

Report To:	EXECUTIVE CABINET
Date:	26 July 2023
Executive Member / Reporting Officer:	Cllr Jacqueline North –First Deputy (Finance, Resources & Transformation) Ashley Hughes – Director of Resources
Subject:	MEDIUM TERM FINANCIAL STRATEGY UPDATE
Report Summary:	The report updates the Council’s Medium Term Financial Strategy (MTFS). The MTFS is part of the financial framework for the Council. A key purpose of the MTFS is to ensure that future budgets will be balanced.
Recommendations:	Members are recommended to: <ul style="list-style-type: none"> 1) Note the impact of additional inflationary and demand pressures on the MTFS from 2024/25 to 2028/29. 2) Note that this update identifies an additional £6.280m of General Funding in 2023/24. 3) Note the proposal to increase Council Tax by an additional 1%, and the Adult Social Care Precept by an additional 1%, both in 2024/25. 4) Approve the overall update to the MTFS for 2024/25 to 2028/29 and the upward revisions to the savings requirement.
Policy Implications:	Budget is allocated in accordance with Council.
Financial Implications:	As contained within the report.
(Authorised by the Section 151 Officer & Chief Finance Officer)	
Legal Implications:	The Local Government Act 1972 (Sec 151) states that “every local authority shall make arrangements for the proper administration of their financial affairs...
(Authorised by the Borough Solicitor)	The council has a statutory responsibility to ensure that it operates with sufficient reserves in place. The legislation does not stipulate what that level should be, rather that it is the responsibility of the council’s 151 officer to review the level of reserves and confirm that the level is sufficient. Reserves by its very nature is finite and so should only be drawn down after very careful consideration as the reserves are unlikely to be increased in the short to medium term.
Risk Management:	Associated details are specified within the presentation. Failure to properly manage and monitor the Council’s budgets will lead to service failure and a loss of public confidence. Expenditure in excess of budgeted resources is likely to result in a call on Council reserves, which will reduce the resources available for future investment. The use and reliance on one off measures to balance the budget is not sustainable and makes it more difficult in future years to recover the budget position.

Background Papers:

Background papers relating to this report can be inspected by contacting :

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1. SUMMARY

- 1.1 The report updates the Council's Medium Term Financial Strategy (MTFS). The MTFS sets the framework for a balanced and sustainable revenue budget, which is a key duty for the Council.
- 1.2 The last MTFS was presented as part of the 2023/24 budget proposals, which included a financial projection for the years from 2024/25 to 2027/28.
- 1.3 The 2023/24 budget set a balanced budget with a net expenditure requirement of £221.397m. For future years, the increases to the net expenditure requirement were projected, alongside the quantum of new savings needed to balance the budget. Projected new savings were £13.993m in 2024/25, increasing to £37.465m in 2027/28.
- 1.4 The MTFS comprises a net expenditure requirement which is required to be balanced by the Council's General Funding, consisting of Council Tax, Business Rates, General Grants and earmarked reserves.
- 1.5 Following the 2023/24 budget proposals, inflation has remained stubbornly high. The Council also has available the results of the 2022/23 Outturn. There have been further Government announcements and the Council can incorporate the results of official returns and estimates for Council Tax and Business Rates. These changes are included in the updated MTFS.
- 1.6 Future iterations on this report will contain commentary on the wider economic climate, impacts of legislative change – statute and case law, local taxation collection and tax base changes and scenario planning.

2 BACKGROUND

- 2.1 The 2023/24 revenue budget and financial projection up to 2027/28 (previous MTFS) is shown in the Table 1 below:

Table 1: 2023/24 Revenue Budget and Previous MTFS:

2023/24 Budget and previous MTFS	2023/24 £m	2024/25 £m	2025/26 £m	2026/27 £m	2027/28 £m
Net Expenditure Requirement	221.397	231.872	243.005	254.442	265.863
General Funding	(221.397)	(217.879)	(220.231)	(224.156)	(228.398)
Savings To Find	0.000	13.993	22.774	30.286	37.465

- 2.2 Table 1 shows that additional savings needed to be found in future years, in order to balance the budget. Balancing the budget means matching Net Expenditure Requirement with sufficient General Funding resources.
- 2.3 The Net Expenditure Requirement comprises the Council's running costs and related income streams. Running costs relate to employees and contractors but also includes Capital Financing Costs. Capital Financing costs are incurred when the Council borrows to fund the Capital Programme: an amount has to be aside each year from the revenue budget to repay a proportion of the borrowing alongside interest charges on the borrowing. The Net Expenditure Requirement is net of income from fees and charges, revenue grants and interest earned.
- 2.4 General Funding comprises: Council Tax, Business Rates, General Grants and transfers from unallocated earmarked reserves. All these funding sources are general and do not have

to matched against a specific type of expenditure.

