

HOUSING, HEALTH AND ENVIRONMENT POLICY ADVISORY COMMITTEE

7 September 2023

Medium Term Financial Strategy and Budget Proposals

Timetable	
Meeting	Date
Housing, Health and Environment Policy Advisory Committee	7 September 2023
Cabinet	20 September 2023
Will this be a Key Decision?	Yes
Urgency	Not Applicable
Final Decision-Maker	Council
Lead Head of Service	Mark Green, Director of Finance, Resources and Business Improvement
Lead Officer and Report Author	Adrian Lovegrove, Head of Finance
Classification	Public
Wards affected	All

Executive Summary

This report forms part of the process of agreeing a budget for 2024/25 and setting next year's Council Tax. The report sets out a draft Medium Term Finance Strategy for 2024/25 – 2028/29 and budget proposals for services within the remit of the Committee. These proposals will then be considered by the Cabinet at its meeting on 20 September 2023.

The Cabinet will subsequently consider any remaining budget issues at its meeting on 7 February 2024, with a view to determining a final set of proposals for submission to Council on 21 February 2024.

Purpose of Report

Recommendation to Cabinet

This report makes the following recommendations to the Cabinet:

1. That the draft Medium Term Financial Strategy for 2024/25 to 2028/29 set out in Appendix A be approved.
2. That the budget proposals set out in Appendix B be approved.

Medium Term Financial Strategy and Budget Proposals

1. CROSS-CUTTING ISSUES AND IMPLICATIONS

Issue	Implications	Sign-off
Impact on Corporate Priorities	The Medium Term Financial Strategy and the budget are a re-statement in financial terms of the priorities set out in the strategic plan. They reflect the Council's decisions on the allocation of resources to all objectives of the strategic plan.	Section 151 Officer & Finance Team
Cross Cutting Objectives	The MTFS supports the cross-cutting objectives in the same way that it supports the Council's other strategic priorities.	Section 151 Officer & Finance Team
Risk Management	This has been addressed in section 5 of the report.	Section 151 Officer & Finance Team
Financial	The budget strategy and the MTFS impact upon all activities of the Council. The future availability of resources to address specific issues is planned through this process. It is important that the committee gives consideration to the strategic financial consequences of the recommendations in this report.	Section 151 Officer & Finance Team
Staffing	The process of developing the budget strategy will identify the level of resources available for staffing over the medium term.	Section 151 Officer & Finance Team
Legal	Under Section 151 of the Local Government Act 1972 (LGA 1972) the Section 151 Officer has statutory duties in relation to the financial administration and stewardship of the authority, including securing effective arrangements for treasury management. The legal implications are detailed within the body of the report which is compliant with statutory and legal regulations such as the CIPFA Code of Practice on Treasury Management in Local Authorities. The Council is required to set a council tax by the 11 March in any year and has a statutory obligation to set a balanced budget. The budget requirements and basic amount of Council Tax must be calculated in accordance	Section 151 Officer & Finance Team

	<p>with the requirements of sections 31A and 31B to the Local Government Finance Act 1992 (as amended by sections 73-79 of the Localism Act 2011).</p> <p>The Council is required to determine whether the basic amount of council tax is excessive as prescribed in regulations – section 52ZB of the 1992 Act as inserted under Schedule 5 to the Localism Act 2011. The Council is required to hold a referendum of all registered electors in the borough if the prescribed requirements regarding whether the increase is excessive are met.</p> <p>Approval of the budget is a matter reserved for full Council upon recommendation by Policy and Resources Committee on budget and policy matters.</p>	
Privacy and Data Protection	Privacy and Data Protection is considered as part of the development of new budget proposals. There are no specific implications arising from this report.	Section 151 Officer & Finance Team
Equalities	The MFTS report scopes the possible impact of the Council's future financial position on service delivery. When a policy, service or function is developed, changed or reviewed, an evidence-based equalities impact assessment will be undertaken. Should an impact be identified appropriate mitigations will be identified.	Section 151 Officer & Finance Team
Public Health	The resources to achieve the Council's objectives are allocated through the development of the Medium Term Financial Strategy.	Section 151 Officer & Finance Team
Crime and Disorder	The resources to achieve the Council's objectives are allocated through the development of the Medium Term Financial Strategy.	Section 151 Officer & Finance Team
Procurement	The resources to achieve the Council's objectives are allocated through the development of the Medium Term Financial Strategy.	Section 151 Officer & Finance Team
Biodiversity and Climate Change	The resources to achieve the Council's objectives are allocated through the development of the Medium Term Financial Strategy.	Section 151 Officer & Finance Team

