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## **Performance and Finance Scrutiny Committee**

**1 November 2021**

### **Medium Term Financial Strategy**

#### **Report by Director of Law and Assurance**

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### **Summary**

The attached report is provided by the Director of Finance and Support Services and outlines the current situation in relation to the estimated financial position of the County Council. It reflects the priorities agreed in the Our Council Plan agreed in February 2021.

The report reviews and updates the Medium Term Financial Strategy (MTFS) for the next four years. It considers the primary sources of funding and reviews and updates the assumptions in the strategy. These sources of funding include government grants, business rates, and council tax. The report outlines the uncertainty of future government funding and the potential impact of government initiatives. Key pressures and challenges facing our services are also considered including inflation and service demand pressures.

The budget gap before savings is £71.5m over the next four years, as shown in table 2 of the attached report. This is an increase of £17.6m since the budget was agreed in February 2021. The budget gap for 2022/23 is currently £2.5m.

The forecasts will be updated throughout the autumn as the budget for 2022/23 is set.

### **Focus for scrutiny**

The Committee is asked to scrutinise the content of the report setting out the Medium Term Financial Strategy of the County Council. Key areas for scrutiny include:

- That the MTFS considers the implications of national changes on the County Council's financial position, including those related to the continuing Covid-19 pandemic, and that these are monitored to ensure the Council's financial position is understood and amended as necessary.
- That the financial position of the Council is clearly set out and any growth and/or savings requirements are identified.
- That the assumptions being made when setting out the MTFS are clear.
- That the objectives of the Council Plan are reflected in the available financial envelope.
- That there is sufficient information in terms of risks and how these will be managed and mitigated.

The Chairman will summarise the output of the debate for consideration by the Committee.

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## **Details**

The attached report sets out the financial position of the County Council over the next four years. The report shows that there is currently an estimated budget gap of £2.5m for 2022/23.

The report has been written ahead of the Autumn Budget and Spending Review announcement which is expected on 27 October, any significant changes as a result of that will be highlighted at the meeting. It is important for Members to recognise the particularly challenging circumstances for setting the budget this year with a number of uncertainties around funding including the recent social care announcement and the Business Rates and fair funding reviews. It should be noted that core Government funding will not be confirmed until mid-December (Settlement Funding Assessment). The MTFS is therefore based on a number of assumptions, as detailed in the attached report, which will be reviewed as the budget is developed.

The timeline for agreeing the draft budget is set out in Appendix B.

The background and context to this item for scrutiny are set out in the attached Appendix. As it is a report dealing with internal financial matters only the Equality, Human Rights, Social Value, Sustainability, and Crime and Disorder Reduction Assessments are not required.

### **Tony Kershaw**

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### **Contact Officer**

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### **Contact for financial implications**

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## **Appendices**

Annex Medium Term Financial Strategy and Council Plan  
Appendix A Savings 2022/23

Appendix B Budget Timeline for Member Engagement 2021/22

## **Background papers**

None