

**COMMUNITIES, LEISURE AND
ARTS POLICY ADVISORY
COMMITTEE**

5 September 2023

Medium Term Financial Strategy and Budget Proposals

Timetable	
Meeting	Date
Communities, Leisure and Arts Policy Advisory Committee	5 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 recommendation to the Committee:

That the Cabinet be recommended to:

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

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	<p>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.</p> <p>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</p>	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 the Cabinet 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 savings for 2024/25 have been identified in the services falling within the remit of this committee and are shown in Appendix B.

Museum - Business rates saving - £35,000

A revaluation of the Museum's rating assessment has meant that the Museum no longer has to pay business rates, allowing the budget to be saved.

Strategy, Insight and Governance - Sell internal printing services externally - £5,000

The Council has a print room which continues to support Council committees, produce marketing material and provide a range of other services. It is well-resourced and already carries out work for another local authority. There is scope for further income to be generated from external customers.

- 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 Appendices 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 for onward submission to the Cabinet.
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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.

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.