2. INTRODUCTION AND BACKGROUND

Medium Term Financial Strategy

- 2.1 The Medium Term Financial Strategy (MTFS) sets out in financial terms how the Council will deliver its Strategic Plan over the next five years. The Council adopted a Strategic Plan for the period 2021 – 2045 in December 2018, and the existing MTFS for the period 2023/24 to 2027/28 reflects the Strategic Plan. The new MTFS will continue to reflect the Strategic Plan priorities.
- 2.2 A draft MTFS is attached to this report as Appendix A. As background, it comprises an assessment of the economic environment and the Council's own financial position. It will be seen that the Council faces a budget gap, given the expected impact of inflation on costs, compared with the lower projected rate of growth in Council resources.

Budget Savings

- 2.3 A key outcome of the process of updating the MTFS is to set a balanced budget and agree a level of council tax for 2024/25 at the Council meeting on 21 February 2024. The draft MTFS describes how, in bridging the budget gap, the Council needs to balance the requirement to make savings or generate increased income against the key priorities set out in the Council's Strategic Plan.
- 2.4 The draft MTFS explains that all budgets are reviewed in detail to identify opportunities for savings, or increased income, which can be delivered with the minimum impact on the strategic priorities. To the extent that further growth is planned, above and beyond existing budgets, this would need to be offset by further savings.
- 2.5 The following growth and savings have been identified in the services falling within the remit of this committee and are shown in Appendix B.

Existing Savings approved February 2023

Garden Waste – Changes to charging arrangements - £80,000 saving

As part of changes to charging arrangements, the Executive and Council agreed to increase the garden waste subscription from £45 to £47.50 in 2024/25. Customers renewing or joining the service will start paying the new charge with effect from 1st October 2023, so that the change will be phased in over the twelve month period October 2023 – September 2024.

New Savings

Environment and Public Realm - Withdrawal from Kent Resource Partnership - £10,000 saving

The Council currently contributes £15,000 per year to the Kent Resource Partnership - £5,750 funds the core operation and £9,250 funds project work including joint communications. The Council could decide to withdraw

from the Partnership and no longer contribute to its operation. There are likely to be ongoing costs relating to Waste Crime, but it is still expected that a saving of £10k could be achieved.

Withdrawing from the Partnership is unlikely to have any significant impact on the Council's Strategic Objectives as there is little evidence to show the County-wide work of the KRP has directly impacted Maidstone's recycling rate which is one of the highest in Kent. Maidstone already has its own Waste Strategy which is due to be updated following confirmation of Government's plans on Deposit Return Schemes (DRS) and Extended Producer Responsibility (EPR) and consistency.

Environment and Public Realm- Disposal of Public Conveniences at Mid Kent Shopping Centre - £8,000 saving

It is proposed that the public conveniences at Mid Kent Shopping Centre be handed over to Mid Kent Shopping Centre, who wish to take over their management and operation. The site currently costs £5,500 per year for cleaning plus £2,570 planned maintenance costs. Disposing of the site to the shopping centre management would enable the service to still be available to the site users but without placing an unnecessary burden on Maidstone taxpayers. These toilets are only of benefit to the visitors to these commercial premises.

Housing - Housing grant maximisation - £150,000 saving

The Council receives grant from central government to support its work on homelessness. This has offset the growth in the Council's own funding of homelessness. A review of this funding and the demands on the service indicates that, even with a potential reduction in future grant levels, there is more scope for applying grant against expenditure.

