

POLICY AND RESOURCES COMMITTEE

24 November 2021

Is the final decision on the recommendations in this report to be made at this meeting?

No

Medium Term Financial Strategy 2022/23-2026/27

Final Decision-Maker	Council
Lead Head of Service	Chief Executive
Lead Officer and Report Author	Director of Finance and Business Improvement
Classification	Public
Wards affected	All

Executive Summary

This report sets out a draft new Medium Term Financial Strategy (MTFS) for the Council. The new MTFS rolls forward the existing strategy to cover the five-year period 2022/23 to 2026/27 and reflects emerging budget priorities. It will now be subject to consultation with the Service Committees and will be further updated to take account of the Local Government Finance Settlement, due to be announced in December 2021, prior to final approval by this Committee and by Council in February 2022.

This report makes the following recommendations to this Committee:

1. That it endorses the Draft Medium Term Financial Strategy 2022/23 – 2026/27 at Appendix A, subject to further consultation and development.

Timetable

Meeting	Date
Policy and Resources Committee	24 November 2021
Communities Housing & Environment Committee	30 November 2021
Strategic Planning & Transportation Committee	7 December 2021
Economic Regeneration & Leisure Committee	14 December 2021
Policy & Resources Committee	9 February 2022
Council	23 February 2022

Medium Term Financial Strategy 2022/23-2026/27

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.	Chief Executive, 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.	Chief Executive, 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 Strategic Plan and the associated budget strategy will identify the level of resources available for staffing over the medium term.	Section 151 Officer & Finance Team
Legal	The Council has a statutory obligation to set a balanced budget and development of the MTFS and the strategic revenue projection in the ways set out in this report supports achievement of a balanced budget.	Legal Services
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.	Policy and Information 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,	Equalities and Corporate Policy Officer

	an evidence based equalities impact assessment will be undertaken. Should an impact be identified appropriate mitigations will be identified.	
Public Health	The resources to achieve the Council's objectives are allocated through the development of the Medium Term Financial Strategy.	Public Health Officer
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

- 2.1 At its meeting of 21 July 2021 this Committee agreed the approach and timetable for the development of an updated Medium-Term Financial Strategy (MTFS) to cover the five-year period 2022 to 2027. This report provides an update on progress and sets out a draft MTFS. The MTFS remains subject to further consultation and the government's announcement of the Local Government Finance Settlement 2022/23, which is expected in December 2021.
- 2.2 The vision and priorities set out in the Council's existing Strategic Plan are clear and remain relevant. However, within the framework of the existing Strategic Plan, priority initiatives are under development, including a new Town Centre Strategy and the commitment to invest in 1,000 new affordable homes. The governance framework within which these priorities will be delivered is also due to change, with the reintroduction of a Cabinet system in 2022.
- 2.3 The draft MTFS is attached as Appendix A. It sets out in financial terms how it is intended to deliver the Strategic Plan, given the Council's capacity and capability. It builds on the existing MTFS, but reflects emerging priorities and developments in the external environment.

- 2.4 A key outcome of the process of updating the MTFS is to set a balanced budget and agree a level of council tax for 2022/23 at the Council meeting on 23 February 2022. This report is a key step towards achieving that objective.

Revenue Projections

- 2.5 The MTFS incorporates revenue projections for the five year planning period. Various potential scenarios were modelled, described as adverse, neutral and favourable. Key assumptions made in the projections are as follows.

Council Tax – It has been assumed that the government continues to set a limit of 2% to increases, above which a referendum would be required (as in 2021/22), and that the Council increases Council Tax to this limit.

Business Rates - The Business Rates baseline, which dictates the amount of business rates that local authorities may retain locally, will be increased in line with inflation in 2022/23, as part of an expected roll forward of the existing 2021/22 financial settlement.

Inflation – In the neutral scenario, the core assumption is for CPI inflation of 2% over the medium term, in line with the government’s target. However, it is recognised that inflation is currently higher than this level and this will create pressures, in the short term at least.

Updated Strategic Revenue Projections are set out in Appendix B.

Budget Consultation

- 2.6 As in previous years, and in line with legal requirements and good practice, a public consultation has been carried out to ascertain residents’ views on what the Council’s priorities for spending should be. The consultation attracted over 1,000 respondents and the results are considered to be statistically robust. A report on the outcomes is included at Appendix C. Respondents identified Environmental Enforcement, Parks & Open Spaces and Housing & Homelessness as the top priorities for additional expenditure. Members will no doubt wish to take these views into account when considering detailed budget proposals in January 2022.

3. AVAILABLE OPTIONS

- 3.1 The Committee could endorse the draft MTFS attached at Appendix A.
- 3.2 The Committee could endorse the draft MTFS, subject to any amendments that it may agree.
- 3.3 The Committee could choose not to endorse the draft MTFS.
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4. PREFERRED OPTION AND REASONS FOR RECOMMENDATIONS

- 4.1 The Committee is asked to endorse the draft MTFS as a basis for further consultation and development. Without an agreed MTFS, the Council will have no formal framework for consideration of next year's budget, and will therefore risk not being able to meet its statutory responsibility to set a balanced budget. The basis for the assumptions underlying the MTFS and the proposed Council Tax setting principle are set out in the body of this report.
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5. RISK

- 5.1 The Council's financial position is subject to a number of risks and to considerable uncertainty. In order to address this in a structured way and to ensure that appropriate mitigations are developed, it 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 meeting.
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6. CONSULTATION RESULTS AND PREVIOUS COMMITTEE FEEDBACK

- 6.1 Policy and Resources Committee reviewed the background to setting a new Medium Term Financial Strategy at its meeting on 21 July 2021.
- 6.2 The three Service Committees – Economic Regeneration & Leisure, Strategic Planning & Infrastructure and Communities, Housing & Environment – will consider the draft MTFS at their forthcoming meetings. The outcomes will be reported back to Policy & Resources Committee when it is asked to consider the MTFS again for recommendation to Council at its 9 February meeting.
- 6.3 A survey has recently concluded, in which residents were consulted on what they wish to see in the budget. This is attached as Appendix C.
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7. NEXT STEPS: COMMUNICATION AND IMPLEMENTATION OF THE DECISION

- 7.1 An outline timetable for developing the Council's Strategic Plan and the associated Medium Term Financial Strategy and budget for 2022/23 is set out below.

Date	Meeting	Action
24 November 2021	Policy and Resources Committee	Consider draft MTFS
November / December 2021	Service Committees	Consider draft MTFS
December 2021		Finalise detailed budget proposals for 2022/23
January 2022	Policy and Resources Committee, Service Committees	Consider 2022/23 budget proposals
9 February 2022	Policy and Resources Committee	Agree MTFS and 2022/23 budget proposals for recommendation to Council
23 February 2022	Council	Approve MTFS and 2022/23 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 2022/23 – 2026/27
- Appendix B: Strategic Revenue Projection 2022/23 – 2026/27
- Appendix C: Budget Consultation Survey

9. BACKGROUND PAPERS

None.