

Item

Strategy & Resources 11 October 2021: Medium Term Financial Strategy (MTFS)

To:

Councillor Mike Davey, Executive Councillor for Finance and Resources Portfolio

Report by:

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Wards affected:

(All) Abbey, Arbury, Castle, Cherry Hinton, Coleridge, East Chesterton, King's Hedges, Market, Newnham, Petersfield, Queen Edith's, Romsey, Trumpington, West Chesterton

Key Decision

1. Executive Summary

Overview of Medium Term Financial Strategy

- 1.1 This report presents and recommends the budget strategy for the 2022/23 budget cycle and specific implications, as outlined in the MTFS October 2021 document, which is attached and to be agreed.
- 1.2 This report recommends the approval of new revenue and capital items and funding proposals for the council's capital plan, the results of which are shown in the MTFS.
- 1.3 At this stage in the 2022/23 budget process the range of assumptions on which the Budget Setting Report (BSR) published in February 2021 was based need to be reviewed in light of the latest information available to determine whether any aspects of the strategy need to be revised further. This then provides the basis for updating the budget for 2022/23 and to provide indicative budgets to 2031/32. All references to the recommendations to Appendices, pages and sections relate to MTFS Version 1.0

- 1.4 The recommended budget strategy is based on the outcome of the review undertaken together with financial modelling and projections of the council's expenditure and resources in light of local policies and priorities, national policy and economic context. Service managers have identified financial and budget issues and pressures and this information has been used to inform the MTFS.

2. Recommendations

The Executive Councillor is asked to recommend to council:

General Fund Revenue

- 2.1 To agree the budget strategy and timetable as outlined in Section 1 [pages 5 to 7 refer] of the MTFS document.
- 2.2 To agree the incorporation of changed assumptions and specific, identifiable pressures, as presented in Sections 3 and 4 respectively [pages 19 to 30 refer]. This provides an indication of the net savings requirement, by year for the next five years, and revised projections for General Fund (GF) revenue and funding as shown in Section 6 [page 36 refers] and reserves [Section 7 pages 37 to 41 refer] of the MTFS document.
- 2.3 To agree the revenue budget proposals as set out in Section 4 [pages 19 and 20 refer].

Description	2021/22 £000	2022/23 £000	2023/24 £000	2024/25 £000	2025/26 £000
Additional communications posts and digital consultation platform (license fee) - recurring	45	125	125	125	125
Additional costs of redevelopment of commercial units at Colville Road Phase 3		120	120		
Set up costs of a new housing company and Registered Provider	73				
Feasibility study to expand Cambridge City Housing Company	70				
Total	188	245	125	125	125

Capital

- 2.4 To note the changes to the capital plan and funding as set out in Section 5 [pages 31 to 35 refer] and Appendix A [pages 49 to 52] of the MTFS document.
- 2.5 To agree changes to the budget for the Meadows Community Hub and Buchan Street retail outlet scheme as set out below.

Ref.	Description / £'000s	2021/22	2022/23	2023/24	2024/25	2025/26	2026/27	Total
	Proposals							
SC694	Meadows Community Hub and Buchan Street retail outlet	(1,224)	2,551	158	-	-	-	1,485
	Total proposals	(1,224)	2,551	158	0	0	0	1,485

- 2.6 To agree the replacement of third-party contributions of £210k for the community extension to Cherry Hinton library with council funding.
- 2.7 To agree the following in relation to the depot relocation programme, presented to Committee as a supplementary paper and included in Appendix F of the MTFS Version 2.0 (for Council on 21 October 2021):
- Approve capital funding of £10m for the depot relocation
 - Remove the Lion Yard shopping centre investment scheme from the capital plan, reallocating the funding from that scheme to the depot relocation programme
 - Allocate £1m of funding from the General Fund (GF) Development Reserve to the depot relocation programme
 - Allocate an additional £3m of capital receipts or borrowing to fund the balance of the scheme
 - That the capital plan and funding as set out in Section 5 [pages 31 to 35 refer] and Appendix A [pages 49 to 52] should be updated to reflect the changes arising from approval of the depot relocation programme

Reserves

- 2.8 To agree the transfer of £3.1m and £0.8m of GF reserves into earmarked reserves to support the delivery of the Our Cambridge transformation and recovery programme and to provide a contingency fund for the programme [page 41 refers]. Furthermore, to agree authorisation to draw down funding from these reserves to be as described.
- 2.9 To agree changes to GF reserve levels, the prudent minimum balance being set at £6.64m and the target level at £7.98m as detailed in Section 7 [page 39 refers] and Appendix B [pages 53 and 54 refer].

3. Background

- 3.1 The purpose of this report is to outline the overall financial position of the council and to consider the prospects for the 2022/23 budget process within the context of projections over the medium term. The detailed analysis undertaken to fulfil this is presented in the MTFS October 2021 document appended to this report.
- 3.2 The document considers the GF revenue position and the council's overall capital plan.

- 3.3 Revenue forecasts are presented for the ten-year projection period through to the year 2031/32, demonstrating the sustainability of the council's financial planning with reference to the level of reserves held through this period.
- 3.4 The report considers the effects of external factors affecting budget preparation, including the overall economic climate and external funding levels which can reasonably be expected, as well as existing commitments to the council.
- 3.5 Recommendations for approval of specific revenue and capital costs, as identified, are included.
- 3.6 The analysis undertaken leads to a recommended integrated financial strategy for the 2022/23 detailed budget setting process.

4. Implications

- 4.1 These are incorporated within the document and will be taken account of in the subsequent budget reports.

5. Consultation and communication considerations

- 5.1 Budget consultation is outlined in the MTFS document [page 6 refers].

6. Background papers

- 6.1 Background papers used in the preparation of this report:

- MTFS working papers on the 2021/22 and 2022/23 files

7. Appendices

The following item is included in this report:

- MTFS October 2021

8. Inspection of papers

To inspect the background papers or if you have a query on the report please contact:

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