

<b>CABINET</b>	<b>AGENDA ITEM No. 11</b>
<b>10 JULY 2023</b>	<b>PUBLIC REPORT</b>

Report of:	Executive Director of Corporate Services and S151 Officer	
Cabinet Member(s) responsible:	Councillor Andy Coles, Cabinet Member for Finance and Corporate Governance	
Contact Officer(s):	Cecilie Booth, Executive Director of Corporate Services and S151 Officer Emma Riding, Service Director Financial Management & Deputy S151 Officer	Tel. 452520

**MEDIUM TERM FINANCIAL STRATEGY 2024-2027 QUARTER 1 UPDATE**

<b>RECOMMENDATIONS</b>	
<b>FROM: Cabinet Member for Finance and Corporate Governance</b>	<b>Deadline date: N/A</b>
<p>It is recommended that Cabinet:</p> <ol style="list-style-type: none"> <li>1. Consider and note the revised financial assumptions included within this Medium-Term Financial Strategy 2024-2027 Quarter one update.</li> <li>2. Approval the revised disposal plan.</li> </ol>	

**1.0 ORIGIN OF REPORT**

1.1 This report comes to Cabinet as part of the Council’s process for developing a Medium Term Financial Strategy (MTFS) and budget setting process.

**2.0 PURPOSE AND REASON FOR REPORT**

**2.1 Purpose**

This report is submitted for Cabinet to consider under its Terms of Reference No. 3.2.1, “To take collective responsibility for the delivery of all strategic Executive functions within the Council’s Major Policy and Budget Framework and lead the Council’s overall improvement programmes to delivery excellent services.”

**2.2 Background**

The Council's MTFS financial assumptions will be reviewed and updated on a quarterly basis to provide an accurate and up to date position, reflective of the financial challenges facing the Council. A draft MTFS and all associated strategies such as the capital and treasury management strategy will be published in January 2024 and will be supported by an annual budget plan which will set the revenue and capital budgets for the following financial year.

The MTFS forms a key part of the Council’s Performance and Improvement Framework. This aims to demonstrate that the Council's finances over the medium term are secured to deliver the Council's priorities over the next three years from 2024/25 to 2026/27. Preparation of an MTFS is good financial practice. It’s an important part of understanding the Council’s financial challenges and risks, its financial resilience, and sets out the strategy to deliver long term financial sustainability and viability.

The key objectives of the MTFS are:

- To ensure the effective financial planning and management of the Council's finances
- To ensure that the Council is financially resilient - in line with the City Priority 'Sustainable Future City Council'
- To maximise the income from Council tax, business rates, and fees and charges to support the priorities of the Council
- To continue to improve value for money by managing our people and money more effectively and efficiently by streamlining, seeking best practice and driving value from commissioning and procurement exercises. Whilst at the same time seeking to minimise the impact of budget savings on priority services.

This approach also follows our Budget Principles which were set out and approved as part of our [Budget Consultation](#) document in December last year. These underpin the Council's budget decisions and seek to limit the impact of budget cuts on the city's most vulnerable residents:

- We'll continue to manage budgets carefully, with control on expenditure ensuring the best possible services and strive to obtain value for money for the taxpayer.
- We'll be responsible and strive to become a financially sustainable Council by developing a robust rolling three-year Medium Term Financial Strategy.
- We'll produce a Medium Term Financial Strategy which supports our net zero carbon objectives and helps us create a Council which is environmentally as well as financially sustainable
- We'll set a direction of travel to improve the Council's financial health and resilience by increasing reserves balances and reducing our borrowing where appropriate. This will be outlined within our annual Reserves Policy and Capital Strategy.

## 2.3 EXECUTIVE SUMMARY

The financial landscape which the Council has been operating in has been constantly changing, particularly in recent years with a global pandemic, a war in Ukraine and a cost-of-living crisis. This together with a rapidly rising population has meant the Council has had to contend with increasing demand for services at the same time as soaring inflation driving up the cost of delivering those services and core grant and funding that hasn't kept pace.

