

<b>Item No</b>	<b>Referred from:</b>	<b>Cabinet</b>
<b>8B</b>	<b>Date:</b>	<b>10 September 2024</b>
	<b>Title of item:</b>	<b>Medium Term Financial Strategy 2025-2030</b>
<b>To be considered alongside agenda item:</b>		<b>Agenda Item 11</b>

The report considered by Cabinet at the meeting held on 10 September 2024 can be viewed here: [Agenda for Cabinet on Tuesday, 10th September, 2024, 7.30 pm | North Herts Council \(north-herts.gov.uk\)](#)

**RECOMMENDED TO COUNCIL:** The adoption of the Medium-Term Financial Strategy for 2025-2030, as attached at Appendix A.

**REASON FOR RECOMMENDATION:** Adoption of a MTFS and communication of its contents will assist in the process of forward planning the use of Council resources and in budget setting for 2025/2026 to 2029/2030, culminating in the setting of the Council Tax precept for 2025/26 in February 2025. Alongside the Council Plan, this will support the Council in setting a budget that is affordable and aligned to Council priorities.

The Chair invited Councillor Sean Nolan, as Chair of the Finance, Audit and Risk Committee, to present the referral on this item. Councillor Nolan advised that there had been discussion around:

- Focusing on looking ahead and understanding the effects of dealing with the next five years.
- Looking at the need to reduce costs and whether any savings could be made by increasing income but recognising that with little non-discretionary spending this would be difficult.
- Whether savings could be made by the sharing of services with other local authorities as with the waste contract.
- Understanding that any income from treasury investments was not sustainable based on the projected drop-in interest rates.
- Looking at the future for the Council services with the £2.5 million of savings required.

In response to a question from Councillor Daniel Allen, Councillor Nolan advised that a longer-term financial strategy would normally be expected to cover a 10 year period, but due to the way that local authorities were funded, the focus was on the 5 year period.

Councillor Ian Albert, Executive Member for Finance and IT, presented the report entitled 'Medium Term Financial Strategy 2025-2030' and advised:

- This was an important document and was a partner to the Council Plan
- The Medium Term Financial Strategy (MTFS) sets out the forecast on expenditure, income and funding over a 5 -year period. There was currently too much uncertainty for a 10 year review.
- The pay claim for 2024/2025 had not yet been settled.
- Reserves could be used to balance the budget in the short term, but the Council must balance in the medium term and maintain a prudent level of reserves.

- This MTFs showed that the Council could use the higher treasury investment returns and retain business rates to help balance the budget in 2025/26.
- Savings required over the next few years was a difficult task and would need to include a review of capital projects and discretionary services.
- Staffing was recognised as the most valuable resource to enable the Council to deliver the services that residents need.
- More work needed to be done to try and share services with neighbouring authorities for the benefit of the residents.
- The MTFs highlighted the items that would be looked at going forward this year.

The following Members asked questions:

- Councillor Mick Debenham
- Councillor Amy Allen
- Councillor Daniel Allen

In response to questions, the Executive Member for Finance and IT advised that:

- It was critical that the Council investigated sharing of services with other local authorities and investigated generating income to make savings.
- It was important that the capital programme was managed properly with correct priorities.
- The current strategy was to review all the budget lines of expenditure to make sure that they are appropriate and represent the priorities set out in the Council Plan.
- Existing parish councils and any new town councils were able to set their own Council Tax precept and there was a variance in this amount between areas.
- Any pay settlement reached would have to be met in the budget.

In response to a question, the Service Director – Resources advised that £38k in the budget was linked to the Council Tax Reduction Scheme and this had been planned to reduce any reductions in the funding that the Council received.

In response to a question, the Managing Director advised that:

- The Council offered good staff benefits and were currently reviewing this to see if it needed to be updated.
- The Council was aware it could not match pay, especially for professional roles, compared to the private sector and neighbouring local authorities.
- The Council was tied into the annual pay bargaining and was currently carrying out a review of salary scales to try to understand where the gap was to the Local Authority average.

Councillor Ian Albert proposed and Councillor Dave Winstanley seconded and, following a vote, it was:

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