

REPORT OF THE CABINET

A. MEDIUM TERM FINANCIAL STRATEGY 2024/25 – 2027/28

Introduction

1. This report relates to the Cabinet's consideration of the 2024/25 to 2027/28 Medium Term Financial Strategy (MTFS) which has the following four main elements:-
 - 2024/25 revenue budget;
 - 2025/26, 2026/27 and 2027/28 provisional revenue budgets;
 - 2024/25 – 2027/28 capital programme;
 - Financial strategies and policies including the Capital Strategy, Investing in Leicestershire Programme Strategy, Risk Management Policy and Strategy, Earmarked Reserves Policy, Insurance Policy, Treasury Management and Annual Investment Strategy, and an Equality Impact Assessment.

Background

2. Attached is a report considered by the Cabinet on 9th February 2024 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 9th February also contains the following appendices:

Appendix A	2024/25 Revenue Budget
Appendix B	Four Year Revenue Budget 2024/25 to 2027/28
Appendix C	Growth and Savings 2024/25 to 2027/28
Appendix D	Savings under Development
Appendix E	Detailed Revenue Budgets 2024/25
Appendix F	Capital Programme 2024/25 to 2027/28
Appendix G	Capital Strategy
Appendix H	Investing in Leicestershire Programme Strategy
Appendix I	Risk Management Policy and Strategy
Appendix J	Earmarked Reserves Policy

Appendix K	Earmarked Reserves Forecasts
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	Equality Impact Assessment
Appendix Q	Comments of the Overview and Scrutiny Committees and Scrutiny Commission

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 Q to this report.
5. The Corporate Governance Committee at its meeting on 26th January approved the Risk Management, Insurance and Treasury Management Policies and Strategies which are set out in Appendices I, L and N.

Consideration by the Cabinet

6. On 9th February, the Cabinet considered the comments of the various Scrutiny bodies, the results of the consultations and other developments, including further funding announcements, since it published the draft budget in December 2023.
7. The Cabinet was advised that these developments did not change the key messages in the MTFS. The Council was still forecasting to use reserves to balance the budget next year and the gap between income and expenditure was still forecast to exceed £80m by the final year of the MTFS. The main change to the 2024/25 budget was the receipt of £5m of additional social care grant. The allocation was outside of the spending review so was assumed to be a one-off, although it had not been confirmed. However, the additional cash received and subsequent reduction in use of reserves would generate £200k of ongoing investment income. £100k of the investment income would be allocated to flood investigation scheme development work. The balance of

the investment income would be allocated to reduce the planned savings for the Recycling and Household Waste Site Service, subject to consultation.

8. The recommendations of the Cabinet to the County Council concerning the MTFS including the proposed changes to the Recycling and Household Waste Site Service 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 2024/25 totalling £567.6m as set out in Appendices A, B and E of the 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 2025/26, 2026/27 and 2027/28, 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, engagement and equality and human rights impact assessments, as may be necessary to achieve the savings specified for those years including savings under development, set out in Appendix D;
- c) That approval be 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 reserves as set out in Appendix K be noted and the use of those earmarked reserves 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 2024/25 be as set out in Appendix M (including 2% 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 2024/25 to 2027/28 capital programme, totalling £447m, 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:

	2024/25 £m	2025/26 £m	2026/27 £m	2027/28 £m
Operational boundary for external debt				
i) Borrowing	220	219	243	273
ii) Other long term liabilities	1	1	1	1
TOTAL	221	220	244	274
Authorised limit for external debt				
i) Borrowing	230	229	253	283
ii) Other long term liabilities	1	1	1	1
TOTAL	231	230	254	284

- 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 2024/25 to 2027/28:

- (i) Maturity of borrowing:-

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

- (ii) An upper limit for principal sums invested for periods longer than 364 days is 20% 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 2024/25, subject to the prudential limits in Appendix N;
- m) That the Treasury Management Strategy Statement and the Annual Investment Strategy for 2024/25, 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), Investing in Leicestershire Programme Strategy (Appendix H), Risk Management Policy and Strategy (Appendix I), Earmarked Reserves 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 2024/25;**
- 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 21 February 2024;**
- q) **That the Leicestershire School Funding Formula be subject to capping and scaling to continue to reflect the National Funding Formula for 2024/25;**
- r) **That the Director of Children and Family Services, following consultation with the Lead Member for Children and Family Services, be authorised to agree the funding rates for early years providers for 2024/25;**
- s) **That in light of the Council's financial position, the proposal to revise the Council's net zero targets for its own operations, from 2030 to 2035, and for the wider County, from 2045 to 2050, be approved;**
- t) **That the proposed changes to the Recycling and Household Waste Site service as outlined at paragraph 37 of the report be noted, to be funded from the Service Investment budget, and subject to the outcome of further consultation.**

9th February 2024

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

Background Papers

Report to the Cabinet 19 December 2023 – Provisional Medium Term Financial Strategy 2024-28 – Proposals for Consultation

<https://democracy.leics.gov.uk/ieListDocuments.aspx?CIId=135&MIId=7081&Ver=4>

Report to the County Council 22 February 2023: Medium Term Financial Strategy
2023-27

<https://democracy.leics.gov.uk/ieListDocuments.aspx?CId=134&MId=6913&Ver=4>

County Council Strategic Plan

<https://www.leicestershire.gov.uk/about-the-council/council-plans/the-strategic-plan>