

**Report for: Cabinet**

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Date of Meeting:	19 September 2023
Subject:	Medium Term Financial Plan – General Fund (GF)
Cabinet Member:	James Buczkowski – Cabinet Member for Finance
Responsible Officer:	Andrew Jarrett – Deputy Chief Executive (S151)
Exempt:	N/a
Wards Affected:	All
Enclosures:	Appendix 1 – Sensitivity Analysis Appendix 2 – MTFP Summary Position

**Section 1 – Summary and Recommendation(s)**

To present to Member's the updated Medium Term Financial Plan (MTFP) which covers the period 2024/25 to 2028/29 and takes account of the Council's key strategies (i.e. the Corporate Plan, Business Plans, Treasury Management Plan, Asset Management Plan, Work Force Plan and Capital Strategy) and demonstrates it has the financial resources to deliver the Corporate Plan. This models potential changes in funding levels, new initiatives, unavoidable costs and proposed service savings.

**Recommendation(s):**

**That Cabinet Members:**

- 1. Note the updated MTFP's for the General Fund covering the years 2024/25 to 2028/29**
- 2. Agree the principles and endorse the approach to balancing the General Fund Revenue Budget outlined in paragraph 6.2.**
- 3. Seek recommendations from the Policy Development Groups on the appropriate fees for Services to charge and the services areas where savings should be sought and to what level.**

## **Section 2 – Report**

### **1.0 Introduction and purpose of the Medium Term Financial Plan**

- 1.1 The main purpose of the MTFP is to show how the Council will strategically manage its finances in order to support the delivery of the priorities detailed in the Corporate Plan 2020 – 2024 and future years beyond that plan. This will importantly need to take account of the new council administration in their emerging corporate plan ambitions
- 1.2 The MTFP links the financial requirements, constraints and objectives included in all the key planning documents of the Council (i.e. Asset Management Plan, Treasury Management Strategy, Work Force Plan, and Business Plans) which culminate in the Corporate Plan.
- 1.3 The MTFP has been a key corporate requirement for a number of years and is an essential part of the budget setting process. It provides a financial model which forecasts the cost of providing Council services over a future rolling five year period, together with an estimate of the financial resources that will be available. This model provides an early warning mechanism if there is a significant budget gap between estimated costs and available resources.
- 1.4 The MTFP helps strategically plan the budget setting process, but of equal importance, gives Management and Members an overview of future budget gaps so strategic decisions can be made over levels of future spending, Council Tax levels, policies for fees and charges, asset investment or disposal, etc.
- 1.5 In addition to considering the General Fund financial position, the MTFP also reviews the affordability of the Council's Capital Programme over the same five year period. It forecasts required capital projects (in the main focusing on essential asset replacement and health and safety items) matched against potential capital receipts and grant funding. Note however, at this time, the financing requirement included reflects the 2023/24 Capital MTFP as it is currently being refreshed. The update will be brought back to Cabinet later in the budget cycle.
- 1.6 In addition to these two key areas of Council expenditure, the Council also prepares an MTFP for the Housing Revenue Account. This also shows a five year programme and outlines the key issues affecting the HRA costs and income streams from April 2024 onwards. Once again, the 2023/24 Capital MTFP as it is currently being refreshed as there are significant implications arising from the Capital Programme. The update will be brought back to Cabinet later in the budget cycle.
- 1.7 Therefore this report focuses solely on the General Fund Account.

## 2.0 Framework for the Medium Term Financial Plan

- 2.1 The starting base for the MTFP is the 2023/24 approved budget, which is then adjusted for any supplementary estimates approved by the Council or any significant budget variances identified in the monthly budget monitoring report to the Cabinet.
- 2.2 This base then has to be adjusted for unavoidable costs, such as, pay increases, inflation, service pressures associated with new legislation, a growing residential or business property base or improving performance, etc. The MTFP will also consider forecasts for investment receipts and income from fees and charges.
- 2.3 Finally the MTFP considers and makes assumptions regarding future levels of funding, in particular Council Tax including the potential growth in tax base, Business Rates again including any movement in the baseline as well as changes in the reliefs, multipliers and overall retention levels. Forecasts are also made for the likely level of future Central Government funding.
- 2.4 The MTFP models an overall aggregated position for the Council based on a range of assumptions. This then predicts an overall budget position, which can highlight a potential budget gap and then propose remedial action which can be taken to resolve it. Clearly, these assumptions can be challenged. They will vary due to changes in the local, national and international economic position and of course, the ongoing consequences of the Cost Of Living Crisis will have implications, not only for the current year, but also for the years to come.
- 2.5 The development of a five year financial model is based on a number of assumptions and perceived risks. These become more difficult to predict the further into the future you consider. In general terms a prudent/reasonable approach has been taken regarding forecasts, professional accounting guidance has been followed and external technical opinion has been sought where necessary. As a consequence, **Appendix 1** illustrates possible risks within the plan and the potential financial sensitivity to changes in the assumptions.
- 2.6 The following underlying principles have been adopted as a base assumption during the life of the MTFP:
  - 2.6.1 Principle 1 – General Fund Reserves
    - Each year the Council will target a balanced revenue budget without the use of General Fund reserve balances. The level of predicted deficits over the period of this plan may ultimately require the application of reserves to a degree to achieve the mandatory balance. However, this option is not

reflected in the numbers presented and must only be considered as a last resort;

- The Council faces considerable financial risks that can have a potentially significant and immediate impact on its finances. The MTFP will attempt to ensure that the General Fund Reserve balance does not fall below the current minimum agreed level (£2m). However, this floor may be revised in light of the financial position and likely risks, or breached as a last resort to achieve a balanced budget. Nb these considerations will need to be reflective of the challenge inherited from the temporary measures agreed when setting the 2023/24 budget where over £1m of unspecified savings targets were agreed.

#### 2.6.2 Principle 2 – Optimise Income Generation

- Council Tax funds the largest share of the Council's budget. Annual increases will be kept within Government set guidelines. In reality this now gives the Council very little scope to significantly increase Council Tax income as the recent nationally prescribed referendum rate has been limited to a maximum of 2% or £5. This plan assumes that this rate will remain unaltered throughout the five year cycle;
- The Council will continue to look at opportunities to generate additional sustainable income. This could be through reviews of existing Fees and Charges or through new charges for discretionary services. Such charges should be set at levels that are appropriate and proportionate to the costs of the service they are delivering and the market within which they operate. The Council will continue to explore new commercial opportunities (as a 'business as usual' model is clearly no longer deliverable).

#### 2.6.3 Principle 3 – Allocation of Revenue Resources

- Resources will be directed to high priority and statutory services and hence away from low priority services, which will likely result in less investment in discretionary areas. With the exception of spend to save projects on lower priority services that can either cut future costs or increase revenue to enable cross subsidisation of higher priority services;
- It will seek to deliver further efficiency in its service delivery models and secure procurement savings in its new contractual arrangements which will then be factored into future spending plans.

#### 2.6.4 Principle 4 – Allocation of Capital Resources

- The Council will continue to prioritise schemes, for instance to generate income, to meet corporate objectives and to enhance its asset base;

- The Council will continue to ensure it provides Value for Money through the efficient and effective use of its assets. The Council will look to dispose of surplus assets in order to maximise capital receipts and reduce ongoing revenue maintenance costs associated with holding the asset. Careful consideration will also need to be used to ensure the maximum market value is achieved when disposing of assets;
- Prudential borrowing will only be made during the life of the MTFP after the production of a fully costed business case that demonstrates how the investment meets the Council's policy objectives, has exhausted all other external funding routes and delivers measurable improvement within a reasonable payback period;
- The Council will keep its internal borrowing under review and when appropriate will consider the potential to fix rates in the medium to long term to manage the risk and potential financial impact of interest rate increases. Consideration will also be given to whether the most appropriate funding mechanism is to fully utilise cash balances and undertake short-term borrowing to meet cash flow requirements. The Council continues to consult specialist advice to keep this under review.

2.7 These are all underpinned by a culture of Budget Ownership across all services.

### **3.0 Background to the Medium Term Financial Plan**

3.1 Given this is a new administration, Members should be aware that this MTFP has been developed against a backdrop of:

- Austerity – an aggregate cut in Central Government Grant of c£5m during the austerity measures put in place since 2010/11 and been replaced with lower levels of more volatile funding sources e.g. New Homes Bonus, Business Rates and numerous one-off grants;
- Covid-19 – service income through fees and charges in some areas is only just recovering to pre-covid-19 levels, i.e. Leisure and Car Parking;
- The invasion of Ukraine significantly impacted the availability and therefore price of energy and fuel, leading to A Cost of Living Crisis not seen since the early 1980's. It has required the reallocation of Council resources into supporting the Government with their Energy Rebate and Homes for Ukraine schemes;
- Locally, resources previously realigned to manage the Government's response to the Pandemic and Cost of Living Crisis are again only just returning to their substantive roles;
- Nationally, the cost of the Pandemic and Cost of Living Crisis has been significant, with the government's gross debt being £2.537bn (100.5% of

GDP) with the net borrowing £24.4bn<sup>1</sup>. This indicates that austerity measures are likely to continue

- Political change at a national level leading to uncertainty and emergency policy decisions being taken that have unsettled the financial markets. Interest rates have soared to combat the high inflation as is now expected to reduce at a slower rate.

Yet the Council continues to deliver a wide range of well performing services.

- 3.2 There are still some fundamental issues that have not been resolved or are still to be fully evaluated. These issues may either improve or worsen the summary budget position currently reported and are covered in Section 7 of this report.

#### **4.0 Current In-Year Monitoring Position and associated actions taken**

- 4.1 As outlined above, the MTFP takes into consideration the current financial position against the 2023/24 base budget. There is significant pressure on the budget arising from the decisions taken to balance the 2023/24 budget cost, namely the £400k staffing vacancy target and the £625k draw from reserves. In line with the principles outlined in Section 2, these are not rolled forward into 2024/25. However, despite this in-year £1,025k challenge, the Qtr. 1 forecast indicated an over spend of £527k on the General Fund, indicating that £498k has been offset, albeit not all through ongoing savings measures. Any overspend position will negatively affect reserve balances, which reduce the option to smooth this budget deficit over time.
- 4.2 There is also a pressure due to the Cost of Living Crisis affecting all services. The initial 2023/24 pay offer has been tabled and has been rejected by the unions, although discussions continue nationally. Currently, the tabled pay offer should not add material pressure to the 2023/24 in-year position. However, given the delays in agreeing the 2023/24 pay award, it is difficult to project what the 2024/25 pay award might be, particularly in the current economic circumstances which is extending over a longer period than first envisaged and the appetite for industrial action across many sectors. Therefore, the assumed pay award has been increased to circa 4% - adding a pressure of circa £700k to the budget.
- 4.3 Many services are experiencing high staff turnover and sickness levels requiring additional temporary staff being employed to keep key services such as waste collection operational. To mitigate this pressure and deliver the £400k staffing vacancy target, a soft recruitment freeze has been implemented. Where a role is required to maintain key service provision, for example a lifeguard or waste operative, these positions will be filled. However, where other posts become vacant, recruiting is being delayed / postponed to free up budget.

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<sup>1</sup> [UK government debt and deficit - Office for National Statistics \(ons.gov.uk\)](https://ons.gov.uk)

Inevitably, this does impact on the quality and speed of service delivery, and this is mitigated as far as possible.

- 4.4 The significant increases in energy charges have also had an impact on the Council's finances. The Cabinet reduced agreed to extend the current provider (Laser) and increase the proportion of Electricity purchased from 100% renewable sources. It is currently too early to receive the new energy prices due to cover the year beginning 1 October 2023, therefore the forecast remains as previously projected, although the energy cap has reduced since that forecast, potentially leading to a saving for the Council from the assumed circa £400k pressure. To mitigate this, the Council has invested in options to reduce energy consumption, for example switching from Gas to renewable energies using ground and heat source pumps and increasing the volume of LED lighting at two of our leisure centres. Further options include lowering the heating temperature of our buildings and swimming pools and isolating areas of buildings where heating can be switched off.
- 4.5 In summary, the forecast shortfall for 2024/25 can be attributed to the removal of the one-off targets included within the 2023/24 budget, plus the assumed inflationary uplift driven by the Cost of Living Crisis. The sum of these pressures has added c.£2.1m to our cost base.
- 4.6 Other mitigations include additional income from fees and charges. For example, we are able to charge for services, for example the Green Waste service, Planning and Car Parking. Some services are experiencing greater take up, i.e. Leisure and Car Parking, however, some are also seeing the impact of the economic conditions, with Qtr. 1 forecasting a drop in income from Planning and Building Control and recycle prices dropping.
- 4.7 Therefore, all options to limit costs where possible, including vacancy management processes and a review of fees and charges are being considered. However, pressures are so great that it's unlikely that this will be sufficient to compensate for the pressures the Council is seeing. Some combination of Government intervention through additional grant funding and use of Reserves is almost inevitable.

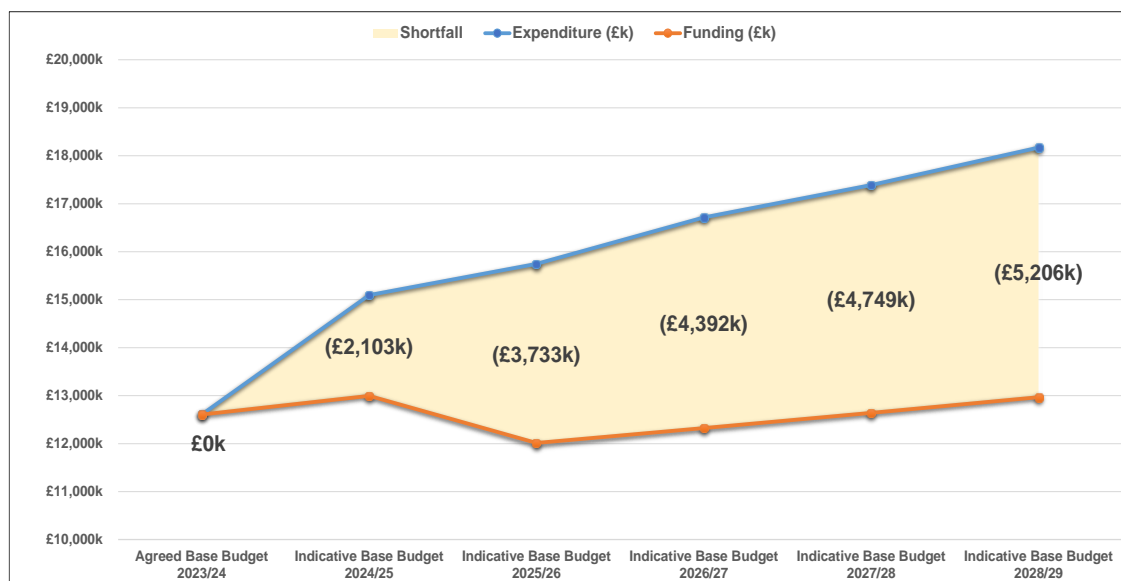
## **5.0 Summary of the Medium Term Financial Plan**

- 5.1 Table 1 and the associated graph shown below, gives a summary position for the MTFP over the next five years, with greater detailed information is shown in **Appendix 2**. This shows an overall deficit of £5,206k over the 5-year life of the plan, equivalent to approximately 30% of the current Net Service Cost.

**Table 1 – MTFP General Fund Summary**

2023/24		2024/25	2025/26	2026/27	2027/28	2028/29
£000		£000	£000	£000	£000	£000
12,606	Expenditure	15,097	15,747	16,715	17,389	18,172
(12,606)	Funding	(12,994)	(12,013)	(12,323)	(12,641)	(12,967)
<b>0</b>	<b>Annual Shortfall</b>	<b>2,103</b>	<b>1,631</b>	<b>658</b>	<b>357</b>	<b>457</b>
<b>0</b>	<b>Cumulative Shortfall</b>	<b>2,103</b>	<b>3,733</b>	<b>4,392</b>	<b>4,749</b>	<b>5,206</b>

**Graph 1 – MTFP General Fund Cumulative Budget Gap 2023/24 to 2028/29**



- 5.2 Due to the cumulative nature of this plan, if the Council balances its revenue spend to its available funding, each subsequent year will only then need to find the difference (the annual shortfall). However, if no remedial action is taken to reduce the overall level of spend, the MTFP predicts an estimated cumulative shortfall on the General Fund budget of £5,206k. At present the General Fund reserve of £2,025k (less any in-year over spend – currently projected to be £527k) would be insufficient to absorb the 2024/25 deficit.
- 5.3 The majority of this cumulative deficit impacts during years one and two largely due to the Cost of Living Crisis and the assumed reductions in funding across Business Rates and Government Grants after years of delays.
- 5.4 This is clearly a challenge built upon a number of assumptions, caveats, decisions based upon external advice and the most up to date information available at this time. Clearly, any major variations in these assumptions would require a fundamental review of the Council’s MTFP and would be reported back to Cabinet and the wider Membership as soon as practical, coupled with proposed courses of action that could be implemented.



- 5.5 The Council has a legal requirement to set a balance budget and needs to ensure its overall costs are affordable i.e. they can be funded through income and planned short-term use of reserves. Members therefore need to take the necessary decisions and actions to manage net spending within affordable limits.
- 5.6 During the summer, Leadership Team and services have been reviewing a range of budget options that could be considered in order to help mitigate that remaining budget shortfall across the five years of this MTFP, with a particular focus on 2024/25. Indicative areas where possible budget savings could be found will form the basis of the discussions with the Policy Development Groups (PDG's). In addition the PDG's will be asked to identify further options to resolve the immediate budget gap for 2024/25 and future years.
- 5.7 Part of that saving could come from increasing income from Service Fees and Charges. Following a full review last year, many services now have delegated authority to increase fees in line with inflation. The working assumption is that this will be done.
- 5.8 Clearly there remains a significant budget shortfall in 2024/25. Therefore, all possible options to increase income or reduce costs must be considered. Options will be brought forward for consideration over the next few months in the run in to setting the 2024/25 budget in February 2024.

## **6.0 Approach to closing the Budget Gap**

- 6.1 Many of the issues, assumptions and sensitivity of items included within the MTFP are complex, often inter-related and will undoubtedly be subject to variation and ultimately fundamental review depending on the levels of future funding reductions. However, strategic decisions have been ongoing to reduce the current and future operational costs.
- 6.2 In order to reduce the forecast deficit the Council will strive to constantly manage its costs and revenues by:
- Ensure fees/charges are revisited regularly and that the Council are charging appropriately for all items possible;
  - A continued reduction of service and employee costs – which may incur short term upfront costs;
  - Continue and expand partnership working where practical;
  - Investigation of a number of spend to save projects;
  - Review the current and future property asset requirements;
  - Maximise procurement efficiencies;
  - Explore new commercial opportunities;
  - Examine different ways of delivering services to reduce costs;
  - Continued benchmarking and learning from best practice;

- Consideration of growing the residential and commercial property base to align delivery with Government funding priorities.

6.3 The above plans will require all service areas to play an active role in securing future savings and the Council will also continue to consult with all of its major stakeholders, especially the tax payers, to ensure all future budgetary decisions accord with their priorities.

6.4 Members will appreciate that all budget options will require political support and therefore if some suggestions are deemed to be unacceptable then other savings will need to be proposed. Members should indicate where these alternatives should be sought.

6.5 The level of uncertainty in funding and external pressures as outlined in Section 7 makes forecasting difficult and with it a need to highlight risks and the need to push for further efficiencies within services.

## **7.0 Risk, Opportunities and Uncertainty**

7.1 Ongoing risks and uncertainty for the budget at this stage include:

7.1.1 **Future Local Government Funding** – the Council awaits to hear the level of funding it will receive in 2024/25 and future years. Although some ambiguous messages have been given by government, these then need to be translated into individual Council funding. These will be dependent upon the Governments views on the long term funding requirement and allocation mechanism. Therefore, it is critical that we continue to lobby for the Fair Funding Review and holistic review of Business Rates to be completed fully as soon as possible, along with the implementation of any replacement of the New Homes Bonus Scheme.

**Delays in additional funding opportunities** – consultation and announcements with to regard to major income opportunities e.g. Extended Producer Responsibilities and move to increase Planning Fees towards a breakeven revenue position have, as yet, not been implemented.

7.1.2 **Local Government Finance Settlement (LGFS)** – the Council await the Provisional Settlement expected to be announced in December, covering 2024/25. The previous multi-year settlement expired in 2019/20 and for the last four years has simply been rolled forwards as the sector awaits the outcomes of the much delayed Fair Funding Review. We continue to lobby for a multi-year settlements that offer some certainty over the level of grants and therefore enable more meaningful planning.