- 2.5 Council Tax and Business Rates are collected and managed in a ring-fenced account (called the Collection Fund). The Council's share of Council Tax and Business Rates is paid out of the Collection Fund over to the Council's revenue budget. The Council's share is always agreed prior to the start of each financial year, so the amount paid over is always an estimate. The estimate includes the Council's share for the next financial year as well as an adjustment for projected variances relating to previous estimates (the Collection Fund surplus/deficits).
- 2.6 The General Grants mainly relate to the redistribution of funding between Local Authorities and are linked to Business Rates. Tameside Council's ability to raise Business Rates is less than its assessed funding need according to national formulas, so receives an additional Top Up grant.
- 2.7 General Funding can be increased by transferring unallocated balances from earmarked reserves. However, earmarked reserves can only be used one. Further, a previous review of the robustness of the Council's reserves identified a requirement to increase the Council's General Fund balance. This increase is incorporated within the MTFS update.

3 NET EXPENDITURE REQUIREMENT UPDATE

- 3.1 The macro-economic environment continues to be very challenging. Inflation is currently running at 8.7%. This has also had a knock on impact on pay costs, in an already tight labour market. The Bank of England rate has increased in response and is currently running at 5%.
- 3.2 Table 2 below shows the revised projections for the Net Expenditure Requirement. The adjustments are set out in detail in **Appendix A**.

Table 2a: Revision to Net Expenditure Requirement (before and after technical adjustment).

Revised Medium Term Financial Plan	Ref.	2024/25 Updated £m	2025/26 Updated £m	2026/27 Updated £m	2027/28 Updated £m	2028/29 Updated £m
2023/24 Net Expenditure Requirement	(a)	221.397	221.397	221.397	221.397	221.397
Pay Inflation	(b)	10.052	18.018	24.907	30.529	34.720
Non-Pay Inflation	(c)	21.835	33.395	38.532	43.670	48.808
Fees & Charges Inflation	(d)	(3.285)	(5.025)	(5.798)	(6.571)	(7.344)
Less One Off Contingency	(e)	(6.179)	(6.179)	(6.179)	(6.179)	(6.179)
Net Expenditure Requirement	(f)	243.820	261.606	272.859	282.846	291.402
Mossley Precept Technical Adjustment	(g)	(0.031)	(0.031)	(0.031)	(0.031)	(0.031)
Net Expenditure Requirement (Revised)	(h)	243.789	261.575	272.828	282.815	291.371

3.3 The inflation assumptions (b, c, and d) are shown in Table 2b below:

Table 2b: Inflation Assumptions

Revised Medium Term Financial Strategy	Ref.		2024/25	2025/26	2026/27	2027/28	2028/29
Annual Inflation Assumptions			(i)	(ii)	(iii)	(iv)	(v)
Non-Pay Inflation (%)	(a1)		8.5%	4.5%	2.0%	2.0%	2.0%
Pay Inflation (%)	(b1)		7%	5%	4%	3%	2%
Fees & Charges Uplift (%)	(c1)		8.5%	4.5%	2.0%	2.0%	2.0%
*Monitoring Pressures (%)	(d1)		0.0%	0.0%	0.0%	0.0%	0.0%
**Contingency saving (£m)	(e1)		(6.179)				
Cumulative Inflation Assumptions			Sum (i)	Sum (i:ii)	Sum (i:iii)	Sum (i:iv)	Sum (i:v)
Non-Pay Inflation (%)	(a2)		8.5%	13.0%	15.0%	17.0%	19.0%
Pay Inflation (%)	(b2)		7%	12%	16%	19%	21%
Fees & Charges Uplift (%)	(c2)		8.5%	13.0%	15.0%	17.0%	19.0%
*Monitoring Pressures (%)	(d2)		0.0%	0.0%	0.0%	0.0%	0.0%
Contingency saving (£m)	(e2)		(6.179)	(6.179)	(6.179)	(6.179)	(6.179)
* Management actions identified to balance current pressures							
** One-off saving from specific 23-24 contingencies							

3.4 The revised Net Expenditure Requirement also includes a technical adjustment of £31,000 for the Mossley Precept, for which the Council acts as an agent. This has no monetary impact, is a presentational change and simply nets off against an equal and opposite technical adjustment to General Funding. The updated Net Expenditure Requirement incorporating the inflation assumption changes and the technical adjustment, is shown in Table 2c below. Increasing the net expenditure without mitigation, will result in the gap increasing by a further £19.659m in 2028/29. For the avoidance of doubt, this will increase the gap presented at Full Council in February 2023 as per Table 2d overleaf.

Table 2c: Update to Net Expenditure Requirement

	Ref.		2024/25 Updated £m	2025/26 Updated £m	2026/27 Updated £m	2027/28 Updated £m	2028/29 Updated £m
2023/24 Net Expenditure Requirement (See Table 1)	(a)		231.872	243.005	254.442	265.863	271.712
Revised Expenditure Requirement (Revised MTFS)	(b)		243.789	261.575	272.828	282.815	291.371
Net Expenditure Requirement (after adjustment)	(c)	(b-c)	11.917	18.570	18.386	16.952	19.659

Table 2d: Updated Budget Gap 2024-2028

	2024/25 £m	2025/26 £m	2026/27 £m	2027/28 £m
Revised Net Expenditure Requirement	243.789	261.575	272.828	282.815
February 2023 Full Council General Funding	(217.879)	(220.231)	(224.156)	(228.398)
Revised Savings to Find	25.910	41.344	48.672	54.417

4 2023-24 UPDATE

- 4.1 The General Funding, which will be received in 2023/24, is higher than the 2023/24 budget proposals. Business Rates and Related Grants are £6.280m higher, so that an additional £6.280m can be transferred into Unallocated Earmarked Reserves. The increases are summarised in Table 3 below:

Table 3: 2023/24 General Funding Update

Revised Medium Term Financial Plan	2023/24 Approved £m	2023/24 Forecast/Known Outturn £m	Variance £m
	(a)	(b)	(c)
			(a less b)
Council Tax	(110.202)	(110.202)	0.000
Council Tax sub-total	(110.202)	(110.202)	0.000
Top Up Grant	(29.516)	(31.829)	(2.313)
Business Rates	(56.068)	(54.431)	1.637
Section 31 Grants	(16.110)	(22.378)	(6.268)
Greater Manchester Benefit	(0.664)	0.000	0.664
Business Rates and Related Grants	(102.358)	(108.638)	(6.280)
New Homes Bonus	(0.262)	(0.262)	0.000
Return of Greater Manchester Reserves	(2.415)	(2.415)	0.000
Other Funding	(2.677)	(2.677)	0.000
Other Earmarked Reserve Transfers	(3.453)	1.374	4.827
Ringfenced Earmarked Reserves	(2.676)	(2.676)	0.000
Adjusted General Fund Transfer	0.000	1.453	1.453
Estimated Collection Fund Surplus/Deficit	0.000	(6.395)	(6.395)
Transfer surplus into Earmarked Reserves	0.000	6.395	6.395
Unallocated Earmarked Reserve Movements	(6.129)	0.151	6.280
Mossley Precept (Technical Adjustment)	(0.031)	0.000	0.031
Updated General Funding	(221.397)	(221.366)	0.031

As can be seen, the above table shows no changes to Council Tax or the New Homes Bonus. However, the Council's Top Up grant is higher by £2.313m, following a Government announcement. The table further updates for Business Rate income and Section 31 grants, increasing the additional funding as a whole to a total of £6.280m.

- 4.2 This additional income means these funds are available for transfer to earmarked reserves and General Fund balances. This includes a transfer to General Fund balances of £1.443m. The last review of the Council's balances recommended General Fund balances of £27.537m. The purpose of the £1.443m transfer is to increase the General Fund balance to

this recommended level set in the most recent review by the Council's Section 151 officer.

- 4.3 The known outturn in the table includes the estimated Collection Fund Surplus for 2022/23 (£6.395m), which will be transferred from the Collection Fund into the Revenue Budget in 2023/24. But the transfer of funds is one-off and based on an estimate, as such the Council's policy is to manage these amounts via earmarked reserves. Therefore Table 3 shows the funds transferred into the Revenue Budget and then back out into earmarked reserves.
- 4.4 The table includes the technical adjustment of £31,000 for the Mossley Precept, referred to in 3.4 above. As noted in 3.4, this is an equal and opposite technical adjustment to the Net Expenditure Requirement. Further, there is no impact on the Precept amount received by Mossley Parish.
- 4.5 Table 3 also assumes a break-even position for the 2023/24 Revenue Outturn.

5 GENERAL FUNDING SOURCES FROM 2024/25 TO 2028/29

- 5.1 General Funding from 2024/25 to 2028/29 has also been updated in the MTFs. The updated General Funding is set out in Table 4 below and compared with the Net Expenditure Requirement.

Table 4: Updated Financial Plan 2024/25 to 2028/29 (Revised MTFs).

Revised Medium Term Financial Plan	Ref.	Calc.	2023/24 Updated £m	2024/25 Updated £m	2025/26 Updated £m	2026/27 Updated £m	2027/28 Updated £m	2028/29 Updated £m
2023/24 Net Expenditure Requirement	(a)		221.397	221.397	221.397	221.397	221.397	221.397
Pay Inflation	(b)		0.000	10.052	18.018	24.907	30.529	34.720
Non-Pay Inflation	(c)		0.000	21.835	33.395	38.532	43.670	48.808
Fees & Charges Inflation	(d)		0.000	(3.285)	(5.025)	(5.798)	(6.571)	(7.344)
Less One Off Contingency	(e)			(6.179)	(6.179)	(6.179)	(6.179)	(6.179)
Net Expenditure Requirement	(f)		221.397	243.820	261.606	272.859	282.846	291.402
Mossley Precept Technical Adjustment	(g)		(0.031)	(0.031)	(0.031)	(0.031)	(0.031)	(0.031)
Net Expenditure Requirement (Revised)	(h)	Sum(a:h)	221.366	243.789	261.575	272.828	282.815	291.371
Council Tax	(b)		(110.202)	(116.135)	(119.510)	(122.979)	(125.897)	(128.882)
Business Rates	(c)		(54.431)	(56.613)	(57.745)	(58.958)	(60.255)	(61.581)
Section 31 Grants	(d)		(22.378)	(23.141)	(23.604)	(24.100)	(24.630)	(25.172)
Top Up Grant	(e)		(31.829)	(33.052)	(33.713)	(34.421)	(35.178)	(35.952)
Other Business Rates income	(f)		0.000	0.000	0.000	0.000	0.000	0.000
Sub-total Business Rates and Related Grants	(g)	Sum(c:f)	(108.638)	(112.806)	(115.062)	(117.478)	(120.063)	(122.704)
New Homes Bonus	(h)		(0.262)					
Combined Authority return of Levy Reserves	(i)		(2.415)					
Other Grants and Funding	(j)	Sum(h:i)	(2.677)	0.000	0.000	0.000	0.000	0.000
Adjusted General Fund Transfer	(m)		1.453	0.000	0.000	0.000	0.000	0.000
Other Earmarked Reserve Transfers	(n)		1.374	(1.750)	0.000	0.000	0.000	0.000
Ringfenced Earmarked Reserve Transfers	(o)		(2.676)	(0.209)	(0.234)	0.000	0.000	0.000
Collection Fund Surplus/Deficit	(p)		(6.395)	(0.930)	0.000	0.000	0.000	0.000
Collection Fund Surplus crediting Reserves	(q)		6.395	0.930	0.000	0.000	0.000	0.000
Sub-total unallocated earmarked Reserves	(r)	Sum(k:q)	0.151	(1.959)	(0.234)	0.000	0.000	0.000
Updated General Funding	(s)	Sum(a:g+j)	(221.366)	(230.900)	(234.806)	(240.457)	(245.960)	(251.586)
Savings to find	(t)	e less s	0.000	12.889	26.769	32.371	36.855	39.784
Savings to find - per 2023/24 budget (Table 1)	(u)		0.000	13.993	22.774	30.286	37.465	38.289 *
Increase/(Reduction) in Savings Requirement	(v)	r less q	0.000	(1.104)	3.995	2.085	(0.610)	1.495 *

* The 2023/4 approved budget did not show the 2028/29 year savings to find, so this is indexed 2.2% on top of 2027/28

** (b) Mitigating actions are being identified for the Period 2 Monitoring

- 5.2 Overall Table 4 line (v) shows small increases and decreases in the overall savings to find (see v). The Council needs to find £12.889m savings in 2024/25, slightly less than the £13.993m savings previously required. By 2028/29, the savings required is £1.495m higher. In summary, in the revised MTFs, the Net Expenditure Requirement has increased significantly largely due to inflation, but the Council's General Funding Resources have also

increased.

