

## **COUNCIL MEETING – 26 February 2025**

### **RECOMMENDATION FROM THE CORPORATE POLICY COMMITTEE: MEDIUM-TERM FINANCIAL STRATEGY 2025-26 to 2028-29**

#### **RECOMMENDATIONS**

**That Full Council:**

- 1. Notes the report of the Council's Chief Finance Officer (Section 151 Officer), contained within the MTFS report, regarding the robustness of estimates and level of reserves held by the Council based on these budget proposals (Appendix A, Section 2, Section 25 Statement).**
- 2. Approve the Revenue estimates for the 2025/26 budget (Appendix A, Section 2, Overview) and the medium-term Capital Programme estimates 2025-2029, as detailed in the Medium-Term Financial Strategy report (MTFS) 2025-2029 (Appendix A, Section 2, Capital budget).**
- 3. Approve the setting of B and D Council Tax of £1,882.04 representing an increase of 4.99%. This is below the referendum limit (including 2% ringfenced for Adult Social Care) and arises from the provisional finance settlement (Appendix A, Section 1, Key Funding Assumptions).**
- 4. Approve the utilisation of up to £25.3m conditional EFS (Capitalisation Direction) via borrowing to balance the 2025/26 budget shortfall (as reflected in Appendix A, Section 2, Balancing the Budget) and to delegate to the Chief Finance Officer (Section 151 Officer) to review the basis of funding through the 2025/26 year and report to the appropriate committee any recommended change to the funding basis of the EFS. The 2024/25 planned use of Flexible Capital Receipts is increased to £1.518m, an increase of £0.518m from the £1m approved in the 2024-28 Medium-Term Financial Strategy Report to fund transformational projects within the Council (Appendix A, Section 1, Key Funding Assumptions).**
- 5. Approve the 2025/26 planned use of Flexible Capital Receipts as £1.0m (Appendix A, Annex 5, Section 3).**
- 6. Approve the allocation of Revenue Grant Funding for 2025/26 of £397.080m (Appendix A, Annex 3), and delegates authority to the Chief Finance Officer, to approve supplementary estimates if the value of any named grant changes from the figures contained within Appendix A, Annex 3 (noting that all such variations will subsequently be reported to the appropriate committee, and that any new, previously unnamed, grants are subject to approval in-line with the Constitution).**
- 7. Approve the allocation of Capital Grant Funding for 2025/26 of £99.122m (Appendix A, Annex 4), and delegates authority to the Chief Finance Officer, to approve supplementary estimates if the value of any named**

grant changes from the figures contained within Appendix A, Annex 4 (noting that all such variations will subsequently be reported to the appropriate committee, and that any new, previously unnamed, grants are subject to approval in-line with the Constitution).

8. Approve the Capital Strategy (Appendix A, Annex 5).
9. Approve the Prudential Indicators for Capital Financing (Appendix A, Annex 5).
10. Approve the Investment Strategy; including the financial limits for various classifications of investment, and the investment decision making process set out in the Strategy (Appendix A, Annex 6).
11. Approve the Treasury Management Strategy (Appendix A, Annex 7) and the Minimum Revenue Position (MRP) Statement for 2025/26 to 2028/29 (Appendix A, Annex 5) which includes a change in the MRP Policy, with effect from 1 April 2024.
12. Approve the Reserves Strategy (Appendix A, Annex 8), which includes proposed movements to and from reserves.
13. Notes that Corporate Policy Committee considered the Budget Engagement exercise undertaken by the Council, as set out in the attached (Appendix B) and the results contained within that report.

[Note – Appendix A has been revised following the Meeting of Corporate Policy Committee – a list of the changes is included after Appendix A.]

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## **65 MEDIUM TERM FINANCIAL STRATEGY 2025/26-2028/29 (CORPORATE POLICY COMMITTEE)**

The committee considered the report which presented the Medium-Term Financial Strategy (MTFS) for the four years 2025-26 to 2028-29. It was highlighted that the officer report had been prepared prior to the receipt of the Final Local Government Finance Settlement, which was received on Monday 3 February 2025. The Local Government Finance Settlement (LGFS) provided clarity on a number of grant contributions which were as finance officers had anticipated. Therefore, there were no material changes arising from the LGFS that needed to be reflected in the MTFS. The request for the Council to consider increasing Council Tax above the referendum limit was declined by central government and recommendation f4 would not need to be considered by the committee.

The committee noted the S151 Officer's Section 25 report which advised members on the robustness of the estimates set out in the budget and the adequacy of the proposed reserves. The low level of reserves was highlighted within the report as a significant risk that needed to be addressed urgently. The reserves strategy sets out

how the level of reserves could be built up over the life of the MTFS. Robust management of the budget was critical.

The committee noted the financial implications of the transformation programme. It was suggested that a separate line in the budget for the costs associated with the transformation programme would be more helpful for members. It was highlighted that the gross transformation savings were estimated to be in the region of £72m over the period of the MTFS and that the £10.8m for digital programmes would help support and deliver on some transformation savings. Officers commented that it was important to account for costs and savings from transformation in respective service areas, but that it was intended that there would be other supporting information reported, that would show the totality of transformation savings and the costs of achieving the changes.