Housing - Reduce landlord incentive budget - £35,000 saving

The Council currently has a budget of £85,000 which is used to make one-off grants to landlords as an incentive for them to provide accommodation to homeless families. In the current climate it is apparent that the incentives we can offer are insufficient to persuade landlords (in large numbers) to let their properties to households currently residing in TA. Accordingly, it is proposed to give less weight to this strategy as part of our approach to addressing homelessness.

Housing - Temporary accommodation new pressures - £600,000 growth less £400,000 saving

Numbers in temporary accommodation are higher than assumed in the 2023/24 budget and it is currently projected that there will be an overspend of £800,000 for the year. It is expected that expenditure will fall back in 2024/25, assisted by the acquisition of new street properties for temporary accommodation. However, it is projected that there will still be net growth of £200,000 as compared to the 2023/24 budget (ie £600,000 impact from ongoing elevated numbers in TA less £400,000 mitigation from acquisition of new property).

Community Protection - Remove surplus budgets - £11,000 saving

There are budgets within Community Protection that are now no longer required for Safety in Action (now funded by the Police and Crime Commissioner) and for standby budgets for out of hours work.

- 2.6 Savings have been identified within the remit of the other Policy Advisory Committees which, all other factors remaining equal, and assuming fees and charges are increased in line with the MTFS inflation assumption, would allow the Council to set a balanced budget for 2025/26.
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3. AVAILABLE OPTIONS

- 3.1 Agree the Medium Term Financial Strategy and the budget proposals relating to this Committee as set out in Appendix A and B respectively for onward submission to the Cabinet.
 - 3.2 Propose changes to the budget proposals.
 - 3.3 Make no comment on the budget proposals.
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4. PREFERRED OPTION AND REASONS FOR RECOMMENDATIONS

- 4.1 The Cabinet must recommend to Council at its meeting on 7 February 2024 a balanced budget and a proposed level of Council Tax for the coming year. The overall strategy and the budget proposals included in this report will assist the Cabinet in doing this. Accordingly, the preferred option is that this Committee agrees the Medium Term Financial Strategy and the budget proposals at Appendices A and B respectively.
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5. RISK

- 5.1 The Council's finances are subject to a high degree of risk and uncertainty. The draft MTFS includes an evaluation of the Council's financial resilience, from which it can be seen that it has adequate, but not excessive, reserves and is positioned well to manage the financial challenges that it faces.
 - 5.2 In order to address risk on an ongoing basis in a structured way and to ensure that appropriate mitigations are developed, the Council has developed a budget risk register. This seeks to capture all known budget risks and to present them in a readily comprehensible way. The budget risk register is updated regularly and is reviewed by the Audit, Governance and Standards Committee at each of its meetings.
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6. CONSULTATION RESULTS AND PREVIOUS COMMITTEE FEEDBACK

- 6.1 The Cabinet received an initial report on the MTFS at its meeting on 26 July 2023 and it agreed the approach set out in that report to development of an MTFS for 2024/25 - 2028/29 and a budget for 2024/25.
- 6.2 Public consultation on the budget has been carried out, with a survey which is due to close on 28 August 2023. Details will be circulated to members once they are available and they are encouraged to review the findings and assess whether the budget proposals are consistent with public expectations and aspirations.
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7. NEXT STEPS: COMMUNICATION AND IMPLEMENTATION OF THE DECISION

- 7.1 The timetable for developing the budget for 2024/25 is set out below.

<i>Date</i>	<i>Meeting</i>	<i>Action</i>
September 2023	All Policy Advisory Committees	Consider 24/25 budget proposals and draft MTFS
20 September 2023	Cabinet	Agree 24/25 budget proposals and draft MTFS
5 February 2024	Corporate Services Policy Advisory Committee	Consider final budget proposals and MTFS
7 February 2024	Cabinet	Agree final budget proposals and MTFS for recommendation to Council
21 February 2023	Council	Approve 24/25 budget

8. REPORT APPENDICES

The following documents are to be published with this report and form part of the report:

- Appendix A: Draft Medium Term Financial Strategy 2024/25 – 2028/29
 - Appendix B: Budget Proposals 2024/25
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9. BACKGROUND PAPERS

There are no background papers.