



FULL COUNCIL REPORT

Date Written	9 th April 2024
Report Author	Liam Hull
Service Area	Finance
Exempt/Non Exempt	Non-Exempt
Committee Date	17 th April 2024

Medium-Term Financial Plan 2024/25 - 2026/27

1.0 SUMMARY OF THE REPORT

- 1.1 A Medium-Term Financial Plan is one of the cornerstones of sound financial governance and allows the Authority to effectively plan the optimal use of resources over the medium-term
- 1.2 The 2024/25 budget was approved at a Special Council meeting on 6th March. This report focusses primarily on the remaining two years of the financial plan, namely 2025/26 and 2026/27.
- 1.3 The Medium-Term Financial Plan indicates a projected budget deficit of £8.778m for 2025/26 and a cumulative budget deficit of £18.900m over the course of the MTFP.
- 1.4 The Council faces significant financial challenges over the course of the medium-term and an ongoing programme of transformation will be required to achieve the levels of saving required.

2.0 RECOMMENDATION that

- 2.1 The Medium-Term Financial Plan for 2024/25 - 2026/27 included at Appendix 1 be approved.

3.0 INTRODUCTION AND BACKGROUND

- 3.1 Local Government is faced with significant demanding future challenges in marrying corporate and service expenditure plans and priorities to scarce available financial resources. It is imperative that Merthyr Tydfil County Borough Council (MTCBC) recognises these challenges and aligns budgets and spending plans to corporate priorities through the implementation of a robust rolling programme Medium Term Financial Plan (MTFP) continuously updated to consider changing circumstances, future demands, priorities and initiatives. Consequently, regular reporting to Corporate Management Team, Cabinet, Governance and Audit Committee, Scrutiny Committees and Council is both desirable and essential.
- 3.2 A Medium-Term Financial Plan is one of the cornerstones of sound financial governance and allows the Authority to effectively plan the optimal use of resources over the medium-term.
- 3.3 A meaningful, continuously updated MTFP has the following advantages:
- Informs the budget process.
 - Allows timely recognition of future budget pressures, minimising unforeseen demands.
 - Allows budget decisions to be based on priorities rather than the requirement to arbitrarily reduce costs.
 - Supports earlier budget setting since financial decisions are being recommended earlier in the year.
 - Supports integration of Council plans and policies.

4.0 MEDIUM-TERM FINANCIAL PLAN

- 4.1 A Medium-Term Financial Plan is a rolling programme, continually evolving as further information and changing circumstances become known. A recap of the 2024/25 budget approved at the Special Council meeting on March 6th is included below.

Area	2024/25 Budget £'000 (Agreed)
Education	62,877
Social Services	48,191
Economy & Public Protection	9,626
Neighbourhood Services	12,110
Governance & Resources	8,724
Corporate Authority	24,065
Non-General Fund Allocations	-935
Discretionary NDR Relief	44
Collection Fund Surplus	-700
Corporate Vacancy Factor	-1,000
In-Year Savings	-71
Use of Reserves	-2,032
Net Expenditure	160,899
Revenue Settlement	-123,492
Council Tax	-37,407
Net Income	-160,899
Budget Deficit	0

- 4.2 Given the amount of savings proposals proposed to achieve a balanced budget for 2024/25, it was not possible to produce a Medium-Term Financial Plan in the timeframes required for setting Council Tax.
- 4.3 That work has now been carried out for the remaining period of the Medium-Term Financial Plan, and a summary of that information is included in the table below:

Area	2025/26 Budget £'000	2026/27 Budget £'000
Education	66,145	67,469
Social Services	52,539	55,394
Economy & Public Protection	11,264	11,493
Neighbourhood Services	12,807	13,258
Governance & Resources	9,230	9,511
Corporate Authority	25,520	26,726
Non-General Fund Allocations	-935	-935
Discretionary NDR Relief	44	44
Collection Fund Surplus	-850	-850
Corporate Vacancy Factor	-1,500	-1,500
Pension Strain	247	247
Net Expenditure	174,511	180,854
Revenue Settlement	-126,456	-129,491
Council Tax	-39,277	-41,241
Net Income	-165,733	-170,732
Budget Deficit	8,778	10,122

- 4.4 The table above indicates that a budget deficit of £8.778 million is projected for 2025/26 and a cumulative budget deficit of £18.900 million is projected for the period of the MTFP.
- 4.5 The key data underpinning the 2025/26 and 2026/27 aspects of the MTFP are detailed in the MTFP document, attached as Appendix 1, and are summarised below:
- A Revenue Settlement of +2.4%
 - A Pay Award of +2.3
 - A Council Tax increase of 5% per annum
 - No utilisation of Reserves from 2025/26 onwards
- 4.6 It is clear that the Council continues to face significant financial challenges over the course of the medium-term and an ongoing programme of transformation will be required to achieve the levels of saving required. Further reports will be brought to Council in due course.

5.0 FINANCIAL IMPLICATIONS

5.1 The Council faces a projected deficit of £8.778 million in 2025/26 and a cumulative budget deficit of £18.900 million over the course of the MTFP.

6.0 INTEGRATED IMPACT ASSESSMENT

6.1

	Positive Impacts	Negative Impacts	Neutral
1. Merthyr Tydfil Well-being Objectives	4 of 4	0 of 4	0 of 4
2. Sustainable Development Principles	5 of 5	0 of 5	0 of 5
3. Protected Characteristics (including Welsh Language)	0 of 10	0 of 10	10 of 10
4. Socio-economic Disadvantage	0 of 6	0 of 6	6 of 6
5. Decarbonisation	6 of 6	0 of 6	0 of 6
6. Biodiversity and the resilience of Ecosystems	Maintained	Enhanced	Reduced
	1 of 1	0 of 1	0 of 1
7. Consultation and Engagement	Undertaken	Due to be Undertaken	Not Required
	1 of 1	0 of 1	0 of 1
8. Data and Evidence	Yes		No
	1 of 1		0 of 1
Summary			
The main positive impacts are:	The report supports the financial sustainability of the Council in proposing a balanced budget for 2024/25.		
The main negative impacts are:	Final details in respect of the agreed negotiated Pay Award will not be known until after the commencement of the 2024/25 financial year.		

ELLIS COOPER
CHIEF EXECUTIVE

COUNCILLOR ANDREW BARRY
CABINET MEMBER FOR GOVERNANCE
AND RESOURCES

BACKGROUND PAPERS		
Title of Document(s)	Document(s) Date	Document Location
Medium Term Financial Plan 2024/25 to 2026/27	Council 17 th April 2024	Agenda and minutes / Finance Department
Provisional Local Government Settlement 2024/25	Announced 20 th December 2023	Finance Department
Revenue Budget 2024/25	Cabinet and Council 17 th January 2024	Agenda and minutes / Finance Department
Revenue Budget 2024/25	Combined Governance and Audit / Joint Scrutiny Committee 26 th February 2024	Agenda and minutes / Finance Department
Revenue Budget 2024/25	Cabinet and Council 28 th February 2024 and 6 th March 2024	Agenda and minutes / Finance Department
Medium Term Financial Plan / Budget Working Papers	March 2024 to April 2024	Finance Department
Does the report contain any issue that may impact the Council's Constitution?		No

Consultation has been undertaken with the Corporate Management Team in respect of each proposal(s) and recommendation(s) set out in this report.