision can be made regarding alignment of resources to meet the overall vision, objectives and priorities whilst taking account of any significant business risk. The budget strategy identifies and addresses known financial pressures, new and emerging (both local and national) government initiatives, policy and statutory requirements to ensure that financial resources are aligned with strategic priorities.

9.3. There are a number of stages to the budget process and the first key process is to ensure the base budget is accurate and this is achieved through the budget monitoring process which is considered by Members and Officers on a regular basis throughout the year.

9.4. The next key stage is the forecasting of resources and commitments. Forecasting is the mechanism by which the Council obtains an indication of the level of funding available in future years and matches this to known or anticipated commitments.

9.5. By its nature forecasting is inherently risky as projections change over time often due to external influences over which the Council has little or no control (e.g. Interest rate movement impact on Treasury Management projections and inflationary increases impact on the cost of supplies and pay costs).

9.6. Another key aspect of forecasting is in relation to the setting of Fees and Charges and issues need to be considered such as setting the service objectives in relation to establishing the level of charges e.g. cost recovery/ surplus / deficit, demand for service, external competition, concessions and subsidies and trading opportunities. For these reasons, financial projections have to be updated frequently, with ‘best’ and ‘worst’ case scenario planning.

9.7. Some of the more significant factors affecting the forecasting are:

- Pension actuarial triennial review (one just completed 2013 and another due before end of current MTFS life in 2016)
- Impact of any further economic recession or recovery
- Changes to service demand
- Future Government Grant allocations or changes to the system of allocation
- Impact of Inflation on pay and services
- Interest rate movements

9.8. The final key stage is the re-allocation of resources to priority areas. As stated an overarching principle is that any redirection of resources towards priority areas as set out in Corporate Strategies will be contained within existing budgets unless increases can be both justified and funded.

9.9. The detailed budget projections for 2014/15 and projections through to 2017/18 are currently being considered and the final budget projections are due to be agreed on 27th February 2014. It is important to note that the forward projections will be monitored and revised throughout the year, both as part of the on-going budget monitoring process and also as new information comes to light. The annual budget shortfall projections currently identified are:

Year	**Current Projections February 2014 £000**
2014/15	****792**
2015/16	**1,648**
2016/17	*****546**
2017/18	*****418**
Total Projected Deficit	**3,404**

** £1.292m less £500k saving (£549k above as adjusted)

*** no settlement figures received, based on 1% reduction year on year on RSG and RPI increase on safety net figures for NNDR

9.10 The above shortfalls are based on the Spending Review settlements notified to the Council in December 2013 and updated with final settlement figures received in February. The figures above assume the Council has increased Council tax by 1.9% a year from 2014/15-2017/18.

10. SAVINGS STRATEGY FOR 2014 TO 2018

10.1 The work carried out by the PDGs during 2011, 2012 and 2013 has been critical in identifying on going budget savings which are necessary to enable balanced budgets to be set. The 2014/15 budget proposals includes £500k of savings identified by the PDGs in 2012/13 and a further £162k of savings identifies in 2013/14. The work of the PDG groups will continue in order to identify further budget reductions for future years.

10.2 Our future strategy will focus on

- Looking to maximise our business rates and new homes bonus through accelerated growth.
- A continued focus on finding efficiencies and reducing costs including the reshaping of our office accommodation, continuing with our customer access strategy and the move to web enabled access.
- Moving to a commissioning approach, using evidence based need to set the level of statutory service and exploring alternative forms of service delivery
- Enhanced 2 tier working and exploring unitary / further shared services.
- Maximising the income from our fees and charges including introducing new charges.
- Approaching the Boundary Commission ref the number of councillors.
- Ensuring discretionary services are provided at no cost to the council.

- Reviewing the levels of subsidy we provide in our Council Tax discount scheme.

