



Harlow Council

***Medium Term Financial
Strategy***

2022/23 to 2024/25

Contents	MTFS Page
1. Key messages	2.
2. Introduction	7.
3. General Fund	7.
4. Housing Revenue Account	10.
5. Fees and charges	11.
6. Capital expenditure and treasury management	11.
7. Annual Revenue Budgets and Medium Term Financial Plans	13.
8. Reserves	15.
9. Key partnerships	16.
10. Risks	17.

MEDIUM TERM FINANCIAL STRATEGY

1. KEY MESSAGES

- 1.1. This document sets out the Council's approach to its medium term financial planning. The Medium Term Financial Strategy (MTFS) reflects the Council's 0% council tax increase proposals (HDC element) for the period 2022/23 to 2024/25.
- 1.2. The Council's MTFS incorporates key strategic themes as set out in the current Corporate Strategy:

Economic Growth - Harlow sits at the heart of the UK Innovation Corridor reaching from London to Cambridge. The Corridor provides the potential for Harlow's sustained economic growth and future opportunity for increased investment in its infrastructure and will take the Town towards a better future post COVID-19. The Council will work with central and local government to pursue the Levelling Up agenda to help enhance local economic growth. We will position Harlow as a regional centre for arts and culture and unlock the potential of our Local Authority Trading Company to bring greater return for residents. Through our regeneration programme and the opportunities from economic growth, we will make Harlow a Town fit for the future. The prosperity of the Town will also see our residents developing the skills required to secure employment, accessing good quality housing as part of sustainable and social provision. The regeneration of our Town Centre will further enhance our growth ambitions and create opportunities to welcome business expansion.

Social Cohesion - Our aim for social cohesion is to have a framework of strategies that builds on our community's resilience, promotes the health and wellbeing of residents and improves the experience, wellbeing, financial resilience and social mobility of working families. As a priority, we are determined to deliver a joined up, wrap-around approach that opens the potential to even higher levels of social and economic wellbeing. We will do this by:

- a) Targeting residents who need greater support to realise their life ambition;
- b) Through the 'Essex Plan for Working Families' gaining a better insight of the challenges faced by working families in Harlow and the support they need.
- c) Working with community leaders, employers, health and care authorities and professionals, police and criminal justice organisations, faith and charitable groups.
- d) Promoting the benefits of inclusion by building on existing networks with a renewed focus on engagement to strength the bond between the Council and each part of the community that makes Harlow a great place to live. We will do this through an enhanced commitment to promote and deliver tangible

actions that increase inclusion and boost community engagement. We will reduce anti-social behaviour and the influence of gangs; support our local Black, Asian and Ethnic Minority communities to thrive and work with local our health professionals and authorities to address the impact of long COVID.

Safeguarding the Environment - The safeguarding our Town's environment for future generations has never had a greater imperative. Our aim is to improve the cleanliness of the Town and identify practical measures that will enhance our Town. We will promote green enterprise and technological innovation, enhance our existing environment and support the use of more renewable energy sources. Through the opportunities of the Garden Town, ensure the full benefits of the development around our Town are realised by residents including taking forward changes in our environment and sustainable transport. The Council aim is to significantly reduce its carbon footprint and achieve the government's targets for Net Zero carbon emissions by 2050. The Council's target for Net Zero is 10 years (2040) before the government's commitment. Through our new Carbon Reduction Plan (April 2021 – March 2026), we will further deliver carbon savings from our operations in that period and begin the critical work required to meet Net Zero by 2040.

An Efficient Council - Our aim is to establish the foundations for a sustainable future for the Council, where we focus on what matters most to our residents and adds most value to their lives. However, the challenges of managing the COVID-19 pandemic, along with the already significant constraints on our finances, means we need to ensure the services we provide are efficient and affordable. We will do this by:

- a) Maximising operational efficiency by transforming Council services to meet modern ways of working including a proactive approach to further shared services;
- b) Ensuring clear service priorities that are aligned with the Council's Medium Term Financial Strategy;
- c) Taking a more commercial approach to increase income yield from specific regeneration opportunities in the years to come;
- d) Increasing the income yield from financial investments as part of a prudent treasury management approach, including, challenging existing cost estimates and unavoidable cost increases;
- e) Reducing the reliance on government grants for the funding of ongoing services; and
- f) Maximising operational efficiency through the transformation of Council services to meet modern ways of working.

