

## **Medium Term Financial Strategy – 2023/24 to 2027/28**

**Report by David Gladwin, Acting Chief Financial Officer**

### **Report for Decision**

#### **1 Recommendations**

- a) Note that the work of The Business Transformation Steering Group (BTSG) will continue to consider savings measures necessary to support delivery of a balanced budget for 2023/24 before any policy measures are presented to Council;
- b) Note that the financial outlook remains challenging for this term of Council;
- c) Note the recommendation of the external Auditor that, *“as a matter of urgency, officers and elected members need to work together to develop and agree the medium-term financial strategy and progress the Council’s transformation plans”*.
- d) Note the latest position on Scottish Government funding for Local Authorities and the associated grant settlement for Midlothian Council;
- e) Note the update in respect of fiscal flexibilities;
- f) Note that the projected budget gap for 2023/24 is £14.481 million rising to a projected £26.575 million by 2027/28;
- g) Note the savings proposals of £7.285 million rising to £16.021 million in 2025/26;
- h) Note that the remaining budget gap, if all savings proposals presented are approved, of £7.196 million in 2023/24 rising to £10.554 million in 2027/28;
- i) Approve the commencement of a period of public consultation on proposed savings measures;
- j) Note the outcomes from the high level budget consultation; and
- k) Otherwise, note the remainder of the report.

**Date: 19 January 2023**

**Report Contact:** David Gladwin, Acting Chief Financial Officer

## **2 Purpose of Report / Executive Summary**

- 2.1 The main purpose of this report is to provide Council with latest projections of future year budget gaps, specifically focussing on 2023/24.
- 2.2 Commentary is provided to Members on the latest position on Scottish Government funding for Midlothian Council in 2023/24 and ongoing work to finalise this.
- 2.3 Officer proposals to partially bridge the budget gap, as presented and discussed at the BTSG and with political groups, are appended in detail.
- 2.4 The projected budget gap for 2023/24 is £14.481 million rising to £26.575 million by 2027/28. Approval of all savings measures presented in Appendix C would reduce the remaining gap to £7.196 million in 2023/24 rising to £10.554 million by 2027/28.
- 2.5 Council will meet on 21<sup>st</sup> February 2023 to set Council Tax for 2023/24 and a balanced budget.

## **3 Medium Term Financial Strategy 2023/24 to 2027/28 - Background**

- 3.1 Council last considered an update on its Medium Term Financial Strategy (MTFS) on 13<sup>th</sup> December 2022 where latest projections of the budget gap in 2023/24 of £12.982 million rising to £25.052 million by 2027/28 were presented and discussed.
- 3.2 Council and officers were reminded of the recommendation of the external Auditor that *“as a matter of urgency, officers and elected members need to work together to develop and agree the medium-term financial strategy and progress the Council’s transformation plans”*. The auditor also observed that *“The Council continues to demonstrate good financial management arrangements and control of the in-year budget, including understanding of the ongoing impact of Covid and other financial pressures”*.
- 3.3 The approval of the MTFS in June 2019 was an important step-change and one that provided greater certainty for local communities and for employees. It allowed the Council to shift from having to consider savings every year at February Council meetings to planning for the medium term and in turn securing continued financial sustainability.
- 3.4 As a result, the approval of the MTFS and, on the recommendation of the BTSG, the subsequent approval of the 2020/21 & 2021/22 budgets ensured that the Council secured strategic budgets which invested in Midlothian to help it fulfil its potential to be a great place to grow.

- 3.5 The MTFFS also provided a strong foundation on which the Council has been able to build its response to the financial impact of the COVID pandemic. It was against this backdrop that a corporate solution for 2022/23 was developed to support the delivery of the last budget determined by the previous Council.
- 3.6 The pandemic has accelerated financial challenges, exacerbated in recent months by very challenging inflationary pressures. There are some difficult choices ahead as Midlothian Council try to deliver services within available budget alongside sustained demographic growth from being the fastest growing local authority in Scotland. As a result, there is a significant funding gap that will impact on what services the Council can continue to deliver and how they are delivered. Reprioritisation and redesign is crucial to balancing the financial position.

### **Statutory Responsibilities of Councillors**

- 3.7 Full Council has a statutory duty, as set out in Section 93 of the Local Government Finance Act 1992 (as amended), to set Council Tax and a balanced budget for the following financial year by 11<sup>th</sup> March.
- 3.8 Members should note that legislation contains no specific requirement for a Council to set its budget at the same time as setting its Council Tax. This is because it is implicit in setting the Council Tax that the income it raises needs to be sufficient to fund the balance of expenditure not otherwise funded from government grant, fees, reserves etc.
- 3.9 It is therefore implicit in legislation that Council Tax income funds the gap between income and expenditure. Accordingly, in determining a budget, Council needs to identify the gap between expenditure and income and if no other action is taken to redress any shortfall Council Tax has to be set at a rate that will do so. As a consequence, Council Tax decisions should not normally be taken in advance of other budget decisions.
- 3.10 Members should also continue to note that in terms of Section 112 of the Local Government Finance Act 1992 (as amended) it is an offence for members to participate in any vote in respect of setting Council Tax where the member has unpaid Council Tax. Accordingly, at the Council meeting on 21<sup>st</sup> February members would be required to disclose if this section of the act applies to them and subsequently not vote on any question with respect to the matter.

## Scottish Government Funding - Local Government Finance Circular 11/2022

- 3.11 The Scottish Budget was announced on Thursday 15<sup>th</sup> December 2022 with the first version of the Local Government Finance Circular issued on Tuesday 20<sup>th</sup> December. There have been several revisions to the circular with the latest version received on Tuesday 10<sup>th</sup> January. At least one further iteration is expected during January / February. The commentary that follows is based on the version received on Tuesday 10<sup>th</sup> January.

### Scottish position

- 3.12 Total cash funding for 2023/24 is £13,229.158 million which is a £543.885 million increase on the published 2022/23 position in Finance Circular 1/2022. Table 1 below provides details.

*Table 1: All Scotland Aggregated Funding Totals*

	2022/23 £m	2023/24 £m	Cash Change £m
Revenue	12,000.632	12,402.517	401.885
Capital	684.641	826.641	142.000
<b>Total</b>	<b>12,685.273</b>	<b>13,229.158</b>	<b>543.885</b>

### Revenue Funding

- 3.13 The 2022/23 figure of £12,000.632 million contains some non-recurring funding and the 2023/24 figure includes some new funding with associated expenditure commitments. Table 2 below illustrates this.

*Table 2: 22/23 non-recurring funding and 23/24 new commitments*

	<b>£m</b>
<b>Finance Circular 1/2022 (22/23)</b>	<b>12,000</b>
<i>Non-recurring 22/23 Expenditure</i>	
Scottish Child Bridging Payments	(68)
Interim Care Funding	(20)
<b>Adjusted Comparator for 2023/24</b>	<b>11,912</b>
<i>New Expenditure Commitments</i>	
Recurring funding for pay	140
Local Heat and Energy Efficiency Strategies	2
Whole Family Wellbeing Support	32
Real Living wage in Adult Social care (raising rate to £10.90)	100
Free Personal and Nursing Care	15
Free School Meals – P6+7 expansion for eligible pupils	18
Additional Discretionary Housing Payments	6
School Clothing Grants Increase (inflationary)	1
Adult Social Care Fees (SSSC)	2
Increase in LG contribution to Historic Abuse Redress Scheme	1
<b>Total</b>	<b>12,229</b>
Devolution of Empty Property Relief to Local Government	105
<b>Total Scottish Government Funding on a comparative basis</b>	<b>12,334</b>

- 3.14 Comparing Scottish Government funding on a comparative basis against cash values in the latest Local Government Finance Circular shows a £68 million increase in funding in 2023/24.
- 3.15 Converting cash values to real terms figures, as illustrated by various experts including the Institute for Fiscal Studies, Fraser of Allander Institute and the Scottish Parliament Information Centre, describe a significant real terms reduction in funding to Local Government.
- 3.16 The Scottish Budget also made a change to Non Domestic Rates (NDR) Revaluation Appeals. With effect from 1<sup>st</sup> April 2023, the implementation date of new rateable values from the 2022 revaluation process, any local authority that reduces their own liability as a consequence of a successful appeal will lose the same value of funding from their Scottish Government Revenue Funding. Previously local authorities benefitted significantly from successful appeals.

### **Impact of Finance Circular 11/2022 on Midlothian Council**

- 3.17 Finance Circular 11/2022 distributes £12,171.054 million to local authorities with the remaining £231.363 million undistributed at this stage. Table 3 below shows Midlothian's share of distributed amounts and estimated shares of undistributed.

*Table 3: Local Authority shares of Scottish Government Grant*

	<b>Scotland £m</b>	<b>Midlothian £m</b>
<i>Distributed funding</i>		
General Revenue Funding	8,348.099	152.700
Non Domestic Rates	3,047.000	35.215
Ring-Fenced Grants	755.956	15.249
<b>Total</b>	<b>12,171.054</b>	<b>203.164</b>
<i>Undistributed funding</i>		
General Revenue Funding	231.360	3.065
Non Domestic Rates (NDR)	0	0
Ring-fenced Grants	0.103	0
<b>Total</b>	<b>231.463</b>	<b>3.065</b>
<b>Total Scottish Government Funding</b>	<b>12,402.517</b>	<b>206.229</b>

- 3.18 After allowing for new expenditure requirements these figures give an improvement of £0.836 million on the projected Scottish Government Grant figure included in the latest iteration of Midlothian's budget model as presented to council in December. However, NDR rule changes on appeals as outlined in section 3.16 of this report effectively reduces this figure when taking into account the lost financial benefits that could be achieved from successful Rateable Value appeals.

- 3.19 The Minimum Grant Floor is designed to ensure a stable distribution of grant to ensure that all councils receive at least a minimum guaranteed increase in total revenue support for each year. As expected, due to pace of growth in Midlothian, relative shares of Scottish Government funding lines have increased giving an overall 4.48% upwards movement. The floor, for 2023/24, is set at a minimum growth of 1.95% for all councils thus reducing Midlothian's funded growth to 2.43% and resulting in a cash contribution to the floor of £3.136 million.
- 3.20 The Deputy First Minister (DFM) and Cabinet Secretary for Covid Recovery wrote to CoSLA on the 15<sup>th</sup> December outlining details of the Local Government Finance Settlement for 2023/24. The letter is provided at appendix B. Key points to note are:
- Funding allocated to Integration Authorities should be additional and not substitutional to each Council's 2022/23 recurring budgets for services delegated to Integration Joint Boards (IJBs) and therefore, Local Authority social care budgets for allocation to integration authorities must be at least £95m greater than 2022/23 recurring budgets; and
  - Scottish Government will not seek to agree any freeze or cap in locally determined increases to council tax, meaning each council will have full flexibility to set the Council Tax rate that is appropriate for their local authority area.
- 3.21 At the time of writing this report there are several areas of the Local Government Finance Circular that are require further clarification. CoSLA are pursuing these areas with the Scottish Government and they include:
- Clarity of the quantum for Early Learning and Childcare, particularly relating to £15m for targeted holiday provision;
  - Missing £32.8 million funding which was previously provided to fund the additional 1% offered to and accepted by Teachers late in financial year 2021/22. Midlothian's share of this in 22/23 was £0.630 million;
  - Clarity on the quantum for Free School Meals provision; and
  - A full reconciliation of figures thus allowing Local Authority finance professionals to fully understand the detailed position.
- 3.22 The planned change to the distribution basis for Early Learning and Childcare has not been implemented, now deferred until 2024/25. It is hoped that the revised distribution base, which will focus more on actual numbers, will provide an increased share for Midlothian.
- 3.23 Consultation on the Local Government Finance circular is due to end on 27<sup>th</sup> January. Shortly thereafter an amended circular will be published in advance of passage of the Scottish Government's budget bill through parliament. Stage 1 debate on the Bill is scheduled for Thursday 2<sup>nd</sup> February.

