

TEWKESBURY BOROUGH COUNCIL

Report to:	Executive Committee
Date of Meeting:	1 June 2022
Subject:	Interim Medium Term Financial Strategy 2023/24 – 2024/25
Report of:	Head of Finance and Asset Management
Corporate Lead:	Head of Finance and Asset Management
Lead Member:	Lead Member for Finance and Asset Management
Number of Appendices:	One

Executive Summary:

The Interim Medium Term Financial Strategy (MTFS), attached at Appendix A, provides a financial projection and plan for the Council for the period 2023/24 – 2024/25. It sets out the Council's estimates of its commitment expenditure, identifies the spending pressures it faces and the budget savings needed to achieve the recommended council tax levels for each of the three years of the plan. The plan is based on assumptions of government funding levels during the period.

Recommendation:

The Committee is asked to RECOMMEND TO THE COUNCIL the adoption of the Interim Medium Term Financial Strategy 2023/24 – 2024/25.

Reasons for Recommendation:

The agreement of a medium term financial plan is crucial to the Council in ensuring sufficient resources are allocated to priority areas and that the Council remains financially sustainable. Without certainty from Government with regards to funding reform it is difficult to forecast levels of finance available over the final two years of the spending review period. It is even more difficult to project finance in the period after the spending review given the added uncertainties and therefore this interim strategy just focuses on the next two years.

Resource Implications:

The Council could face a deficit in its base budget of over £2.94m in the next two years. The assumptions that have been made in reaching this estimate are included in summary, within this report. The MTFS sets out some of the strategies that will need to be considered to deal with the deficit.

The Council must set a balanced budget on an annual basis – it cannot run deficits and cannot borrow to fund day-to-day service delivery. In the event that it does not have sufficient resource to meet its expenditure needs, a s114 notice will need to be issued and a balanced budget re-established within the financial envelope available to the Council.

Legal Implications:

The Council (the Executive Committee recommendation is sought in this report) must set a budget in accordance with provisions of the Local Government Finance Act 1992. The Council has a statutory responsibility to set and approve a balanced budget each year. Section 25 Local Government Act 2003 requires that the Council, in setting its budget, must have regard to the report of its s151 Officer as to the robustness of the estimates made for the purposes of the calculations and the adequacy of its proposed financial reserves.

Risk Management Implications:

Set out in in MTFS.

Performance Management Follow-up:

The MTFS will be kept under continual review and amended in line with significant policy changes, and performance will be monitored against the plan by Members through the quarterly performance monitoring reports. A full MTFS will be presented later in the financial year.

Environmental Implications:

None directly associated with this report.

1.0 INTRODUCTION/BACKGROUND

1.1 Financial planning is fundamental to good financial management and the Medium Term Financial Strategy sets out resource availability within recommended Council tax levels.

2.0 INTERIM MEDIUM TERM FINANCIAL STRATEGY

2.1 The Medium Term Financial Strategy (MTFS) is a key element within the Council's overall strategic planning framework. The Strategy takes a medium term perspective and is reviewed, updated and rolled forward annually to set a framework for how budget pressures and priorities will be managed within the best estimates of available capital and revenue resources.

2.2 Given the uncertainties around local government funding reform, the lack of information provided at the time of the Spending Review in October 2021 and the timing and rollover nature of the 2022/23 Local Government Financial Settlement, a detailed and reliable MTFS was unable to be produced over the winter 2021/22. This position does not support Members understanding the financial environment that the Council is operating in and does not lend itself to sensible financial planning.

2.3 It had been hoped, given previous commitments, that the government would have engaged with local government in the early months of 2022 to provide some clarity on funding issues which would support the production of robust medium term financial plans. Unfortunately, this has not happened as yet and there remains a dense fog around the funding regime for local government. Nevertheless, it is important to provide members with information on the potential funding scenarios that may face the Council and hence and interim strategy, at the start of the annual budgeting process, has been produced to provide some analysis.

2.4 The Interim MTFS, attached at Appendix A, only covers the period from April 2023 to March 2025. Within this period, which is in line with the final two years of the Spending Review, there is still much uncertainty and a number of scenarios are laid out in the attached report. Beyond this timeframe, it becomes even more difficult to predict funding levels given the absence of control totals associated with Spending Reviews, the current economic uncertainty and potential political uncertainty given the need for a general election.

2.5 Further work will be undertaken in the coming months to look at options for the longer period and to produce a full five year MTFS for Member approval.

3.0 OTHER OPTIONS CONSIDERED

3.1 None.

4.0 CONSULTATION

4.1 Statutory consultation will be carried out with businesses and a public consultation is carried out through the winter.

5.0 RELEVANT COUNCIL POLICIES/STRATEGIES

5.1 MTFS sets out the level of resource availability to meet the Council priorities and pledges which form the Council Plan.

6.0 RELEVANT GOVERNMENT POLICIES

6.1 Council tax levels must be set within Government limits to avoid the need to hold a referendum on 'excessive' increases.

7.0 RESOURCE IMPLICATIONS (Human/Property)

7.1 Some of the savings streams identified may have implications on staffing levels and the asset portfolio. These will be set out specifically within the detailed reports surrounding proposed saving actions.

8.0 SUSTAINABILITY IMPLICATIONS (Social/Community Safety/Cultural/ Economic/ Environment)

8.1 These will be set out specifically within the detailed reports surrounding proposed saving actions.

9.0 IMPACT UPON (Value For Money/Equalities/E-Government/Human Rights/Health And Safety)

9.1 These will be set out specifically within the detailed reports surrounding proposed saving actions.

10.0 RELATED DECISIONS AND ANY OTHER RELEVANT FACTS

10.1 None.

Background Papers: None.

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Appendices: A – Interim Medium Term Financial Strategy 2023/24 – 2024/25.