

Item

## Strategy & Resources 20 November 2023: General Fund (GF) Medium Term Financial Strategy (MTFS)

**To:**

Councillor Simon Smith, Executive Councillor for Finance and Resources Portfolio

**Report by:**

Caroline Ryba, Head of Finance

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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 2024/25 budget cycle as outlined in the MTFS October 2023 document, which is attached and to be agreed (**Appendix 1**). Also presented at **Appendix 2** is the proposed budget consultation for 2024/25.
- 1.2 This report also recommends the approval of new and amended revenue and capital items as shown in the MTFS.
- 1.3 At this stage in the 2024/25 budget process the range of assumptions on which the Budget Setting Report (BSR) published in February 2023 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. This then provides the basis for updating the budget for 2024/25 and to provide indicative budgets to 2033/34. 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 incorporation of changed assumptions as presented in Section 3 [pages 12 and 13], which provide an indication of the net savings requirement, by year for the next five years [page 16], and revised projections for General Fund (GF) revenue and funding as shown in Appendix A [page 34] and reserves, Section 6 [page 26].
- 2.2 To agree the 2023/24 revenue budget proposal as set out in Section 4 [page 15], for a £651k increase in pay budgets to reflect the recently agreed pay settlement for 2023/24.

### Capital

- 2.3 To note the changes to the capital plan, as set out in Section 5 [pages 22 to 25]. and Appendix B [pages 35 to 44] of the MTFs document.
- 2.4 To agree a capital spending proposal, rephasing and scheme deletions/reductions as set out below.

Ref.	Description - £'000s	2023/24	2024/25	2025/26	2026/27	2027/28	2028/29	Total
	<b>Proposals</b>							
SC853	East Barnwell redevelopment	49	1,447	1,996	677	-	-	4,169
	<b>Rephasing</b>							
SC732	Park Street car park development	(69,203)	(7,173)	-	-	-	-	(76,376)
		11,295	65,081					76,376
PR055	Operational Hub	(9,308)	-	-	-	-	-	(9,308)
		705	8,063	-	-	-	-	9,308
	<b>Deletion/reduction</b>							
SC771	Data and analytics	(70)	-	-	-	-	-	(70)
SC770	ICT project delivery	(40)	-	-	-	-	-	(40)
SC804	ICT and digital capabilities	(145)	-	-	-	-	-	(145)
SC659	Online customer portal	(19)	-	-	-	-	-	(19)
	<b>Total</b>	<b>(66,736)</b>	<b>67,418</b>	<b>1,996</b>	<b>677</b>	<b>-</b>	<b>-</b>	<b>3,355</b>

## **Reserves**

- 2.5 To agree changes to GF reserve levels, the prudent minimum balance being set at £5.934 million and the target level at £7.121 million as detailed in Section 6 [page 27].
- 2.6 To approve the contribution of £700k of general reserves and £274k of funding released from capital schemes to the Our Cambridge Transformation earmarked reserve as set out in Section 4 [pages 19 to 21].
- 2.7 To approve the council's reserve policy as set out in Appendix E [page 47].

## **MTFS and budget consultation**

- 2.8 The Executive Councillor is also asked to recommend that The Executive agree the budget consultation, which is based on the presented MTFS and will run from 21 November 2023 to 14 January 2024.

## **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 2024/25 budget process within the context of projections over the medium term as presented in the MTFS October 2023 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 2033/34, 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 the existing commitments of 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 2024/25 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 The report presents the proposed budget consultation for consideration.

## 6. Background papers

6.1 Background papers used in the preparation of this report:

- MTFS working papers on the 2023/24 and 2024/25 files

## 7. Appendices

The following items are included with this report:

- **Appendix 1** - MTFS October 2023
- **Appendix 2** – Budget consultation

## 8. Inspection of papers

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

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