Despite this the delivery of the Council's improvement programme over the last 18 months has meant the Council set a balanced budget for 2023/24, with a Medium-Term Financial Strategy outlining gaps of £0.5m in 2024/25 and £1m in 2025/26. Additionally, the Council's final revenue outturn position for 2022/23 was a £0.6m underspend, demonstrating that the actions taken by officers and members have been effective.

Although the Council is progressing in the right direction, a number of risks still remain, which require close monitoring and mitigation. Some risks are externally driven and beyond the Council's control, for example the high rates of Inflation, impacting the cost of delivering services and driving national pay award negotiations. There is also a strong requirement for the Council to continue to manage expenditure levels within its funding envelope, deliver preventive and early intervention measures to contain demand and successfully deliver the programme of savings and transformation plans.

The Corporate Leadership Team and officers will continue to build on the momentum gained, working closely with Cabinet and the Financial Sustainability Working Group to develop savings and transformation plans and explore ways to support the Council to achieve financial sustainability. The Independent Improvement and Assurance Panel, will also continue to provide additional challenge, scrutiny and advise on our plans to ensure they are robust and provide best value.

Four officer-led Priority Boards have now been established to deliver transformation on key works streams enabling the Council to meet its aims outlined in [Our City Priorities](#). The Four City Priorities include:

- **The Economy & Inclusive Growth** - maximising economic growth and prosperity for Peterborough as a city of opportunity in an inclusive and environmentally sustainable way, together with our partners and communities.

- **Our Places & Communities** – creating healthy and safe environments where people want to live, work, visit and play, enabled by effective community engagement and strong partnerships.
- **Prevention, Independence & Resilience** - help and support our residents early on in their lives and prevent them from slipping into crisis.
- **Supported by a Sustainable Future City Council** - adjust how we work, serve and enable, informed by strong data and insight capability and led by a culture of strong leadership.

Further details of the programmes being progressed by these boards are included within section 2 of Appendix A.

This quarter 1 MTFS 2024-2027 report, provides an update on the projected financial position taking account of the latest funding updates and the strategic direction of the Council. It is important to note that these are assumptions and provide an indication of our budget gap based on the current economic climate and local assumptions. As part of the MTFS and budget process these will be refined.

<b>Table 1: Revised Budget Position</b>	<b>2023/24 £000</b>	<b>2024/25 £000</b>	<b>2025/26 £000</b>	<b>2026/27 £000</b>
Funding	202,634	217,262	224,972	230,791
NRE	202,634	222,363	231,071	241,299
<b>Aggregated Budget Gap</b>	<b>0</b>	<b>5,101</b>	<b>6,100</b>	<b>10,508</b>
<b>Incremental Budget Gap</b>		<b>5,101</b>	<b>999</b>	<b>4,408</b>
<b>Aggregated Budget Gap breakdown</b>		<b>2023/24</b>	<b>2024/25</b>	<b>2025/26</b>
2023/24		5,101	5,101	5,101
2024/25			999	999
2025/26				4,408
		<b>5,101</b>	<b>6,100</b>	<b>10,508</b>

Appendix A outlines the full MTFS quarter one update which includes details on the following:

- Revised expenditure and funding assumptions
- Sensitivity analysis
- Strategic Direction and Key Transformation Programmes for 2023/24- 2026/27
- Budget Risks

### 3.0 TIMETABLE

Table 2 outlines the key meeting dates in relation to the MTFS and the Budget for 2024/25:

