



REPORT TO: SPECIAL MORAY COUNCIL ON 3 MARCH 2021

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:

- (i) **approves the updated Medium to Long Term Financial Strategy at APPENDIX 1 to this report, recognising that in view of the uncertainties arising from the pandemic that the update is interim in nature; and**
- (ii) **notes an improvement in the forecast future funding gap from the position forecast when the Strategy was first reported.**

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). The Corporate Plan provides direction and focus for financial planning through clarification of corporate priorities.

- 3.2 The Financial Strategy looks at the context in which the Council is planning for the future, and this has been updated to reflect changes arising as a result of the Council's response to the pandemic and also the revised Corporate Plan and the adoption/anticipated adoption of the Learning Estate and Climate Change Strategies. It reflects the Scottish Government's medium term financial strategy, as updated when the Scottish Government budget was published on 28 January 2021.
- 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. The range of options has been updated and the current forecast funding gap over the next ten years considerably reduced from that set out in the first Medium to Long Term Financial Strategy.
- 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. This is an interim update with a further review to be undertaken by February 2022 in terms of the Best Value Action Plan.

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 which is why this is referred to as an interim update. The flux created by the pandemic increases risk over the short term as well as in the longer term. A full update will be completed in early 2022.

(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

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 financial stability but with a considerably reduced forecast financial gap from that forecast in the first Medium to Long Term Financial Strategy.

Author of Report: Lorraine Paisey, Chief Financial Officer

Background Papers:

Ref: