

## **HIGH PEAK BOROUGH COUNCIL**

### **The Executive**

**8<sup>th</sup> December 2022**

<b>TITLE:</b>	<b>Updated Medium Term Financial Plan 2023/24 to 2026/27</b>
<b>EXECUTIVE COUNCILLOR:</b>	<b>Cllr Alan Barrow – Executive Councillor for Corporate Services and Finance</b>
<b>CONTACT OFFICERS:</b>	<b>Keith Pointon – Head of Finance</b>
<b>WARDS INVOLVED:</b>	<b>Non-Specific</b>

### **Appendices Attached**

- **Appendix A (Draft Medium Term Financial Plan 2023/24 to 2026/27)**

### **1. Reason for the Report**

- 1.1 This report presents the Council's updated draft Medium Term Financial Plan (MTFP). The MTFP presents the Council's priorities in the context of the likely resources available, providing a financial context to future decision-making. It is reflective of the current financial position of the Council part way through the 2022-23 year and contains a large number of assumptions that will be refined and quantified to inform a final version of the MTFP for approval in February 2023. To this extent, this report and its contents should be considered indicative.

### **2. Recommendations**

- 2.1 That the Executive approve the updated draft Medium Term Financial Plan (Appendix A) prior to being refined in advance of full approval in February 2023.

### **3. Executive Summary**

- 3.1 The medium-term financial planning process provides the Council with the opportunity to plan its delivery of public services in accordance with local priorities and against the backdrop of unprecedented public sector financial constraint.
- 3.2 The Medium-Term Financial Plan (MTFP) is updated in accordance with the budget cycle. This version of the MTFP presents the Council's finances over a

four-year period, namely 2023/24 to 2026/27. It sets the context for the preparation of the 2023/24 budget which will need to be approved by the Council in February 2023.

- 3.3 The draft Plan provides:
- Details of current budgetary provision and Strategic Priorities
  - A focus on the transformation programme and the consequential financial implications, including the capital programme and efficiency & rationalisation plan
  - Updated inflation and interest assumptions using the latest forecasts and the impact of changes in budgetary demand and funding
  - An update on any national issues and risks that will impact on the Council's financial position
- 3.4 The previous version of the MTFP was agreed by the Council in February 2022 when setting the budget for the current financial year.
- 3.5 There was an assumed contribution of £0.12 million into contingency reserves during 2022/23.
- 3.6 A new financial year (2026/27) has now been added to the plan, which now reflects the impact of current increases in inflation and interest rates as well as forecasts for further changes together with the increase in demand for Council services. All the assumptions will be updated as the final plan is prepared for consideration in February 2023.
- 3.7 At present, the Plan reflects the significant impact of high inflation costs and how they are forecast to change over the next 4 years which currently amount to over £2.4million on the General Fund and £1.4 million on the Housing Revenue Account (HRA). Work is underway to assess the extent of this level and the appropriate values to use in assessing changes over a four-year cycle.
- 3.8 As is typical at this stage of its production, the draft MTFP remains unbalanced and awaits the development and refinement of a large number of current assumptions and, significantly, the outcome of the Local Government Financial Settlement which is not expected until December 2022. Due to the high number of long-range forecasts and a prudent approach to establishing the draft plan, the cumulative revenue deficit on the General Fund reaches £1.49 million by Year Four of the Plan and would require £3.4million in savings and reserve usage to balance the Plan over the medium term.
- 3.9 The annual forecast deficit on the draft HRA is £3.6million in Year One of the Plan dropping to £2.11million by Year Four. This draft position would require over £10.4million in reserve usage over the life of the Plan.
- 3.10 Further work is underway that will continue over the coming months to refine and improve this position to bring the Plan for both General Fund and HRA onto a more sustainable footing.

- 3.11 The General Fund capital programme has been updated to reflect the 2021/22 outturn position, projections for 2022/23 and any reprofiling required over the life of the MTFP. The programme will be further updated over the course of the next few months to reflect developments in the Asset Management Plan and the outcome of the Council's bids under the Levelling Up Fund (LUF).
- 3.12 The HRA capital programme has been similarly updated and reflects draft assumptions on the levels of expenditure on the housing stock. Further review of the planned programme of works will be necessary over the course of the next few months to bring the HRA into a balanced sustainable position.
- 3.13 This version of the MTFP sets the context for the development of the 2023/24 Budget. Members will receive a further update of the MTFP to consider the final budget proposals in February 2023. The following actions will be completed to ensure that these proposals are robust:
- Continued development of a new transformation programme reflecting the need to address the financial pressures being experienced
  - Revision of the Council's Capital Strategy and further update of the Asset Management Strategy building on the outcome of the Condition Surveys
  - Development of detailed budget plans for 2023/24
  - Determination of the level of Council Tax over the life of the Plan reflecting Government capping/ referendum levels
  - Determination of the level of Rent increase to be applied next year
  - Development of detailed proposals for fees and charges increases
  - Complete review of reserves and balances
  - Continue to monitor the ongoing issues arising from the high levels of inflation, utility market volatility and Government spending pressures on funding levels
- 3.16 Alongside the Budget and MTFP presented in February 2023, a Capital Strategy will also be presented for approval together with an updated Procurement Forward Plan.

#### **4. How this Report Links to Corporate Priorities**

- 4.1 The successful delivery of all corporate priorities is dependent upon the effective management of financial resources, which is the subject of this report.

#### **5. Options and Analysis**

- 5.1 There are no options to consider at this stage. Options are being developed and will to be refined to close the financial deficits highlighted in this updated plan.

#### **6. Implications**

- 6.1 Community Safety - (Crime and Disorder Act 1998)  
None.

- 6.2 Workforce  
Impacts of pay inflation and the pension fund revaluation incorporated into the assumptions made in the Plan.
- 6.3 Equality and Diversity/Equality Impact Assessment  
This report has been prepared in accordance with the Council's Equality and Diversity policies.
- An Equalities Impact Assessment (EIA) has been undertaken on the Corporate Plan, which feeds into budget plans.
- 6.4 Financial Considerations  
There are substantial financial considerations contained throughout the report.
- 6.5 Legal  
None.
- 6.6 Sustainability  
Considerations included throughout the MTFP, Capital Programme and Asset Management Plan
- 6.7 External Consultation  
The Council's budget plans are the subject of an annual public consultation exercise.
- 6.8 Risk Assessment  
A full risk analysis has been undertaken which is contained within the plan

**MARTIN OWEN**  
**Executive Director Finance & Customer Services**

<u>Background Papers</u>	<u>Location</u>	<u>Contact details</u>
Various background working papers	Moorlands House	Keith Pointon Head of Finance 01538 395400 Ext. 4193  Emily Bennetts Principal Finance Officer (Financial Planning) 01538 395400 Ext. 4186