**Table 2: Timetable**

<b>Date</b>	<b>Meeting</b>	<b>Report/ meeting notes</b>
10/07/2023	Cabinet	MTFS Q1 update
18/09/2023	Cabinet	MTFS Q2 update- including the launch of a budget simulator tool
18/09/2023	Consultation	Launch Budget Simulator
30/10/2023	Consultation	Close Budget Simulator
13/11/2023	Cabinet	MTFS Q3 update- including feedback from the Budget Simulator
04/12/2023	Cabinet	Launch Budget Consultation
04/12/2023	Consultation	Launch Budget Consultation
18/12/2023	Cabinet	Council Taxbase and Collection Fund Position
07/01/2024	Consultation	Close Budget Consultation
22/01/2024	Joint Scrutiny	Draft MTFS (Q4 update) & Budget Report and recommend any changes to Cabinet

12/02/2024	Cabinet	To approve the Final MTFS (Q4 update) & Budget Report and recommend to Council
21/02/2024	Council	To approve the Final MTFS & Budget Report including: MTFS Q4 update Treasury Management Capital Strategy Reserves Strategy Asset Management Plan Budget Setting Report, including: * Council Tax Resolution * Any Final amendments as a result of the Final settlement * Revenue and Capital Budgets for 2024/25 * Section 25 (Robustness)Statement

In addition to the timetable above, all budget proposals including savings, investment and revised financial assumptions and consultation feedback are considered within the following groups:

- **Budget- Corporate Leadership Team (CLT)**- made up of the Council’s corporate directors and finance officers as support.
- **Cabinet Policy Forum (CPF)**- informal meeting of Cabinet.
- **Financial Sustainability Working Group (FSWG)**- Cross-party working group focussed on supporting the delivery of financial sustainability for the Council. During the year, this group has convened on a monthly basis to consider the Councils financial position and develop proposals to support the Councils budget position.
- **Independent Improvement and Assurance Panel (IIAP)**- who are experts in specific fields of local government to challenge, scrutinise and advise on our budget proposals to ensure they are robust and provide best value.

#### 4.0 CORPORATE PRIORITIES

The Budget and MTFS forms a key part of the Council’s Performance and Improvement Framework and aims to demonstrate that the Council's finances over the medium term are secured to deliver the Council's priorities over the next three years.

This therefore supports all the Council’s priorities, but forms a key element of the Council’s budget setting process, therefore it is strongly geared towards enabling the Council to deliver on the following priority:

- *‘Supported by a Sustainable Future City Council - adjust how we work, serve, and enable, informed by strong data and insight capability, and led by a culture of strong leadership.’*

#### 5.0 TIMESCALES

Is this a Major Policy Item/Statutory Plan?	<b>NO</b>	If yes, date for Cabinet meeting	<b>N/A</b>
Date for relevant Council meeting	<b>N/A</b>	Date for submission to Government Dept.	<b>N/A</b>

#### 6.0 CONSULTATION

- 6.1 This report seeks to provide Cabinet with an update on the Councils MTFS, and no formal recommendations are being made which require consultation.

## **7.0 ANTICIPATED OUTCOMES OR IMPACT**

7.1 For Cabinet to note the revised Medium Term Financial Strategy assumptions outlined within the report.

## **8.0 REASON FOR THE RECOMMENDATION**

8.1 This report provides an update on the Council's Medium Term Financial Strategy and will support the delivery of the Council setting a lawful and balanced budget for 2024/25.

The Disposal Plan outlined in Appendix B is an updated version of the [plan](#) presented to Cabinet in September 2022, and is in line with the Council's outline Asset Management Plan, approved by Council on 22 February 2023.

## **9.0 ALTERNATIVE OPTIONS CONSIDERED**

9.1 No alternative option has been considered.

## **10.0 IMPLICATIONS**

### **10.1 Legal Implications**

This is a finance report updating on the current financial position. There are no specific legal implications.

### **10.2 Human Resources implications**

No specific implications in this report.

### **10.3 Equality Impact Assessments**

No specific implications in this report.

### **10.4 Carbon Impact Assessments**

No specific implications in this report.

## **11.0 BACKGROUND DOCUMENTS**

No specific background documents used.

## **12.0 APPENDICES**

12.1 Appendix A – Medium Term Financial Strategy 2024 – 2027 (Q1 update)  
Appendix B - Disposal Plan

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