10.3 To ensure the Council achieves its savings target but also clearly allocates its reduced financial resources to its key priorities it needs to be clear on the answers to the following questions for each area of spending:

- Is this an activity the Council needs to provide?
- Is this an activity the Council needs to fund?
- Which other local bodies could provide and fund this activity?
- How can the private sector, third sector or citizens provide or fund this activity, whole or in part?
- How is the activity essential to achieving the council priorities?
- How can we focus this activity on people most in need?
- How can we provide this activity at lower cost?
- What can make this activity more effective?
- How can we make sure that payment to service providers' links to achievement?
- If income generating, consideration of break even or surplus generation taking into account equality implications.

Our Cost Base

10.4 The focus of our work is on identifying opportunities for savings and creative ways to provide services is only one element of our financial strategy. The provision of services brings with it some unavoidable cost increases, often driven by legislation which will need to be accounted for and the council continues to try and reduce these through its financial planning, procurement and internal efficiencies, some are however unavoidable.

10.5 The projections 2014/15 to 2017/18 are based on the following assumptions

Inflation:

- 2% increase on general inflation for 2014/15. The cost of the 2% provision is estimated as £90k, it is however unrealistic to assume that with CPI at 2.2% at October 2013 (current forecasting predicting it will not hit 2% target until June 2015), that current supplies and services budgets can sustain a real term cut.
- 2% increase on general inflation for 2015/16 onwards
- An increase on contracts from 2014/15 where the increase is required to meet contractual (CPI/RPI/other).

Salaries:

- 1% proposal for 2014/15 onwards to meet the expected national pay award. (N.B. Each 1% addition on salaries equates to c. £69k)
- Increments – currently contractual payments to staff c. £27k in 14/15, c.£12k in 15/16 and 16/17

Pensions Contributions:

- The Pension Fund triennial review result received in November 2013 requires a lump sum payment to be made into the scheme (from general fund unallocated and allocated as detailed in Pension Deficit report presented to Executive in January as well as yearly contributions for current and past service. The lump sum has become necessary as the falling payroll numbers over the past 3 years and this expected continuing trend mean the scheme has not and will not receive payments that would have been received had staffing levels remained constant. This lump sum, one off payment has also helped to stabilise the requirement in the base budget.
- The MFTS as at February 2013 included sufficient to fund the pension contributions at 20.1% (being the then current and past commitments). The 'new' current rate is to be set at 12.4% so the remaining 7.7% (20.1% less 12.4%) is available to contribute towards the funding of the past service deficit in the sum of £348k.
- However additional yearly sums are needed, to meet the past service commitment and these are shown below:

	2014/15	**2015/16**	**2016/17**	**2017/18***
	£'000s	**£'000s**	**£'000s**	**£'000s**
In MTFS at Feb 13 (7.7%)	348	348	348	348
Additional requirement in MTFS	82	124	133	133
Total needed	**430**	**554**	**687**	**820**

*The pension fund will undergo another triennial review before the end of the life of the current MTFS but for the sake of completeness 16/17 contribution has been replicated for inclusion in 17/18 figures.

- The impact of auto enrol has been assessed at a maximum of £200k pa once fully in force. The MTFS assumes a cost of £50k per annum for people who may opt in themselves before we reach our postponed date of 1 October 2017.

Treasury Management

- The Treasury Management income budget has been reduced by £50k for 2014/15 from that of 2013/14 to reflect that the average rate of interest achieved has dropped to 0.44%. Whilst interest rates are currently expected to pick up (not before) Q3 2016, this reduction remains in for the period of the MTFS.

Council Tax Projections

- As the Council Tax threshold principles are yet to be announced (expected in the new year) an increase of 1.95% for 2014/15 and 2015/16 onwards, based on the current estimated council tax base, has been assumed for forward planning purposes only, as currently any rise over 2% would trigger a referendum. Any change to the level of capping, the inclusion of Parishes or any grants, which will be built into the baseline funding (i.e. not lost after the year in which awarded) that may be offered will be included in future budget reports when the details are known.

