

**Report for: Cabinet**

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Date of Meeting:	17 September 2024
Subject:	<b>Medium Term Financial Plan – General Fund (GF)</b>
Cabinet Member:	James Buczkowski – Cabinet Member for Governance, Finance and Risk
Responsible Officer:	Andrew Jarrett – Deputy Chief Executive (S151)
Exempt:	N/a
Wards Affected:	All
Enclosures:	Appendix 1 – Sensitivity Analysis Appendix 2 – MTFP Summary Position Appendix 3 – Emerging Budget Pressures Appendix 4a – Cabinet Savings Options Appendix 4b – PDG Savings Options

**Section 1 – Summary and Recommendation(s)**

To present to Member's the updated Medium Term Financial Plan (MTFP) which covers the period 2025/26 to 2028/29 and takes account of the Council's key strategies (i.e. the Corporate Plan, Business Plans, Treasury Management Plan, Asset Management Plan, Work Force Plan and Capital Strategy) and demonstrates it has the financial resources to deliver the Corporate Plan. This models potential changes in funding levels, new initiatives, unavoidable costs and proposed service savings.

**Recommendation(s):**

**That Cabinet Members:**

- 1. Note the updated MTFP's for the General Fund covering the years 2025/26 to 2028/29;**
- 2. Agree the principles and endorse the approach to balancing the General Fund Revenue Budget outlined in paragraph 6.2.**

- 3. Seek recommendations from the Policy Development Groups on the Round 1 Budget Proposals and their views on where savings should be sought and to what level.**

## **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 2024 – 2028 and future years beyond that plan.
- 1.2 The MTFP links the financial requirements, constraints and objectives included in all the key planning documents of the Council (i.e. Asset Management Plan, Treasury Management Strategy, Work Force Plan, and Business Plans) which culminate in the Corporate Plan.
- 1.3 The MTFP has been a key corporate requirement for a number of years and is an essential part of the budget setting process. It provides a financial model which forecasts the cost of providing Council services over a future rolling five year period, together with an estimate of the financial resources that will be available. Note a new year 5 covering 2029/30 is currently being modelled. This model provides an early warning mechanism if there is a significant budget gap between estimated costs and available resources.
- 1.4 The MTFP helps strategically plan the budget setting process, but of equal importance, gives Management and Members an overview of future budget gaps so strategic decisions can be made over levels of future spending, Council Tax levels, policies for fees and charges, asset investment or disposal, etc.
- 1.5 In addition to considering the General Fund financial position, the MTFP also reviews the affordability of the Council's Capital Programme over the same five year period. It forecasts required capital projects (in the main focusing on essential asset replacement and health and safety items) matched against potential capital receipts and grant funding. Note however, at this time, the financing requirement included reflects the 2024/25 Capital MTFP as it is currently being refreshed. The update will be brought back to Cabinet later in the budget cycle.
- 1.6 In addition to these two key areas of Council expenditure, the Council also prepares an MTFP for the Housing Revenue Account (HRA). This also shows a five year programme and outlines the key issues affecting the HRA costs and income streams from April 2025 onwards. Once again, the 2025/26 – 2028/29 HRA MTFP is currently being refreshed as there are significant

implications arising from the Capital Programme. The update will be brought back to Cabinet later in the budget cycle.

1.7 Therefore this report focuses solely on the General Fund Account.

## **2.0 Framework for the Medium Term Financial Plan**

2.1 The starting base for the MTFP is the 2024/25 approved budget, which is then adjusted for any supplementary estimates approved by the Council or any significant budget variances identified in the monthly budget monitoring report to the Cabinet.

2.2 This base then has to be adjusted for unavoidable costs, such as, pay increases, inflation, service pressures associated with new legislation, a growing residential or business property base or improving performance, etc. The MTFP will also consider forecasts for investment receipts and income from fees and charges.

