

MAIDSTONE BOROUGH COUNCIL

RECORD OF DECISION OF THE EXECUTIVE

Decision Made: 23 November 2022

Medium Term Financial Strategy 2023 - 2028

Issue for Decision

This decision relates to the updated Medium Term Financial Strategy (MTFS) to reflect the latest position and describes the issues and risks involved. It considers key assumptions to be made in preparing the MTFS and concludes by setting out the subsequent steps involved in developing an updated MTFS and the Budget for 2023/24, including a timetable for consideration by Members.

Decision Made

1. That the issues and risks associated with updating the Medium Term Financial Strategy are noted; and
2. That the Medium Term Financial Strategy and the proposed approach outlined in the report to development of an updated Medium Term Financial Strategy for 2023/24 – 2027/28 and a budget for 2023/24 be approved.

Reasons for Decision

- 1.1 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 2022/23 to 2026/27 reflects the Strategic Plan. The new MTFS will continue to reflect the Strategic Plan priorities.
- 1.2 A key outcome of the process of updating the MTFS is to set a balanced budget and agree a level of council tax for 2023/24 at the Council meeting on 22 February 2023.
- 1.3 A draft MTFS is attached to this report. 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 difficult financial position, with continued high inflation and potential reductions of local government funding.
- 1.4 We have carried out an assessment of the Council's financial resilience. CIPFA provide a Resilience Index tool to test a council's financial resilience, which indicates no high risks and we have reviewed number of elements that contribute to financial resilience, according to CIPFA, using financial data and also considering financial management. Again this shows a positive position.

- 1.5 As in previous years, different future scenarios have been considered. Scenario 4 provides the latest view on the size of the challenge. We have also developed a scenario 5 that shows a worst case scenario if inflation continues to remain high. The MTFS focuses on these two most likely scenarios and sets out how the Council should respond. Unrestricted Public Access.
- 1.6 The development of the MTFS and the detailed budget for 2023/24 will maintain short to medium term financial resilience.
- 1.7 The future financial position is worsening with continued high inflation and potential reductions of local government funding. Scenario 4 provides the latest view on the size of the challenge. We have also developed a scenario 5 that shows a worst case scenario if inflation continues to remain high. Therefore the MTFS focuses on these two most likely scenarios.
- 1.8 There is still a huge amount of uncertainty. The recent mini budget caused significant risks to local government funding and borrowing. The reversal of these and appointment of the new Prime Minister have had a positive impact with interest rates returning to levels similar to that before the mini budget. 17th November has been set as the date for publishing an Autumn statement which it is hoped will give some clarity about local government funding and the wider UK financial implications such as inflation.
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- 1.9 The Council continues to consider savings options that may be needed to balance the budget, as whichever scenario arises, we will need to consider such options. It should be noted that the overall financial position of the Council's balance sheet and the level of usable reserves puts us in a better position than many councils. It will give us flexibility to use reserves to manage the budget position in the short term while we develop sustainable savings options.

Alternatives considered and why rejected

Option 1 - To note the contents but may choose to comment on the content.

Option 2 - Approve the MTFS and the proposed approach outlined to development of an updated Medium Term Financial Strategy for 2023/24 – 2027/28 and a budget for 2023/24 be approved.

Option 3 – Do not approve and the Council runs the risk of operating without a clear MTFS and an unclear plan of how it can balance the budget in 2023/24.

Background Papers

None

I have read and approved the above decision for the reasons
(including possible alternative options rejected) as set out above.

Signed: _____



Leader of the Council

Full details of both the report for the decision taken above and any consideration by the relevant Policy Advisory Committee can be found at the following area of the [website](#)

Call-In: Should you be concerned about this decision and wish to call it in, please submit a call-in form signed by any three Members to the Proper Officer by: **5pm 2 December 2022**