

**Corporate Overview and Scrutiny
Management Board**

3 October 2024



**Medium Term Financial Plan (15)
2025/26 to 2028/29 and Review of the
Local Council Tax Reduction Scheme
and Council Tax Discretionary
Discounts and Premiums Policy**

Report of Corporate Management Team

Paul Darby, Corporate Director of Resources

Electoral division(s) affected:

Countywide

Purpose of the Report

- 1 To provide members of the Corporate Overview and Scrutiny Management Board (COSMB) with an update on the proposed approach to scrutiny of the Budget 2025/26 and the Medium-Term Financial Plan (MTFP) (15) 2025/26 to 2028/29.
- 2 COSMB prioritise scrutiny of the MTFP and budget as part of its work programme.

Executive summary

- 3 The report to Cabinet sets out the plan for the MTFP (15) covering the four year period from 2025/26 to 2028/29 and is attached to this report (Appendix 2).
- 4 It contains details of the process of scrutiny of the MTFP and budget.

Recommendation(s)

- 5 Members are asked to
 - (a) Consider and comment upon the September Cabinet report on the MTFP (15) 2025/26 to 2028/29.
 - (b) Note the timetable for scrutiny discussions.

Background

- 6 MTFP 15 has been developed in line with the ambitions and priorities set out in the County Durham Vision 2035 and the Council Plan 2024-2028, most notably the ambitions relating to Our Economy, Our Communities, Our People, Our Environment and Our Council.
- 7 Plans have also been developed in line with recently updated Best Value standards, and the seven themes:
 - a) Continuous improvement;
 - b) Leadership;
 - c) Governance;
 - d) Culture;
 - e) Use of resources;
 - f) Service delivery; and
 - g) Partnerships and community engagement.
- 8 The Council's medium term financial position remains challenging and uncertain. The recent General Election has ushered in a new Government with a substantial majority, but one which has inherited a range of significant financial challenges.
- 9 The Council has lobbied the new Government as a single council and as a regional group of north-east councils to identify a range of measures / formula changes which could be implemented by the new Government to more effectively target and allocate funding across local government, which would benefit this council. It is not clear at this stage whether any of those proposed changes will be actioned in 2025/26 or beyond.
- 10 A Comprehensive Spending Review and multi-year financial settlement will not be forthcoming this year, with the Government announcing that a Comprehensive Spending Review will be undertaken in 2025. It is likely therefore that there will be a short-term financial settlement for one year for 2025/26, with no indications at this stage that there will any additional investment into the sector. This means that our historic and ongoing low-tax raising capacity due to a relatively low tax base, the significant ongoing financial pressures in children's social care (both in terms of numbers and unit cost price pressures), cost pressures in adult social care due to increases in the National Living Wage and other service provision budgetary pressures for which the Council will need to make additional budgetary provision across the four years of the

medium term financial planning period may not be supported through sufficient national funding once again.

- 11 Progress to implement a Fair Funding Review stalled under the outgoing Government, and the Council, along with other North-East Unitary Authorities will lobby for this work to be urgently restarted – but hopefully with the Councils’ concerns over the previous proposals addressed, in a new set of proposals. Significantly, and something that was absent from the initial review in 2016, any future review should assess whether the sector is adequately funded alongside how that funding is allocated between authorities. It would appear highly unlikely that any significant formula changes will be implemented until at least 2026/27 now, and any changes may be gradually phased in to mitigate the impact for councils at risk of losing funding from such a review.
- 12 The September 2024 Cabinet report includes information on:
- (a) An update on the development of the 2025/26 budget since the council agreed its MTFP (14) strategy on 28 February 2024
 - (b) An update on the MTFP (15) 2024/25 savings forecast for the period 2025/26 to 2028/29
 - (c) A draft MTFP (15) decision making timetable
 - (d) Proposed approach for consultation on the 2025/26 budget proposals and on MTFP (15)
 - (e) Workforce Considerations
 - (f) Equality considerations
 - (g) Consideration of the proposed Local Council Tax Reduction Scheme (LCTRS) for 2025/26
- 13 COSMB has prioritised scrutiny of the MTFP and budget as part of the committee’s work programme. It is proposed that scrutiny of the MTFP and budget will be according to the MTFP process as below. The Board will be notified of any variations to the overall MTFP timetable which might occur.

Date	Action
18 September 2024	MTFP (15) update and LCTRS review report to Cabinet

Date	Action
3 October 2024	Corporate Overview and Scrutiny Management Board consider 18 September 2024 Cabinet report
25 September 2024	Council Tax Reduction Scheme 2025/26 considered by Full Council
13 November 2024	Taxbase report considered by Cabinet
4 December 2024	MTFP (14) update report to Cabinet – outcome of Ph1 Budget Consultation and consideration of all savings plans and Transformation proposals for MTFP(15)
09 December 2024	Corporate Overview and Scrutiny Management Board consider 4 December Cabinet Report
15 January 2025	MTFP report to Cabinet – analysis of provisional local government settlement published in December
21 January 2025	Corporate Overview and Scrutiny Management Board consider 15 January 2025 Cabinet report
12 February 2025	Budget report to Cabinet – outcome of Ph2 Budget Consultation and finalising of savings plans and Transformation proposals for MTFP(15) + Consideration of Capital Programme
15 February 2025	Corporate Overview and Scrutiny Management Board consider 12 February 2025 Cabinet report
21 February 2025	Council Budget and MTFP(15) report and Council Tax setting Report

Background papers

- None

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Appendix 1: Implications

Legal Implications

None.

Finance

The report sets out the arrangements to scrutinise MTFP (15) proposals.

Consultation

The report includes information on the consultation process.

Equality and Diversity / Public Sector Equality Duty

Equality considerations are built into the approach to developing MTFP (15) as a key element of the process.

Climate Change

The impact of final budget decisions will take into account climate change impacts

Human Rights

Any human rights issues will be considered for any detailed MTFP (15) proposals as they are developed and decisions made to take these forward.

Crime and Disorder

None.

Staffing

The savings proposals in MTFP (15) will impact upon employees.

Accommodation

None.

Risk

None.

Procurement

None.

Appendix 2: Medium Term Financial Plan (15), 2025/26 - 2028/29

Attached as a separate document.