- An increase of 1.95% has been included for each year of the life of the MTFS. If the grant is accepted this will need to be amended. 1% council tax equates to approximately £40k income for this authority.

Income

- Increases in fees and charges are being proposed on a service-by-service basis for those services where the council has control to determine the fees set. These and were included in the information that went out for public consultation and are included in 'saving proposals for 14/15';
  RPI on cemetery and cremation fees
  RPI on car parking fees
- Other fee income generating proposals such as charging for replacement bins and green waste collection may be considered in future as will charges for licences, and the introduction of service level agreements for additional work such as preapplication advice.
- Seeking funding as an alternative to closure of facilities e.g. beacon partnership

Member's Allowances

- Last year a number of Members allowances were reduced as part of the savings proposal. The remaining allowances have been cash limited and there has been no inflation provision included for 2014/15 onwards.

11. CAPITAL STRATEGY

11.1. Each year the Council updates its three year rolling capital programme for the purchase of tangible (e.g. buildings) and intangible (e.g. grants and financial assistance) current and non-current assets, bringing them into use and enhancing them as defined in Accounting Standards.

11.2. There are strict definitions of what constitutes capital expenditure and whilst resources other than capital can be utilised to fund capital expenditure (i.e. a contribution from revenue resources can be made), capital resources can only be used to fund capital expenditure, unless there is an express capitalisation direction granted from the Government.

11.3. There are several sources of funding available for the capital programme including the option of prudential borrowing, use of existing borrowing, the application of capital receipts generated from the sale of assets, revenue contributions to capital expenditure and the use of external capital funding and grants.

11.4. The revenue implications of the Council's capital programme are considered as part of the process for setting the programme. The revenue impact also needs to be reflected in the MTFS, in particular any costs associated with any prudential borrowing which may be required to support investment.

11.5. Prudential borrowing allows local authorities to borrow money to fund capital expenditure provided it can demonstrate that it can afford the repayments. If the Council chooses to consider prudential borrowing as an option it is important that the costs or repaying the borrowing is identified and adequate provision is made in the medium term.

11.6. There are not currently any proposals to use prudential borrowing to fund any capital expenditure, however, this will be reviewed on an annual basis as the capital programme is further developed.

11.7. The capital programme is being presented to this meeting for consideration and the bids have been reviewed by the Capital Control and Monitoring Group in October 2013 and prioritised to ensure that they help the Council achieve the objectives set out in the Council Plan.

11.8. When considering approval of capital bids, the Council must ensure that:

- Any spending decisions are meeting our key priorities
- We would not fail to meet our statutory duties if a scheme was not approved
- Consideration has been given to all potential sources of funding available, particularly the potential to bring in external sources of funding.
- All revenue costs/ savings as well as capital costs have been considered.

11.9. Once approved, but prior to any new capital scheme commencing, they are to be further appraised via a formal Project Initiation Document (PID) or Project Brief (if below £50,000) and presented to and formally approved by the Executive.

12. TREASURY MANAGEMENT, MINIMUM REVENUE PROVISION AND INVESTMENT STRATEGY

12.1. Treasury Management is defined as the management of investments and cash flows, its banking, money market and capital market transactions; the effective control of the risks associated with those activities; and the pursuit of optimum performance consistent with those risks.

12.2. Copeland Borough Council regards the successful identification, monitoring and control of risk to be the prime criteria by which the effectiveness of its treasury management activities will be measured. Accordingly, the analysis and reporting of treasury management activities will focus on their risk implications for the organisation.

12.3. There is an acknowledgement that effective treasury management provides support towards the achievement of the authority's business and service objectives. There is therefore a commitment to achieving value for money in treasury management and to employ suitable performance management techniques, within the context of effective risk management.

12.4. The Council's Financial Regulations require the Treasury Management Strategy to be reported to Council on an annual basis, and thus comply with best practice and legislative requirements. The Strategy sets out the framework against which the Treasury management activity of the Council will be evaluated and the basis of the mid year performance report and year end out-turn reports.

12.5. The Local Government Act 2003 introduced a new borrowing system for local authorities known as the Prudential Code and gives Council's more freedom and flexibility to borrow than it had previously without government consent as long as they can afford to repay the amount borrowed. The objective of the Code is to ensure Treasury Management decisions are taken in accordance with good professional practice and in a manner that supports prudence, affordability and sustainability. The Council does this by the calculation and monitoring of Prudential Indicators.

12.6. The Council's Minimum Revenue Provision (MRP) Policy sets out how the Council will pay for capital assets through revenue each year i.e. a provision that the Council must make in its revenue budget to fund the repayment of external debt. CLG Regulations require Council to approve an MRP Statement in advance each year.

12.7. The Investment Strategy sets out the Council's criteria for choosing investment counterparties and limiting exposure to the risk of loss.

13. RESERVES STRATEGY

13.1. The Local Government Finance Act 1992 requires local authorities to have regard to the level of reserves needed for meeting estimated future expenditure when calculating the budget requirement.

13.2. In establishing reserves, the Council must comply with the Code of Practice of Local Authority Accounting in the United Kingdom. The Head of Corporate Resources is required, as part of the budget setting process, to provide statement on the adequacy of reserves.

Reserves Strategy Principles

13.3. The Council's Strategy on reserves is as follows:

- The Council will maintain reserves at a level which is sufficient to allow for quantifiable liabilities and foreseeable risk and also to enable the Council to react to opportunities and risks should they arise;
- Reserves will only be used to finance non-recurring spending or to cover transitional costs. If in exceptional circumstances reserves are used to support recurring spending, this will be dependent on a strategy being in place to replace the use of reserves with mainstream funding;
- The Council will maintain earmarked reserves for specific purposes which are consistent with achieving its key priorities. The use of earmarked reserves will be in line with the principles set out in the MTFS and reviewed annually;

Review of reserves

13.4. Revenue Reserves play a key role in the management of the Councils budget. The broad purposes for which Reserves are held are:

- As a contingency to cover risks, uncertainties and emergencies
- To fund planned investments and developments
- To smooth the budgetary impact of cyclical costs
- To carry forward funds for agreed purposes at year-end.

13.5. To date the Government's changes in relation to funding local government, particularly the localisation of Business Rates and Council tax discount scheme have had a significant impact on the financial stability of the Council. The achievement of the financial savings targets already identified and the identification of further savings are therefore of paramount importance as the Council's finances become further constrained and the risk related to operational delivery and budget management increase. The level of reserves will continue to need review in the light of these on a regular basis to ensure that they are adequate to offset the risks identified To this aim a review of reserves takes place twice a year (generally at budget setting and out turn). The review covers all reserves and considers:

- Why the reserve is held
- An assessment of the appropriate level of the reserve to meet potential future liabilities in line with the Council's reserve policy;
- A risk assessment of each reserve; and
- The reviewed level of reserve following this risk assessment.

13.6. Reserves fall into two categories;

- General Reserves – an accumulation of surpluses/deficits on overall revenue Spending. The level of reserves is linked to a risk assessment of the financial position of the authority; and
- Earmarked Reserves – reserves set aside for specific purposes.

13.7. As a general principle, reserves will only be used to finance non-recurring spending or to cover transitional costs. If, in exceptional circumstances, the use of reserves is proposed to support recurring spending, this will be dependent on a strategy being in place to replace the use of reserves with mainstream funding.

13.8. The Council aims to maintain sufficient balances and reserves not only to allow for future quantifiable liabilities and foreseeable risk but also to enable Council to react to opportunities and risks should they arise.

13.9. The Revenue budget paper presented elsewhere on this agenda gives details of the current levels and proposed use of both general fund (risk based and unallocated) and earmarked reserves over the term of the MTFS.

14. RISK MANAGEMENT

14.1 The Council has a statutory responsibility to have in place arrangements for managing risks. Risk Management covers the whole spectrum of risks and not just those associated with finance, health & safety, business continuity and insurance. It also includes risks associated with service provision, effectiveness and continuity, reputation, compliance with legislation and environment.

14.2 Risk Management strengthens the ability of the Council to achieve its corporate objectives and priorities and enhance the value of services provided. It provides a strategic tool in planning and decision making. The council has recognised the increasing importance to managing risk given the changing external environment and approved an updated Risk Management Strategy in September 2013 which has refreshed the strategic risk register and Executive now monitors the Council's risks on a quarterly basis .

14.3 Risk Management, amongst other definitions, can be defined as:

"The management of integrated or holistic business risk in a manner consistent with the virtues of economy, efficiency and effectiveness. In essence it is about making the most of opportunities (making the right decisions) and about achieving objectives once those decisions are made. The latter is achieved through controlling, transferring and living with risks."

ZMMS/SOLACE, Chance or choice? July 2000.

14.4 Risk Management is a strategic tool and is an essential part of effective and efficient management and planning. Risk can be classified as either strategic risks that impact on the medium to long term objectives of the Council or operational risks that are associated with the day – to day activities of the Council.

14.5 With increasing uncertainty on our funding and resource levels arising from the CSR 10 and now CSR13, alongside national policy changes, the identification and management of our strategic risks is vital for the council. The General Fund Risk Based Balance was set for 2012/13 at £2,180,000 as part of the budget setting process in February 2013, and was based on a number of risks that the Council at that time were either experiencing or anticipating.

14.6 Some of these risks have now crystallised, the most extensive one being the results of the 2013 Triennial pension review, which requires the authority to make a lump sum payment in year to start meeting its liabilities. Part of the funding for this will be taken from the Risk Based Reserve. Full details of the review and implications are contained within the Pension Deficit Strategy, which is presented elsewhere on this agenda.

14.7 Given the refreshed strategic risk register, and particularly the growing uncertainty of the funding streams for local government following the Local Government Finance Act 2012 – which passport the risk (and benefits) of business rate scheme to local authorities, the Head of Corporate Resources has reviewed and reassessed the level that the general fund risk based reserve level should now be maintained.

14.9 The assessment of risk is depend on the Councils appetite to risk and the preference that it has for dealing with the risk, which of the 4 Ts of risk management that the council prefer to use. The 4 T's are:-

- Treat
- Tolerate
- Terminate
- Transfer

14.10 The recent workshop with members held in December 2013 highlighted the council's approach has in the past looked to Treat its significant risks and has a low appetite for risk. This approach will require appropriate levels of financial resources to be available to fund the treatment. The known risks are set out below and an estimation of the financial impact has been undertaken.

Potential Risk	Risk Score	Weighting	Financial Exposure (£000)	Balance Required (£000)	Comment (Basis of Financial Exposure)
Base Budget Contingency for inflation or other unanticipated rise.	4	50%	100	50	Assumed at 1% of Net Revenue Budget
Underachievement of Charges Income targets and spending exceeds budgets	4	50%	232	116	Estimate of 10% Charges Income forecasts for 2014/15
Underachievement of Investment Income	4	75%	202	152	1% of exposure of average balance of £25m
Civil Emergencies	6	75%	167	125	Bellwin scheme cuts in at 0.2% of Net Budget and provides for up to 85% of eligible costs (assume £1m cost - not covered by insurance)
Insurance Excesses	2	75%	34	26	Based on 10% of insurance premia payments
Fall in Rental Income from Property	6	75%	79	59	10% of Rental Income (assumed at £0.8m for 2014/15)
partnership support to discretionary services not met	2	25%	725	181	level of support in grants material and subject to agreements
accomodation strategy and ICT technology changes	4	50%	250	125	risks ref PFI income from subtenant and reshaping accommodation for staff and ability to address the IT needs and community access needs
business rate - safety net	6	75%	165	165	annual funding if fall into safety net - plus cashflow costs
underachievement of council tax revenues	2	25%	360	90	Assumed at 1% of Net Revenue Budget
vehicle operators licence	4	100%	72	72	Evidence of financial standing required to main Operators Licence for Goods Vehicle and for hiring in should an emergency occur
future pension changes and pensions deficit	6	75%	526	395	Assumed payback over 19 years and new CARE mitigates some increases - 7% average deficit if pension returns and repayment plan not sufficient
Emergency Contingency	6	100%	500	500	Emergency contingency fund - allocate £0.5m for any unforeseen emergencies eg cliffs/ shafts
TOTALS			**3,412**	**2,055**	
Maximum Risk Based Reserve Balances				**3,412**	
Minimum Risk Based Reserve Balances				**1,706**	
Recommended Level of General Risk Based Reserves (Projected as at 31/03/13) (General Fund)				**2,000**	
Projected (Shortfall)/Excess of Current Risk Based Reserve Balance over Risk Assessment Above				**-55**	

14.11 The main risks in the strategic risk register are ones which score a rating of 5/ 6 for Likelihood and 3/ 4 for impact are:-

- Financial Viability,
- Lack of capacity, resources and capability to deliver the change programme
- Maintaining focus on the Council's core business
- Challenge/Judicial review
- Making partnerships work during times of significant change
- Failure to design services to meet the needs of the most vulnerable
- NNDR & the Growth Strategy

Managing Risks in the Medium Term Financial Strategy

14.12 It is the responsibility of the Corporate Leadership Team to ensure that these risks are properly managed and risk mitigation measures are taken where necessary. The overall risk is contained in the Strategic Risk Register and is monitored by officers and members as part of that process.

Risk	Likelihood	Impact	Mitigation	
The assumptions and forecasts in the MTFS prove to be incorrect	Significant/ Low	Marginal	Review budget forecasts regularly and continually adjust for variations that impact on the forecast	
Spending exceeds budget or assumed income levels not achieved	Significant / Low	Marginal	Regular budget monitoring reports	Continuing close scrutiny of MTFS Monthly budget monitoring
Unforeseen spending / new projects	Low	Marginal	Budget monitoring / Risk based reserves	Change Programme Board meets regularly to deliver planned actions
Savings not achieved	Very High	Critical	Regular budget monitoring / Risk based reserves	
Changes to existing Government Funding allocation	Very High	Critical	Review service provision to meet funding levels	
Growth of businesses does not happen and level of appeals results in overall rateable value drops, resulting in a reduction of funding for the authority	High	Critical	Budget monitoring/Role of Council on LEP / CE and Leader work with minister and dept.etc	

15 SUMMARY AND CONCLUSION

15.1 The council, like other local authorities, has seen its resources diminish over the past 4 years and has had to make extensive savings. The need to continue to make savings will force the authority to look further at how it delivers/commissions services.

15.2 The MTFS covers the next three years, which will include a general election and possible change in government, the impact of further Government Spending Reviews, a further triennial review of the pension scheme and the introduction of pension auto enrol, a new pension scheme for Local Government (CARE) and changes to the national insurance framework following the cessation of the second state pension. Illustrative funding settlement has been given for 2015/16 but is more uncertain past this point.

15.3 The Council still has difficult decisions to make in the future. It has to review its priorities and reassess its services to fit the reduced resources available to it. These changes require strong financial leadership and members and officers need to understand the financial impact of objectives, priorities and actions. Good financial management is crucial to the achievement of this objective and training will continue to be provided to enable this to be achieved effectively.

15.4 The delivery of significant programmes of service change take time and the early consideration of policy options and choices are imperative to ensure the delivery of changes can be affected in the appropriate financial period.

15.4 The principles of good financial management as set out in this MTFS will guide the Council’s short, medium and long term management of its financial resources. The Council must adopt a strategic approach to the future direction, co-ordination and delivery of services.