Cyd-Bwyllgor Corfforedig Gogledd Cymru
North Wales Corporate Joint Committee

NORTH WALES CORPORATE JOINT COMMITTEE

20 November 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 Medium-Term Financial Strategy (MTFS) and a related Medium Term Financial Plan (MTFP) to the North Wales Corporate Joint Committee for approval.

1.2. Initial drafts of the Strategy and Plan were considered by the Corporate Joint Committee (CJC) on 25 September:
Covering Report
Appendix 1 – Medium-Term Financial Strategy
Appendix 2 – Medium-Term Financial Plan

1.3. Following amendments to the documents requested by the CJC, they were scrutinised by the Governance and Audit Sub-Committee on 15 October:
Covering Report
Appendix 1 – Medium-Term Financial Strategy
Appendix 2 – Medium-Term Financial Plan

1.4. Comments and guidance provided by the Corporate Joint Committee and the Governance and Audit Sub-Committee have been considered in preparing the version presented to this meeting.

2. DECISION SOUGHT

2.1. Approve the Medium-Term Financial Strategy in Appendix 1 and Medium-Term Financial Plan in Appendix 2.

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.

Summary

3.6. The previous reports noted:

- No underspend is envisaged on CJC activities for the 2026/27 financial year.
- 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.

3.7. 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

3.8. 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

3.9. The MTFP as presented to the Corporate Joint Committee on 25 September set 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.

3.10. Following discussion, the decision of the Corporate Joint Committee was to ask officers to provide a hybrid option using 80% of the estimated usable reserves available as at 31 March 2027 as a basis, which would mean presenting an option that falls between option 3 and option 4 to Members at the next meeting of the CJC.

3.11. Part 7.2 of the Medium-Term Financial Plan (Appendix 2) reflects this option and the financial implications of that. As can be seen, it would mean an increase in levy on the constituent authorities of 42% in 2027/28 compared to 2026/27.

4. COMMENTS OF THE GOVERNANCE AND AUDIT SUB-COMMITTEE

4.1. The draft Strategy and the revised version of the draft Plan, following comments by the CJC, were submitted to the Governance and Audit Sub-Committee on 15 October 2026. The comments expressed by members can be found below.

The Risk of failure to set a Budget

4.2. A question was asked about the risk of local authorities refusing to pay a levy in 2027/28. The Section 151 Officer explained that evidence showed that a balanced budget could not be set without a levy, and while it was highly unlikely that local authorities would refuse to raise any form of levy, if that were to happen the Corporate Joint Committee would be spending illegally from 1 April 2027. In such circumstances the Section 151 Officer would have no choice but to issue a Section 114 notice.

Impact of lack of agreement on the levy

4.3. The sub-committee enquired about the impact on the CJC should the local authorities fail to reach an agreement on the levy. It was explained that there are two elements that will require a decision from the CJC when the budget is presented in January 2027. The first decision required is agreement on the total amount raised through the levy, and the second decision required is the allocation by each local authority. It was emphasised that both require a unanimous decision, which is challenging and will require prior discussion. It was explained that this is why the Medium-Term Financial Plan is being submitted to the CJC earlier in the planning cycle, in order to give local authorities and members sufficient time to discuss and consider the options available.

4.4. In response to a further question regarding the theoretical possibility that the CJC would not be able to agree on the levy, it was confirmed that once a decision has been made and the levy has been agreed, all local authorities have a legal obligation to pay. It was emphasised that the Government has established the Corporate Joint Committees in such a way that the leader of each local authority sits on them as members, to allow them to decide on a reasonable cost of running the CJC.

4.5. Whist an increase of 42% in the levy was clearly seen by members of the Sub-Committee as being very challenging to explain, it was explained that the CJC was in an early stage of its development, with ever increasing statutory duties and insufficient money to fund it – for example strategic planning responsibilities. Whilst the percentage is significant, it is a reflection of the CJC's current position on its development curve.

Value for Money

4.6. Concern was expressed that the reports do not refer to value for money, and that there are no options to cut costs rather than increase spending. It was confirmed that this had been considered and that all costs had been challenged by Finance when developing the MTFP, but it was emphasised that the CJC was at a different stage in its development compared to the six local authorities and the National Park Authority. It was explained that the Government had also placed a number of statutory responsibilities on the CJC without providing appropriate

sources of funding. It was further emphasised that the CJC has a significant responsibility in the distribution of public finances and investment in the north Wales economy, and any cost cuts for this stage would affect economic growth and the opportunities they provide.

4.7. Further information with regards to value for money was provided by the Chief Executive with reference to the extent of investment into the local economy. A small team was providing value for money, with £400m investment into the north Wales economy and around an additional 10,000 net new jobs into the local economy and around £2bn of investment over the next 10 years. She explained that the team always aimed to decrease operating costs and deliver efficiently, but to make cuts meant stopping or pausing the investment.

Funds Strategy

4.8. It was expressed by some members of the Sub-Committee that the option involving the least risk to the CJC would be to retain as many of the reserves as possible, given that elections are on the horizon and that the composition of the leaders on the CJC may be different thereafter. The officials acknowledged that the options had been prepared on the basis of the discussion held at the CJC meetings in June and September, and on the basis of the guidance given by the members at the time. The advice of officers was that the proposal provides an appropriate balance between maintaining reserves and keeping the levy increase as low as possible.

Interest

4.9. In response to a question regarding the reference to interest in the report, it was clarified that the interest relates to cases where borrowing will be required to fund certain projects, and where sponsors will be required to contribute to the borrowing costs should costs increase.

Conclusion

4.10. As members were satisfied with the report, and without any fundamental changes being proposed by them, it was recommended that a report be drawn up based on the discussion held at this meeting and presented to the CJC at its next meeting to reflect the views of the Governance and Audit Sub-Committee.

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.