

## Terms of Reference for the Financial Strategy (2018/19 to 2020/21) Task and Finish Group

### Context

The draft Financial Strategy (2018/19 to 2020/21) is under development, with an early version presented to Cabinet on the 18 October 2017. It sets out the developing financial approach of the Council for the coming years.

The extensive growth modelling exercise completed in 2016 was revisited in the summer 2017, and the Financial Strategy identifies the revised funding gap for the Council which has taken account of the following factors:

- Additional pressures as a result of growing demand and demographic changes particularly in Children's services, alongside known growth in Adult Services;
- The cumulative impact of changes and loss in funding that are, nevertheless, tied to the statutory delivery of services;
- Increased inflation requirements for major contracts;
- Savings proposals that have previously been drawn up by officers, but have not been achieved or approved for delivery due a number of contributory factors;
- Continued Government funding reductions.

Revised funding gap:

| Year        | 2018/19 | 2019/20 | 2020/21 | 2021/22 | 2022/23 |
|-------------|---------|---------|---------|---------|---------|
| Funding Gap | £36m    | £44m    | £49m    | £54m    | £59M    |

The draft Financial Strategy sets out an approach being developed by Cabinet and officers which is based around four key pillars which are summarised in the following priority order:

|              |   |
|--------------|---|
| Innovate     | Focus on the highest priority areas and those most likely to provide greatest reward including Children's Services, Digital Transformation and Health and Adult Services  |
| Raise income | Focus on investment and commercial activity   |
| Cut services | Reconsider the core services the Council will continue to provide and focus resources on that core offer only. Once decided, make these decisions as quickly as possible. |
| Use Reserves | In a strategic manner to enable and smooth the delivery of the above.   |

### Objectives

- To understand the process and activity stages required to develop the Financial Strategy 2018/19 to 2020/21
- To understand the factors contributing to the funding gaps including the additional pressures identified through the growth modelling exercise

- To consider and scrutinise the proposals and emerging plans aligned to the four pillars of the approach that are being developed.
- To consider the direct and indirect impacts of proposals on service delivery across the Council.
- To be able to complete specific pieces of work to identify and work up alternatives to emerging plans, including the feasibility of the alternative proposals
- To provide a mechanism to engage with communities, partners and providers
- To understand any possible risks and impacts on the Council's finances and the ability to deliver a balanced budget in future years
- Make evidence based recommendations and alternative proposals for future budget setting.

### **Information required**

- The draft Financial Strategy 2018/19 to 2020/21
- The back ground information and data which has informed the growth modelling exercise
- Emerging proposals and plans related to delivering the four pillars described in the draft Financial Strategy
- Learning from other Council's which have made changes to similar service areas
- Any available evidence of likely impact of change to services, any related risks and how they might be tolerated, mitigated or removed all together
- Other information and evidence will be identified as the Task and Finish Group progresses and plans become clearer

### **Methods to be used**

- Desktop exploration of contextual data and information – including receiving presentations that explain the process followed and what the data shows
- Review the proposals and plans related to delivering the four pillars described in the draft Financial Strategy
- Identification of any learning and best practice from other Councils
- Hearing from service users, communities, current and potential providers, and partners to understand issues, ideas, innovation and opportunities
- Identification and invitation of specific witnesses
- Development of evidence based recommendations

### **Timescales**

- The Task and Finish Group will present its final report to the Performance Management Scrutiny Committee at the end of January 2018. The meeting will be arranged to enable an agreed report and any recommendations from the Committee to be presented to Cabinet in early February 2018 ahead of Council on the 22 February 2018.