2.3 Finally the MTFP considers and makes assumptions regarding future levels of funding, in particular Council Tax including the potential growth in tax base, Business Rates again including any movement in the baseline as well as changes in the reliefs, multipliers and overall retention levels. Forecasts are also made for the likely level of future Central Government funding.

2.4 The MTFP models an overall aggregated position for the Council based on a range of assumptions. This then predicts an overall budget position, which can highlight a potential budget gap and then propose remedial action which can be taken to resolve it. Clearly, these assumptions can be challenged. They will vary due to changes in the local, national and international economic position and of course, the ongoing consequences of the Cost Of Living Crisis will have implications, not only for the current year, but also for the years to come.

2.5 The development of a five year financial model is based on a number of assumptions and perceived risks. These become more difficult to predict the further into the future you consider. In general terms a prudent/reasonable approach has been taken regarding forecasts, professional accounting guidance has been followed and external technical opinion has been sought where necessary. As a consequence, **Appendix 1** illustrates possible risks within the plan and the potential financial sensitivity to changes in the assumptions.

2.6 The following underlying principles have been adopted as a base assumption during the life of the MTFP:

2.6.1 Principle 1 – General Fund Reserves

- Each year the Council will target a balanced revenue budget without the use of General Fund reserve balances. The level of predicted deficits over the period of this plan may ultimately require the application of reserves to a degree to achieve the mandatory balance. However, this option is not reflected in the numbers presented and must only be considered as a last resort;
- The Council faces considerable financial risks that can have a potentially significant and immediate impact on its finances. The MTFP will attempt to ensure that the General Fund Reserve balance does not fall below the current minimum agreed level (£2m).

### 2.6.2 Principle 2 – Optimise Income Generation

- Council Tax funds the largest share of the Council's budget. Annual increases will be kept within Government set guidelines. In reality this now gives the Council very little scope to significantly increase Council Tax income as the recent nationally prescribed referendum rate has been limited to a maximum of 2% or £5. This plan assumes that this rate will remain unaltered throughout the five year cycle;
- The Council will continue to look at opportunities to generate additional sustainable income. This could be through reviews of existing Fees and Charges or through new charges for discretionary services. Such charges should be set at levels that are appropriate and proportionate to the costs of the service they are delivering and the market within which they operate. The Council will continue to explore new commercial opportunities (as a 'business as usual' model is clearly no longer deliverable).

### 2.6.3 Principle 3 – Allocation of Revenue Resources

- Resources will be directed to high priority and statutory services and hence away from low priority services, which will likely result in less investment in discretionary areas. With the exception of spend to save projects on lower priority services that can either cut future costs or increase revenue to enable cross subsidisation of higher priority services;
- It will seek to deliver further efficiency in its service delivery models and secure procurement savings in its new contractual arrangements which will then be factored into future spending plans. Note that opportunities to improve efficiency reduce over time and now only deliver benefits at the margins. Similarly, effective procurement does not always deliver savings as it is dependent upon market conditions at that time.

#### 2.6.4 Principle 4 – Allocation of Capital Resources

- The Council will continue to prioritise schemes, for instance to generate income, to meet corporate objectives and to enhance its asset base;
- The Council will continue to ensure it provides Value for Money through the efficient and effective use of its assets. The Council will look to dispose of surplus assets in order to maximise capital receipts and reduce ongoing revenue maintenance costs associated with holding the asset. Careful consideration will also need to be used to ensure the maximum market value is achieved when disposing of assets;
- Prudential borrowing will only be made during the life of the MTFP after the production of a fully costed business case that demonstrates how the investment meets the Council's policy objectives, has exhausted all other external funding routes and delivers measurable improvement within a reasonable payback period;
- The Council will keep its internal borrowing under review and when appropriate will consider the potential to fix rates in the medium to long term to manage the risk and potential financial impact of interest rate increases. Consideration will also be given to whether the most appropriate funding mechanism is to fully utilise cash balances and undertake short-term borrowing to meet cash flow requirements. The Council continues to consult specialist advice to keep this under review.

2.7 These are all underpinned by a culture of Budget Ownership across all services.

### **3.0 Background to the Medium Term Financial Plan**

3.1 Members should be aware that this MTFP has been developed against a backdrop of:

- Austerity – an aggregate cut in Central Government Grant of c£5m during the austerity measures put in place since 2010/11 and been replaced with lower levels of more volatile funding sources e.g. Service Grant / Funding Guarantees, Business Rates and numerous one-off grants;
- Covid-19 – service income through fees and charges in some areas has only just recovered to pre-covid-19 levels, i.e. Leisure and Car Parking;
- The invasion of Ukraine significantly impacted the availability and therefore price of energy and fuel, leading to A Cost of Living Crisis not seen since the early 1980's. It has required the reallocation of Council resources into supporting the Government Homes for Ukraine scheme for example;
- Nationally, the cost of the Pandemic and Cost of Living Crisis has been significant, with the government's latest gross debt being £2.721bn

(101.3% of GDP) with the net borrowing £40.8bn<sup>1</sup>. This indicates that austerity measures are likely to continue;

- Political change at a national level leading to uncertainty and emergency policy decisions;
- High interest rates and high inflation which are now expected to reduce at a slower rate.

Yet the Council continues to deliver a wide range of well performing services.

- 3.2 There are still some fundamental issues that have not been resolved or are still to be fully evaluated. These issues may either improve or worsen the summary budget position currently reported and are covered in Section 7 of this report.

#### **4.0 Current In-Year Monitoring Position and associated actions taken**

- 4.1 As outlined above, the MTFP takes into consideration the current financial position against the 2024/25 base budget. The Qtr. 1 forecast indicated an under spend of £350k on the General Fund, indicating that services are managing their budgets well and further savings could be captured.
- 4.2 The initial 2024/25 pay offer has been tabled and is being considered by the unions. Currently, the tabled pay offer should not add material pressure to the 2024/25 in-year position. However, with a new Government keen to resolve outstanding public sector pay disputes, discussions continue nationally. Given the delays in agreeing the 2024/25 pay award, it is difficult to project what the 2025/26 pay award might be, particularly in the current economic circumstances which is extending over a longer period than first envisaged and the appetite for industrial action across many sectors. Therefore, the assumed pay award has been increased to circa 3% across the MTFP timeframe – adding a pressure of circa £500k per annum to the budget.
- 4.3 Many services are experiencing high staff turnover and sickness levels requiring additional temporary staff being employed to keep key services such as waste collection operational. To mitigate this pressure we continue to examine all vacancies as and when they occur. Where a role is required to maintain key service provision, for example a lifeguard or waste operative, these positions will be filled. However, where other posts become vacant, recruiting is being delayed / postponed to free up budget. Inevitably, this does impact on the quality and speed of service delivery, and this is mitigated as far as possible.
- 4.4 The significant increases in energy charges have also had an impact on the Council's finances. The Cabinet agreed to extend the current provider (Laser) and increase the proportion of Electricity purchased from 100% renewable

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<sup>1</sup> [UK government debt and deficit - Office for National Statistics \(ons.gov.uk\)](https://ons.gov.uk)

sources. It is currently too early to receive the new energy prices due to cover the year beginning 1 October 2024, therefore the forecast remains as previously projected, although the energy cap has reduced since that forecast, potentially leading to a saving for the Council from the assumed circa £400k pressure. To mitigate this, the Council has invested in options to reduce energy consumption, for example switching from Gas to renewable energies using ground and heat source pumps and increasing the volume of LED lighting at two of our leisure centres. Further options include lowering the heating temperature of our buildings and swimming pools and isolating areas of buildings where heating can be switched off.