- 5.3 The changes to the Net Expenditure Requirement have been detailed above in Section 3. Within the General Funding, there have been updates to Council Tax (b) and Business Rates and Related funding (g). These changes are explained in more detail below.
- 5.4 **Council Tax** income makes up almost 50% of General Funding. Council Tax income is the result of the Band D Tax Rate multiplied by the Band D Equivalent Tax Base.
- 5.5 The Band D Tax Rate is set by the Council. It is a single average measure calculated according regulations (the Local Authorities Calculation of Council Tax Base Regulations 2012). The starting point is the number of households in the district, approximately 105,000. These household numbers are then expressed as equivalent numbers by adjusting for discounts and the Council Tax Reduction (CTR) scheme.
- 5.6 There are further adjustments. Each household is allocated a Council Tax Band from A to H, based on dwelling values. Each Council Tax Band incurs a Council is a fixed ratio of Band D, for the purposes of Council Tax Billing. These fixed ratios are shown in Table 5a below:

Table 5a Council Tax Bands fixed ratios to Band D

Band	Property Value at 1 April 1991	Fixed ratio to Band D
A	Up to 40,000	6/9ths
B	40,000 - 52,000	7/9ths
C	52,001 - 68,000	8/9ths
D	68,001 - 88,000	9/9ths
E	88,001 - 120,000	11/9ths
F	120,001 - 160,000	13/9ths
G	160,001 - 320,000	15/9ths
H	Over 320,000	18/9ths

- 5.7 It is because each band is a fixed ratio to Band D that household numbers, after discounts and CTR, can be averaged out as the Band D Equivalent Tax Base.
- 5.8 After changes to the assumptions for the Band D Tax Base and Tax rate, there has been a £3.318m increase to Council Tax in 2024/25, with further increases in later years. This is shown in Table 5b below:

Table 5b: Council Tax Increases 2024/25 to 2028/29

	Ref		2023/24 £m	2024/25 £m	2025/26 £m	2026/27 £m	2027/28 £m	2028/29 £m
2023/24 Budget: Council Tax	(i)		110.202	112.817	115.497	118.239	121.045	
Updated MTFs: Council Tax	(ii)		110.202	116.135	119.510	122.979	125.897	128.882
(Increase) in Council Tax Income	(iii)	(I less ii)	0.000	(3.318)	(4.013)	(4.740)	(4.852)	N/A

- 5.9 The changes in assumptions, resulting in an increase in Council Tax income is summarised in Table 6 below:

Table 6: Council Tax Assumptions in updated MTFS

	Ref	Calc.	2023/24	2024/25	2025/26	2026/27	2027/28	2028/29
2023/24 Budget and previous MTFS								
Initial Band D Equivalent Tax Base (250 growth)	a1		65,836.80	66,084.00	66,334.00	66,584.00	66,834.00	
Collection Rate (Bad Debt Adjustment)	b1		96.5%	96.5%	96.5%	96.5%	96.5%	
Band D Equivalent Tax Base	c1	(a1xb1)	63,532.51	63,771.06	64,012.31	64,253.56	64,494.81	
Band D Council Tameside Precept@1.99%	d1		1,506.13	1,540.65	1,575.85	1,611.76	1,648.38	
Band D Adult Social Care Precept no increase	e1		228.44	228.44	228.44	228.44	228.44	
Band D Council Tax	f1	(d1+e1)	1,734.57	1,769.09	1,804.29	1,840.20	1,876.82	
2023/24 Budget and previous MTFS £m	g1	(c1xg1)	110.202	112.817	115.497	118.239	121.045	
	Ref		2023/24	2024/25	2025/26	2026/27	2027/28	2028/29
Updated MTFS								
Initial Band D Equivalent Tax Base (250 growth)	a2		65,836.80	66,084.00	66,334.00	66,584.00	66,834.00	67,084.00
Collection Rate (Bad Debt Adjustment)	b2		96.5%	96.5%	97.0%	97.5%	97.5%	97.5%
Band D Equivalent Tax Base	c2	(a2xb2)	63,532.5	63,771.1	64,344.0	64,919.4	65,163.2	65,406.9
Band D Council Tameside Precept*	d2		1,506.13	1,557.99	1,594.23	1,631.20	1,668.89	1,707.34
Band D Adult Social Care Precept**	e2		228.44	263.13	263.13	263.13	263.13	263.13
Band D Council Tax	f2	(d2+e2)	1,734.57	1,821.13	1,857.37	1,894.33	1,932.02	1,970.47
Updated MTFS (Table 3)	g2	(c2xg2)	110.202	116.135	119.510	122.979	125.897	128.882
* 2.99% 24/25 and 1.99% afterwards								
**2% 24/25 and no increase after then								