## Budget Projections

- 3.24 At its meeting on 4<sup>th</sup> October, Council was provided with an update of the budget projections for financial years 2023/24 to 2027/28 with a further update on 13<sup>th</sup> December 2023. These projections were based on key assumptions on pay inflation and contractual inflation, government grant and Council Tax and included and reflected an assessment of the Scottish Government's Resource Spending Review published on 31 May 2022.
- 3.25 The impact of inflation and pay pressures in the current and future years remains fluid and best estimates are being included in ongoing budget work which also picks up demographic pressures.
- 3.26 The current year's budget as approved on 15<sup>th</sup> February 2022 was reliant on £10.283 million of one-off funding measures as presented in table 1 below. Council on 23<sup>rd</sup> August 2022 approved a supplementary estimate of £1.395 million in 2022/23 to cover unbudgeted inflationary pressures. This is partially offset by the full year impact of reversing the Employers National Insurance increase.

*Table 4: Underlying budget gap for 2022/23*

	£m	£m
<b>One-off Measures in 2022/23 Budget</b>		
<b>Use of Reserves</b>		
Utilisation of uncommitted earmarked reserves	2.000	
Utilisation of general reserves	0.250	
		2.250
<b>One-off utilisation of COVID funding (to mitigate savings plans)</b>		1.675
<b>Deferment of debt repayments in 2021/22 and 2022/23</b>		
Loans Fund Review to meet repayments in 22/23 (max)	3.032	
From use of Fiscal Flexibility (Loans Fund Repayment Holiday) and utilise Loans Fund Review both in 21/22 (max)	3.326	
		6.358
Non Recurring Expenditure		(0.250)
Impact of 22/23 contractual inflation – Energy and PPP – approved by Council on 23 <sup>rd</sup> August 2022		1.395
Impact of reversal of Employers NI increase (full year effect)		(1.130)
<b>Underlying Budget Gap for 2022/23</b>		<b>10.298</b>

- 3.27 The projections for 2024/25 and beyond as shown in table 5 below are predicted on assumptions related to Scottish Government Grant, pay and other inflation and Council Tax growth. They also assume continuation of the current structure of public services in Scotland.

Table 5: Financial Outlook 2023/24 to 2027/28 – Analysis of Change

	2023/24	2024/25	2025/26	2026/27	2027/28
	£m	£m	£m	£m	£m
<b>Opening gap for the year</b>	<b>10.298</b>	<b>14.481</b>	<b>19.481</b>	<b>21.750</b>	<b>24.072</b>
<i>Budget Changes</i>					
Staffing – pay inflation and salary progression	5.683	3.977	4.077	4.179	4.283
Contractual inflation and indexation	1.815	1.099	1.126	1.154	1.183
Loan Charges	(1.978)	2.088	0.250	0.250	0.250
Energy Inflation based on November pricing information	1.817	0.000	0.000	0.000	0.000
Demographic Pressures	2.604	0.000	0.000	0.000	0.000
Non Domestic Rates Revaluations	1.021	0.000	0.000	0.000	0.000
Digital Software / Cyber Security	0.493	0.000	0.000	0.000	0.000
Service Concessions – in year adjustment	(2.336)	0.000	0.000	0.000	0.000
Other	0.008	(0.011)	(0.011)	(0.011)	(0.011)
<b>Gross Expenditure Increases</b>	<b>9.127</b>	<b>7.153</b>	<b>5.442</b>	<b>5.572</b>	<b>5.704</b>
Council Tax – Property Growth	(1.350)	(1.350)	(1.350)	(1.350)	(1.350)
Waste Third Party Income	(0.742)	0.000	0.000	0.000	0.000
Destination Hillend Net Income	(0.412)	(0.507)	(1.413)	0.133	(0.027)
Industrial Unit Rental Income	(0.330)	0.000	0.000	0.000	0.000
Scottish Government Grant	(0.883)	(0.115)	(0.118)	(1.821)	(1.824)
<b>Gross Income Increases</b>	<b>(3.717)</b>	<b>(1.972)</b>	<b>(2.881)</b>	<b>(3.038)</b>	<b>(3.201)</b>
<b>Budget Gap to Address</b>	<b>15.708</b>	<b>19.662</b>	<b>22.042</b>	<b>22.734</b>	<b>26.575</b>
Operational savings measures	(1.227)	(0.181)	(0.292)	(0.212)	(0.000)
<b>Budget Gap</b>	<b>14.481</b>	<b>19.481</b>	<b>21.750</b>	<b>24.072</b>	<b>26.575</b>

3.28 Council Tax income shown in projections is based on the existing Band D Council Tax of £1,442.60.

3.29 2022/23 pay claims for the SJC bargaining groups have been concluded with the following agreed:

- For those on the Local Government Living Wage and pay scale point (SCP) 19 to 24 and undifferentiated 5% or a £2,000 uplift (calculated on a nominal 36 hour working week), whichever is larger;
- A 10.2% increase for the lowest paid. For SCP 38 (£24,984) a 7.7% increase (£1,925) and for SCP 52 (£30,212) a 6.37% increase (£1,925); and
- An undifferentiated 5% or a £1,925 uplift (calculated on a nominal 36 hour working week), whichever is larger, capped for those currently earning £60,000 or more at a £3,000 uplift (based on a 37 hour working week).

It is estimated that this equates to a 7.23% increase in the Council's SJC paybill.

3.30 A straight offer of 5%, and a further differentiated offer averaging at just over 5% has been made to and rejected by the Scottish Negotiating Committee of Teachers Bargaining Group. Discussions are ongoing.



- 3.31 A pay increase of 2.5% was provided for in the 2022/23 base budget. The Scottish Government have provided additional funding for 3.73% of the increased cost:
- £140m revenue funding nationally of which £2.338m will flow to Midlothian as part of general revenue funding;
  - £120.6 million of Capital Funding (Capital Flexibilities) of which £2.014 million will flow to Midlothian as a capital grant. A one-off flexibility option to allow capital grant to fund in-year revenue expenditure has been developed with Scottish Government and CoSLA officials.
- 3.32 The remaining 1%, estimated at £1.8 million, links into ongoing national discussions around funding flexibilities. Work continues in 2022/23 on identifying areas of the Council budget that can contribute to the £1.8 million target which is proving challenging to reach.
- 3.33 Pay projections shown in table 5 above include the impact of 22/23 agreed pay awards and the latest offer for those still in dispute, uplifted by a further 2.5% in 23/24 and each year thereafter. Funding for pay awards is included also with the **exception** of £1.8m of financial flexibilities in 23/24. Given the challenges in identifying valid options in 2022/23 as outlined in section 3.32 above it is considered prudent at this stage to assume they will not be available in 2023/24.

### Medium Term Financial Strategy Savings Measures

- 3.34 Appendix C details savings measures developed by officers and discussed in detail at BTSG meetings and also with each political group. Consultation with unions and staff continues.
- 3.35 Implementation of all proposals would reduce the budget gap as shown in table 5 above as follows

*Table 6: Budget gap reflecting implementation of all savings proposals*

	2023/24	2024/25	2025/26	2026/27	2027/28
	£m	£m	£m	£m	£m
<b>Budget Gap</b>	<b>14.481</b>	<b>19.481</b>	<b>21.750</b>	<b>24.072</b>	<b>26.575</b>
Savings Measures - Appendix C	(7.285)	(13.016)	(16.021)	(16.021)	(16.021)
<b>Remaining Budget Gap</b>	<b>7.196</b>	<b>6.465</b>	<b>5.729</b>	<b>8.051</b>	<b>10.554</b>

- 3.36 In addition to savings measures, members should note that each 1% or £14.42 per annum increase in Band D Council Tax would generate circa £580,000 per annum in additional income.
- 3.37 Public consultation on the high level budget is complete and feedback from this process is included at Appendix D for information.