The MTFS set out assumptions relating to likely capital receipts over the life of the MTFS from the sale of any assets via the Disposal Programme. The committee requested detail around the assets that might be sold. The committee noted that no capital schemes had been stopped but there had been a review of the capital programme to ensure that profiling of projects was right. The committee requested detail on all projects so that they could fully understand the impact. Officers committed to providing the committee with further information on capital projects and the assets being considered through the Disposal Programme as soon as possible.

The committee debated the impact that any increase in council tax would have on residents across the borough. Members agreed that work needed to continue to ensure that the impact on vulnerable individuals was fully understood.

The committee considered the recommendations in blocks, as set out below.

#### **RESOLVED:**

That the Corporate Policy Committee notes

1. The summary results of the Budget Engagement exercise undertaken by the Council, as set out in Appendix B and the implications for the MTFS.
2. The draft report of the Council's Section 151 Officer, contained within the MTFS report, regarding the robustness of estimates and level of reserves held by the Council based on these budget proposals (Appendix A, Section 2, Section 25 Statement). This remains a draft report and will be finalised following a recommendation by the Corporate Policy Committee to Full Council.
3. The Council's Finance Procedure Rules remain unchanged and will always apply to ensure proper approval should any changes in spending requirements be identified (Appendix A, Annex 9).
4. The report includes a change in MRP Accounting Policy, with effect from 1 April 2024 the effects for 2025/26 being reflected in the MTFS (Appendix A, Annex 5, Section 3, para 5.52).

That the Corporate Policy Committee recommends that Full Council notes:

5. The report of the Council's Chief Finance Officer (Section 151 Officer), contained within the MTFS report, regarding the robustness of estimates and level of reserves held by the Council based on these budget proposals (Appendix A, Section 2, Section 25 Statement).

**RESOLVED (by majority)**

That the Corporate Policy Committee recommends that Full Council

6. Approve the Revenue estimates for the 2025/26 budget (Appendix A, Section 2, Overview) and the medium-term Capital Programme estimates 2025-2029, as detailed in the Medium-Term Financial Strategy report (MTFS) 2025-2029 (Appendix A, Section 2, Capital budget).

**RESOLVED (by majority)**

That the Corporate Policy Committee recommends that Full Council

7. Approve the setting of B and D Council Tax of £1,882.04 representing an increase of 4.99%. This is below the referendum limit (including 2% ringfenced for Adult Social Care) and arises from the provisional finance settlement (Appendix A, Section 1, Key Funding Assumptions).

**RESOLVED (by majority)**

That the Corporate Policy Committee recommends that Full Council

8. Approve the utilisation of up to £25.3m conditional EFS (Capitalisation Direction) via borrowing to balance the 2025/26 budget shortfall (as reflected in Appendix A, Section 2, Balancing the Budget) and to delegate to the Chief Finance Officer (Section 151 Officer) to review the basis of funding through the 2025/26 year and report to the appropriate committee any recommended change to the funding basis of the EFS. The 2024/25 planned use of Flexible Capital Receipts is increased to £1.518m, an increase of £0.518m from the £1m approved in the 2024-28 Medium-Term Financial Strategy Report to fund transformational projects within the Council (Appendix A, Section 1, Key Funding Assumptions).
9. Approve the 2025/26 planned use of Flexible Capital Receipts as £1.0m (Appendix A, Annex 5, Section 3).
10. Approve the allocation of Revenue Grant Funding for 2025/26 of £397.080m (Appendix A, Annex 3), and delegates authority to the Chief Finance Officer, to approve supplementary estimates if the value of any named grant changes from the figures contained within Appendix A, Annex 3 (noting that all such variations will subsequently be reported to the appropriate committee, and that any new, previously unnamed, grants are subject to approval in-line with the Constitution).

11. Approve the allocation of Capital Grant Funding for 2025/26 of £99.122m (Appendix A, Annex 4), and delegates authority to the Chief Finance Officer, to approve supplementary estimates if the value of any named grant changes from the figures contained within Appendix A, Annex 4 (noting that all such variations will subsequently be reported to the appropriate committee, and that any new, previously unnamed, grants are subject to approval in-line with the Constitution).
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13. Approve the Prudential Indicators for Capital Financing (Appendix A, Annex 5).
14. Approve the Investment Strategy; including the financial limits for various classifications of investment, and the investment decision making process set out in the Strategy (Appendix A, Annex 6).
15. Approve the Treasury Management Strategy (Appendix A, Annex 7) and the Minimum Revenue Position (MRP) Statement for 2025/26 to 2028/29 (Appendix A, Annex 5) which includes a change in the MRP Policy, with effect from 1 April 2024.
16. Approve the Reserves Strategy (Appendix A, Annex 8), which includes proposed movements to and from reserves.
17. Notes that Corporate Policy Committee considered the Budget Engagement exercise undertaken by the Council, as set out in the attached (Appendix B) and the results contained within that report.