

DECISION-MAKER:	CABINET		
SUBJECT:	MEDIUM TERM FINANCIAL STRATEGY - QUARTER 2 UPDATE		
DATE OF DECISION:	29 OCTOBER 2024		
REPORT OF:	COUNCILLOR LETTS DEPUTY LEADER AND CABINET MEMBER FOR FINANCE AND CORPORATE SERVICES		
<u>CONTACT DETAILS</u>			
Executive Director	Title:	Executive Director Enabling Services and S151 Officer	
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STATEMENT OF CONFIDENTIALITY			
Not Applicable			
BRIEF SUMMARY			
The report outlines the quarterly update of the Medium Term Financial Strategy (MTFS) and progress made in addressing the budget gap for 2025/26 and in future years.			

RECOMMENDATIONS:

	Cabinet is recommended to:	
i)	Note the updated medium term financial forecast as set out in Appendix 1.	
ii)	Approve indicative cash limits as a planning guide, recognising these may be refined and updated during the budget process, as set out in paragraph 70 of Appendix 1.	
iii)	Agree the next steps to developing the MTFS and creating a balanced budget, including the development of service business plans to enable Directorates to manage within the cash limit targets.	

REASONS FOR REPORT RECOMMENDATIONS

1.	The MTFS is a dynamic plan which requires regular review and update to ensure the council has clear oversight of its medium term financial position, therefore it is best practice to bring updates revising the assumptions and progress on the plan.
2.	There is also a need to bring forward proposals to set out how the budget shortfall for 2025/26 will be addressed.

ALTERNATIVE OPTIONS CONSIDERED AND REJECTED

3.	The council is legally obliged to set a balanced budget for 2025/26 and it would be imprudent not to review progress towards achieving this requirement.
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DETAIL (including consultation carried out)

	Quarter 2 Update
4.	The council's 2024/25 budget was balanced using £39M of Exceptional Financial Support (EFS) from the Government. This support is for one year only and the council must address the structural deficit in its revenue budget in order to be able to set a balanced budget for 2025/26 and return to a sustainable financial footing. A comprehensive transformation programme – adapt grow thrive - has been put in place to address the structural deficit and an update on that programme is reported elsewhere on this agenda.
5.	Appendix 1 outlines the effect of the transformation programme on the medium term financial forecast, provides an update on other changes to the MTFs and sets out the next steps to setting a balanced budget for 2025/26.
RESOURCE IMPLICATIONS	
<u>Capital/Revenue</u>	
6.	The revenue and capital implications are contained in the report. The strategy to fund the costs of transformation is to use capital receipts as the first call as the expenditure is one off in nature. For prudence however, the MTFs assumes the transformation programme is funded from borrowing up to the sum of the EFS application (£10.6M). The estimated cost of financing this borrowing is £0.96M per annum.
<u>Property/Other</u>	
7.	None.
LEGAL IMPLICATIONS	
<u>Statutory power to undertake proposals in the report:</u>	
8.	Budget reports are consistent with the Section 151 Officer's role to align budget with the aims of the council and also the duty to ensure good financial administration.
<u>Other Legal Implications:</u>	
9.	None.
RISK MANAGEMENT IMPLICATIONS	
10.	Risk management implications are contained in the report.
POLICY FRAMEWORK IMPLICATIONS	
11.	None.

KEY DECISION? No

WARDS/COMMUNITIES AFFECTED:	All
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SUPPORTING DOCUMENTATION

Appendices

1.	MTFS Quarter 2 Update
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Documents In Members' Rooms

1.	None
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Equality Impact Assessment

Do the implications/subject of the report require an Equality Impact Assessment (EIA) to be carried out?	No
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Privacy Impact Assessment

Do the implications/subject of the report require a Privacy Impact Assessment (PIA) to be carried out?	No
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Other Background Documents

Equality Impact Assessment and Other Background documents available for inspection at:

Title of Background Paper(s)	Relevant Paragraph of the Access to Information Procedure Rules / Schedule 12A allowing document to be Exempt/Confidential (if applicable)
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1.	The 2024/25 Budget and Medium Term Financial Strategy (Council 6 March 2024)	
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