The Ambitions set out within the Strategy are also reflected throughout the suite of reports which together set the financial parameters for the General Fund, the Housing Revenue Account and the Council's Housing and Non-Housing Capital investment programme.

- 1.3. The General Fund finances must continue to be managed so that for the planning period commencing 1 April 2022:
- a) General Fund revenue reserves are maintained at or above the approved recommended minimum level of £2.5m, with an aim to operate above this level to provide flexibility in managing the Council's budget throughout the year and over the MTFS planning period.
 - b) General Fund uncommitted revenue reserves are not used to support the budget except for funding one-off and exceptional items of expenditure.
 - c) Any increase in Council Tax shall be no greater than the maximum permissible under the Localism Act 2011, which is announced annually by Government. This will ensure that increases are maintained at a reasonable and affordable level whilst avoiding the cost of a local referendum. No increases in the HDC element of Council Tax are proposed for the years: 2022/23, 2023/24 and 2024/25.
 - d) Revenue funds are reallocated from low to high priority areas as necessary to support the delivery of the Council's corporate strategy and ambitions.
 - e) The Council's Fees and Charges Policy forms part of its wider income strategy. An annual review of fees and charges will be carried out.
 - f) In setting the following year's General Fund budget there must be no unidentified savings.
- 1.4. Key changes reflected in the financial reports presented to Cabinet in respect of the 2022/23 – 2024/25 planning period include –
- a) The proposal to implement a 2022/23 Residents Efficiency Dividend which both reflects the good financial performance of the authority and is intended to help support the local community in its recovery from the Covid pandemic.
 - b) The alignment of the new Corporate Strategy themes and objectives to the Financial Strategy.
 - c) The drive towards the reduction in the Council's reliance on Government funding through the Commercialisation and efficiency initiatives, including consideration of further shared services.
 - d) The proposals to both review existing performance and service delivery provided by HTS Group and work with its wholly owned group of companies to develop new profitable commercial activities that will further support the companies and the Council.
 - e) The need to support the required investment to facilitate the regeneration aspirations for both Town Centre and the wider town and

its estates.

- 1.5. As required, the Council must continually seek to secure savings or introduce new ways of working to ensure it can deliver sustainable budget proposals in line with the MTFS and provide finance for investment in priority areas wherever possible.
- 1.6. The Medium Term Financial Plan (MTFP), the General Fund element of the MTFS, produced at Appendix E, is to be reviewed at least annually by the Cabinet.
- 1.7. The Council's Housing Revenue Account will be managed in line with the principles contained within the HRA Business Plan including:
 - a) The uncommitted HRA Working Balance must be maintained at or above a minimum level of £4.6 million.
 - b) In setting the following year's HRA budget there must not be any unidentified savings.
 - c) Rent levels will be set in line with Government guidelines and/or legislation, as appropriate.
 - d) There must be sufficient investment in the housing stock to maintain the Decent Homes Standard.
 - e) 50% of the useable proceeds from Right-to-Buy sales will be used to fund the Non-Housing Capital Programme.
- 1.8. The Capital Programme must align with the Council's priorities and:
 - a) The Council will use prudential borrowing to fund its Housing and Non-Housing Capital Programme if necessary but will utilise internal borrowing wherever possible when funding is available to support this approach.
 - b) In view of the limited resources available for capital investment the Council will seek to categorise surplus assets in to the "Opportunity Asset" category as defined within the Non-Housing Asset Management Strategy. At the appropriate time these assets will then be considered for disposal to –
 - help sustain ongoing non-housing capital investment
 - reduce revenue costs incurred by the Council wherever possible, or
 - provide wider community benefit.
 - c) The total cost of the Capital Programme will not exceed a realistic and affordable assessment of the capital finance available to fund it.
 - d) The projects in the Capital Programme will cover at least a three-year planning horizon and will be reviewed at least annually to ensure that

APPENDIX B.

schemes within the programme continue to support the priorities of the Council.

- e) The Council will comply with the Treasury Management Code of Practice and Prudential Code. Borrowing undertaken to finance capital expenditure will be prudent and affordable in terms of the impact on the revenue budget.
- 1.9. The Council will seek to develop existing partnerships and forge new ones to achieve further benefits for the local area, particularly in its priority areas as set out in the Corporate Strategy and with a specific focus on its Regeneration Programme.
- 1.10. The Council will continue to evaluate and manage the financial and operational risks it faces.

2. INTRODUCTION

- 2.1. This document sets out the Council’s approach to its strategic medium term financial planning and provides an operational framework for both Councillors and Officers to ensure economic, efficient and effective financial management by the Council on behalf of its residents, taxpayers and other stakeholders. It is a document that also identifies the processes that are used to link corporate priorities to resources and forecast the level of resources needed and available over a number of years.
- 2.2. The document links to the Council’s other corporate and financial strategies, and in particular supports the following:
 - a) The Council’s Corporate Strategy.
 - b) The prudential regime for capital finance in local government.
 - c) The Council’s Asset Management Strategies.
 - d) The Council’s Service Plans.
- 2.3. The Council’s strategic financial objective is to ensure access to sufficient financial resources, applied efficiently, effectively and economically to enable it to meet its corporate themes and service objectives as set out in the Key Messages section of this document.
- 2.4. In developing a balanced and affordable General Fund, HRA and Capital budget for 2022/23 the proposals deliver :

	£'000
Net General Fund Budget	11,321
Gross HRA Expenditure	55,789
Housing Capital	30,169
Non-Housing Capital	18,603
Total Capital	48,772

- a) Non-Housing capital expenditure includes the Harlow Enterprise Zone and Harlow Innovation Park developments.

3. General Fund

- 3.1. General Fund revenue expenditure is incurred on the day-to-day services the Council provides other than those provided through the HRA. General fund expenditure incurred by the Council falls into two main categories:
 - 1. Statutory services which the Council is legally obliged to provide or commission, such as refuse collection.

2. Discretionary services i.e. those, which the Council is empowered but not legally obliged to provide or commission.

General Fund revenue expenditure is currently financed from:

- a) Council Tax.
 - b) Fees and charges.
 - c) Settlement Funding Assessment (SFA) which combines Revenue Support Grant and retained Business Rate income.
 - d) Other specific and non-specific grants.
- 3.2. The Council receives Government financial support towards its General Fund budget through the local government finance settlement which sets out the Government's assessment of the Settlement Funding Assessment (SFA) for Harlow along with all other local authorities in England.
 - 3.3. The General Fund MTFs for 2022/23 incorporates the government funding allocations in line with the announcements contained within the Provisional Local Government Finance Settlement made on 16 December 2021. These assumptions are aligned with the one year funding deal announced in the chancellors Autumn Statement and Spending Review 2022. There are currently no indications of funding levels relating to 2023/24 and the planning assumption included in the MTFP is for a one per cent annual reduction in SFA after 2022/23.
 - 3.4. Through the changes introduced as a result of the move to Settlement Funding Assessment (SFA) and Business Rate Retention, the Council carries the risk of the volatility. In planning to mitigate against this risk the Council will seek to –
 - a) Promote and support initiatives that help the growth of the local economy.
 - b) Develop work to increase commercialisation and develop new income streams across both private and public sectors as appropriate.
 - c) Seek to maximise the commercial activities of its wholly owned group of companies HTS involving accessing new third party commercial contracts and potential property development opportunities.
 - d) Initiate potential joint working and shared service opportunities with other public sector organisations.
 - 3.5. The Council operates some of its discretionary services through the use of the Discretionary Services Fund. A key funding stream for the fund has been the money received by the Council as part of the New Home Bonus scheme (NHB). In the draft Local Government Finance Settlement the

Government has indicated that the annual payment in 2022/23 will be £1,164,918. It is proposed that in 2022/23 this funding will be used both as a one off contribution of £830,000 to support the payment of an efficiency dividend for all eligible residents and to add £335,000 to the Budget Resilience Reserve to help support the overall delivery of the MTFS proposals. The Discretionary Services Fund is projected to hold sufficient funding to sustain the discretionary services funded from it for up to a further 6 years including 2022/23. Therefore this one off proposal will have no a detrimental impact on those services in the short to medium term.