- 4.5 In summary, the forecast shortfall for 2025/26 can be attributed to the assumed inflationary uplift driven by the Cost of Living Crisis and a lower draw on reserves. The sum of these pressures has added c.£1.2m to our cost base.
- 4.6 Other mitigations 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 or increasing recycle prices, however, some are also seeing the impact of the economic conditions, with Qtr. 1 forecasting a drop in income from Planning and Building Control.
- 4.7 Therefore, all options to limit costs where possible, including vacancy management processes and a review of fees and charges are being considered.

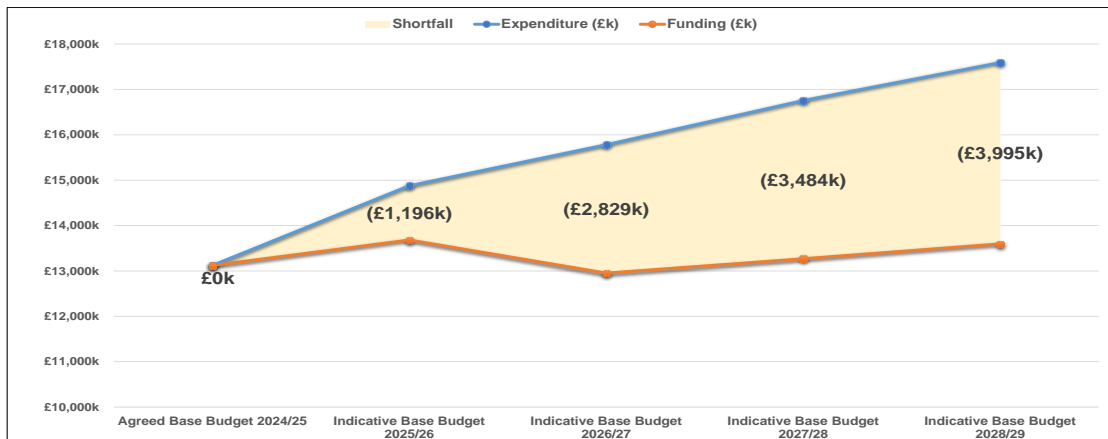
## 5.0 summary of the Medium Term Financial Plan

- 5.1 Table 1 and the associated graph shown below, gives a summary position for the MTFP with greater detailed information is shown in **Appendix 2**. This shows an overall deficit of £3,995k over the life of the plan, equivalent to approximately 25% of the current Net Service Cost.

**Table 1 – MTFP General Fund Summary**

2024/25		2025/26	2026/27	2027/28	2028/29
£000		£000	£000	£000	£000
13,123	Expenditure	14,878	15,782	16,754	17,591
(13,123)	Funding	(13,682)	(12,952)	(13,270)	(13,596)
<b>0</b>	<b>Annual Shortfall</b>	<b>1,196</b>	<b>1,633</b>	<b>655</b>	<b>511</b>
<b>0</b>	<b>Cumulative Shortfall</b>	<b>1,196</b>	<b>2,829</b>	<b>3,484</b>	<b>3,995</b>

**Graph 1 – MTFP General Fund Cumulative Budget Gap 2024/25 to 2028/29**



5.2 Due to the cumulative nature of this plan, if the Council balances its revenue spend to its available funding, each subsequent year will only then need to find the difference (the annual shortfall). However, if no remedial action is taken to reduce the overall level of spend, the MTFP predicts an estimated cumulative shortfall on the General Fund budget of £3,995k. At present the General Fund reserve of £2,025k (plus/minus any in-year movement would be sufficient to absorb the 2025/26 deficit.

5.3 The majority of this cumulative deficit impacts during years one and two largely due to the Cost of Living Crisis and the assumed reductions in funding across Business Rates and Government Grants after years of delays.

5.4 This is clearly a challenge built upon a number of assumptions, caveats, decisions based upon external advice 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.

5.5 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.

