

REPORT TO THE EXECUTIVE



DATE	13th February 2023
PORTFOLIO	Resources & Performance Management
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**Medium-Term Financial Strategy – 2024/25 to 2027/28
Incorporating the Reserves Strategy**

PURPOSE

1. To consider the longer term financial outlook within the context of a Medium-Term Financial Strategy covering the financial years 2024/25 to 2027/28, highlighting uncertainties, underlying risks and make recommendations to Council. The Medium-Term Financial Strategy should be read in conjunction with the Revenue Budget 2023/24 and the associated statutory report of the Chief Finance Officer.

RECOMMENDATION

2. The Executive is asked to recommend to Full Council:
 - 2.1 Approval of the latest Medium-Term Financial Strategy;
 - 2.2 Approval of the Reserves Strategy, as appended to the Medium-Term Financial Strategy; and
 - 2.3 Note that a refreshed document will be provided when required as an aid to monitoring the continued delivery of an annually balanced budget; and
 - 2.4 Note the annual review of the Financial Management Code.

REASONS FOR RECOMMENDATION

3. Professional accounting practice recommends that a medium term financial strategy is in place to ensure that resources are aligned to strategic intent and business objectives. It also provides a firm and robust basis on which to prepare the annual budget. Given the current financial climate, the need for consideration of the medium term financial position is pertinent to ensuring sustainable service delivery and for the Council to remain viable as a going concern.

SUMMARY OF KEY POINTS

4. A Medium-Term Financial Strategy (MTFS) is a key component of the Council's strategic planning process, aligning resources to service priorities and providing early identification of requirements for efficiency and cost improvement programmes. The MTFS provides an overarching framework for, and context to, the preparation of the annual budget. It provides an indicative headline position of the overall financial health of the Council, providing early sight of issues for full consideration by the Council and Executive.
5. Council will be aware that the 2023-27 MTFS was approved in February 2022. This report provides an update to the figures presented in that report based on the details issued by government as part of the provisional financial settlement for 2023/24 in December 2022, as well as incorporating a further year, namely 2027/28. The provisional financial settlement for 2023/24 was a one year settlement.
6. The Strategy has been developed using the latest information available. Assumptions and risks built into the Medium-Term Financial Strategy are documented within the Strategy. The headline reduction, over the four financial years 2024/25, 2025/26, 2026/27 and 2027/28, is a cumulative budget gap of £2.1m (14% of the 2022/23 net budget of £15.322m).
7. The financial environment in which the Council operates within is challenging, particularly within the context of continuing austerity. Given the reduced government funding during austerity and pressures on other income and uncertainty around future funding, the Council endeavours to meet those financial challenges taking a strategic view whilst protecting the quality of services and minimising impact on residents.
8. The Financial Management Code was required to be implemented in 2021/22 and is designed to support good practice in financial management and to assist local authorities in demonstrating their financial sustainability. The FM Code sets the standards of financial management for local authorities.
9. The FM Code is supported by the statutory requirement for all local authorities to have sound financial management. Section 151 of the Local Government Act 1972 requires that every local authority in England and Wales should "*make arrangements for the proper administration of their financial affairs and shall secure that one of their officers has responsibility for the administration of those affairs.*" Compliance with the FM Code will assist local authorities to demonstrate that they are meeting these important legislative requirements.
10. The review of the FM Code was originally presented to Audit & Standards Committee at their meeting 17 March 2022. An annual review of our compliance can be seen at Appendix 2 of this report.

FINANCIAL IMPLICATIONS AND BUDGET PROVISION

9. There are no direct financial implications arising from this report.

POLICY IMPLICATIONS

10. The Medium Term Financial Strategy is a key document in ensuring the delivery of Council objectives and developing the strategic priorities.

DETAILS OF CONSULTATION

11. None

BACKGROUND PAPERS

12. None.

FURTHER INFORMATION

PLEASE CONTACT: **Howard Hamilton-Smith, Head of Finance and Property**

ALSO: **Amy Johnson – Finance Manager**