

Financing for the delivery of the Corporate Plan Summary Medium Term Financial Strategy 2023/24 to 2027/28



What is the purpose of the of the Medium Term Financial Strategy (MTFS)?

Our MTFS is more than just a part of our good governance practice to have a schedule of financial forecast. It is part of our vision to put our financial resources in making Hinckley and Bosworth 'A Place of Opportunity' for all. We do this by ensuring we have fiscal governance to match our ambition to deliver our corporate goals of creating great places to live, work and relax in. It is not just about money, but how money can be used to make lives better.

Background

This update to the MTFS comes at a time of significant uncertainty and potential change being introduced by central government, which will influence public sector finances. We are now in the fourth of four one-year settlements, with 2026/27 now the period expected for the fair funding review and a business rates reset to be in force, but we do not yet have clear detail on what this will mean for district councils.

How does the MTFS capture the range of potential issues in a time of high uncertainty?

As Central Government have not issued a clear intent of what will happen in future years, this MTFS has been restricted to the current year plus different scenarios for a four year outlook, giving a five year period in total. Three possible MTFS scenarios are considered.

The Expected, Best and Worst Case MTFS Scenarios

The main purpose of the of the three possible scenarios is to identify the potential need for savings or new income to ensure services are delivered in a controlled way and ensure the council balances its income and expenditure. The high-level position is given in the table below.

Savings/New Income needed	2023/24	2024/25	2025/26	2026/27	2026/27
Expected	£0	£0	£0	£904,000	£1,008,000
Best	£0	£0	£0	£0	£0
Worst	£0	£292,000	£1,065,000	£1,146,000	£978,000

The 'expected' scenario is currently anticipated to be the most likely outcome, but 'best' and 'worst' scenarios have also been modelled here in order to get a sense of the extent of all possible outcomes. Note the expected and worst case include significant estimates for possible Government support (Damping) which may not be forthcoming. This enables suitable planning and contingency to be made.

What happens next?

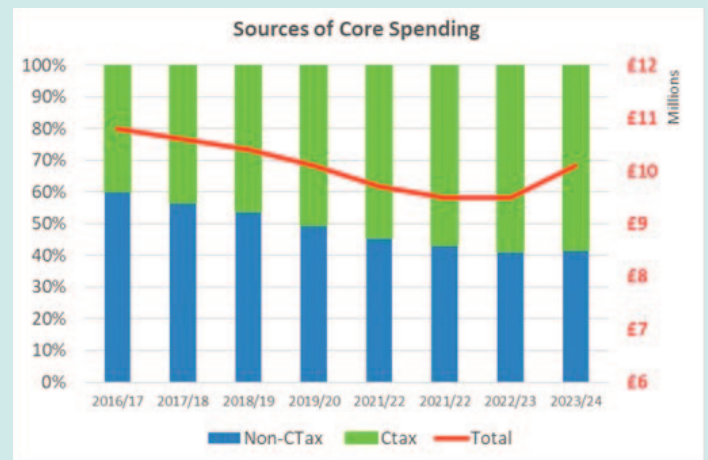
The current administration has taken difficult decisions in the face of uncertainty from the Government to ensure immediate pressures are addressed. In summary these actions are:

1. A £5 increase in Council Tax for 2023/24 to 2027/28 (which is expected to still leave the council in the fifteen lowest charging district councils)
2. A commitment to a £5 increase in garden waste to £42.50 in 2024/25, and further £5 in 2025/26 to £47.50 (still one of the lowest of the six charging councils in Leicestershire)
3. To continue invest in the future the local area with an ambitious £8m investment in the Local Enterprise Zone
4. No recurring supplementary requests for the period of the MTFs, unless unavoidable.

Without these actions the savings required in the MTFs would have been on the scale of £3m by 2025/26

Core Spending Power (CSP)

Since 2016/17 increases in CSP are mainly from council tax, with Government settlements placing a greater burden on the local taxpayer. Business rates growth has helped, but a reset is expected by Government in 2024/25 which is the single most significant risk to the council's finances. This is made worse by the major reductions in the New Homes Bonus scheme since 2016/17.



Reserves

The overall earmarked balances show an expected reduction of almost 70% by 31 March 2028, with up to £2.5m being used to support the general fund in the expected MTFs.

Earmarked Reserves total balances	2022/23 millions	2023/24 millions	2024/25 millions	2025/26 millions	2026/27 millions	2027/28 millions
Expected	£7.5	£5.3	£5.6	£2.5	£2.6	£2.3
Best	£7.5	£5.4	£6.0	£3.4	£4.1	£5.0
Worst	£7.5	£4.4	£2.6	£2.2	£1.8	£1.8

This summary gives an overview, for full details see the full MTFs technical document attached as an appendix.