

MEDIUM TERM FINANCIAL STRATEGY AND SAVINGS UPDATE

Item CB 23/105 referred from (Extraordinary) Cabinet of 5 December 2023

The report provided an update on the Medium Term Financial Strategy (MTFS) and set out the savings identified that would assist in meeting 'tranche 1' of the latest savings targets. Proposals for the allocation of the one-off windfall sum, highlighted in the 'Financial Planning and Control 2023/24' report to Cabinet in October were also set out.

As the budget cycle for 2024/25 was in progress, the financial issues impacting on the MTFS were highlighted and included uncertainty around the level of inflation, the local government financial settlement, the Fair Funding Review and the future of New Homes Bonus as well as many other factors. Whilst uncertainty regarding future settlements and economic factors did not help with financial planning, it was possible that the Borough Council could benefit from a later Fair Funding Review and Business Rates reset. Current calculations, based on best information to date and savings identified and incorporated into Estimates (as detailed in 1.5.1), the funding gap was now in the region of £1.78m.

Particular reference was made to the savings target and it was reported that it was unlikely that Tranche 1 would be fully met by the time the Budget was set in February 2024. Given the change in administration and make-up of the Borough Council since the local elections in May 2023, it was proposed by Councillor Tanner and seconded by the Leader that the Tranche 1 target be divided into 2 parts, with the Tranche 1a target being set at £195k and Tranche 1b at £305k. This was supported by Cabinet on the grounds that provided that the full tranche was met by the time the budget was set for 2025/26 there would be a limited effect on the overall MTFS. It was felt appropriate that the Finance, Regeneration and Property Scrutiny Select Committee give consideration to potential savings for Tranche 2 onwards and how these could be implemented.

To ensure the continued financial sustainability of the Borough Council, urgent and concerted effort was necessary in identifying significant savings targets for tranches 2 onwards.

Finally, reference was made to the 'one-off' windfall of almost £2m received from HMRC in respect of the treatment of sports and leisure activities. A number of proposals for the use of this 'windfall' were detailed in 1.6.3.

RECOMMENDED*: That

- (1) the latest forecast of the Medium Term Financial Strategy and the funding gap, now estimated to be £1.78m after incorporating £120k of savings into Draft Estimates, for 2024/25 (as detailed in 1.5.1) be noted;
- (2) the progress with the Savings and Transformation contributions for Tranche 1, as set out in 1.5.1 be noted;
- (3) the Tranche 1 savings target be divided into two parts, with a target saving of £195k in Tranche 1a and £305k in Tranche 1b;
- (4) the Finance, Regeneration and Property Scrutiny Select Committee give consideration to potential savings for Tranche 2 onwards and how these could be implemented; and
- (5) the proposals set out in 1.6.3 in respect of the windfall sum be commended to Council for approval.

***Recommended to Council**