

## **Report to the Cabinet**

**Report reference:** C-022-2023/24

**Date of meeting:** 9th October 2023



**Epping Forest  
District Council**

**Portfolio:** Finance & Economic Development

**Subject:** Updated Medium-Term Financial Plan 2024/25 to 2028/29

**Responsible Officer:** Andrew Small (01992 564278)

**Democratic Services:** Vivienne Messenger (01992 564243)

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### **Recommendations/Decisions Required:**

**1) To note the contents of the report, including:**

- The General Fund element of the updated Medium-Term Financial Plan (2024/25 to 2028/29) (*Appendix A*); and
- The Housing Revenue Account element of the updated Medium-Term Financial Plan (2024/25 to 2028/29) (*Appendix B*).

**2) Discuss and agree any actions required, including the assumptions contained in the MTFP and the potential options for addressing the underlying budget deficit in order to set a balanced budget for 2024/25.**

### **Executive Summary:**

The Cabinet approved an updated Financial Planning Framework (2024/25 to 2028/29) at its meeting on 18th September 2023 and committed to receiving and considering and updated Medium-Term Financial Plan (MTFP) for 2024/25 to 2028/29.

The preparation of an MTFP provides the cornerstone on which the Council can build and deliver services in accordance with its aims and objectives. It also provides an early warning sign of potential budget pressures that lie ahead.

This is the first iteration of the MTFP within the 2024/25 budget cycle. It is a forward-looking document which provides a tentative look at the Council's financial picture over the next five years (2024/25 through to 2028/29) and sets the scene by providing a framework for developing both the General Fund and Housing Revenue Account (HRA) budgets for 2024/25.

The General Fund element of the MTFP can be found at **Appendix A**. It reveals a projected deficit of £3.720 million in 2024/25. This reflects major spending pressures due to – a large extent – increasing Financing costs driven by capital commitments and higher interest rates, which is exacerbated by an anticipated rise in Waste Management costs, upon the expiry of the current Biffa contract in November 2024.

Estimated net expenditure in 2024/25 is £21.364 million, compared to available funding of £17.644 million. The Council is required to eliminate this deficit and set a balanced budget for 2024/25 in February 2024.

The projections are summarised in the table below.

<b>General Fund MTFP (@ October 2023)</b>		
<b>Financial Year</b>	<b>(Surplus)/Deficit</b>	<b>Comment</b>
	<b>£000's</b>	
2024/25	3,720	Increased Financing costs driven by Capital Commitments and higher Interest Rates. New Waste Management arrangements from November 2024.
2025/26	376	
2026/27	484	
2027/28	553	
2028/29	557	

The HRA element of the MTFP can be found at **Appendix B**. It reveals a small Surplus in 2024/25, followed by two planned deficits in 2025/26 (£732,000) and 2026/27 (£532,000), before coming back into balance for 2027/28 and 2028/29. It should be noted that the HRA balance can comfortably withstand the planned deficits (e.g., as reported to Cabinet on 18th September 2023, the projected balance on the HRA for March 2024 was £4.438 million, which is more than double the adopted minimum of £2.0 million).

The table below provides a summary.

<b>Housing Revenue Account MTFP (@ October 2023)</b>		
<b>Financial Year</b>	<b>(Surplus)/Deficit</b>	<b>Comment</b>
	<b>£000's</b>	
2024/25	(15)	
2025/26	732	53 Week Rent Year Assumed £900,000 saving from Qualis re Housing Repairs.
2026/27	532	
2027/28	2	
2028/29	2	

The next stage in the process will see the assumptions and projections in both the General Fund and Housing Revenue Account further refined in accordance with the direction provided by Cabinet and emerging intelligence. Officers will begin to develop draft budget options for 2024/25, for consideration by Cabinet. This will include options for closing the General Fund budget gap.

**Reasons for Proposed Decision:**

To provide an updated financial position for the Council based on latest available information, allowing Cabinet to consider the implications and potential options available, and provide strategic direction to senior officers in preparing a (balanced) draft budget for 2024/25.

**Legal and Governance Implications:**

The Council has a legal duty under the Local Government Finance Act 1992 to set a balanced budget. This report highlights a potential budget deficit on the General Fund that needs to be eliminated prior to setting the 2024/25 budget in February 2024.

**Safer, Cleaner and Greener Implications:**

There are no direct SCG implications contained within the report, although the implications will be considered in the detailed development of budget proposals.

**Consultation Undertaken:**

None. The proposals in the report require further development. Consultation at a later stage is an in-built feature of the proposed Financial Planning approach and timetable.

**Background Papers:**

None.

**Risk Management:**

The consideration of risk will form an integral part of the development of the proposals in the report. In particular, the MTFP is based on a series of estimates and assumptions that are informed by varying forms of intelligence (some certain, some uncertain); that process, including any residual risk in the decision-making process will be clearly indicated.