The Discretionary Services Fund is forecast at 31 March 2022 hold the highest level of closing balance than at any point over the previous five years standing at £2,945,082.

4. Housing Revenue Account (HRA)

4.1. Revenue expenditure within the HRA is incurred on:

1. The day-to-day services provided in maintaining and managing the Council's housing stock.
2. Contributions towards capital expenditure that is not funded from usable capital receipts, or other capital funding sources.

The expenditure is financed from:

- a) Rents charged for Council dwellings and garages.
- b) Charges made to leaseholders.
- c) Investment income.

4.2. The Housing Revenue Account Business Plan sets out the Council's priorities for its housing stock and reflects the changes which took place with effect from 1 April 2012 as the existing housing subsidy system was replaced by Self-Financing. The priorities for the Council's housing in the town are driven by national, regional, sub-regional and local housing priorities. They are also informed by the views and perspectives of stakeholders, especially tenants and leaseholders with whom the Council undertakes ongoing engagement and consultation. In addition, local housing priorities are driven by the Local Plan, Community Plan and the Corporate Plan.

4.3. Details of the medium term financial planning and financial projections and outcomes are included in the HRA Business Plan. The HRA Business Plan also contains an action plan that sets out responsibilities and timescales for the delivery of the key housing priorities. Despite the introduction of Self-Financing in 2012/13, and the significant borrowing undertaken by the Council in March 2012, there have been significant changes to the HRA financial arrangements announced by the government which continue to have long-term impacts on the HRA including the enforced annual one percent reduction of rents over the period 2016 - 2020.

4.4. Although the Council must account for its General Fund services and Housing-related services separately by law, there are major areas where Housing activity and finances interact with General Fund activity and finances:

- a) The HRA is a user of support services from the rest of the Council for which appropriate charges are levied.
- b) The allocation of investment and borrowing interest from the General fund to the HRA based on the net indebtedness position of the HRA.
- c) Harlow Trading Services (Property & Environment Ltd) undertakes a wide range of work that impacts on these activities.

- d) The HRA services manage a proportion of the non HRA garage stock including the capital repairs programme associated with them.

5. Fees and Charges.

- 5.1. The Council obtains income from fees and charges levied for providing certain services. The Government determines some of these charges but there are a number of areas where the Council has discretion as to whether to levy a charge and, if it decides to do so, the level of that charge.
- 5.2. In carrying out the annual review of fees and charges, existing charges are:
 - a) compared against the legally permissible maximum as well as local and national market rates,
 - b) compared against the cost of providing the service,
 - c) compared against the objective for this charge (i.e. charge to make a surplus/ breakeven/ subsidise).
 - d) Assessed to ensure fee payers see value for money with a reasonable fee or charge set.
- 5.3. The annual review of fees and charges will seek to identify areas where charges could be made where currently it is not the Council's policy to do so. It will also consider the timing of the introduction of any changes.
- 5.4. For 2022/23 fees and charges proposals have once again taken into account the ongoing economic conditions and their impact upon income streams, existing income targets and the wider impact of increases in businesses and residents. A full list of the proposed 2022/23 Fees and Charges is set out as part of the General Fund Budget Report.

6. Capital Expenditure and Treasury Management

- 6.1. Capital expenditure is essential to the successful delivery of the Council's priorities and is financed from capital receipts, capital grants, revenue contributions and long-term borrowing under the Prudential Code, in accordance with the Council's Capital Strategy, treasury management and annual investment strategies. These are reviewed at least annually.
- 6.2. The Council is, however, currently restrained by the limited availability of capital and revenue resources to finance capital spending. Under Government capital receipt pooling regulations, 75% of sale of Council house capital receipts under Right-to-Buy, and 50% of other housing asset disposal capital receipts, have to be paid over to the Government "pool".