## 6.0 Approach to closing the Budget Gap

6.1 Many of the issues, assumptions and sensitivity of items included within the MTFP are complex, often inter-related and will undoubtedly be subject to variation and ultimately fundamental review depending on the levels of future funding reductions. However, strategic decisions have been ongoing to reduce the current and future operational costs.

6.2 In order to reduce the forecast deficit the Council will strive to constantly manage its costs and revenues by:



- Ensure fees/charges are revisited regularly and that the Council are charging appropriately for all items possible;
- A continued reduction of discretionary service and employee costs – which may incur short term upfront costs;
- Continue and expand partnership working where practical;
- Investigation of spend to save projects;
- Review the current and future property asset requirements;
- Maximise procurement efficiencies;
- Explore new commercial opportunities;
- Examine different ways of delivering services to reduce costs;
- Continued benchmarking and learning from best practice;
- Consideration of growing the residential and commercial property base to align delivery with Government funding priorities.

6.3 Part of that saving could come from increasing income from Service Fees and Charges. Following a full review last year, many services now have delegated authority to increase fees in line with inflation. The working assumption is that this will be done.

6.4 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 this MTFP, with a particular focus on 2025/26. Indicative areas where possible budget savings could be found will form the basis of the discussions with the Policy Development Groups (PDG's). In addition the PDG's will be asked to identify further options to resolve the immediate budget gap for 2025/26 and future years.

6.5 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.

6.6 Based on only accepting the Green and Amber budget options, the overall 2025/26 position is forecast to move as set out below:

<b>Initial forecast Shortfall</b>		<b>£1,196k</b>
Emerging Budget Pressures	Appendix 3	+ £725k
Budget Options Identified:		
Cabinet	Appendix 4	(£757k)
Economy & Assets PDG		(£172k)
Community, People and Equalities PDG		0

Homes		(£129k)
Planning, Environment & Sustainability PDG		(£39k)
Service Delivery & Continuous Improvement PDG		(£434k)
<b>Revised forecast Shortfall</b>		<b>£390k</b>

6.7 Clearly there remains a significant budget shortfall in 2025/26. Therefore, all possible options to increase income or reduce costs must be considered. Options will be brought forward for consideration over the next few months in the run in to setting the 2025/26 budget in February 2025. The above plans will require all service areas to play an active role in securing future savings and the Council will also continue to consult with all of its major stakeholders, especially the tax payers, to ensure all future budgetary decisions accord with their priorities.

6.8 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.

## 7.0 Risk, Opportunities and Uncertainty

7.1 The level of uncertainty in funding and external pressures as outlined below makes forecasting difficult and with it a need to highlight risks and the need to push for further efficiencies within services. Ongoing risks and uncertainty for the budget at this stage include:

7.1.1 **New Government** – following the July General Election and the change in Government, a number of announcements have been made in areas such as Housing Targets, further increases to Planning Fees and possible multi-year Funding Settlements. However, announcements have also been made to “fix the broken NHS” and continue spending levels on defence and tackling unemployment, all of which draw on very limited public funding. Therefore, it is not expected that Local Government will see significant changes, and importantly increases, in funding.

7.1.2 **Future Local Government Funding** – the Council awaits to hear the level of funding it will receive in 2025/26 and future years. Although some ambiguous messages have been given by government, these then need to be translated into individual Council funding. These will be dependent upon the Governments views on the long term funding requirement and allocation mechanism. Therefore, it is critical that we continue to lobby for the Fair Funding Review and holistic review of Business Rates to be completed fully as soon as possible, along with the implementation of any replacement of the New Homes Bonus Scheme.

**Delays in additional funding opportunities** – consultation and announcements with regard to major income opportunities e.g. Extended Producer Responsibilities and move to increase Planning Fees towards a breakeven revenue position have, as yet, not been implemented.

- 7.1.3 **Local Government Finance Settlement (LGFS)** – the Council await the Provisional Settlement expected to be announced in December, covering 2025/26. The previous multi-year settlement expired in 2019/20 and for the last five years has simply been rolled forwards as the sector awaits the outcomes of the much delayed Fair Funding Review. We continue to lobby for multi-year settlements that offer some certainty over the level of grants and therefore enable more meaningful planning.
- 7.1.4 **Cost of Living Crisis / Inflation** – As highlighted previously in this report, the Cost of Living Crisis has had a significant impact upon the Council's finances, although this is beginning to reduce.
- 7.1.5 To combat high inflation, the Bank of England Base Rate is increased to reduce spending levels. Whilst this provides a greater return on our investments, this has a significant impact on the interest rates the Council is able to borrow at. With the significant growth in the Capital Programme primarily to deliver additional homes across the district, additional borrowing will be required. Although inflation has reduced back to near the Government's 2% target, interest rates are only just beginning to fall and this is likely to reduce / slow the deliverability of such projects.
- 7.1.6 **Council Tax** – The MTFP is based on the assumption of a maximum 2% increase on a Band D property each year. This may of course not be possible due to Central Government restrictions. This is only likely to be known on an annual basis as each Settlement is announced. Lobbying continues to remove, or relax, the referendum limit
- 7.1.7 **Council Tax Base** – This MTFP must consider the impact of the Cost of Living Crisis on collection rates. Recovery can be estimated back to the normal 98% over the MTFP.
- 7.1.8 **100% Business Rates Retention / Revaluation** – Government had committed to devolve 100% of Business Rates to Local Government in 2015 but this was later reduced to 75% before being abandoned in 2021. As with the fair funding Review, any proposed changes have been significantly delayed, with no changes to be brought in before 2025/26. A full or partial reset of this baseline will divert resources away from Mid Devon. The sector also awaits what transitional measures will be included to smooth this detrimental impact.

7.1.9 **Levelling Up Fund** – The future long term growth relies on the large scale infrastructure projects such as J28, Tiverton Eastern Urban Extension and Culm Garden Village. The Council has to date been unsuccessful in its bids for substantial funding to support the Cullompton HIF Project. As such, the project is delayed and alternative funding sources are being sought. Should a bid be successful, plans to deliver the major infrastructure project will continue. All the while, the costs continue to rise due to the economic climate. Similarly, plans to reopen Cullompton train station are dependent upon government support, and we await formal clarity from the new Government on their direction of travel.

7.1.10 **Homes for Ukraine Scheme** – Part of the national support to the Ukraine is to offer safe housing for those escaping the conflict. Funding measures have already been reduced to support the scheme. Once the scheme ends it is not clear whether there will be options to relocate families to other hosts or to private landlords. Therefore there is a risk that some of those initially covered by the scheme could present as homeless and require the Council to house them. Less, if any, associated funding will be available to cover those additional costs.

7.1.11 **Net Zero Commitments** – The council needs to reflect on the availability of resources or the reprioritisation required to deliver this ambition. Currently the only government assistance is linked to one off bids to deliver specific schemes. We await any national announcements from Government on how this will be funded / prioritised in the future.

7.2 All of the above items highlight once again just how difficult it is to forecast ahead with any degree of accuracy. Nevertheless, the MTFP helps us examine the likely trends to assist in setting realistic capital and revenue budgets going forward.

## 8.0 **Balances and Reserves**

8.1 The Council should look to match on-going spending plans to available in-year resources. However, it currently holds an uncommitted General Fund Reserve with a balance of £2,025k, which is above the current balance of £2m set by Full Council. However, this will be impacted by the outturn position of 2024/25 which is currently forecasting an underspend and therefore an increase in general reserves of £350k.

8.2 The Council holds this reserve for a number of reasons. Firstly to deal with any short term cash flow or funding issues. Secondly to provide a contingency for exceptional one-off acts (i.e. flooding, fire, terrorism, business rate failure, etc.) and, thirdly to provide a buffer for known circumstances whose final affect is unknown (i.e. changes in legislation or major funding changes). Clearly, the more uncertainty that exists, the higher the balance required to

mitigate this risk. This level of minimum reserves is assessed annually to ensure it is adequate.

