
Performance and Finance Scrutiny Committee

7 September 2023

Update on Council Plan and Medium Term Financial Strategy

Report by Director of Law and Assurance

Summary

The attached report by the Director of Finance and Support Services outlines the Council's integrated planning and budget setting for 2024/25. It provides the estimated financial position of the County Council in the context of the priorities in the Council Plan agreed in February 2023.

The report sets out the priorities for the Council including meeting service responsibilities, joint working, collaboration and economic development. It reviews and updates the Medium Term Financial Strategy (MTFS) for the next five years and sets out the principles that should be adhered to for setting a sustainable balanced budget and ensuring the council is providing value for money.

The report includes information on the key risks and pressures for the period, the budget gap, capital strategy and school budgets. The main pressures and challenges facing services are also considered.

The budget gap before consideration of further savings or Council Tax increases is identified as £171m over the next five years, as shown in table 1 of the attached report. The budget gap for 2024/25 is £45m before any Council Tax increases.

The report attached was agreed by Cabinet in July. The Chairman of the Committee has requested additional information to enable consideration of arrangements in place to provide assurance for financial resilience and sustainability of the County Council linked to risk number 22 on the corporate risk register. This has been requested due to the recent press coverage of some local authorities experiencing significant financial issues. This information is included in Appendix A.

The report sets the foundations for the 2024/25 budget setting process for which formal reporting will start in Autumn 2023 before the final budget for next year is considered by the County Council in February 2024.

Focus for scrutiny

The Committee is asked to scrutinise the report on the Council Plan and Medium Term Financial Strategy. Key lines of enquiry for scrutiny include:

- That work to update the Council Plan and Medium Term Financial Strategy (MTFS) takes into account the right internal and external factors and that the impact on the Council's financial position over the next five years is fully described and understood.
- That the financial position takes proper account of pressures within the current year and considers whether these are short or long term

- That the report takes account of the best available data and evidence on future demand and income pressures for medium term planning
- That inflationary pressures are understood and adequately reflected across the five years based on latest forecasts by the Office for Budget Responsibility
- That the approach to balancing the budget through reduced costs and increased income sets good foundations for being able to set a balanced budget for 2024/25 and future years
- That the objectives of the Council Plan can be achieved within the available financial envelope
- That there is sufficient information in terms of risks and how these will be managed and mitigated, including through the provision of a contingency and uncommitted reserves
- That there is an appropriate level of assurance provided in the approach taken by officers and Cabinet in mitigating risk number 22 on the corporate risk register on financial stability.

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

1. Details

- 1.1 The attached report, agreed by Cabinet on 25 July, gives an up-date on the Council Plan and the financial position of the Council over the next five years.
- 1.2 The report aims to help with the foundations for setting the budget for next year as well as giving a longer-term outlook of the Council's financial position.
- 1.3 It is a challenging time for all local authorities and, over the last 12 months, some have published concerns about their financial stability and resilience. In considering its financial position and financial sustainability, the County Council will need to ensure it takes into account all of the information required to ensure sound and considered decision-making and has available the policies, tools, resources and advice to provide assurance that this is the case and that it takes a prudent and informed approach to mitigating identified risks. Appendix A is provided to explain how this works within the Council.
- 1.4 As this 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.

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Appendices

Appendix A – Financial Resilience and sustainability of the County Council

Appendix B – report to Cabinet 25 July 2023 Up-date on Council Plan and Medium Term Financial Strategy

Background papers none