- 5.10 Table 6 shows an assumption of a 2% increase in the Adult Social Care (ASC) Precept in 2024/25. In the previous MTFS, no increase in the ASC was assumed. Current Government announcements allow for ASC precept increases in 2024/25, although not for subsequent years.
- 5.11 The updated MTFS also allows for a 2.99% increase in Tameside's precept for 2024/25, rather than 1.99%, which again is allowed for by Government announcements. The percentage increases for the years after 2024/25 remain the same as in the previous MTFS and in line with current referendum limits.
- 5.12 The increase in the Tameside's precept increase and the ASC increase have a cumulative impact, so increasing Council Tax income for the years after 2024/25...
- 5.13 Table 6 also shows an increase to the Band D Equivalent Tax Base (for example, 2025/26 between c1 and c2). This is driven by a target to improve Council Tax Collection rates in 2025/26 from 96.5% to 97% and then further increases in subsequent years.
- 5.14 For reference, the updated Band D Equivalent Tax Base also assumes growth of 250 properties each year, which is the same as the previous MTFS.
- 5.15 **Business Rates and Related Grants** are the other main element of General Funding. The revised MTFS for this area is shown in Table 7 below:

Table 7 Updated Business Rates and Related Grants

Revised Medium Term Financial Plan		2023/24 Updated £m	2024/25 Updated £m	2025/26 Updated £m	2026/27 Updated £m	2027/28 Updated £m	2028/29 Updated £m
2023/24 Approved Budget	(a)	(102.358)	(103.071)	(104.468)	(105.885)	(107.321)	
Business Rates	(b)	(54.431)	(56.613)	(57.745)	(58.958)	(60.255)	(61.581)
Section 31 Grants	(c)	(22.378)	(23.141)	(23.604)	(24.100)	(24.630)	(25.172)
Top Up Grant	(d)	(31.829)	(33.052)	(33.713)	(34.421)	(35.178)	(35.952)
Sub-total Business Rates and Related Grants	(e)	(108.638)	(112.806)	(115.062)	(117.478)	(120.063)	(122.704)
Increase in Business Rates and Related Grants	(ef)	(6.280)	(9.735)	(10.594)	(11.593)	(12.742)	N/A

- 5.16 For background, Business Rates are calculated via a chargeable rate multiplied against the rateable value of commercial premises. The chargeable rate (multiplier) is set by the Government. Rateable Value is set by the Valuation Office Agency (VOA).
- 5.17 There is a related Top Up Grant because from 2013/14, the Business Rates system was also used to redistribute funding between Local Authorities. Funding is redistributed based on the difference between a Local Authority's assessed funding need and its ability to collect tax. Because Tameside's assessed need is higher than its tax collection, it will receive a confirmed Top Up grant of £31.829m projected to be 33.052m in 2024/25.
- 5.18 There are Section 31 Grants because the Government helps businesses by providing discounts (called reliefs) and freezing the chargeable rate (the multiplier). These decisions reduce Tameside's share of Business Rates. It receives compensation via additional Section 31 Grants.
- 5.19 There are a number of postponed reforms of the way assessed need is calculated and the workings of the Business Rates system. These changes are now expected from 2025/26. The revised MTFs assumes that these changes will not make Tameside Council worse off.
- 5.20 **Collection Fund Surplus/Deficits** are included in the updated MTFs. Because they are always estimates, the Council's policy is to transfer these amounts to earmarked reserves.
- 5.21 The impact of the Council's policy on Collection Fund earmarked reserves is shown in Table 8 below. The impact in 2023/24 has already been set out in Table 2 and 4.4 above. There is a small adjustment in 2025/26 due to the 2022/23 Outturn on the Collection Fund. This is shown in Table 8 below.

Table 8: Collection Fund Surplus Deficit

	2023/24 £m	2024/25 £m	2025/26 £m	2026/27 £m	2027/28 £m	2028/29 £m
Earmarked Reserves	0.000	0.000	0.000	0.000	0.000	0.000
Collection Fund Surplus available for transfer	0.000	(7.156)	(7.156)	(7.156)	(7.156)	(7.156)
One-year delay Collection Fund surplus	(6.395)	0.000	0.000	0.000	0.000	0.000
Collection Fund surpluses	(6.395)	(7.156)	(7.156)	(7.156)	(7.156)	(7.156)

- 5.22 The amounts shown in Table 8 will be transferred into the Collection Fund earmarked reserve.
- 5.23 **The other overall change** in the revised MTFs is an increase in new savings which need to be identified. This is the net result of increased General Funding but an even larger increase in future pressures. This is shown in Table 9 below for completeness.

