

TEWKESBURY BOROUGH COUNCIL

Report to:	Executive Committee
Date of Meeting:	29 November 2023
Subject:	Medium Term Financial Strategy 2024/25 – 2028/29
Report of:	Executive Director: Resources
Head of Service/Director:	Executive Director: Resources
Lead Member:	Lead Member for Finance & Asset Management
Number of Appendices:	5

Executive Summary:

The Medium Term Financial Strategy (MTFS) provides the financial plan for the Council for the period 2024/25 – 2028/29. It sets out the expected level of funding available to support the delivery of services, the likely cost of providing those services, the growth in service budgets that will be necessary to meet additional demands and the gap that exists between the funding available and the cost of service delivery. The strategy concludes with the plans that the Council has to close that funding gap.

Recommendation:

To RECOMMEND TO COUNCIL that the Medium Term Financial Strategy 2024/25 – 2028/29 be ADOPTED.

Financial Implications:

The Council could face a deficit in its base budget of £6.14m in the next five years. This is based upon a set of assumptions around funding that are uncertain but are the most likely given previous government announcements and consultations. Given the uncertainty around funding, a number of alternative scenarios have been included in the MTFS to highlight the potential spectrum of funding that the council may receive in future years.

Assumptions have also been made, based on latest forecasts, around the likely cost of services over the time frame.

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 (see para 1.4 of Appendix A for definition) will need to be issued and a balanced budget re-established within the financial envelope available to the Council.

Legal Implications:

As detailed in the report the Council must set its budget in accordance with the provisions of the Local Government Finance Act 1992.

More specific legal advice will be obtained, where necessary, as part of any actions that arise from the MTFS going forward.

Environmental and Sustainability Implications:

None directly associated with this report

Resource Implications (including impact on equalities):

None directly associated with this report; however, it should be noted that any potential service reviews / reduction in employee costs / potential redundancies would be the subject of detailed proposals and consultation with the affected staff and trade unions at the appropriate time and before any decisions are made.

Safeguarding Implications:

None directly associated with this report

Impact on the Customer:

None directly associated with this report

1.0 INTRODUCTION

1.1 Financial planning is fundamental to good financial governance and the strategic management of the authority over the long term. The Medium Term Financial Strategy (MTFS) sets out resource availability to meet service expenditure expectations and identifies where the two are not aligned.

2.0 MEDIUM TERM FINANCIAL STRATEGY 2024/25 – 2028/29

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 resources.

2.2 The MTFS outlines the budget that will be delivered over the medium to long term. A further report, specifically on the 2024/25 detailed budget, will be presented to both Executive Committee and Council in February 2024 for Member approval.

2.3 It is important to understand that the MTFS does not constitute a formal budget in respect of the period 2024/25 to 2028/29, as such, the indicative annual assumptions included both within the projected spending pressures and the potential funding detailed, will be subject to a full review and decision making process as part of each of the annual Revenue Budget and Council Tax setting decisions.

2.4 Instead, the MTFS is intended to outline, in broad terms, the specific funding and service issues over the period based on the latest assumptions and how the Council will, within its financial constraints, fund its core services and priorities.

2.5 The position of Local Government finance has been uncertain for long period of time and successive MTFSs have tried to outline a medium term plan against this undefined backdrop. In producing this year's strategy, there is continued uncertainty with the impending general election, the impact of inflation, concerns about the economy as well as another year of uncertainty around the long term future of local government funding.

- 2.6** In addition to the national uncertainty the Council faces with regards to its financial plans, both corporate and service related financial pressures continue to have a significant impact on the Council's forwards projections of its financial position. These include:
- Increased salary growth pressure
 - The local impact of high inflation on service budgets
 - Increasing demand for additional resources to meet a range of service requirements and pressures.
 - A new Council Plan in 2024
- 2.7** The MTFS also contains important strategic planning in a number of areas in order that the Council can plan for the changes it will need to make in the medium term to ensure it is able to meet its statutory duty of producing a balanced budget on an annual basis.
- 2.8** Best estimates have been made of the future financial position of the Council within the attached MTFS based on current assumptions of both government and local policy. Clearly the projections within the MTFS are subject to potentially significant change as a result of government policy on local government finance, either positively or negatively, and therefore strategic financial management of this authority will need to be flexible to be able to respond to the rapidly moving agenda.
- 3.0 CONSULTATION**
- 3.1** Transform Working Group has been consulted on the production of the MTFS. A full Member seminar will be held on the MTFS. Trade Unions are also briefed on the content of the MTFS.
- 4.0 ASSOCIATED RISKS**
- 4.1** Financial risks are detailed within the strategy. The corporate risk register specifically references the risk associated with funding uncertainty and is updated and monitored on a quarterly basis.
- 5.0 MONITORING**
- 5.1** The MTFS will be kept under continual review and amended in line with significant policy changes. Performance will be monitored against the plan by Members through the quarterly budget and performance monitoring reports whilst budget proposals will be presented in February of each year.
- 6.0 RELEVANT COUNCIL PLAN PRIORITIES/COUNCIL POLICIES/STRATEGIES**
- 6.1** Finance and resources is currently a Council Plan priority.
- All council polices and strategies are linked by their need for funding to the MTFS, the annual budget and good financial management .
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Background Papers: Medium Term Financial Strategy 2023/24 – 2027/28

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Appendices: Appendix 1 – Medium Term Financial Strategy 2024/25 – 2028/29
A – Forecast Total Resources table
B – Forecast Total Resources graph
C – Real terms funding impact
D – Forecast net expenditure