

Report of the Treasurer

Medium Term Financial Plan (MTFP) Update

Purpose of report

1. To inform Members of the current position about information available to support the 2022/23 budget and MTFP, and to seek delegated authority to enter a future Business Rates Pool
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Recommendation

It is recommended that the Authority:

- i) Notes that the outcome of the Comprehensive Spending Review (CSR) and its impact on the emerging MTFP is still awaited;*
- ii) Notes that the Policy and Resources Committee will receive a full report as more information is available;*
- iii) Notes the decision taken under the urgent business procedure for the Authority to participate in the business rates pooling for 2021/22 and*
- iv) Gives delegated authority to the Treasurer to determine whether to participate in business rate pooling arrangements for future years.*

Background

2. In October 2021 the Authority received an interim update on the budget and MTFP. It was, however, noted that there was insufficient information available from the Comprehensive Spending Review (CSR) in respect of grants and no information on council tax-bases or business rates yield on which to make any useful conclusions.
3. It is now expected that the provisional grant settlement will be announced on 15 December, and if any detail can be conveyed verbally to the Authority today it will be.
4. In advance of this, whilst, on the face of it the CSR looks promising it is now emerging that much of the apparent gain is due to the inclusion of items previously thought to be included elsewhere e.g. the support for Employers Pension contributions moving from Home Office Grant to the Department of Levelling Up, Housing & Communities (DLUHC) *(the current name for the department that deals with local government)*; and the Chancellor's promise to fund the social care rises in employers National Insurance contributions.

5. At the date this report was drafted we were still awaiting indications of council tax base changes and collection fund figures for Council tax and Business rates. We normally would not expect business rate yield information until mid January.
6. As a consequence there is no reliable information on which to move the budget projection produced for October and nothing that can be used to produce any credible “most likely” MTFP scenarios.
7. Therefore, for the moment the MTFP remains unchanged at:

	2021/22 Budget £m	2022/23 Forecast £m	2023/24 Forecast £m	2024/25 Forecast £m
MTFP - Expenditure: Current	35.334	36.416	37.166	38.529
MTFP - Funding: Current	(34.950)	(36.120)	(37.106)	(38.052)
Structural Gap/(Surplus): Current	0.384	0.296	0.060	0.477

8. Further reports will be brought to the Authority and Policy and Resources Committee as information on the grant settlement emerges.

Business Rates Pool

9. For the last two years the Authority has been a member of the Worcestershire Business Rates pool, which as well as helping to keep resources in Worcestershire rather than going to the Treasury, has resulted in additional business rate yield for the Authority.
10. Due to the decision timetable imposed in the past two years it has been necessary to seek approval to join the Pool via the Urgent decisions process. As a result of an oversight the urgent decision was not subsequently reported to the Committee in a formal way, but has been referred to in budget reports.
11. To avoid the need for an Urgent Decision in future, it is proposed that the Treasurer is given delegated authority, after consultation with the Chair of the Authority, to enter into future pools if appropriate.
12. This would be consistent with the position in prior years

Corporate Considerations

Resource Implications (identify any financial, legal, property or human resources issues)	None – no change from Previous Report
Strategic Policy Links (identify how proposals link in with current priorities and policy framework and if they do not, identify any potential implications)	None
Risk Management / Health & Safety (identify any risks, the proposed control measures and risk evaluation scores)	None
Consultation (identify any public or other consultation that has been carried out on this matter)	None
Equalities (has an Equalities Impact Assessment been completed? If not, why not?)	N/A
Data Protection Impact Assessment (where personal data is processed a DPIA must be completed to ensure compliant handling) An impact assessment will be completed as required.	N/A