

## REPORT OF THE CABINET

### A. MEDIUM TERM FINANCIAL STRATEGY 2021/22 – 2024/25

#### Introduction

1. This report relates to the Cabinet's consideration of the 2021/22 to 2024/25 Medium Term Financial Strategy (MTFS) which has the following four main elements:-
  - 2021/22 revenue budget;
  - 2022/23, 2023/24 and 2024/25 provisional revenue budgets;
  - 2021/22 – 2024/25 capital programme;
  - Financial strategies and policies including the capital strategy, corporate asset investment fund strategy, treasury management and investment strategy, financial performance indicators, earmarked funds policy and an Equality and Human Rights Impact Assessment.

#### Background

2. Attached is a report considered by the Cabinet on 5<sup>th</sup> February 2021 which reflects the changes to the budget since it was approved for consultation in December including the final Local Government Settlement. The MTFS will be updated and rolled forward each year at budget setting time.
3. The report considered by the Cabinet on 5<sup>th</sup> February also contains the following appendices:

Appendix A	2021/22 Revenue Budget
Appendix B	Four Year Revenue Budget 2021/22 to 2024/25
Appendix C	Growth and Savings 2021/22 to 2024/25
Appendix D	Savings under Development
Appendix E	Detailed Revenue Budgets 2021/22
Appendix F	Capital Programme 2021/22 to 2024/25
Appendix G	Capital Strategy
Appendix H	Corporate Asset Investment Fund Strategy
Appendix I	Risk Management Policy and Strategy
Appendix J	Earmarked Funds Policy
Appendix K	Earmarked Funds

Appendix L	Insurance Policy
Appendix M	Council Tax and Precept
Appendix N	Treasury Management Strategy Statement and Annual Investment Strategy
Appendix O	MTFS Consultation Report
Appendix P	Comments of the Overview and Scrutiny Committees and Scrutiny Commission
Appendix Q	Equality and Human Rights Impact Assessment

### **Consideration by Scrutiny Bodies and the Corporate Governance Committee**

4. As indicated above, the Cabinet's proposals were the subject of reports to Scrutiny bodies. The comments of these bodies are set out in Appendix 'P' to this report.
5. The Corporate Governance Committee at its meeting on 29th January approved the Risk Management and Treasury Management Policies and Strategies which are set out in Appendices H and M.

### **Consideration by the Cabinet**

6. On 5<sup>th</sup> February, the Cabinet noted the outcome of the final Local Government Settlement, considered the comments of the various Scrutiny bodies, the results of the consultations and other developments since it published the draft budget in December 2020.
7. Following the Cabinet meeting in accordance with recommendation (h) below the report considered by the Cabinet has been amended to reflect the analysis of the outcome of the final Local Government Settlement (paragraphs 37 and 38) and to changes to the Capital Programme (paragraphs 183 to 186) along with consequential changes to the relevant appendices.
8. The recommendations of the Cabinet to the County Council concerning the MTFS are set out in the motion which appears below.

### **Motion to be moved**

- (a) **That subject to the items below, approval be given to the Medium Term Financial Strategy (MTFS) which incorporates the recommended revenue budget for 2021/22 totalling £399m as set out in Appendices A, B and E of this report and includes the growth and savings for that year as set out in Appendix C;**

- (b) That approval be given to the projected provisional revenue budgets for 2022/23, 2023/24 and 2024/25, set out in Appendix B to the report, including the growth and savings for those years as set out in Appendix C, allowing the undertaking of preliminary work, including business case development, consultation and equality and human rights impact assessments, as may be necessary towards achieving the savings specified for those years including savings under development, set out in Appendix D;**
- (c) That approval is given to the early achievement of savings that are included in the MTFS, as may be necessary, along with associated investment costs, subject to the Director of Corporate Resources agreeing to funding being available;**
- (d) That the level of the general fund and earmarked funds as set out in Appendix K be noted and the use of those earmarked funds as indicated in that appendix be approved;**
- (e) That the amounts of the County Council's Council Tax for each band of dwelling and the precept payable by each billing authority for 2021/22 be as set out in Appendix M (including 3% for the adult social care precept);**
- (f) That the Chief Executive be authorised to issue the necessary precepts to billing authorities in accordance with the budget requirement above and the tax base notified by the District Councils, and to take any other action which may be necessary to give effect to the precepts;**
- (g) That approval be given to the 2021/22 to 2024/25 capital programme as set out in Appendix F;**
- (h) That the Director of Corporate Resources following consultation with the Lead Member for Resources be authorised to approve new capital schemes, including revenue costs associated with their delivery, shown as future developments in the capital programme, to be funded from funding available;**
- (i) That the financial indicators required under the Prudential Code included in Appendix N, Annex 2 be noted and that the following limits be approved:**

