

The latest update on 1.2.1 to 1.2.5 is provided in section 2.2 of the Medium Term Financial Strategy.

2. Recommendations

2.1 It is recommended that members:

- A. Agree and recommend to Council the 2020/21 budget of £594.151m outlined in the Budget Book at Appendix 2, including the savings proposals outlined in section 4.5 of the Medium Term Financial Strategy (MTFS) at Appendix 1.
- B. Note the changes required to the 2020/21 budget as a result of the Provisional Local Government Finance Settlement and revised business rates and collection fund estimates.
- C. Note the revised funding gap for the years 2021/22 to 2024/25.
- D. Approve the recommended level of general balances to support the 2020/21 revenue budget at £19.242m, noting that the projected balance will be below this for 2020/21.
- E. Note the projected recommended level of general reserves for the following four years at £19.430m in 2021/22, £26.039m in 2022/23, £27.952m in 2023/24 and £29.925m in 2024/25.
- F. Note the continued use of the Policy for Flexibility around the use of Capital Receipts as detailed in section 8.1 of the MTFS.

REPORT

3. Risk Assessment and Opportunities Appraisal

- 3.1. The development and delivery of the Council's Financial Strategy is the key process in managing many of the Council's strategic risks. The opportunities and risks arising are assessed each time the document is refreshed for Cabinet consideration. The Council's Strategic Risks are reported separately, but the Financial Strategy makes specific reference to the Council's ability to set a sustainable budget (the highest of the Council's key strategic risks).
- 3.2. Setting the Financial Strategy and agreeing the detailed changes necessary to deliver the agreed budget for the next financial year, will take into account the requirements of the Human Rights Act, any necessary environmental appraisals and the need for Equality and Social Inclusion Impact Assessments (ESIIA) and any necessary service user consultation.

4. Climate Change Appraisal

- 4.1 The Council's Financial Strategy includes proposals to deliver a reduced carbon footprint for the Council, including the impact of moving to LED street lighting, the continued rollout of digital solutions to enable officers to work in agile way

and reduce travel across the county and increased support for Park and Ride schemes to reduce car emissions within the town centres. The impact of these measures will be considered alongside work to measure and monitor the Council's carbon footprint.

- 4.2 The Council receives a share of profits from the jointly owned West Mercia Energy (WME) joint arrangement. The electricity supplied to Shropshire Council is now supplied from 100% renewal sources. Furthermore, profit share received from WME is ringfenced to support climate change initiatives in Shropshire such as the LED street lighting programme.
- 4.3 All business rates collected from renewable energy projects in Shropshire, such as solar and wind farms and anaerobic digesters, is retained by Shropshire Council (i.e. there is no 50% allocation to Central Government or 1% allocation to the Fire Service). From 2020/21 onwards, all business rates from renewable energy projects will be ringfenced to support climate change initiatives in Shropshire such as the LED street lighting programme.

5. Background

- 5.1 Cabinet considered the first Financial Strategy for 2020/21 on 16th December 2019. Since this date the Council has received details of the Provisional Local Government Finance Settlement for 2020/21 from the Government and the grant allocations provided within this settlement have now been reflected within the Finance Strategy. It should be noted that the Final Local Government Finance Settlement has not yet been announced by the Government, and therefore if there is any change to the funding detailed within the Provisional Settlement, it will be necessary to amend the MTFS prior to this being considered by Council on 27th February 2020.
- 5.2 The collection fund outturn for 2019/20 has also now been estimated and is also considered on this Cabinet's agenda. This estimate provides the Council with an overall one-off surplus of £3.648m and therefore has been incorporated into the revised Resources position detailed within the MTFS at Appendix 1
- 5.3 From a Value for Money perspective it is essential that any additional and/or one-off funds received within the Provisional Local Government Finance Settlement and the collection fund surplus are used strategically. Investment in preventative works, invest to save funds and capacity to deliver transformative savings proposals, rather than to delay decision making will help to ensure that the Council becomes more financially sustainable and delivers the savings set out in section 4.5 of the MTFS at Appendix 1 in the short and medium term.
- 5.4 The MTFS at Appendix 1 also considers the Council's robustness of estimates and adequacy of reserves that the Council holds. This includes reviewing the General Fund Balance that the Council holds and any other earmarked reserves. The risk assessed level of General Fund Balance for 2020/21 is calculated as £19.242m which is above the projected level. Given the potential to decommit earmarked reserves in the short term under an emergency

situation, it is considered acceptable, in this scenario, for the General Fund Balance to remain below the risk assessed level.

List of Background Papers (This MUST be completed for all reports, but does not include items containing exempt or confidential information)

Financial Strategy 2020/21 - 2024/25 - Cabinet, 16th December 2019

Cabinet Member (Portfolio Holder)

David Minnery: Portfolio Holder - Finance & Corporate Support

Local Member

All

Appendices

Appendix 1 – Medium Term Financial Strategy 2020/21 To 2024/25

Appendix 2 – Budget Book for 2020/21 (TO FOLLOW – WILL BE PROVIDED ELECTRONICALLY ONLY)