

Report for: Cabinet

Date of Meeting:	17 October 2023
Subject:	2024/25 – 2028/29 Medium Term Financial Plan Update
Cabinet Member:	James Buczkowski – Cabinet Member for Finance
Responsible Officer:	Andrew Jarrett – Deputy Chief Executive (S151)
Exempt:	N/a
Wards Affected:	All
Enclosures:	Appendix 1 – Budget Options Summary by Service Appendix 2 – Budget Options for consideration

Section 1 – Summary and Recommendation(s)

To present to Member's the updated Medium Term Financial Plan (MTFP) which covers the period 2024/25 to 2028/29 and potential savings options for consideration / approval.

Recommendation(s):

That Cabinet Members:

- 1. Note the updated MTFP's for the General Fund covering the years 2024/25 to 2028/29**
- 2. Consider and agree the savings options within Appendix 2 taking into account the recommendations from the Policy Development Groups.**
- 3. Consider any additional suggestions to balance the remaining shortfall and request that the Policy Development Groups identify further savings option and recommend back to Cabinet for approval.**

Section 2 – Report

1.0 Introduction and purpose of the Medium Term Financial Plan

- 1.1 The main purpose of the MTFP is to show how the Council will strategically manage its finances in order to support the delivery of the priorities detailed in the Corporate Plan 2020 – 2024 and future years beyond that plan. This will importantly need to take account of the new council administration in their emerging corporate plan ambitions
- 1.2 On 19 September, the first draft MTFP covering the period 2024/25 to 2028/29 for the General Fund was presented to Cabinet. This estimated a funding shortfall of £2,103k in 2024/25 rising to £5,206k by 2028/29. This is largely driven by inflation and assumptions around further cuts in grant funding based upon a number of assumptions and the most up to date information available at this time. Clearly, any major variations in these assumptions would require a fundamental review of the Council's MTFP and would be reported back to Cabinet and the wider Membership as soon as practical, coupled with proposed courses of action that could be implemented.
- 1.3 The Council has a legal requirement to set a balance budget and needs to ensure its overall costs are affordable i.e. they can be funded through income and planned short-term use of reserves. Members therefore need to take the necessary decisions and actions to manage net spending within affordable limits.

2.0 2024/25 – 2028/29 General Fund Budget – Updated Forecast

- 2.1 During the summer, Leadership Team and services have been reviewing a range of budget options that could be considered in order to help mitigate that remaining budget shortfall across the five years of this MTFP, with a particular focus on 2024/25. Indicative areas where possible budget savings could be found have formed the basis of the discussions with the Policy Development Groups (PDG's) – note Community PDG is scheduled after this Cabinet meeting. In addition the PDG's were asked to identify further options to resolve the immediate budget gap for 2024/25 and future years.
- 2.2 Following identification of these proposed options, the draft budget shortfall for 2024/25 will reduce. The value of that reduction will depend on members' appetite for the specific proposals. In putting forward the options, officers have applied a risk level to them based upon Red, Amber, Green as follows:

Red – indicates the saving could be taken, but there are higher risks/ implications associated with it and therefore officers would not recommend it;

Amber – indicates the saving could be taken, but there are risks and implications associated that members need to be aware of / accept;

Green – indicates a saving that is recommended by officers.

2.3 The overall value of the savings proposed is as follows:

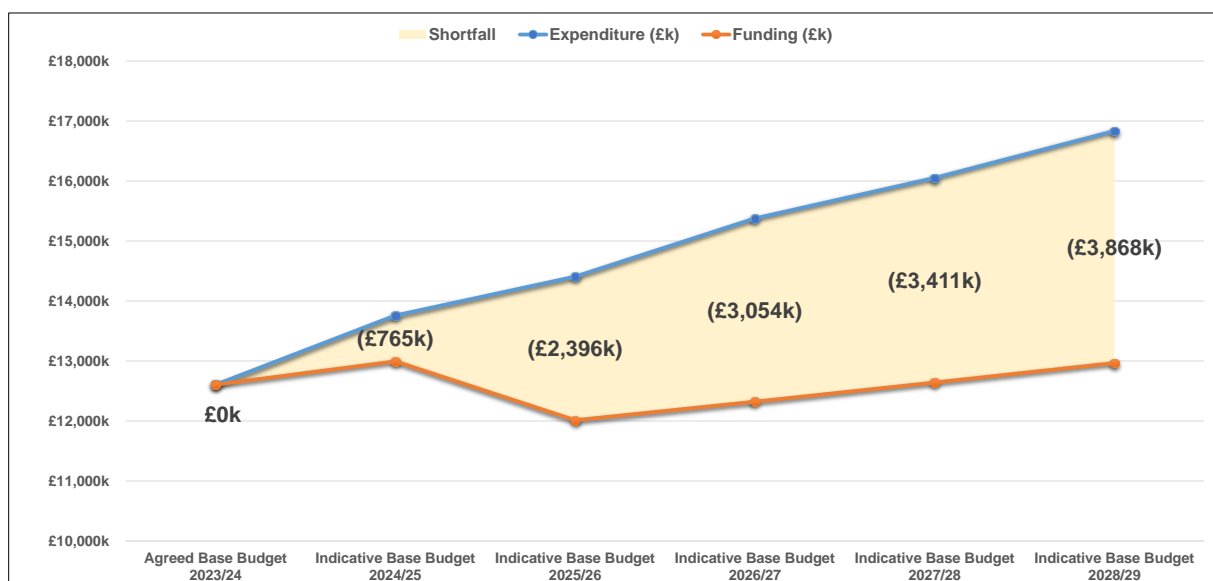
£269,380	£535,566	£532,731	£1,337,677 TOTAL
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If fully approved, the revised overall position for 2024/25 is a shortfall of £765k as shown in Table 1 below and the associated graph. **Appendix 2** shows the savings summary at a granular service level, and **Appendix 3** shows the savings proposals in detail. Note that the revised shortfall falls to £1,298k if the red savings are not approved.

Table 1 – MTFP General Fund Summary

2023/24		2024/25	2025/26	2026/27	2027/28	2028/29
£000		£000	£000	£000	£000	£000
0	September Annual Shortfall	2,103	1,631	658	357	457
	Savings Options	(1,338)	0	0	0	0
0	Cumulative Shortfall	765	2396	3,054	3,411	3,868

Graph 1 – MTFP General Fund Cumulative Budget Gap 2023/24 to 2028/29



2023/24 has only been balanced after a staffing savings target of £400k and a further contribution from General Reserves of £625k. Unless all of this c£1m can be found during the financial year through ongoing savings, the shortfall will need to be met through reserves which as Qtr 1 was projected to be c£0.5m.

2.4 It should be noted that there is a generic line to capture potential savings in staffing budgets. This is the largest saving but this is only natural given the overwhelming majority of our budget is made up of the staffing resource.

2.5 It should also be noted that the Leader of the Council made a powerful public statement at Cabinet on 19 September about the value of the officers and their

commitment as an administration to avoiding the need for any staff redundancies. **Therefore any staffing saving will only be taken if a post becomes vacant.**

- 2.6 Members will appreciate that all budget options will require political support and therefore if some suggestions are deemed to be unacceptable then other savings will need to be proposed. Members should indicate where these alternatives should be sought.

3.0 **Next Steps**

- 3.1 With or without the red savings approved, there is still a way to go to balance the 2024/25 budget. Both Cabinet and the PDGs are asked for their views on service prioritisation, ideally identifying which services are critical in their opinion and which they believe reductions will be acceptable. This can help inform officers to enable the identification of additional budget saving options for review by the PDGs in the November suite of meetings.

- 3.2 Other mitigations could include additional income from fees and charges. For example, we are able to charge for services, for example the Green Waste service, Planning and Car Parking. Some services are experiencing greater take up, i.e. Leisure and Car Parking, however, some are also seeing the impact of the economic conditions, with Qtr. 1 forecasting a drop in income from Planning and Building Control and recycle prices dropping.

- 3.3 Therefore, all options to limit costs where possible, including vacancy management processes and a review of fees and charges are being considered. However, pressures are so great that it's unlikely that this will be sufficient to compensate for the pressures the Council is seeing. Some combination of Government intervention through additional grant funding and use of Reserves is almost inevitable.

4.0 **Conclusion**

- 4.1 The significant General Fund budget shortfall remaining is a challenge and the identification of further budget reductions is critical to balancing the budget for 2024/25 and indeed future years.

- 4.2 Moving forward, Members and Officers need to look to reduce the pressures over the next few years reflected in our MTFP and will need to identify ongoing savings to prevent the reliance upon reserves.

- 4.3 In order to conclude the statutory budget setting process, updates to the draft budget position will go through the PDG's and cabinet meetings before being agreed at Full Council on the 21 February 2024. During this period Officers will

continue to identify and examine further savings possibilities that can reduce the longer term budget gap.

Financial Implications

The current budget for the General Fund shows a potential deficit of £765k, with an increasing funding deficit projected in future years. This highlights the need to take steps to plan for further reductions to our ongoing expenditure levels.

Legal Implications

None directly arising from this report, although there is a legal obligation to balance the budget. There are legal implications arising from any future consequential decisions to change service provision, but these would be assessed at the time.

Risk Assessment

The MTFP continues to make a number of financial assumptions based on a sensible/prudent approach, taking account of the most up to date professional advice that is available. Management must ensure that any proposed savings required to balance the budget are robust and achievable.

Impact on Climate Change

The allocation of resources will impact upon the Council's ability to implement/fund new activities linked to climate change, as the MTFP sets the broad budgetary framework for the Council over the coming years. However, some provision has already been included in the base budget and further evaluation/consideration will be made as the draft budget passes through the PDGs over the next few months. Significant investment is currently forecast within the Capital Programme, however this will be dependent upon full options appraisals and levels of Grant funding available.

Equalities Impact Assessment

No implications arising from this report.

Relationship to Corporate Plan

The Medium Term Financial Plan (MTFP) sets out the financial resources available to deliver the Council's ongoing Corporate Plan priorities.

Section 3 – Statutory Officer sign-off/mandatory checks

Statutory Officer: Andrew Jarrett
Agreed by or on behalf of the Section 151
Date: 6 October 2023

Statutory Officer: Maria De Leiburne
Agreed on behalf of the Monitoring Officer
Date: 6 October 2023

Chief Officer: Stephen Walford
Agreed by or on behalf of the Chief Executive/Corporate Director
Date: 6 October 2023

Performance and risk: Dr Steve Carr
Agreed on behalf of the Corporate Performance & Improvement Manager
Date: 09 October 2023

Cabinet member notified: Yes

Section 4 - Contact Details and Background Papers

Contact: Andrew Jarrett – Deputy Chief Executive (S151)
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Contact: Paul Deal – Corporate Manager for Finance, Property and Climate Change
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Background papers:

- 2024/25 – 2028/29 Medium Term Financial Plan update (September Cabinet)