- 6.3. The projects in the Capital Programme (as summarised at Appendix C) help to meet the Council's priorities as set out in the Corporate Strategy within available and affordable resources.
- 6.4. The Local Government Act 2003 brought about a new statutory borrowing regime for councils known as The Prudential Code. This arrangement gives the Council much greater flexibility and freedom to borrow without Government consent, as had previously been the case, as long as it can afford to repay the amount borrowed.
- 6.5. The aim of the Code is to support councils when making capital investment decisions, to ensure that capital investment plans are affordable, prudent and sustainable and that treasury management decisions are taken in accordance with good professional practice and in line with the Council's Corporate Strategy.
- 6.6. The Code was updated from 2017 and there is now a requirement to present a Capital Strategy for approval by Council in advance of the 2022/23 financial year. The Strategy has been prepared and is presented elsewhere on the Cabinet agenda alongside associated reports on investment and Treasury Management as part of the Capital and Treasury Report.
- 6.7. The Code requires councils to determine a set of prudential indicators that are intended to determine and measure the financial strength of their investment and treasury plans. It prescribes some of these prudential indicators that must be used and the factors that must be taken into account in order to show that the Council has fulfilled its objectives. They are not used to compare performance between Councils but to measure an individual Council's performance over a period of time. The Code also lays down clear procedures for setting and revising the prudential indicators with the Council's Director of Finance responsible for ensuring that the Council has taken into account all matters specified in the Code, and for monitoring compliance with the established limits approved by the full Council before the start of each financial year. Prudential indicators relating to borrowing and investments are now contained within the revised Treasury Management Code of Practice, rather than the Prudential Code of Practice.
- 6.8. The Council has customarily considered and approved an annual Treasury Management Strategy Statement as required by the CIPFA Code of Practice on Treasury Management (revised 2011). The Prudential Code referred to above introduced new requirements for the management and reporting of borrowing and investments.
- 6.9. The Council made provision to enter into borrowing to fund the Housing

Capital Programme from 2008/09 onwards, and for the Non- Housing Capital Programme in 2008/09 and 2009/10, on a short term basis only, pending securing capital receipts from planned asset sales. The borrowing to fund the Non-Housing Capital Programme was anticipated to have been repaid in full once the capital receipts are realised. However, as a result of the reduced asset base available for disposal and the current market conditions the MTFP contains provision to finance borrowing of up to £3m per annum for non-housing capital investment in each year of the planning period. This limit was increased by £1m per annum from 2020/21 to accommodate the need for additional investment in the non-housing asset portfolio and to enable the outcomes of the non-housing stock condition survey to be accommodated within the capital strategy of the council. Limited short-term borrowing for cash flow purposes has also been authorised under the Code. It had been envisaged that Self Financing for the HRA would enable the investment levels in the housing stock both for major repairs programmes and for the potential building of new affordable homes within Harlow. The changes announced by the Government on the rent reduction proposals particularly have changed this significantly and this is covered in more detail within the HRA Business Plan.

- 6.10. An Annual Investment Strategy is drawn up as required under the Code. At present the Council has a considerable sum invested - £33.7m as at 31 December 2021 made up of –

Temporary Investment -	£ million
Money Market Fund Deposits	18.5
Property Funds	2.0
Investment Bonds	2.0
Treasury Deposits (DMO)	7.0
Barclays deposit facility	4.2
Total Liquidity	33.7

- 6.11. The investments are handled by the Council's own staff. The investments are managed so as to secure the best possible return with the minimum of associated risk as set out in the principles of the Treasury Management Strategy Statement.

7. Annual Revenue Budgets and Medium Term Financial Plans.

- 7.1. The Council's HRA and General Fund budgets represent the Council's expectation of the cost of providing its ongoing services in a year. As such they are integral parts of the MTFP, reflecting the financial implications of the Council's themes and objectives for the year.

