

# Financing for the delivery of the Corporate Plan Summary Medium Term Financial Strategy 2022/23 to 2025/26



## 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 third of three one-year settlements, with 2024/25 now the period expected for the fair funding review and business rates reset to be in force, but we do not 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 a three year outlook due to the high level of uncertainty. Therefore, three MTFS scenarios are considered.

## The Expected, Best and Worst Case MTFS Projections

The main purpose of the of the three cases 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.

New income /Savings needed	2022/23	2023/24	2024/25	2025/26
Expected	£0	£0	£0	£1,821,000
Best	£0	£0	£0	£0
Worst	£0	£890,500	£2,539,000	£483,500

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 these all 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 Government to ensure immediate pressures are addressed. In summary these actions are:

1. A £5 increase in Council Tax for 2022/23-2025/26
2. A £5 increase in Garden Waste, to £35 in 2022/23 and a further £5 in 2023/24
3. To invest in the future of business and jobs with an ambitious £8m funding agreement in the Local Enterprise Zone
4. The development of a savings plan for 2025/26 of £1.8m if needed.

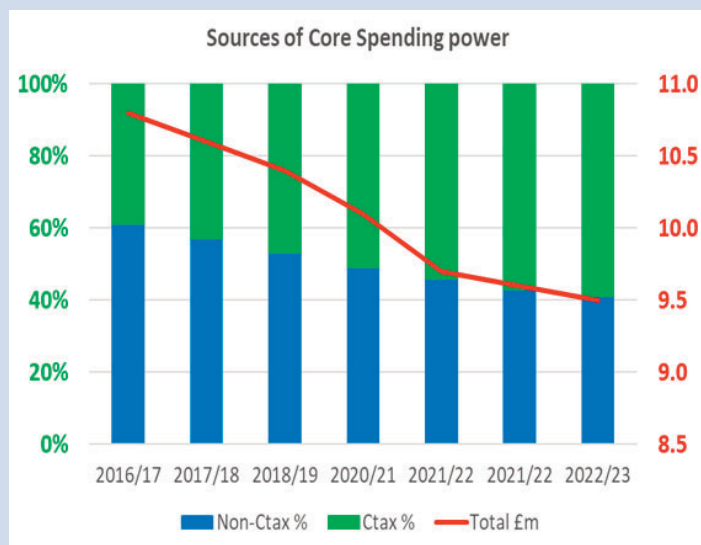
Without these actions the savings required in the MTFS would have been on the scale of £3m by 2025/26

## 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 50% by 31 March 2026, with up to £2m being used to support the general fund in the expected MTFS.



Earmarked Reserves total balances	2022 £m	2023 £m	2024 £m	2025 £m	2026 £m
Expected	9.3	6.4	6.1	5.0	4.9
Best	9.3	6.9	7.3	8.7	8.7
Worst	9.3	6.3	4.6	4.6	4.6

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