7.1.3 **Cost of Living Crisis / Inflation** – As highlighted previously in this report, the Cost of Living Crisis is having a significant impact upon the Council's finances. To date, little has been done to help Council's deal with the current implications. It is hoped that some ongoing support / mitigation is included within the 2024/25 funding settlement.

To combat high inflation, the Bank of England Base Rate is increased to reduce spending levels. Whilst this provides a greater return on our investments, this has a significant impact on the interest rates the Council is able to borrow at. With the significant growth in the Capital Programme primarily to deliver additional homes across the district, additional borrowing will be required. This is likely to reduce / slow the deliverability of such projects.

7.1.4 **Council Tax** – The MTFP is based on the assumption of a maximum 2% increase on a Band D property each year. This may of course not be possible due to Central Government restrictions. This is only likely to be known on an annual basis as each Settlement is announced. Lobbying continues to remove, or relax, the referendum limit

7.1.5 **Council Tax Base** – The 2023/24 budget assumed a reduction in the collection rate. This MTFP must consider the impact of the Cost of Living Crisis on collection rates and therefore forecasts it to be prudent to continue the reduction into 2024/25. Recovery can be estimated back to the normal 98% over the MTFP. Future long term growth relies on the large scale infrastructure projects such as J28, Tiverton Eastern Urban Extension and Culm Garden Village.

7.1.6 **100% Business Rates Retention / Revaluation** – Government had committed to devolve 100% of Business Rates to Local Government in 2015 but this was later reduced to 75% before being abandoned in 2021. As with the fair funding Review, any proposed changes have been significantly delayed, with no changes to be brought in before 2025/26. A full or partial reset of this baseline will divert resources away from Mid Devon. The sector also awaits what transitional measures will be included to smooth this detrimental impact.

7.1.7 **Levelling up Fund** – the Council has twice been unsuccessful in its bid for substantial funding to support the Cullompton HIF Project. As such, the project is delayed and alternative funding sources are being sought. Should a third bid be successful, plans to deliver the major infrastructure project will continue. All the while, the costs continue to rise due to the economic climate.

- 7.1.8 **Homes for Ukraine Scheme** – Part of the national support to the Ukraine is to offer safe housing for those escaping the conflict. Additional funding is being received to support the scheme. However, once the scheme ends it is not clear whether there will be options to relocate families to other hosts or to private landlords. Therefore there is a risk that some of those initially covered by the scheme could present as homeless and require the Council to house them. Less, if any, associated funding will be available to cover those additional costs.
- 7.1.9 **Net Zero Commitments** – The council needs to reflect on the availability of resources or the reprioritisation required to deliver this ambition. Currently the only government assistance is linked to one off bids to deliver specific schemes.
- 7.2 All of the above items highlight once again just how difficult it is to forecast ahead with any degree of accuracy. Nevertheless, the MTFP helps us examine the likely trends to assist in setting realistic capital and revenue budgets going forward.

## **8.0 Balances and Reserves**

- 8.1 The Council should look to match on-going spending plans to available in-year resources. However, it currently holds an uncommitted General Fund Reserve with a balance of £2,025k, which is above the current balance of £2m set by Full Council. However, this will be impacted by the outturn position of 2023/24 and the degree to which the £1,025k target cannot be mitigated, which is projected to reduce to £527k. This will only leave £1,498k in the reserve and will need to be replenished over the lifetime of this MTFP.
- 8.2 The Council holds this reserve for a number of reasons. Firstly to deal with any short term cash flow or funding issues. Secondly to provide a contingency for exceptional one-off acts (i.e. flooding, fire, terrorism, business rate failure, etc.) and, thirdly to provide a buffer for known circumstances whose final affect is unknown (i.e. changes in legislation or major funding changes). Clearly, the more uncertainty that exists, the higher the balance required to mitigate this risk. This level of minimum reserves is assessed annually to ensure it is adequate.
- 8.3 As stated above, this plan does not include any utilisation of these reserves. However, with the scale of the deficit, it is conceivable that some utilisation could be necessary. If so, this should be on the basis that the reserve is replenished by the end of the MTFP period.

8.4 The Council also holds Earmarked Reserves which have been set aside for a specific purpose, such as sinking funds for asset replacement. Although these reserves are ring-fenced and not available to support the budget, a review of all Earmarked Reserves is undertaken annually and any identification of funding no longer required to be earmarked can be released and could be used to support the budget. As these funds are one-off, they should not be used to support ongoing expenditure and therefore only delay the requirement for the identification and implementation of a sustainable saving.

## **9.0 Conclusion**

9.1 The MTFP will continue to be updated to ensure it is a live document. It is subject to amendment and review by Leadership Team and Members and will provide a clear guide prior to commencing the annual budget setting process in future years.

9.2 Like all councils, Mid Devon is facing an ongoing and very challenging financial future. The Corporate Plan will need to be aligned to available financial resources (which will include a regularly updated Work Force Plan) so that the District can be best placed to maximise cost effective delivery of its services that are valued by its residents.

9.3 It should also be noted that Management will continue to play a pro-active role in both reducing ongoing service costs and exploring new possibilities to raise additional income.

9.4 Having a realistic financial plan for the next five years will enable the Council to ensure it is allocating its limited financial resources to its key priorities. The current Corporate Plan, and its successor will set out the Council's goals/objectives over a four year period and must clearly be matched by the financial resources that are available. The Government's move from a relatively fixed core funding system to more of a '*payment by results*' process has introduced a lot more uncertainty and volatility for the future of the Council's funding streams, which makes medium term financial planning an even more challenging process.

9.5 Like any strategic plan, the MTFP has been compiled based upon all available information at a fixed point in time. Clearly, as time moves on assumptions will change, Central Government will set new targets, bring in new legislation and adjust funding levels. The Council is aware that the Fair Funding Review may, in time, bring significant changes in its core funding including a full or partial Baseline reset in Business Rates. Residents' expectations will change, Member priorities will alter and therefore any plans must be flexible enough to cope with major changes. As the Council has already gone through a period of major financial uncertainty which still shows no sign of abating, it is not only prudent but imperative that it seeks to maintain its reserve levels to the fullest extent possible. Moving forward Members will be provided with regular updates on the financial impact of any variation to what has been previously assumed.

## **Financial Implications**

By undertaking an annual review of the MTFP the Council can ensure that its Corporate Plan priorities are affordable. The implications of the revised budget gap are set out within the paper. Many areas require greater clarity, particularly around national funding and the possibility of additional funding to offset the implications of the Cost of Living Crisis. Therefore a number of key assumptions underpin the reported position, which will be refined as greater clarity is received through the budget setting process.

## **Legal Implications**

None directly arising from this report, although there is a legal obligation to balance the budget. There are legal implications arising from any future consequential decisions to change service provision, but these would be assessed at the time.

## **Risk Assessment**

The MTFP makes a number of financial assumptions based on a sensible/prudent approach, taking account of the most up to date professional advice that is available. However, many of these assumptions are open to challenge and due to this fact **Appendix 1** of this report shows the financial effect on key items in the plan if assumptions were to change (this is referred to as sensitivity analysis).

## **Impact on Climate Change**

The allocation of resources will impact upon the Council's ability to implement/fund new activities linked to climate change, as the MTFP sets the broad budgetary framework for the Council over the coming years. However, some provision has already been included in the base budget and further evaluation/consideration will be made as the draft budget passes through the PDGs over the next few months. Significant investment is currently forecast within the Capital Programme, however this will be dependent upon full options appraisals and levels of Grant funding available.

## **Equalities Impact Assessment**

No implications arising from this report.

## **Relationship to Corporate Plan**

The Medium Term Financial Plan (MTFP) sets out the financial resources available to deliver the Council's ongoing Corporate Plan priorities.

### **Section 3 – Statutory Officer sign-off/mandatory checks**

**Statutory Officer: Andrew Jarrett**

Agreed by the Section 151

**Date: 8 September 2023**

**Statutory Officer: Maria De Leburne**

Agreed by the Monitoring Officer

**Date: 5 September 2023**

**Chief Officer: Stephen Walford**

Agreed by the Chief Executive

**Date: 5 September 2023**

**Performance and risk: Andrew Jarrett**

Agreed on behalf of the Corporate Performance & Improvement Manager

**Date: 8 September 2023**

**Cabinet member notified: Yes**

### **Section 4 - Contact Details and Background Papers**

**Contact:** Andrew Jarrett – Deputy Chief Executive (S151)

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**Background papers:**

- 2023/24 Budget
- 2023/24 Qtr. 1 Budget Monitor