- 7.2. The Council has sought to ensure that it sets realistic and achievable budgets. General Fund savings of over £22 million have been achieved over the period 2007/08 – 2021/22 It has prudently reviewed and replenished reserves as appropriate whenever possible. With the on-going funding reductions measures being implemented by Government, it will be extremely difficult for the Council to sustain ongoing budget reductions whilst protecting service provision without improvements to the Council's Funding. This further serves to highlight the need to actively pursue further commercialisation and efficiencies as set out in the Corporate Strategy..
- 7.3. As with other Councils it is recognised that other external factors, over which it has no direct control, will affect its financial position. These potentially include:
- a) The medium to long term impacts of the Covid.
 - b) National and international economic environment including inflationary pressures and interest rate changes.
 - c) Government policy and legislative changes
 - d) Changes in Government grant and the anticipated formula review.
 - e) Pay and price variations (especially now driven up post Covid).
 - f) Movements in the costs of employee pensions.
 - g) Variations in asset disposal values and volumes.
- 7.4. Each year the Council is required by law to approve balanced budgets, which means that planned levels of expenditure on services, after taking into account government grant income and contributions from reserves, must be covered by the budgeted amount of Council Tax income (for the General Fund) and rent income (for the HRA). In doing so the Council has to decide upon:-
- Competing demands for additional expenditure.
 - The level of investment required in priority areas.
 - The level of, and the areas in which, savings can be made.
 - The level of rents and council tax to be levied.
- 7.5. The Council operates a budget monitoring system, which involves monthly reports to the Senior Management Board and quarterly reporting to the Cabinet. The Council has tightened its fiscal policy in the light of the considerable challenges it faces over the medium-term. Accordingly, a key strategic financial objective within the MTFs is that annual Council Tax increases shall be no greater than the Government prescribed limit before a

referendum would be triggered. The revised MTFP at Appendix E shows the net reduction in General Fund expenditure over each of the subsequent two financial years required to maintain a balanced budget. For illustrative purposes Appendix E is based on an assumed 0% increases for the lifetime of the MTFS.

- 7.6. Work will be required during the early part of 2022 to engage with the Government's latest and ongoing consultations in relation to the future proposals for local government funding arrangements. Having developed the current three year MTFP proposal as set out in Appendix E to this report it will now be extremely important to focus resources on the engagement with the Governments formal and any informal consultation in order to try to influence changes which could have a significant impact upon Harlow.
- 7.7. The Plan is a key component of individual service plans and a major objective for the Council's Senior Management Board. In drawing up their service plans, each Service Director must set out the extent to which their proposals assist the Council in achieving its financial targets and priorities over the next three years in line with the Corporate Strategy. The service plans include proposals for capital and revenue growth bids, savings, reallocation of resources and additional income.
- 7.8. The total planned cost of the Capital Programme must never exceed a realistic and affordable assessment of the capital finance available to fund it. Where this is not achievable the programme will either be reduced or the costs of external borrowing will be considered. Where necessary, borrowing to fund the programme will be undertaken within the parameters agreed in the Council's Prudential Borrowing Strategy and as a result of declining receipts from the disposal of surplus assets the MTFP reflects the need to finance borrowing costs.
- 7.9. Financial projections for the HRA covering the period 2022/23 to 2024/25 are set out in the HRA Medium Term Financial Plan, attached at Appendix D.
- 7.10. A summary of the revised General Fund Medium Term Financial Plan for 2022/23 to 2024/25 is attached at Appendix E. The details set out in the appendix show that given the assumptions regarding Council Tax levels, and Government funding the General Fund budget is well placed as the Council moves towards a fundamental change to local government funding over the next two years.

8. Reserves

- 8.1. The Council's statutory finance officer, the Deputy Chief Executive and Director of Finance, is required to consider the adequacy of reserves when

the budget and Council Tax are set. This assessment distinguishes between committed or earmarked reserves and general or uncommitted reserves.

