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CABINET

19 NOVEMBER 2021

Present: Councillors Forward (Chair), Barnett (Vice-Chair), Batsford, Chowney, Evans, Rogers and Webb.

384. APOLOGIES FOR ABSENCE

None received.

385. DECLARATION OF INTERESTS

None received.

386. MEDIUM TERM FINANCIAL STRATEGY 2022/23 - 2025/26

The Chief Finance Officer presented a report to set out the Medium Term Financial Strategy (MTFS) 2022/23 – 2025/26.

The MTFS seeks to inform the budget process and enables the council to produce a viable and fully resourced Corporate Plan.

The report identifies £1.83 million of additional expenditure that the council is likely to incur in the current financial year. Some of these items are one-off expenditures, such as the dangerous structure at Battle Road and the West Hill Cliff Railway closure. The council has also made a claim to the government for loss of fees and charges income during the pandemic.

However, the increase in homelessness costs, predicted to be £475,000 this year, have resulted in substantial additional expenditure. Similarly, net expenditure on rough sleepers is projected to increase by £270,000 in the current year, with demand likely to increase.

The Leader of the Council has written to the government explaining the situation and calling for additional funding. It is not yet known what the funding settlement will be from central government, although this is expected to be announced before Christmas.

Overall, the deficit is set to rise from the £1.483 million initially projected to £2.292 million this financial year and thereafter increasing until 2025-26. Unless action is taken the council's unallocated reserves are set to fall below the agreed minimum of £6 million. £465,000 of in-year savings have been identified in the current financial year in order to mitigate the need for the reserves to fall below the recommended minimum level.

Councillor Chowney proposed approval of the recommendations, seconded by Councillor Barnett.

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RESOLVED (unanimously):

- 1. Approve the Medium Term Financial Strategy.**
- 2. The Council take the robust actions necessary in this financial year and throughout the 2022/23 budget process to achieve a sustainable budget and maintain the minimum recommended level of unallocated reserves.**
- 3. Service costs are reduced in this financial year to contain costs as detailed in Table 1 of this report, and that further savings be made where practicable.**
- 4. Full Council to note the action taken and that there is potentially a greater call on Reserves in 2021/22.**

Reasons:

The council matches its available resources to its priorities across the medium term. The Council needs to achieve estimated savings of some £3.1m in order to achieve a sustainable budget in 2022-23. In arriving at this figure many assumptions have once again had to be made on future funding, spiralling costs of homelessness, and also the ongoing impacts of Covid-19 on income streams. The estimates will continue to be updated as and when the government announces details of future funding and demand and inflationary impacts are updated.

The report provides the opportunity to assess the council's resources to assist the review of corporate priorities. Given the additional spending pressures in 2021-22 and an increase in the deficit of some £809,000 immediate action should be taken to cut expenditure to preserve reserves at their minimum recommended levels.

The Council has a statutory duty to set a balanced revenue budget each year and this strategy seeks to highlight the major issues (in advance) in order to do so.

387. MINUTES OF LAST MEETING

RESOLVED - that the minutes of the meeting held on 1st November 2021 be approved as a true record.

(The Chair declared the meeting closed at 3.10pm)