

REVIEW OF MEDIUM TO LONG TERM FINANCIAL STRATEGY

1. EXECUTIVE SUMMARY

1.1 This report updates the Council's medium to long term financial strategy which was first approved by the Policy and Resources Committee on 19 October 2017. Audit Scotland recommend that all councils should have long term financial strategies in place, ideally covering five to ten years. The strategy, attached as Appendix 1 sets out

- medium to longer term forecasts for revenue and capital
- the position in relation to the Council's general fund reserve
- the Council's approach to managing the financial impact of the COVID-19 pandemic
- the revenue budget process for future year budgets including information on what the Council has in place to mitigate against the future budget gaps
- other key initiatives the Council is progressing to help deliver economic success built on a growing population

2. RECOMMENDATIONS

2.1 Members are recommended to review and endorse the medium to long term financial strategy for the Council.

3. DETAIL

3.1 The Council's Medium to Long Term Financial Strategy is one of the Council's key strategic documents which supports the delivery of the Council's Corporate Plan by:

- Outlining the Council's high level financial position over the life of the strategy
- Ensuring there are available resources to deliver the Council's key priorities.
- Planning for a sustainable revenue budget and capital investment programme which support the Council's key priorities.
- Ensuring the Council is fully aware of the financial challenges and uncertainties that it faces and is in a strong position to continue to deliver the best possible quality and range of services within available resources.
- Increasing the wider community's understanding of the Council's financial position and the challenges it is facing in balancing its budget.

3.2 The Strategy was first approved by the Policy and Resources Committee in

September 2017 with that version covering the period 2018-19 to 2027-28. Work was carried out to refresh the Strategy to cover the period 2020-21 to 2029-30 and there was an intention to present this to the Policy and Resources Committee on 14 May 2020 for review and approval. However this was delayed by the outbreak of the COVID-19 pandemic.

- 3.3 The strategy provides financial estimates for the period 2022/23 to 2026/27 in detail and also considers longer term issues beyond that five year window that the Council needs to be sighted on. It is based on a set of assumptions and provides a range of potential scenarios and the financial implications.
- 3.4 In addition to providing revenue and capital projections the Strategy also sets out the position in relation to the Council's general fund reserve, the approach to managing the financial impact of COVID-19, approach to Treasury Management and the strategy to address budget gaps. It also provides an overview of a number of initiatives being progressed which are focused on the overarching aim that Argyll and Bute's economic success will be built on a growing population.
- 3.5 The medium term estimates and assumptions detailed in the Strategy will continue to be reviewed on a regular basis and reported to the Policy and Resources Committee as part of the Budget Outlook report.

4. CONCLUSION

- 4.1 The medium to long term financial strategy outlines the forecast revenue budget gap and the likely level of capital resources alongside information on what the Council has in place to mitigate against the future budget gaps.

5. IMPLICATIONS

- 5.1 Policy – Outlines the medium to long term financial strategy for the Council.
- 5.2 Financial – The potential budget gaps are outlined within the strategy alongside the mitigating actions the Council has in place.
- 5.3 Legal - None
- 5.4 HR - There may be HR implications as the Council develops any future savings proposals to balance the budget.
- 5.5 Fairer Scotland Duty - None
 - 5.5.1 Equalities – Where appropriate, risks in relation to equalities will be identified and EQISAs carried out
 - 5.5.2 Socio-Economic Duty – Where appropriate, risks in relation to socio-economic duties will be identified and EQISAs carried out
 - 5.5.3 Islands Duty - Where appropriate, risks in relation to Islands will be identified and EQISAs carried out
- 5.6 Risk – Risks have been outlined within the financial strategy.
- 5.7 Customer Service - Impact on service delivery will be considered as saving proposals are developed

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08 July 2021

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Appendix 1 – Medium to Long Term Financial Strategy 2021-22 to 2030-31