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**REPORT TO: SPECIAL MORAY COUNCIL ON 25 OCTOBER 2023**

**SUBJECT: MEDIUM TO LONG TERM FINANCIAL STRATEGY**

**BY: DEPUTE CHIEF EXECUTIVE (ECONOMY, ENVIRONMENT AND FINANCE)**

**1. REASON FOR REPORT**

- 1.1 To ask Council to consider an updated financial strategy to facilitate medium to long term financial planning.
- 1.2 This report is submitted to Council in terms of Section III (A) 2 of the Council's Scheme of Administration relating to long term financial plans.

**2. RECOMMENDATION**

- 2.1 **It is recommended that Council approves the updated Medium to Long Term Financial Strategy at APPENDIX 1 to this report.**

**3. BACKGROUND**

- 3.1 The Council's Corporate Plan 2019/2024 was approved by Council on 3 March 2020 (paragraph 6 of the Minute refers) and the Medium to Long Term Financial Strategy was approved as a partner piece of the Corporate Plan at the same meeting of Council (paragraph 5 of the Minute refers). An interim update to the Medium to Long Term Financial Plan was approved by Council on 3 March 2021 (paragraph 6 of the Minute refers). The Corporate Plan provides direction and focus for financial planning through clarification of corporate priorities. Council on 23 August 2023 (paragraph 8 of the Minute refers) approved a draft Vision and high level Council priorities for the Corporate plan 2024-29 for workforce and public consultation alongside financial planning engagement.
- 3.2 The Financial Strategy looks at the context in which the Council is planning for the future. It reflects the Scottish Government's medium term financial strategy, as updated on 25 May 2023, and current population estimates. These will be updated when the National Records of Scotland produce update projections based on information from the 2022 census and so a light touch view is given in the Strategy.
- 3.3 The Financial Strategy identifies the principal cost drivers for the Council's services, and looks at the impact of these under a number of different

scenarios - essentially taking a range of options for these cost drivers from a more optimistic to a more pessimistic point on a scale. This enables an assessment of the possible financial position of the Council over the next ten years. As noted in the Strategy, the characteristics of a long term financial strategy are quite different from a short term strategy, with the focus being on factors which are uncertain and a low degree of detail, looking at scenario planning to give a range of expected outcomes.

- 3.4 The Strategy also sets out the main vehicles which the Council will use to make strategic shifts in expenditure, in order to achieve financial sustainability and this has been updated to reflect work which has been ongoing over the last year and emerging work streams now planned for the future. The main vehicles will be asset management, service redesign and planning for future demand. As workstreams in these areas are developed they will be reported back to Council for approval.
- 3.5 As referred to in paragraph 3.2 an in-year review of the Medium to Long Term financial strategy is intended to reflect the impact of revised population projections. Thereafter this Strategy will be reviewed annually as part of the Council's financial planning process.
- 3.6 The Strategy includes consideration of increased in Council Tax. This has not been adjusted for the recent announcement of a Council Tax freeze for 2024/25, as that will be dealt with in the Short to Medium Term Financial Strategy, and the assumption for the medium to long term is that increasing Council Tax will remain a realistic option for Scottish local authorities.

#### **4. SUMMARY OF IMPLICATIONS**

**(a) Corporate Plan and 10 Year Plan (Local Outcomes Improvement Plan (LOIP))**

The Financial Strategy is a companion document to the Corporate Plan.

**(b) Policy and Legal**

There are no direct policy and legal implications arising from this report.

**(c) Financial implications**

There are no direct financial implications arising directly from this report. The Financial Strategy sets out the financial parameters within which the Council's financial planning activity is expected to take place over the next ten years and looks at the main means of mitigating potential budget gaps.

**(d) Risk Implications**

Although the Strategy looks at the long term, the further off the financial projections are the greater risk of inaccuracy.

**(e) Staffing Implications**

No staffing implications arise directly from this report.

**(f) Property**

No property implications arise directly from this report.

**(g) Equalities/Socio Economic Impact**

There are no equalities issues or impact on the socio-economic duty arising from this report.

**(h) Climate Change and Biodiversity Impacts**

There are no implications for Climate Change and Biodiversity arising directly from this approach. The Council's Climate Change Strategy and Road Map to Net Zero will have significant influence on the Council's planned future spend.

**(i) Consultations**

The Medium to Long Term Financial Strategy has been prepared in consultation with CMT and SMT.

**5. CONCLUSION**

**5.1 The Financial Strategy provides a detailed consideration of the factors which will impact on financial planning over the medium to long term and sets out the factors which the Council will have to consider in realigning its finances to achieve financial sustainability.**

**5.2 Reflecting the Council's current plans and the wider context in which the Council makes these plans the Strategy indicates a continued challenge to achieve and maintain financial stability.**

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Background Papers:  
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