

## 2024-2028 MEDIUM TERM FINANCIAL STRATEGY

<b>Head of Service:</b>	Brendan Bradley, Head of Finance
<b>Wards affected:</b>	(All Wards);
<b>Urgent Decision?</b>	No
<b>Appendices (attached):</b>	Appendix 1 – Key Components of the MTFS

### Summary

This report seeks guidance on the principles to be included in the new Medium Term Financial Strategy for 2024-28.

### Recommendation(s)

#### The Panel is asked to support:

- (1) The principles to be used in producing the new Medium Term Financial Strategy 2024-28.**

#### 1 Reason for Recommendation

- 1.1 Approving the recommendation will provide a clear framework for officers to produce the new four-year Medium Term Financial Strategy.

#### 2 Background

- 2.1 It is a requirement of the Council to agree a Medium Term Financial Strategy (MTFS) every four years. The MTFS aims to maintain the financial health of the Council whilst delivering the priorities in the Corporate Plan.
- 2.2 In July 2023, Strategy & Resources Committee agreed a budget setting framework for addressing the Council's projected £1.1m budget deficit in 2024/25, rising to £2.5m by 2027/28. The framework identified the following workstreams to be progressed:
  - 2.2.1 Officers to be tasked with identifying further efficiencies, although *these are becoming harder to achieve after over a decade of austerity.*
  - 2.2.2 *A base review, which entails reviewing the year end position for 2022/23, identifying any potential savings, additional cost pressures and areas where savings can be developed.*

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*2.2.3 Service Reviews focusing primarily on discretionary services to be undertaken over the next four years with the aim of increasing efficiencies and effectiveness whilst reducing cost.*

*2.2.4 Review of existing asset utilisation, to realise cost reductions in Council operational buildings and increased income from investment properties.*

*2.2.5 Investigate income streams to maximise revenue from new and existing services, such as invest to save opportunities. Ensure any new powers are considered to generate additional income for the Council, such as the pending new charging policy for waste.*

*2.2.6 Undertake a review of reserves, providing a justification for the level of reserves retained.*

*2.2.7 A target to increase fees and charges income by 6% in both 2024/25 and 2025/26 (as previously agreed by S&R in July 2022), then by CPI+1% for both 2026/27 and 2027/28. Heads of Service review fees and charges annually to ensure increases are achievable and report fees and charges to policy committees for approval.*

*2.2.8 To maximise external funding and partnership opportunities.*

2.3 Officers are currently progressing these workstreams and the outcomes will be reported to Policy Committees for approval in the January committee cycle.

2.4 The outcomes will also be collated into an updated forecast to be presented to Financial Strategy Advisory Group in January, for recommendation to Full Council in February.

### **3 New Medium Term Financial Strategy 2024-28**

3.1 In the meantime, work is progressing on the new MTFS 2024-28, which is also due to be presented to FSAG in January.

3.2 The key components of the previous MTFS are attached at Appendix 1.

3.3 The majority of these components are expected to remain relevant for the period 2024-28, albeit with some adjustments to reflect latest economic conditions and the Council's updated financial position.

3.4 The proposed adjustments to the key components for the new MTFS 2024-28 are shown as tracked changes at Appendix 1.

**3.5 Members are asked to provide feedback on these proposed principles at Appendix 1, ahead of the final draft MTFS being brought back to members for approval in January.**

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### 4 Risk Assessment

Legal or other duties

#### 4.1 Equality Impact Assessment

4.1.1 None arising from the contents of this report.

#### 4.2 Crime & Disorder

4.2.1 None arising from the contents of this report.

#### 4.3 Safeguarding

4.3.1 None arising from the contents of this report.

#### 4.4 Dependencies

4.4.1 The Council's Annual Plan for 2024/25 and Four Year Plan 2024-28 should be set to be deliverable within the Council's available financial resources.

#### 4.5 Other

4.5.1 The Council has a statutory duty to set a balanced budget each year, demonstrating how planned expenditure on services will be fully funded.

4.5.2 The MTFS principles will provide a framework for how the Council can manage its finances to set balanced budgets for the period 2024 to 2028.

4.5.3 Should the Council not agree an MTFS and fail to achieve a significant net reduction in its cost of services, there is a clear risk that reserves will continue to diminish with the Council eventually becoming unable to set a balanced budget.

4.5.4 A full budget risk assessment will be presented to Full Council alongside final 2024/25 budget proposals in February 2024.

### 5 Financial Implications

5.1 The provisional principles for the new MTFS 2024-28 are covered in this report.

5.2 The principles will be used to inform four year forecasts in the new MTFS, which will be presented to members for approval in the new year,

5.3 **Section 151 Officer's comments:** The Medium Term Financial Strategy 2024-28 must ensure that the Council's finances are sustainable whilst delivering the priorities of the Annual Plan.

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### 6 Legal Implications

- 6.1 The Council has a statutory responsibility to set a balanced budget each year.
- 6.2 The provisions of section 25 of the Local Government Act 2003 require that, when the Council is making the calculation of its budget requirement, it must have regard to the report of the Chief Finance (s.151) Officer as to the robustness of the estimates made for the purposes of the calculations and the adequacy of the proposed financial reserves. The report will be formally made to the Council's budget setting meeting in February.
- 6.3 **Monitoring Officer's Comments:** None arising from the contents of this report.

### 7 Policies, Plans & Partnerships

- 7.1 **Council's Key Priorities:** The following Key Priorities are engaged: Effective Council.
- 7.2 **Service Plans:** The matter is included within the current Service Delivery Plan.
- 7.3 **Climate & Environmental Impact of recommendations:** None arising from the contents of this report.
- 7.4 **Sustainability Policy & Community Safety Implications:** None arising from the contents of this report.
- 7.5 **Partnerships:** None arising from the contents of this report.

### 8 Recommendation

- 8.1 Support the key principles to be included in the new Medium Term Financial Strategy 2024-28.

### 9 Background papers

- 9.1 The documents referred to in compiling this report are as follows:

**Previous reports:**

- 2023/24 Strategic Financial Planning Report to Strategy & Resources Committee, 13 July 2023.

**Other papers:**

- [Medium Term Financial Plan 2020-2024](#)