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**REPORT TO: SPECIAL MORAY COUNCIL ON 3 MARCH 2020**

**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 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 Medium to Long Term Financial Strategy at APPENDIX 1 to this report 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 was 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, albeit the Strategy recognises that a wider approach to Transformation than the current Programme will be required..
- 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 An earlier draft of the strategy was approved by Council on 27 November 2019, subject to it being finalised along with the Corporate Plan (paragraph 17 of the Minute refers) and amendments are shown in tracked changes in **APPENDIX 1**.
- 3.6 In particular, the future focus of the strategy now explicitly links to the priorities in the final version of the corporate 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.

**(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 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.**

Author of Report: Lorraine Paisey, Chief Financial Officer

Background Papers:

Ref: