



REPORT TO: MORAY COUNCIL ON 27 NOVEMBER 2019

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 a draft financial strategy to facilitate medium to long term financial planning.
- 1.2 This report is submitted to Committee 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 for consideration and review the draft Medium to Long Term Financial Strategy at APPENDIX 1 to this report with a view to this being finalised in January as a partner piece to the Corporate Plan.**

3. BACKGROUND

- 3.1 The Council's Corporate Plan 2019-2024 was approved in draft by Council on 2 October 2019 (paragraph 9 of the Minute refers). Previous Corporate Plans have incorporated a section on Financial Strategy but the report on 2 October indicated that a separate Financial Strategy was being prepared, to allow a more detailed consideration of the factors impacting on financial planning. The Corporate Plan provides direction and focus for financial planning through clarification of corporate priorities, and the Financial Strategy sets out how the Council will realign its finances to fit with those priorities. Community engagement on the draft Corporate Plan is launched on 26 November 2019 with two key outcomes: that Community priorities are understood and to gather thoughts on a new model for council services of the future.

- 3.2 The Financial Strategy looks at the context in which the Council is planning for the future and 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
- 3.3 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, with development of the Improvement and Modernisation Programme which was approved by Council on 12 December 2018 (paragraph 12 of the Minute refers) being the current principal focus of activity.
- 3.4 The Strategy identifies how performance under the Strategy will be measured and proposed some indicators which will be used as indicative of the financial health of the Council and its progress to sustainability.
- 3.5 Given the relationship between the Corporate Plan and Financial Strategy, the latter should not be finalised until engagement on the former has been concluded. This will also provide a period during which the approach proposed can be discussed further with members and CMT/SMT. To facilitate these discussions, a workshop with members is proposed early in the New Year.

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 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.

(d) Risk Implications

Although the Strategy looks at the long term, the farther off the financial projections are the greater risk of inaccuracy. Over the ten year period there will be many influences on the Council's services which are at present unknown.

(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) Consultations

This report has been prepared in consultation with CMT and further consultation will be undertaken with members and SMT, with content further reviewed in light of the final Corporate Plan 2019-2023.

5. CONCLUSION

- 5.1 The Draft Financial Strategy provides a detailed consideration of the factors which will impact on financial planning over the medium to long term and sets out how it is proposed the Council will realign its finances to achieve financial sustainability.**

Author of Report: Lorraine Paisey, Chief Financial Officer

Background Papers:

Ref: