



Finance Strategy 2024-2027

STRATEGY AIMS:

This strategy sets out the approach the Council will take in managing its financial resources in order to fulfil its legal and statutory duties and seek to make best use of the resources available to it to achieve its stated priorities and deliver valued services for the residents and businesses of the borough.

Considering the council's present financial standing and the challenging landscape facing local government in the foreseeable future, it is imperative to adopt a pragmatic approach in the short to medium term while maintaining our commitment to achieving the objectives outlined in the council's corporate plan and priorities. The overarching strategy for the next decade can be expressed into three distinct phases:



■ **SURVIVE:** Given the immediate financial pressures and uncertain outlook, the primary focus of this phase is to ensure the Council's ability to sustain itself and fulfil its statutory obligation of setting a balanced budget annually.

■ **STRIVE:** As the challenges of sustainability and budget balancing hopefully become more manageable, this phase strives to enhance the financial health and resilience of the Council. Emphasis will be placed on re-establishing robust foundations, including more adequate reserve levels, flattening or reducing overall borrowing levels, and implementing a revenue budget with increased contingency to safeguard the Council's financial position and mitigate risks.

■ **THRIVE:** Building upon the strengthened financial foundations established in the previous phases, this phase is geared towards realising the benefits thereof. It will enable the pursuit of longer-term strategies and planning horizons focused on delivering optimal outcomes for our stakeholders, including service users, residents, businesses, and visitors.

While the initial emphasis on ensuring financial sustainability may necessitate some services to exercise fiscal restraint and moderate ambitions in the short term, it also presents an opportunity for certain services to demonstrate ambition and creativity in improving outcomes. Indeed, enhancing outcomes for service users in some areas is integral to alleviating the Council's financial pressures, such as reducing demand for statutory services like children's social care.

ALIGNMENT WITH COUNCIL PRIORITIES



The Financial Strategy is integral to the Council's ability to deliver the entirety of the Corporate Plan, ensuring the financial resources available to the Council come together in a robust plan to fund the agreed priorities. Well planned revenue, capital and treasury activities are also essential in ensuring the strategy promotes financial resilience and sustainability, critical to the priority of 'a strong and sustainable Council'.

PRINCIPLES

Principle 1 Alignment to Priorities:	Principle 2 Robustness	Principle 3 Value for Money	Principle 4 Sustainability	Principle 5 Resilience
Emphasises the importance of aligning financial resources with the Council's vision, priorities, and strategic objectives. By ensuring that financial resources are directed towards delivering key priorities, the Council can maximise its impact and effectiveness in serving the community.	Based on as accurate and reliable budget estimates as possible, whilst recognising the level of uncertainty and volatility that exists. Regular reviews of the budget help to update estimates and assumptions, and inform responses to changing circumstances, helping to maintain financial stability and sustainability over time.	This principle underscores the need to provide services that meet the needs of the community while also representing good value for money. It involves optimising the use of available resources to achieve the best possible outcomes, balancing cost-effectiveness with service quality and efficiency.	Sustainable financial management involves funding permanent commitments on a permanent basis across the medium term. This principle looks to ensure that ongoing expenses are adequately funded without relying on temporary or unsustainable sources of revenue, promoting long-term financial stability and resilience.	Resilience refers to the ability of the Council to withstand financial risks and uncertainties while continuing to deliver its range of duties and services effectively. Maintaining adequate reserve levels is essential for mitigating potential risks and liabilities, providing a buffer against unexpected events or emergencies.



To see the full strategy document, go to:
www.redcar-cleveland.gov.uk/corporate-plan

ACTIONS

Principles	Actions and timescales	Survive: Years 1 - 2 – Quarter to be delivered 2024/25, 2025/26	Strive: Years: 3 - 5	Thrive: Years 6 - 10
All	In-year spend controls to mitigate immediate financial pressures in 2024/25	Reported in Quarters 2 & 3 of 2024/25	n/a	n/a
	Transformation Programme – develop proposals to inform 2025/26 Budget across workstreams prioritised as follows: 1. Identify and address the root causes of financial pressures. 2. Implement measures to enhance operational efficiency. 3. Optimise funding and revenue streams to cover service costs and align with Council priorities. 4. Adjust service provision to align with available resources while upholding statutory duties and strategic priorities.	Reported in Quarters 3 & 4 of 2024/25	n/a	n/a
	Members Budget Task & Finish Group and Conferences ■ Complementing the work of the Transformation Programme	Reported in Quarters 2,3 & 4 of 2024/25	n/a	n/a
	Capital Investment Strategy ■ Maximise external funding sources ■ Minimise reliance on additional borrowing ■ Secure receipts from sale of surplus assets ■ Redirect funding of recurring infrastructure spend from borrowing to revenue ■ Prioritise invest-to-save schemes aimed at improving the revenue position ■ Identify and mitigate long-term revenue implications of capital investments	■ On-going ■ On-going ■ 24/25 Qtrs 3 & 4, 2025/26 ■ On-going ■ On-going	■ On-going ■ On-going ■ Forecast from year 5 ■ On-going ■ On-going	■ On-going ■ On-going ■ On-going ■ On-going ■ On-going
	Reserves Strategy ■ Maintain earmarked reserves for areas with irregular expenditure patterns ■ Temporary utilisation of reserves in alignment with the MTFS, with priority given to invest-to-save initiatives to promote sustainability ■ Preservation and replenishment of Strategic Reserves to ensure adequate contingency and enhance resilience. ■ Maintenance of General Fund reserve at 5% of net revenue budget	■ On-going ■ On-going ■ Preservation as far as possible ■ On-going	■ On-going ■ On-going ■ Replenishment ■ On-going	■ On-going ■ On-going ■ Replenishment ■ On-going
	Ensure the Council have a volunteer point of contact for current volunteers, volunteer groups or potential volunteers to liaise with			
	Look at ways to support volunteering for children in our care/young asylum seekers – to provide support for social, experience, mental health, work readiness and English speak skills.			
	Run volunteer publicity and promotions campaign to raise awareness of volunteering as a leisure time activity and to increase volume of enquiries about volunteering opportunities in the borough			
We will use volunteer case studies which feature and celebrate real-life experiences of volunteers to help promote volunteering, to spread the key messages about what volunteering can offer those who take part				