- 8.3 As stated above, this plan does not include any utilisation of these reserves. However, with the scale of the deficit, it is conceivable that some utilisation could be necessary. If so, this should be on the basis that the reserve is replenished by the end of the MTFP period.
- 8.4 The Council also holds Earmarked Reserves which have been set aside for a specific purpose, such as sinking funds for asset replacement. Although these reserves are ring-fenced and not available to support the budget generally, a review of all Earmarked Reserves is undertaken annually and any identification of funding no longer required to be earmarked can be released and could be used to support the budget. As these funds are one-off, they should not be used to support ongoing expenditure and therefore only delay the requirement for the identification and implementation of a sustainable saving.

## **9.0 Conclusion**

- 9.1 The MTFP will continue to be updated to ensure it is a live document. It is subject to amendment and review by Leadership Team and Members and will provide a clear guide prior to commencing the annual budget setting process in future years.
- 9.2 Like all councils, Mid Devon is facing an ongoing and very challenging financial future. The Corporate Plan aligns to available financial resources so that the District can be best placed to maximise cost effective delivery of its services that are valued by its residents.
- 9.3 It should also be noted that Management will continue to play a pro-active role in both reducing ongoing service costs and exploring new possibilities to raise additional income.
- 9.4 Having a realistic financial plan for the next five years will enable the Council to ensure it is allocating its limited financial resources to its key priorities. The Corporate Plan sets out the Council's goals/objectives over a four year period and must clearly be matched by the financial resources that are available. The previous Government's move from a relatively fixed core funding system to more of a '*payment by results*' process has introduced a lot more uncertainty and volatility for the future of the Council's funding streams, which makes medium term financial planning an even more challenging process. We await the funding approach of the new Government.
- 9.5 Like any strategic plan, the MTFP has been compiled based upon all available information at a fixed point in time. Clearly, as time moves on assumptions will change, Central Government will set new targets, bring in new legislation and adjust funding levels. The Council is aware that the Fair Funding Review may,

in time, bring significant changes in its core funding including a full or partial Baseline reset in Business Rates. Residents' expectations will change, Member priorities will alter and therefore any plans must be flexible enough to cope with major changes. It is not only prudent but imperative that the Council seeks to maintain its reserve levels to the fullest extent possible. Moving forward Members will be provided with regular updates on the financial impact of any variation to what has been previously assumed.

### **Financial Implications**

By undertaking regular reviews of the MTFP the Council can ensure that its Corporate Plan priorities are affordable. The implications of the budget gap are set out within the paper. Many areas require greater clarity, particularly around national funding and possible changes to Government Policy. Therefore a number of key assumptions underpin the reported position, which will be refined as greater clarity is received through the budget setting process.

### **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 makes a number of financial assumptions based on a sensible/prudent approach, taking account of the most up to date professional advice that is available. However, many of these assumptions are open to challenge and due to this fact **Appendix 1** of this report shows the financial effect on key items in the plan if assumptions were to change (this is referred to as sensitivity analysis).

### **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:** 21 August 2024

**Statutory Officer:** Maria De Leiburne

Agreed on behalf of the Monitoring Officer

**Date:** 21 August 2024

**Chief Officer:** Stephen Walford

Agreed by or on behalf of the Chief Executive

**Date:** 21 August 2024

**Performance and risk:** Dr Stephen Carr

Agreed on behalf of the Corporate Performance & Improvement Manager

**Date:** 21 August 2024

**Cabinet member notified:** Yes

### **Section 4 - Contact Details and Background Papers**

**Contact:** Andrew Jarrett – Deputy Chief Executive (S151)

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#### **Background papers:**

- 2024/25 Budget
- 2024/25 Qtr. 1 Budget Monitor