Table 9: Other overall change – (Increase in Savings Requirement) (Extract Table 4)

Revised Medium Term Financial Plan	Ref.	2023/24 Updated £m	2024/25 Updated £m	2025/26 Updated £m	2026/27 Updated £m	2027/28 Updated £m	2028/29 Updated £m
Net Expenditure Requirement (Revised)		221.366	243.789	261.575	272.828	282.815	291.371
Updated General Funding		(221.366)	(230.900)	(234.806)	(240.457)	(245.960)	(251.586)
Savings to find		0.000	12.889	26.769	32.371	36.855	39.784
Savings to find - per 2023/24 budget (Table 1)		0.000	13.993	22.774	30.286	37.465	38.289*
Increase/(Reduction) in Savings Requirement		0.000	(1.104)	3.995	2.085	(0.610)	1.495*
* The 2023/4 approved budget did not show the 2028/29 year savings to find, so this is indexed 2.2% on top of 2027/28							
** (b) Mitigating actions are being identified for the Period 2 Monitoring							

- 5.24 In summary, the Council needs to find £1.104m less in savings in 2024/25 compared to the previous MTFs. There are other small variations in the other future years. The full revised

MTFS is set out in Table 4 and explained in detail in the above paragraphs.

6 NEXT STEPS AND PLANNED APPROACH

- 6.1 The Council will continue to review its MTFS and savings programme going forward. The assumptions included within this report will be refreshed in September to take account of on available information on Government funding decisions as well as the macro-economic environment, and again in December. These impacts will be profiled into best- and worst-case scenarios, to create a range of potential budget gaps to ensure prudence in budget setting.
- 6.2 For 2024/25, targets will be issued to Directorates based upon a percentage of net budget, which, combined, will deliver the projected budget reduction target for 2024/25. Work will be undertaken between July and September by the Service areas, supported by Finance, to identify potential projects that could be undertaken to deliver the targets in each area. Over the period September to December, these proposals will be further developed to ensure robust delivery plans are in place and work will commence, with a view to maximising the full year effect of delivery in 2024/25. Priority will be placed on income maximisation across all service areas to reduce the burden on expenditure reductions, however there will be a need for efficiencies in costs alongside a genuine requirement to invest in transformation where the return on investment delivers long-term improvements in outcomes for residents in line with the Corporate Plan alongside recurrent reductions in costs that support the MTFS. Longer term projects will need to be identified now to support the budget gap reduction for 2025/26 onwards.
- 6.3 The draft budget will then be presented to Cabinet in December for consultation, prior to being updated with any funding announcements and finalised in February. These plans will then be monitored closely through the monthly monitoring and Star Chamber processes, now embedded in the monitoring cycle.
- 6.4 The Authority plans further detailed work to be undertaken, including a review of its fees and charges policy alongside a detailed analysis of its Earmarked Reserves. In addition, the Authority is further reviewing the potential cost of introducing the Living Wage Foundation, the National Living Wage and the Fair Cost of Care.

7 FINANCIAL RESILIENCE

- 7.1 A key priority of the MTFS is to align the Council's finances so they are sustainable for the long-term. CIPFA produces, for each Council, a Financial Resilience Index.
- 7.2 The key point from the Index, is that Tameside was assessed as towards the lower level of financial stress and this has been relatively consistent between 2016-17 and 2021-22. Other points were:
- Compared to other Councils, the social care ratio is toward the higher risk range, meaning that Tameside spends a higher proportion of its revenue budget on Children's Social Care.
 - The reduction in the Council's earmarked reserves in recent years as a proportion is slightly above other Councils, indicating a reliance on one-off funding.
- 7.3 The Office for Local Government (Oflog) have also recently published their performance framework for Local Authorities. The key outcomes for Tameside are similar to the CIPFA Financial Resilience Index but also cover a wider number of issues. The points are:
- Tameside's Social care spend as a percentage of its core spending power is significantly

higher than for other Councils, at three quarters of its core spending power.

- Tameside spends slightly less on borrowing costs compared to other Councils.
- Tameside's ability to raise Council Tax, due to the proportion of dwellings in the lower valuation bands, is lower than the average of other Councils.

