

# Medium Term Financial Plan Update



<b>Report to:</b>	Cabinet
<b>Date:</b>	30 November 2023
<b>Portfolio Holder:</b>	Councillor Dan Swords, Leader of the Council
<b>Lead Officer:</b>	Andrew Bramidge, Chief Executive (01279) 446002
<b>Contributing Officers:</b>	Simon Freeman, Deputy Chief Executive and Director of Finance (01279) 446228 Simon Hill, Director of Governance and Corporate Services (01279) 446099 Neil Euesden, Interim Director of Housing (01279) 446416
<b>Key Decision:</b>	Yes
<b>Forward Plan:</b>	Forward Plan number I015981
<b>Call In:</b>	This item is not subject to call in procedures as it stands as a recommendation to Full Council
<b>Corporate Priorities:</b>	All Corporate Priorities
<b>Wards Affected:</b>	None specifically

**Recommended that** Cabinet recommends to Full Council that:

- A** The Medium-Term Financial Plan 2024 - 2028, attached as Appendix A to the report, be approved.

## **Reason for decision**

- A** To enable Cabinet to consider the current factors influencing the four-year Medium Term Financial Plan and agree the financial strategy for the period 2024/25 to 2027/28 in support of the overall financial plans of the council over that period and the delivery of its priorities.

## **Other Options**

- A** Considerations of other options do not apply; the agreement of the Budget policy framework for the council is laid out in the council's constitution and is a matter for determination by Full Council.

## **Background**

1. The purpose of the Medium-Term Financial Plan (MTFP) is to provide the strategic framework and a forward-looking approach for financial resilience, to achieve long term sustainability. It is central to the delivery of priority outcomes in the Corporate Plan in an affordable and sustainable way. It aids robust and methodical planning as it forecasts the council's financial position, taking into account known pressures, major issues affecting the council's finances, including international, national, sub-regional and the district's economic influences as well as local priorities and factors.
2. The 6 key objectives of the MTFP are to:
  - a) Provide financial parameters within which budget and service planning should take place;
  - b) Ensure the council sets a balanced and sustainable budget;
  - c) Focus and re-focus the allocation of resources so that, over time, priority areas receive additional resources ensuring services are defined on the basis of a clear alignment between priority and affordability;
  - d) Ensure the council manages and monitors its financial resources effectively so that spending commitments do not exceed resources available in each service area;
  - e) Plan the level of fees, charges and taxation in line with levels that the council regard as being necessary, acceptable and affordable to meet the council's aims, objectives, policies and priorities whilst meeting the need to reduce the council's reliance on central government funding; and
  - f) Ensure that the council's long term financial stability and viability remain sound.

## **Issues/Proposals**

3. The MTFP provides the parameters for the council's revenue spending and capital investment plans for the next four years. The revision of the MTFP has incorporated current known national and local assumptions and reflects an anticipated 2024/25 general fund financial position which forecasts a revised budget gap of £1.728 million for the next financial year and ongoing budget deficits over the MTFP planning period.

4. The Housing Revenue Account and Capital Investment plans continue to be developed and additional detail relating to those key areas of the council's activity will be incorporated in to the MTFP update to be reported in February 2024 alongside the rent and council tax setting proposals.
5. There are a number of key issues which could impact on the plans set out in Appendix A over the 4-year planning period including:
  - a) The medium term economic impacts which continue to impact the council, particularly in respect of reduced income, following COVID-19 and the cost of living crisis.
  - b) The uncertainty regarding the Government's intentions regarding public sector funding, which has again seen just a one year financial settlement, and an absence of any longer term indications to provide clarity for planning purposes;
  - c) Potential inflationary pressures expected in 2024/25 and the possibilities of future interest rate rises impacting on future debt financing costs; and
  - d) Any further Government interventions in rent setting policy in the future;
  - e) Any changes to capital financing and investment regulations that may be implemented prior to or post budget setting.
6. The report outlines the approach to the budget setting process for 2024-25 and context in which this is being undertaken. There remain several variables and unknown matters that will impact the final budget and MTFP not least of which will be the PLGFS 2024 which will not be released by the Government until at least mid-December. An updated four-year MTFP will therefore be presented to Cabinet in February alongside the 2024/25 budget papers including General Fund, HRA and Capital plans. Any updates that may be possible following the release of Autumn Statement will be verbally updated at the Cabinet meeting.

## **Implications**

### **Equalities and Diversity**

This report is to approve the MTFP for Harlow Council but does not require an Equality Assessment as the recommendations will not have a disproportionate adverse impact on anybody with a protected characteristic. Individual schemes and projects that come forward may require an equality impact assessment.

### **Climate Change**

This report has no direct impact on climate change, however individual projects and service will have an impact and would have been considered within the commentary of the report.

## **Communities and Environment**

The MTFP sets a framework for the funding of council services including key Community and Environment services.

Author: Simon Freeman, Deputy Chief Executive and Director of Finance

## **Finance**

The MTFP is a key component in the efficient and effective management of the Council's financial resources. Financial implications are contained within the report.

Author: Simon Freeman, Deputy Chief Executive and Director of Finance

## **Governance and Corporate Services**

The MTFP is part of the budgetary framework that is set out within the constitution. It is required to be reviewed on an annual basis and approved by Full Council

Author: Simon Hill, Director of Governance and Corporate Services

## **Housing**

None specific. Housing finance will be covered fully in the Housing Revenue Account Business Plan which will be reported within the Budget Report in February 2024.

Author: Neil Euesden, Interim Director of Housing

## **Strategic Growth and Regeneration**

Regeneration plans are included within the MTFP (Appendix A) and is aligned to the missions within the corporate plan.

Author: Andrew Bramidge, Chief Executive

## **Appendices**

Appendix A – Medium-Term Financial Plan

## **Background Papers**

None.

## **Glossary of terms/abbreviations used**

MTFP – Medium Term Financial Plan

Further terms are included within Appendix A.