



Committee and Date

Performance Management
Scrutiny Committee

30th November 2022

Item

Public

Financial Strategy Mid-Year Review

**Responsible
Officer**

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1. Synopsis

This report updates Shropshire Council's financial outlook previously reported to Cabinet in July, setting out the current view of the next 5 years and the steps in place to secure financial sustainability.

2. Executive Summary

- 2.1. This report provides an update on the Council's financial outlook. It follows the update provided in July.
- 2.2. In setting the budget for 2022/23 at its meeting in February 2022, the Council also approved a medium-term financial plan. This estimated a gap of £33.9m based on the information known.
- 2.3. The July update to the MTFs recognised the impact of price inflation arising since February. However, the Council had taken early action to mitigate this and the estimated gap in 2023/24 was reported as £27.4m. based on the updated information then available.
- 2.4. This report identifies a revised forecast budget gap for the coming year of £37.8m using more detailed estimates for likely contract costs (including for the care sector) in 2023/24.
- 2.5. This is a significant budget challenge for the Council. Securing a balanced budget for 2023/24 is likely to require some challenging decisions. However, once this is achieved, the Council will have made significant progress towards securing a sustainable budget throughout the medium term.

- 2.6. The appendix to the report provides further analysis on the changes that have occurred and the plans in place to address them.

3. Recommendations

- 3.1. That Cabinet notes the factors affecting the estimated funding gap in 2023/24 and the steps proposed to close that gap and thereby set a balanced budget for next year.

REPORT

4. Risk Assessment and Opportunities Appraisal

- 4.1. Not required for this report; further risk assessments and equalities impact assessments will be undertaken as part of the wider budget setting process.

5. Financial Implications

- 5.1. None directly arising from this report.

6. Climate Change Appraisal

- 6.1. The Council's financial planning includes assessment of climate change impacts and where these may be mitigated.

7. Background

- 7.1. Previous Cabinet and Council meetings papers including the budget report for 2022/23 (February 2022) and the MTFS update (July 2022).

List of Background Papers (This MUST be completed for all reports, but does not include items containing exempt or confidential information)

Cabinet Member (Portfolio Holder)
Gwilym Butler

Local Member

Appendices

Appendix 1 – MTFS update; October 2022