



REPORT TITLE: Medium Term Financial Strategy 2024/25 to 2027/28

Cabinet Date	31 st January 2024
Cabinet Member	Cllr Mark Hawthorne, Leader of Council Cllr Lynden Stowe, Deputy Leader and Cabinet Member for Finance and Change
Key Decision	No
Purpose of Report	To recommend the MTFS, 2024/25 revenue and capital budgets and Precept to Council.
Recommendations	<p>Cabinet is asked to:</p> <ol style="list-style-type: none"> 1. To consider the outcome of the budget consultation as set out in Appendix 2 and the report from the Corporate Overview and Scrutiny Committee (COSC) in Appendix 3. 2. To approve the MTFS and final revenue and capital budget for 2024/25 for recommendation to County Council, including all the proposals set out in the annexes of the detailed MTFS (Appendix 1). 3. To note the schools funding allocations, the provisional local government finance settlement and forecast reserve movements as summarised in this report and set out in the MTFS. 4. To recommend to Council a revenue budget of £610.425 million, a band D council tax of £1,599.82, and consequential precepts on District Councils. 5. To note the Capital Strategy and Treasury Management Strategy & Investment Strategy as set out in Annexes 7 & 10 of the detailed MTFS.
Reasons for recommendations	To ensure that Councillors and the public are made aware of the Council's Medium Term Financial Strategy, Financial Planning Framework and the Council Strategy
Resource Implications	The report is concerned with the Council's overall budget and the financial implications thereof.

Background Documents	Council Strategy and Medium Term Financial Strategy 2022/23 – 2025/26 Council report: 15 th February 2023 Council Strategy – Building Back Better in Gloucestershire - Gloucestershire County Council Budget Consultation: 7 th December 2023 – 11 th January 2024 Risk Management Policy Statement and Strategy for 2022-25
Statutory Authority	
Divisional Councillor(s)	All Councillors
Officer	Paul Blacker, Director of Finance (01452) 328999 paul.blacker@gloucestershire.gov.uk Jayne Fuller, Corporate Finance Manager (01452) 328926 jayne.fuller@gloucestershire.gov.uk Gareth Rees, Head of Financial Management Gareth.Rees@gloucestershire.gov.uk
Timeline	Final budget to be approved by Council on 21 st February 2024

Introduction

1. The Council's draft Medium Term Financial Strategy (MTFS) is being presented to Cabinet on 31st January 2024 and is then scheduled for County Council on 21st February 2024.

Medium Term Financial Strategy

2. The MTFS has been prepared using best estimates from available data following the recent provisional settlement, which was received on 18th December 2023, with the final settlement expected early February 2024. Any amendments, as a result of the final settlement, will be in the final budget submitted to County Council. Flexibility to amend the budget remains until the final Finance Settlement is confirmed.
3. The provisional settlement has given more certainty over funding streams for 2024/25, however funding for future years remains uncertain.
4. The draft budget was published for public consultation on 7th December 2023. The results of this public consultation exercise and the review by Corporate Overview and Scrutiny Committee are attached to this report (Appendix 2 and 3).
5. The draft MTFS (Appendix 1) contains the detailed budget proposals for 2024/25 including the general fund revenue budget, the capital programme, and the Dedicated Schools Grant (DSG) as well as high level budget information for the period 2025/26 to 2027/28. The draft general fund revenue budget for 2024/25 totals £610.425 million and is based on an overall

Council Tax increase of 4.99% (made up of 2.99% general Council Tax increase plus a 2% Adult Social Care (ASC) Precept increase).

6. This proposed budget will result in a Band D Council Tax of £1,599.82 in 2024/25 compared to £1,523.78 in 2023/24 – an increase of £76.04 per annum or £1.46 per week.
7. The detailed MTFS is attached to this report (Appendix 1).

The Council Strategy 2022-26: Building Back Better in Gloucestershire

8. The Council Strategy – ‘Building Back Better in Gloucestershire’ - is the key high-level document that, alongside with the MTFS, sets the Council’s strategic policy direction. The four-year strategy was developed following full council elections in May 2021, and following public consultation was presented to Cabinet in January 2022 and to Council in February 2022 for approval and adoption. It sets out the Council’s vision, its ambitions for the county and its priorities for addressing the challenges and opportunities it faces.
9. It sets out the Council’s vision - to make the most of all that Gloucestershire has to offer, help improve the quality of life for every community, support businesses to be successful and make sure Gloucestershire is a place where people want to live, work and visit.

2024/25 Revenue Budget Summary

10. The total Revenue budget has increased from £567.133 million in 2023/24, to a proposed £610.425 million for 2024/25. The budgetary changes are summarised in paragraph 37 of Appendix 1, with detailed changes set out in Annexes 1-3 of the Appendix.

Changes between the 2024/25 revenue budget issued for consultation and the final budget.

11. The following specific budget changes are proposed:
 - Increase of £1.093m for Community Safety to reflect the Fire Pension Scheme Superannuation increases as funded by the Fire Pension Grant.
 - Reduction of £278k for Pay Inflation based on updated costings.
12. The starting budget for individual services (shown in Annexes 2 and 3) has also been realigned to reflect permanent budget transfers that occurred between October 2023 and December 2023.

Forward Draft Plans for the Revenue Budget in 2025/26 to 2027/28

13. The Council’s revenue expenditure plans are set out in the MTFS for the four years covering the period 2024/25 to 2027/28. Detailed budget proposals are set out for 2024/25, whilst only high-level budgets, based on estimated funding levels, are included for future years. The overall budgets are £634.06 million for 2025/26, £659.38 million for 2026/27, and £689.46 million for 2027/28 - these are forecast financial positions and will be updated

as further information becomes available. See Annex 6 (of Appendix 1) for more information.

Dedicated Schools Grant

14. The latest announcement made on the 19th December 2023 provided the actual DSG figures for 2024/25 which included funding updates for the October 2023 census and other census data. Details can be found in section H (paragraphs 42 – 63) of Appendix 1.

Reserves

15. Under the Local Government Act 2003 the Council has a responsibility to ensure that reserves are adequate. During 2023/24 all reserves have been examined in detail and the MTFs document provides a summary of reserves held and a forecast of anticipated balances for 31st March 2024.

16. The current level of General Reserves is considered to be at a satisfactory level by the Council's s151 officer following a risk-based review.

Capital Programme

17. The capital programme provides future investment in the county totalling £501.1 million. The main investment relates to Economy, Environment and Infrastructure (£299.4 million), Schools and facilities for children (£82.7 million), Corporate Resources (£89.8 million), Fire and Rescue Service (£11.2 million) and Adults (£18 million).

18. The capital programme contains an estimate of £84.85 million of new investment on capital schemes, spread over a number of financial years, financed from grants, revenue contributions and capital financing budgets. Further information can be found in section R of Appendix 1 (paragraphs 96 – 98), and Annexes 8a-8c.

19. Priority schemes not supported by grants or contributions have been included within the new programme on the basis that will be funded from borrowing. These new schemes recommended for approval amount to £15.64 million and are detailed in Annex 8b.

20. An estimate of £69.21 million new capital funding from Government grant allocations and revenue contributions has been included and is detailed in Annex 8c.

Changes between the 2024/25 capital budget issued for consultation and the final budget.

21. The revised capital programme includes an additional £2.75 million funding, subject to approval of the changes detailed within the quarter 3 financial monitoring report separately being reported at today's Cabinet meeting. This being £1.86 million in respects of additions to the School's capital programme, and various items less than £250k (totalling £0.89 million). The £2.809 million Highway Maintenance Resurfacing grant referred to in the monitoring report was already included in the capital budget that went to public consultation.

22. Of the £2.75 million, £2.18 million relates to 2024/25 or later.

23. The revised £501.1 million total capital programme expenditure (2024/25 and beyond) is £3.31 million higher than quoted at consultation. This being the £2.18 million of additional funding, plus £1.13 million budget slippage from 2023/24 (various Transport & Highways projects).

Consultation and Scrutiny

24. Consultation on the draft 2024/25 budget proposals took place between 7th December 2023 and 11th January 2024. Stakeholders have been asked to give us their views on our overall priorities, the proposed budget, options to reduce the budget gap and any potential impact on service levels.

Consultation took place with the following groups:

- All Gloucestershire residents,
- Key partners including Health, the Independent and Voluntary sectors and town and parish councils,
- Trade Unions and professional associations,
- Staff, via the usual communication channels,
- Gloucestershire businesses,
- Schools, via the schools forum, open meetings and Head Teacher groups

25. Full details of the budget consultation are included in Appendix 2.

26. The Corporate Overview and Scrutiny Committee have also undertaken their own budget scrutiny process on 10th January 2024. Their report is included as Appendix 3.

Risks

27. Section L of Appendix 1 (paragraphs 77 – 82) sets out the Section 151 Officer Review of the Budget, including the risks taken into account in preparing the Budget.

Equality implications

28. Cabinet Members are reminded that we have a legal duty to give due regard to the implications for people with protected characteristics. Equality Impact Assessments are attached at Appendix 4.

Conclusion

29. The Director of Finance (acting S151 officer) considers that the budget proposals set out by the Cabinet are robust and sustainable and that the level of reserves are sufficient to meet the known risks within the budget.

Summary of Appendices

- Appendix 1 Medium Term Financial Strategy (MTFS)
- Appendix 2 Budget Consultation Report
- Appendix 3 COSC Budget Scrutiny Report
- Appendix 4 Equality Impact Assessment