	2021/22 £m	2022/23 £m	2023/24 £m	2024/25 £m
<b>Operational boundary for external debt</b>				
<b>i) Borrowing</b>	263	263	262	262
<b>ii) Other long term liabilities</b>	1	1	1	1
<b>TOTAL</b>	264	264	263	263
<b>Authorised limit for external debt</b>				
<b>i) Borrowing</b>	273	273	272	272
<b>ii) Other long term liabilities</b>	1	1	1	1
<b>TOTAL</b>	274	274	273	273

- (j) That the Director of Corporate Resources be authorised to effect movement within the authorised limit for external debt between borrowing and other long-term liabilities;
- (k) That the following borrowing limits be approved for the period 2021/22 to 2024/25:
- (i) Upper limit on fixed interest exposures 100%;
  - (ii) Upper limit on variable rate exposures 50%;
  - (iii) Maturity of borrowing:-

	<u>Upper Limit</u>	<u>Lower Limit</u>
	%	%
<b>Under 12 months</b>	30	0
<b>12 months and within 24 months</b>	30	0
<b>24 months and within 5 years</b>	50	0
<b>5 years and within 10 years</b>	70	0
<b>10 years and above</b>	100	25

- (iv) An upper limit for principal sums invested for periods longer than 364 days is 10% of the portfolio.
- (l) That the Director of Corporate Resources be authorised to enter into such loans or undertake such arrangements as necessary to finance capital payments in 2021/22, subject to the prudential limits in Appendix N;
- (m) That the Treasury Management Strategy Statement and the Annual Investment Strategy for 2021/22, as set out in Appendix N, be approved including:
- (i) The Treasury Management Policy Statement, Appendix N; Annex 4;

- (ii) **The Annual Statement of the Annual Minimum Revenue Provision as set out in Appendix N, Annex 1;**
- (n) **That the Capital Strategy (Appendix G), Corporate Asset Investment Fund Strategy (Appendix H), Risk Management Policy and Strategy (Appendix I), Earmarked Funds Policy (Appendix J) and Insurance Policy (Appendix L) be approved;**
- (o) **That it be noted that the Leicester and Leicestershire Business Rate Pool will continue for 2021/22;**
- (p) **That the Director of Corporate Resources following consultation with the Lead Member for Resources be authorised to make any changes to the provisional MTFS which may be required as a result of changes arising between the Cabinet and County Council meetings, noting that any changes will be reported to the County Council on 17<sup>th</sup> February 2021;**
- (q) **That it be noted that following the enactment of the relevant legislation a report will be presented to the Council's Constitution Committee and thereafter to the County Council regarding the proposed addition to the County Council's Constitution (Part 2, Article 12.04) to confirm that the Director of Corporate Resources, as the Chief Financial Officer, is the Responsible Officer for the Leicestershire County Council Local Government Pension Scheme (LGPS);**
- (r) **That the Leicestershire School Funding Formula is unchanged and continues to reflect the National Funding Formula for 2021/22.**

**5<sup>th</sup> February 2021**

**N. J. Rushton  
Leader of the Council**

**Background Papers**

Report to the County Council on 19<sup>th</sup> February 2020: Medium Term Financial Strategy 2020/21-2023/24 - <http://politics.leics.gov.uk/ieListDocuments.aspx?CId=134&MId=6038&Ver=4>

County Council Strategic Plan – <https://www.leicestershire.gov.uk/about-the-council/council-plans/the-strategic-plan>

Report to the Cabinet on 15<sup>th</sup> December 2020: Provisional Medium Term Financial Strategy 2021/22 – 2024/25 - <https://bit.ly/3op8Arg>

This page is intentionally left blank