Cyd-Bwyllgor Corfforedig Gogledd Cymru
North Wales Corporate Joint Committee

NORTH WALES CORPORATE JOINT COMMITTEE

25 September 2026

TITLE: Medium Term Financial Strategy and Plan 2026/27-2029/30

AUTHOR: Dewi A. Morgan, Head of Finance (CJC's Statutory Finance Officer)

1. PURPOSE OF THE REPORT

1.1. The purpose of this report is to present a draft Medium-Term Financial Strategy (MTFS) and a related Medium Term Financial Plan (MTFP) to the North Wales Corporate Joint Committee for consideration and approval.

1.2. The Strategy and Plan was due to be scrutinised by the Governance and Audit Sub-Committee on 15 September, but the meeting was postponed due to member availability.

2. DECISION SOUGHT

2.1. To provide guidance to officers on the CJC's appetite towards the use of reserves when preparing the budget for 2026/27.

2.2. Approve the Medium-Term Financial Strategy in Appendix 1 and Medium-Term Financial Plan in Appendix 2, subject to the decision made in 2.1 above.

3. REASON FOR THE DECISION

3.1. The Medium-Term Financial Strategy sets out the high-level Strategic Principles of the North Wales Corporate Joint Committee under the following headings:

- Sustainable choices
- Resilient funding and balance sheet
- Deliverable portfolio and corporate resources
- Transparent governance and partnership

3.2. The strategy sets out how the CJC will make sustainable financial choices, manage uncertainty and maintain the capacity to deliver its statutory responsibilities and agreed regional programmes over the proposed MTFP period. It sets the strategic framework, risk appetite, decision rules and governance expectations within which the MTFP is prepared, challenged, approved and monitored. The strategy will be reviewed annually and rolled forward in accordance and alignment with the financial plan.

3.3. The Medium-Term Financial Plan (MTFP) sets out the financial outlook for the 3-year period commencing on 1 April 2027.

3.4. These estimates are based on the latest available forecasts about the change in income the CJC will receive over the period (mainly through levy and Government Grant), and the additional spending requirements over the same period.

3.5. The Corporate Joint Committee's adoption of the Medium-Term Financial Plan will allow the CJC to consider the work needed to create detailed plans to address the funding requirements for 2027/28 – 2029/30. Following the adoption of an MTFP, the draft budget for 2027/2028 will be presented to the Governance and Audit Sub-Committee on 15 December 2026 and then to the North Wales Corporate Joint Committee on 29 January 2027, as required by statute.

3.6. At its meeting on 19 June 2026, the Corporate Joint Committee requested further reports to provide further information regarding:

- The CJC's staff over the past three years and the plans in moving forward,
- providing an analysis of the underspend and the use of reserves over the next few years together with the required percentage of reserves.
- Any financial obligations of delaying the levy for 2027-28

CJC Staffing

3.7. The table below shows the staffing costs of the Corporate Joint Committee (corporate, transport and planning) financed through the levy or specific grants since 2023/24:

	2023/24	2024/25	2025/26	2026/27 (estimated)
Employee Costs	£92,514	£100,566	£368,228	£771,075

Summary

3.8. The information contained in the appendices provides the following information on the second and third points shown in 3.6 above:

- No underspend is envisaged on CJC activities for the 2026/27 financial year, as shown in the budget review report which is a separate item on the meeting agenda.
- Using all of the CJC's reserves (apart from 5% of the gross budget to be held as general reserve) would not be sufficient to allow a freeze on the levy increase, let alone delaying the levy for 2027-28.
- Delaying the levy for 2027-28 would mean a funding gap of over £1m which would lead to the CJC being unable to fulfil its statutory duties or set a lawful budget.

3.9. There is, therefore, a significant risk of severe financial instability from not taking early and decisive action to consider the situation and take remedial action.

Reserves Strategy

3.10. Like any other organisation, it is a requirement of fiscal responsibility that the North Wales Corporate Joint Committee should hold general reserves. Although there is no specific formula for the level of general reserves that should be held, as a rule a level of approximately 5% of gross revenue expenditure is deemed to be a prudent level, subject to any specific local circumstances. The MTFP proposes that the General Reserves should represent 5% of the 2027/28 gross revenue budget of the CJC.

Use of Reserves

3.11. The MTFP as presented gives the Corporate Joint Committee an opportunity to consider how much of the current reserves it wishes to use in setting the budget for 2027/28. For example, using all earmarked reserves (excluding any Growth Deal or Investment Zone reserves which are ring-fenced) would lead to a levy increase of around 22%, while not using any of these would mean a levy increase of around 113%. Of course, using a proportion of the reserves would mean a levy increase somewhere between these two figures.

3.12. To this end, section 7.2 of the MTFP (Appendix 2) sets out four scenarios for the use of the reserves that are expected to have accrued by the start of the 2027/28 financial year. Each of these options would have a consequential effect on the levy on the constituent authorities:

Option 1 - Keep the levy the same as 2026/27 and use the reserves to balance the budget

3.13. This option is to freeze the levy in 2027/28 at the same rate as 2026/27 and to use reserves to fill the funding gaps, after keeping 5% of 2027/28 gross revenue expenditure as a General Reserve. This would require £1,148,650 of reserves, which the CJC does not have. This proposal is therefore not feasible as there would be a funding deficit of £308,799.

3.14. Since freezing the levy is not feasible, it follows that not charging a levy at all in 2027/28 is not possible either.

Option 2 - Increase the levy and not using reserves

3.15. With this option, the CJC would retain the reserves it expects to have in place at the end of 2026/27 and make no further use of them. Although this means that reserves would be available to balance the budget in future years, this cannot be justified in that all the constituent authorities would face an 113% increase in their levy for 2027/28.

Option 3 - Increase the levy and use a proportion of the reserves available

3.16. This option involves using 50% of the available reserves at the start of each financial year for 2027/28, 2028/29 and 2029/30. This would provide a balance of being able to use some of the reserves in each of three financial years in order to dampen the levy increases. With this option, the levy would need to increase by approximately 71% in 2027/28, but with lower increases of approximately 10% in the following two years.

Option 4 - Use all the available reserves (£839,850) in 2027/28

3.17. This option involves using all the available reserves to set the 2027/28 budget, keeping the levy increases at approximately 30%. The effect of this is that there would not be reserves available to balance the budgets in 2028/29 and 2029/30, leading to levy increases of over 60% for the 6 constituent councils in 2028/29 but with a smaller increase in 2029/30.

3.18. Members of the Corporate Joint Committee are asked to give officers guidance on their preferred options of the above.

APPENDICES:

Appendix 1: Draft Medium Term Financial Strategy 2026/27 – 2029/30

Appendix 2: Draft Medium Term Financial Plan 2026/27 – 2029/30

STATUTORY OFFICERS RESPONSE:

i. Monitoring Officer:

"Subject to the Statutory Finance Officer being satisfied that the proposed virements and use of reserves are consistent with those arrangements and with any applicable conditions attaching to the relevant funding streams, there are no specific legal or governance issues arising from the recommendations in the report."

ii. Statutory Finance Officer:

Report author.