

Agenda Item 37.

TITLE	Medium Term Financial Plan 2022-25
FOR CONSIDERATION BY	Community and Corporate Overview and Scrutiny Committee on 6 th October 2021
WARD	None Specific;
LEAD OFFICER	Deputy Chief Executive - Graham Ebers

OUTCOME / BENEFITS TO THE COMMUNITY

To deliver on the priorities within the Council's Corporate Plan whilst maintaining a financially viable Council.

RECOMMENDATION

To consider the report and identify areas of productive exploration.

SUMMARY OF REPORT

The Council annually undertakes a budget setting process to determine its investment priorities and spending reductions in arriving at a balanced budget. The strategic context, including the budget setting approach is the first consideration for Overview and Scrutiny in this year's process.

Background

The Council annually undertakes its budget setting process for all its financial activities including General Fund Revenue Account (funded by primarily by Council Tax), HRA (funded by tenants), Schools (funded by Government) and Capital (funded by various capital resources). An overview of these funds is provided in the MTFP, last approved by Full Council in February 2021.

Last year's budget setting process incorporated and benefited from considerable consideration by the Overview and Scrutiny committee. It is intended that a similar approach is adopted again for this year's budget cycle.

Analysis of Issues

The Budget Strategic Overview (Appendix A) focusses on the General Fund Revenue Account and sets out the national and local context in which the budget will be set. It also shows key risks faced by the Council, most notably the unknown full extent of the COVID-19 impact. To enhance the scrutiny process, all revenue items (growth, savings and special items) and capital have been included earlier in the process to allow members to have a better understanding of the interaction between bids and funding as well as revenue and capital links (e.g. capital investment to deliver revenue savings).

The figures presented in Appendix A provide the latest revenue summary position ("net") of growth pressures and savings by directorate, followed by corporate financing considerations for the next two financial years. Year three is being worked on and will be presented at a later meeting. A summary of the special items ("one off spend") has also been included with year three to follow at a later meeting. In addition and earlier than in previous years, a capital summary has been provided for the next three years outlining the latest capital expenditure plans as well as the capital funding plans.

It should be noted that the Year 1 2022/23 budget position for revenue would already balance (with a transfer from reserves), whilst leaving General Fund Balances at a sufficiently safe level. This is of course subject to the outcome of the Local Government Finance settlement which is unlikely to be announced until December 2021. Wokingham Borough Council remain the lowest funded Unitary Authority per head of population and the Council should do all it can to make representations for a fair settlement in December 2021 and more significantly a fair Government funding settlement which is expected to cover a three year period. Further risks are also set out in Appendix A which will need to be considered as part of the budget setting process.

Incorporated in the summary figures, is the considerable investment in priority services for the Council, in particular, an ambition to attain a stepped improvement in our Children's Services (a rating of Good by Ofsted). The details of specific budget investment proposals, and savings will be presented to this Overview and Scrutiny Committee in accordance with the timetable (Appendix A).

To allow the committee to have a greater focus on the budget submissions, business case templates will be presented where budget submissions are new and / or have changed significantly from what was approved in the last MTFP process. For revenue, this will focus on a threshold of over £50k and for capital, over £200k. The bid templates will accompany the budget proposals presented to this Committee, in the way they were last year. Appendix B and C are examples of the bid templates used.

FINANCIAL IMPLICATIONS OF THE RECOMMENDATION

The Council faces severe funding pressures, particularly in the face of the COVID-19 crisis. It is therefore imperative that Council resources are focused on the vulnerable and on its highest priorities.

	How much will it Cost/ (Save)	Is there sufficient funding – if not quantify the Shortfall	Revenue or Capital?
Current Financial Year (Year 1)	See other financial implications	Y	Both
Next Financial Year (Year 2)	See other financial implications	Y	Both
Following Financial Year (Year 3)	See other financial implications	Y	Both

Other financial information relevant to the Recommendation/Decision

There are no financial implications associated with the scrutiny process, however, the full MTFP, when submitted to Council in February 2022, will have to represent a balanced budget.

Cross-Council Implications

This is in respect of budgets across all Council services.

Public Sector Equality Duty

Please confirm that due regard to the Public Sector Equality Duty has been taken and if an equalities assessment has been completed or explain why an equalities assessment is not required.

Not at this stage of consideration but equality impact statements will be required before specific proposals are agreed and implemented.

List of Background Papers

MTFP 2021-24

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