## Fiscal Flexibilities

- 3.38 Although Fiscal Flexibilities are one-off in nature and do not contribute to bridging the ongoing gap between recurring expenditure and recurring income they can, whilst available, be used as a means to plug in-year gaps whilst detailed work takes place to develop and implement permanent transformational savings. For the period of the current MTFS there are two options that can be accessed.
- 3.39 The first relates to Service Concessions. The Scottish Government, through Finance Circular 10/2022 published in September 2022 permitted Councils to apply additional flexibility to the accounting treatment for Service Concession Arrangements in place before 1<sup>st</sup> April 2022. The statutory guidance applies from financial year 2022 to 2023 but permits retrospective application as an option.
- 3.40 For Midlothian this includes Public Private Partnerships at Dalkeith Campus and seven Primary Schools, Newbattle Community High School and the Waste plant at Millerhill. The Finance team and the Council's Treasury advisers Link Group have been working hard to expedite work in this area. The Council received a draft final report from Link Group on Wednesday 18<sup>th</sup> January and have some detailed queries to resolve before the position is finalised. It is expected this will be around 25<sup>th</sup> January. The plan thereafter is to immediately engage with Audit Scotland, brief members on the details in early February and then present a final report to Council on 21<sup>st</sup> February with recommendations for decision. Implementation of this financial flexibility is dependent on approval of full Council.
- 3.41 Whilst not yet finalised, awaiting audit opinion and requiring a Council decision to implement, this fiscal flexibility is likely to offer a significant value of retrospection which becomes available for use on the date of adoption which I will recommend as 1<sup>st</sup> April 2023. Application of retrospective savings blended with a continued focus on delivering MTFS savings and wider transformation measures provides Council with an opportunity to develop a balanced financial position for the remainder of this Council term and possibly beyond.
- 3.42 Projections set out in this report assume an in-year adjustment in 2023/24 of £2.336 million from the application of the flexibility.
- 3.43 The second Fiscal Flexibility available for use relates to financing Loans Fund Principal repayments and is one Council have adopted previously. The mechanism for implementing this in 2023/24 would be either use of retrospective Loans Fund Review savings or using Capital Fund Balances to repay debt. Current figures indicate this could be up to a value of £2.9 million.

## 4 Next Steps

### Engagement

- 4.1 Savings proposals appended to this report are in the public domain and engagement with Trade Unions and staff has taken place. Formal public consultation will commence subject to Council approval.

### Finalisation of the 2023/4 Budget and Setting Council Tax

- 4.2 Council will meet on 21<sup>st</sup> February to finalise the 2023/24 budget. In the intervening period BTSG will continue to meet as required and Members will be briefed on any significant changes to figures.

### Midlothian Integration Joint Board

- 4.3 The Chief Officer and Chief Financial Officer of the Midlothian Integrated Joint Board (MIJB) are being kept updated on the Council's budget position and are engaged in the development of the MTFs.
- 4.4 The indicative budget to be delegated to MIJB for 2023/24 together with future years indicative allocations was developed based on the 2022/23 position of cash flat plus additional Scottish Government funding.
- 4.5 The DFM letter referred to in section 3.20 and provided in full in appendix B outlines Scottish Government expectations for funding IJBs in 2023/24. Council approved a requisition of £56.438 million in 2022/23. Minor adjustments during 2022/23 revise the figure to £56.593 million. Shares of new funding for Living Wage (£100m) and inflationary increases to Free Personal Nursing Care (£15m) less non-recurring Interim Care Money (£20m) increase the minimum requisition in 2023/24 to approximately £58 million.
- 4.6 BTSG will be asked to consider the formal offer arising from the settlement once it is finalised and this will form part of the final budget recommendations to Council.

## 5 Report Implications (Resource, Digital and Risk)

### Resource

- 5.1 The financial outlook remains challenging for the term of this Council and the recommendation of the External Auditor is "*as a matter of urgency, officers and elected members need to work together to develop and agree the medium term financial strategy and progress the Council's transformation plans*".

### Digital

- 5.2 The adoption of digital solutions is a central strand of the Medium Term Financial Strategy.

## Risk

- 5.3 Within any financial projections, there are a number of inherent assumptions in arriving at figures and setting budget. Therefore risks exist if costs change or new pressures emerge.

The following key risks and issues are highlighted in the context of this report:

- Uncertainty over the Scottish Government's and Council's financial position;
  - The economic outlook and decision by Scottish Government on future years grant settlements and grant distribution;
  - The risk to service provision and service users associated with a continued decline in available resources to fund services;
  - Future years Public Sector pay policy and current and future year pay award settlements;
  - Actual school rolls varying from those provided for in the budget;
  - The impact of the wider economic climate on range of factors including: inflation, interest rates, employment, tax and income levels and service demands;
  - Cost pressures, particularly demographic demand, exceeding budget estimates;
  - The reform of public services and the implications for the National Care Service (Scotland) Bill;
  - The impact of Universal Credit, and potential pension changes;
  - The costs of implementation of national policies varying from the resources provided by Government;
  - Potential liabilities arising from historic child abuse;
  - Unplanned capital investment requirements and the associated cost; and
  - Ability to continue to meet the expectations of our communities within a period of fiscal constraint.
- 5.4 Developing a MTFS is important and can support the mitigation of a number of these risks by setting out the key assumptions on which forward plans are based. The consequences of the challenging grant settlement parameters mean that it is also necessary to bring forward measures to secure financial balance over the period covered by the Medium Term Financial Strategy.
- 5.5 The risk of not having in place a balanced MTFS is the potential elimination of available reserves, which in turn would severely limit the Council's ability to deal with unforeseen or unplanned events and also the imposition of significant cuts at short notice with limited opportunity for consultation.

## **Ensuring Equalities**

- 5.6 The strategic plan and associated MTFS together with the resource allocation measures which will support financial sustainability will, as far as the constraint on resources allow, be developed within the context of the Council's priorities, ensuring as far as possible that resources are directed towards the key priorities of reducing inequalities in learning, health and economic circumstance outcomes.
- 5.7 The Strategic Plan and associated MTFS will continue, as far as is possible, to reflect Midlothian Council's commitment to the ethos of the Equality Act 2010 with careful consideration of the interests of the most vulnerable in our communities through the preparation of equality impact assessments.
- 5.8 In addition, the Strategic Plan will underline the Council's commitment in its Equality Plan to tackle inequality and promote inclusion within the limitations of the resources available. It will also allow the Council to plan and deliver services which meet the needs of our diverse communities and respond to the changes ahead.
- 5.9 Individual Equality Impact Assessments (EQIA) will be placed in the members Library in respect of future policy savings measures and an overarching EQIA will be published alongside the MTFS report presented to the Council meeting on 21<sup>st</sup> February 2023.

## **Additional Report Implications**

See Appendix A

### **Appendices**

**APPENDIX A – Report Implications**

**APPENDIX B – Letter from the Deputy First Minister and Cabinet Secretary for Covid recovery to COSLA president dated 15 December 2022.**

**APPENDIX C – Budget Proposals – Savings Templates**

**APPENDIX D – Public feedback on the High Level Budget proposals**

### **A.1 Key Priorities within the Single Midlothian Plan**

The Strategic Plan and associated Medium Term Financial Strategy facilitates decisions on how Council allocates and uses its available resources and as such has fundamental implications for delivery of the key priorities in the Single Midlothian Plan. It helps ensure that resources are available to continue to delivery key priorities.

### **A.2 Key Drivers for Change**

Key drivers addressed in this report:

- Holistic Working
- Hub and Spoke
- Modern
- Sustainable
- Transformational
- Preventative
- Asset-based
- Continuous Improvement
- One size fits one
- None of the above

### **A.3 Key Delivery Streams**

Key delivery streams addressed in this report:

- One Council Working with you, for you
- Preventative and Sustainable
- Efficient and Modern
- Innovative and Ambitious
- None of the above

### **A.4 Delivering Best Value**

The report does not directly impact on delivering Best Value.

### **A.5 Involving Communities and Other Stakeholders**

The development of the Strategic Plan and associated Medium Term Financial Strategy provides for public engagement.

In addition, there has been and will continue to be, engagement with the recognised Trade Unions on the Council's financial position and the development of the Strategic Plan and associated Medium Term Financial Strategy.

### **A.6 Impact on Performance and Outcomes**

The Strategic Plan and associated Medium Term Financial Strategy facilitates decisions on how the Council allocates and uses its available resources and as such has fundamental implications for service performance and outcomes. The financial consequences of the pandemic have impacted on the availability and allocation of resources in pursuit of key outcomes as set out in the Single Midlothian Plan for both the immediate and longer term and therefore the ability of the Council to continue to deliver services in a financial sustainable manner.

**A.7 Adopting a Preventative Approach**

An effective Strategic plan supported by a Medium Term Financial Strategy will support the prioritisation of resources to support prevention activities.

**A.8 Supporting Sustainable Development**

There are no direct sustainability issues arising from this report and we will work to mitigate any sustainability issues which arise as a consequence of the Strategic Plan and associated Medium Term Financial Strategy.