8 RECOMMENDATIONS

8.1 As stated on the front cover of the report.

Appendix A: Net Expenditure Requirement

Spend/Income	2024/25	2025/26	2026/27	2027/28	2028/29
2023/24 Original Net Expenditure Budget	£m	£m	£m	£m	£m
Pay costs	120.827	120.827	120.827	120.827	120.827
Premises	10.007	10.007	10.007	10.007	10.007
Supplies and Services	71.347	71.347	71.347	71.347	71.347
Third Party Payments	164.431	164.431	164.431	164.431	164.431
Transfer Payments (e.g housing benefit)	63.349	63.349	63.349	63.349	63.349
Transport	11.099	11.099	11.099	11.099	11.099
Capital Financing & Interest received	1.471	1.471	1.471	1.471	1.471
Miscellaneous Income	(23.327)	(23.327)	(23.327)	(23.327)	(23.327)
One-off Contingencies	12.648	12.648	12.648	12.648	12.648
Gross Expenditure	431.852	431.852	431.852	431.852	431.852
Grants	(171.804)	(171.804)	(171.804)	(171.804)	(171.804)
Fees & Charges	(38.650)	(38.650)	(38.650)	(38.650)	(38.650)
Gross Income	(210.454)	(210.454)	(210.454)	(210.454)	(210.454)
Total	221.398	221.398	221.398	221.398	221.398
Additional Pressures					
Pay cost Inflation	10.052	18.018	24.907	30.529	34.720
Premises Inflation	0.851	1.301	1.501	1.701	1.901
Supplies & Services Inflation	6.064	9.275	10.702	12.129	13.556
Third Party Payments Inflation	13.977	21.376	24.665	27.953	31.242
Transport Inflation	0.943	1.443	1.665	1.887	2.109
Technical Adjustment for Precept removal	(0.031)	(0.031)	(0.031)	(0.031)	(0.031)
Fees & Charges uplift	(3.285)	(5.025)	(5.798)	(6.571)	(7.344)
Less One-Off Contingencies	(6.179)	(6.179)	(6.179)	(6.179)	(6.179)
	22.392	40.178	51.431	61.418	69.974
Net Expenditure Requirement	243.789	261.575	272.829	282.815	291.371
Pay Inflation (%)	Inflation applied specific to payroll				
Premises	0.085 x £10.007	0.13 x £10.007	0.15 x £10.007	0.17 x £10.007	0.19 x £10.007
Supplies & Services	0.085 x £71.347	0.13 x £71.347	0.15 x £71.347	0.17 x £71.347	0.19 x £71.347
Third Party Payments	0.085 x £164.431	0.13 x £164.431	0.15 x £164.431	0.17 x £164.431	0.19 x £164.431
Transport Payments	0.085 x £11.099	0.13 x £11.099	0.15 x £11.099	0.17 x £11.099	0.19 x £11.099
Fees & charges	0.085 x (£38.650)	0.13 x (£38.650)	0.15 x (£38.650)	0.17 x (£38.650)	0.19 x (£38.650)

Spend/Income	2024/25	2025/26	2026/27	2027/28	2028/29
2023/24 Original Net Expenditure Budget	£m	£m	£m	£m	£m
Employees	124.621	124.621	124.621	124.621	124.621
Premises	10.007	10.007	10.007	10.007	10.007
Supplies and Services	71.347	71.347	71.347	71.347	71.347
Third Party Payments	167.352	167.352	167.352	167.352	167.352
Transfer Payments	63.349	63.349	63.349	63.349	63.349
Transport	11.099	11.099	11.099	11.099	11.099
Capital Financing & Interest received	1.471	1.471	1.471	1.471	1.471
Miscellaneous Expenditure	(23.574)	(23.574)	(23.574)	(23.574)	(23.574)
One-off Contingencies	6.179	6.179	6.179	6.179	6.179
Gross Expenditure	431.851	431.851	431.851	431.851	431.851
Grants	(171.804)	(171.804)	(171.804)	(171.804)	(171.804)
Fees & Charges	(38.650)	(38.650)	(38.650)	(38.650)	(38.650)
Gross Income	(210.454)	(210.454)	(210.454)	(210.454)	(210.454)
Total	221.397	221.397	221.397	221.397	221.397
Additional Pressures					
Employee Inflation	10.052	18.018	24.907	30.529	34.720
Premises Inflation	0.851	1.301	1.501	1.701	1.901
Supplies & Services Inflation	6.064	9.275	10.702	12.129	13.556
Third Party Payments Inflation	13.977	21.376	24.665	27.953	31.242
Transport Inflation	0.943	1.443	1.665	1.887	2.109
Technical Adjustment for Precept removal	(0.031)	(0.031)	(0.031)	(0.031)	(0.031)
Fees & Charges uplift	(3.285)	(5.025)	(5.798)	(6.571)	(7.344)
Less One-Off Contingencies	(6.179)	(6.179)	(6.179)	(6.179)	(6.179)
	22.392	40.178	51.431	61.418	69.974
Net Expenditure Requirement	243.789	261.575	272.828	282.815	291.371