- 8.2. Levels of the Council's earmarked reserves are reviewed on an on-going basis as part of the annual budget process and through the preparation of the Council's Statement of Accounts. The review undertaken as part of the 2022/23 budget process has identified £1,355,000 to be released from reserves as set out in the General Fund report.
- 8.3. The minimum level of general or uncommitted reserves for the General Fund and HRA, as currently assessed by the Deputy Chief Executive and Director of Finance, are to be £2.5 million and £4.6 million respectively. The projected level of actual uncommitted reserves balances held over the 3-year period of the MTFS are set out in the General Fund Medium Term Financial Plan at Appendix E, and the HRA financial plan at Appendix D, respectively.
- 8.4. In order to benefit from an option to pay the council's assessed pensions deficit in one single payment covering the full three year actuarial review period it was agreed as part of the 2020/21 budget process that £1.6m of the General Fund balance would be used to unlock the pension deficit savings. Replenishment of the balance is being made over the 2021/22 and 2022/23 financial years as previously approved.

9. Key Partnerships

- 9.1. The Council is committed to working in partnership with local community groups, the voluntary sector, the private sector and other service providers so that, as far as possible, the co-ordination of services with community needs is realised and also with a view to maximising economy and efficiency and securing additional funds for the benefit of the local community.
- 9.2. As part of this strategy the Council seeks to develop existing partnerships and forge new ones to achieve further benefits for the local area, particularly in its priority areas.
- 9.3. With regard to working with the voluntary sector, the Council is anxious to achieve value for money from the grants that it provides to these organisations. Partners applying for financial support are required to demonstrate efficiency savings comparable to the targets that the Council has to meet, and work towards achieving the Council's priorities.
- 9.4. The Council has safeguarded the provision of some of its discretionary services through the funding allocated to its Discretionary Services

Reserve. In light of the current market position with regard to services such as the Playhouse and Pets Corner and the importance of the services delivered by Community Safety the MTFP has been adjusted in previous years to enable these services to be reintroduced back in to the Council's core base budget. Those services which remain dependent upon the reserve for ongoing funding will be supported until at least the 2026/27 financial year by which time it is anticipated that arrangements for the remaining services to be reintroduced to the base budget will also have been identified.

- 9.5. Over the period of the MTFS it is envisaged that a number of new partnerships will be considered to support the delivery and fulfilment of the Council's commercialisation, efficiency and regeneration objectives.

10. Risks

- 10.1. The Accounts and Audit Regulations 2003 state that the Council should ensure that its accounting control systems include measures to ensure that risk is appropriately managed.
- 10.2. The Audit Commission's Code of Audit Practice makes it clear that it is the responsibility of the audited body to identify and address its operational and financial risks, and to develop and implement proper arrangements to manage them, including adequate and effective systems of internal control. The financial risks to the Council should be assessed in the context of the Council's overall approach to risk management. Risk management continues to be a key area of focus for the Council and is now regularly reported to the Audit & Standards Committee.
- 10.3. In order to manage and mitigate risk in the Council it includes a statement on the system of internal control with its Annual Statement of Accounts. This review and reporting mechanism incorporates a broader statement of corporate governance than had previously been required as set out in the CIPFA/SOLACE Corporate Governance Framework. Under this framework the Council must review both its internal controls as well as its wider governance arrangements, and publish an Annual Governance Statement as part of the Accounts.
- 10.4. The Council seeks to manage its risks through the application of its adopted Risk Management Strategy, the aim of which is 'for the systematic identification and control of risks, hazards and losses, to reduce the impact of risk upon Council decision making. The MTFP supports this aim through the continued provision of financial resources to enable this work to be progressed particularly in relation to insurable risks.
- 10.5. The Deputy Chief Executive and Director of Finance as the Council's

APPENDIX B.

appointed Section 151 officer has identified the risks set out in Appendix D of the 2022/23 General Fund Revenue Budget report, which appears elsewhere on the Cabinet's agenda, as the most significant for the MTFS. The mitigation of these risks is an integral part of the Council's performance management framework.