Measure of success	Performance indicator/outcome	Outturn position 2023/24	Survive: Years 1 - 2	Strive: Years 3 - 5	Thrive: Years 6 - 10
Revenue Budget	Savings Programme - £m	Position reflective of a local benchmark	As Budget	As Budget	As Budget
	Forecast Outturn (without drawing on MTFS Reserve) - £m	Position reflective of a local benchmark	£0m	£0m	£0m
	Fees & Charges to Service Expenditure ratio - %	Position is benchmarked using the CIPFA index. RCBC value at the end of 2022/23 represented 6.6%. Nearest Statistical neighbour's average position was 10.38%.	9.00%	10.00%	10.00%
	Non-domestic rates collection rates (in-year) - %	Position is benchmarked using Oflog data. At the end of 2022/23 RCBC had a rate of 98.40% compared to our nearest statistical neighbour's average rate of 97.24%	98.00%	98.00%	98.00%
	Council Tax collection rates (in-year) - %	Position is benchmarked using Oflog data. At the end of 2022/23 RCBC had a rate of 92.90% compared to our nearest statistical neighbour's average rate of 94.99%	93.00%	94.00%	95.00%
Reserves	General Fund Reserve - £m – as % of Net Revenue Budget	Position reflective of a local benchmark. At end of 2023/24 RCBC held £6.626m. This represented 5.25%. The aim will be to sustain this position over 5%	5.00%	5.00%	5.00%
	MTFS Reserve - £m – as % of Net Revenue Budget	Position reflective of a local benchmark. At end of 2023/24 RCBC held £6.803m. This represented 5.39%. The aim will be to sustain the position above 5% and then grow to 15% over the 10-year period.	5.00%	10.00%	15.00%
	Other Reserves - £m – as % of Net Revenue Budget	Position reflective of a local benchmark. At end of 2023/24 RCBC held £10.062m. This represented 7.97%. The aim will be to sustain this position over 7% and then grow to 15% over the 10-year period.	7.00%	11.00%	15.00%
	Overall reserve levels (excl schools) - £m – Overall Reserve levels as % of NRE	RCBC overall reserve levels have decreased from £42.7m, to £36.3m to £23.5m over the last three years. This represented 28.3% of NRE in 2022/23 and 17.2% in 2023/24. The benchmark average using the CIPFA Index for nearest statistical neighbours is 39.6%. The aim is to sustain the current position in the short-term before growing to 35% over the 10-year term.	17.20%	26.00%	35.00%
Capital / Borrowing	Gross External Debt - £m	Position reflective of a local benchmark	£227m	Maintain	Decrease
	Total debt as a percentage of core spending power (%)	Position is benchmarked using Oflog data. At the end of 2021/22 the RCBC position was 194.10% against the nearest statistical neighbour's average of 197.49%. The expectation is for this to rise to around 200% in the survive phase before decreasing over the rest of the 10-year period.	200.00%	Decrease	Decrease
	Infrastructure spend funded by borrowing - £m p.a.	Position reflective of a local benchmark	£7.5m	£6.5m	£0m
	Interest payable / net revenue expenditure - %	Position is benchmarked using the CIPFA index. The last benchmarked position for RCBC was 6.31% whilst the nearest statistical neighbour's average was 4.44%. The aim will be to maintain the position over the short-term before starting to decrease over the rest of the 10-year period.	Maintain	Decrease	Decrease
	Debt servicing as percentage of core spending power - %	Position is benchmarked using Oflog data. The last benchmarked position for RCBC was 7.80% whilst the nearest statistical neighbour's average was 7.88%. The aim will be to maintain the position over the short-term before starting to decrease over the rest of the 10-year period.	Maintain	Decrease	Decrease
	Capital receipts requirement / target - £m	Position reflective of a local benchmark	tbc	tbc	tbc

