

**EAST STAFFORDSHIRE BOROUGH COUNCIL**

**REPORT COVER SHEET**

Title of Report:	Medium Term Financial Strategy 2023/24 – 2025/26
Meeting of:	Council
Date:	20/2/23
Is this an Executive Decision:	No
Is this a Key Decision:	Yes
Is the report Confidential:	No
If so, please state relevant paragraph from Schedule 12A LGA 1972:	n/a

**Essential Signatories:**

**ALL REPORTS MUST BE IN THE NAME OF A HEAD OF SERVICE**

Monitoring Officer: John Teasdale

Date ..... Signature .....

Chief Finance Officer: Sal Khan

Date ..... Signature .....

**EAST STAFFORDSHIRE BOROUGH COUNCIL**

Report to Cabinet

Date: 14<sup>th</sup> February 2023

<b>TITLE:</b>	Medium Term Financial Strategy 2023/24 – 2025/26
<b>PORTFOLIO:</b>	Finance
<b>HEAD OF SERVICE:</b>	Sal Khan - Head of Service
<b>CONTACT OFFICER:</b>	Lisa Turner – Chief Accountant      ext. x1399
<b>WARD(S) AFFECTED:</b>	All

**1. Purpose of the Report**

- 1.1 The report sets out for members the Medium Term Financial Strategy (MTFS) for the period covering 2023/24 to 2025/26. This includes the Council's Capital Programme and the Asset Management and Capital Strategy, which is set out in the appendices to this report.
- 1.2 Members should also note that there will be a further report elsewhere on the Council agenda relating to the Council's Treasury Management Strategy for 2023/24, which dovetails into both the Council's revenue and capital commitments. If members have any questions on the detailed estimates and papers it would be beneficial to advise the officers in advance so that answers can be available.
- 1.3 Members should also note that there will be a further report on the Council agenda relating to the setting of Council Tax. This is largely a technical report to accord with the appropriate regulations.
- 1.4 Members are also reminded that in accordance with Section 106 of the Local Government Finance Act 1992, any Member in council tax arrears is unable to participate in the debate and decision making in relation to the budget and council tax setting.

## 2. Executive Summary

- 2.1 This Medium Term Financial Strategy has been developed during a period in which there remains a high degree of uncertainty due to the economic conditions, the planned reforms to local government finance and demand levels for supported housing within the Borough. Nevertheless our strategic approach to financial planning has enabled us to respond to the environment positively and the strategy represents significant investment in the Borough, whilst at the same time protecting services and presenting a balanced budget.
- 2.2 The announcement of the provisional local government settlement for 2023/24 was made in December 2022 and subsequently finalised in early February 2023. This was more positive than widely expected within the sector. This follows an unprecedented period of central funding reductions to local authorities between 2010 and 2019 and a Core Spending Power change well below the average for District Councils in 2020/21 and 2021/22. Key points from the settlement are as follows:
- There was another a one year settlement announced for 2023-24 with the planned reforms of local government finance delayed for two years into the next parliament, providing authorities with a degree of certainty.
  - Nationally published figures indicate an increase of 4.7% or £0.631m in the Council's Core Spending Power compared to an average increase for District Councils of 5%. This includes the introduction of a minimum funding guarantee policy representing 3% of core spending power (before local council tax decisions).
  - New Homes Bonus (NHB) funding reduces in 2023/24 to £0.973m from £1.533m, with no legacy payments and the future of the scheme remains uncertain.
  - Business rates retention – inflation of 10.1% has been applied to local government funding within the settlement funding assessment. This represents an increase of £0.473m for the Council.
  - The Government also announced other grants, including the services grant amounting to £0.129m for the Council and allocated based on the current needs assessment (a reduction from £0.221m in the current year). The Lower Tier Support Grant has been removed and instead a minimum funding guarantee grant of £0.716m introduced. In addition, existing council tax grants totalling £0.116m have been rolled into the settlement (as Revenue Support Grant).
  - Alongside the settlement the Government also announced a Council Tax Support Fund representing additional funding of £0.162m for Council Tax Support Claimants.

Further details of the settlement outlined at Section 5 of the report.

- 2.3 The strategy makes provision for the pressures due to the current economic conditions such as high inflation and energy prices, as well as investment in our priorities. This includes support for Tourism and Arts, Waste Collection, Regeneration and support to prepare for a review of the Local Plan. We have also set aside monies to provide communities with support during the cost of living crises. Further details in relation to service investment and budgetary pressures are outlined at paragraph 9.1 of the report.

- 2.4 The authority has a pro-active and rolling approach to financial planning and has identified a number of savings, increased income and has re-assessed the provisions required in relation to the ongoing impact of the pandemic amounting, in total, to £2.3m. The most significant element of this relates to a re-assessment of our investment income following both the actual and forecast increases in the base rate. However we have been prudent in our estimates and should investment income exceed our budget it is proposed to ring fence this towards topping up capital resources, should it not been needed to balance the in-year position. In addition to which, the deferral of the local government finance reforms has enabled additional Government resources to be built into the budget on a temporary basis. The total of this additional funding, together with an improved council tax base and better settlement amounts to £2m. Details of these savings and additional funding are set out within paragraph 9.3 onwards.
- 2.5 The budget has been balanced for 2023/24 allowing for £0.15m of one-off resources to be allocated to support the capital programme. For 2024/25 to 2025/26 the budget has provisionally been balanced with the use of the New Homes Bonus Reserve. For 2025/26 this is based on pragmatic assumptions in relation to the impact of the local government finance reforms. The Council has strong underlying financial resilience, which is also reflected within the latest CIPFA Resilience Index which demonstrates that the Council is generally low/medium risk across a range of financial indicators. Once the outcome of supported housing claims/disputes and/or local government finance reforms are fully understood we will develop a savings plan in order to reduce reliance on one-off resources, as may be necessary. The Council has an effective track record of delivering savings should they be necessary.
- 2.6 As set out above, there is also a great deal of uncertainty surrounding funding levels from central government for the period 2025/26 onwards. Reforms to local government finance were first announced in 2016 and there have since been a series of deferrals. These reforms have been delayed on a number of occasions but for the purpose of this strategy were are making assumptions that these could come into effect from April 2025:
- A review of the needs assessment (previously the Fair Funding Review announced in 2016) is due to determine a new mechanism for allocating resources within the sector;
  - The Business Rates Retention Scheme is due to be reset potentially removing all of the previously generated growth in the system; and finally
  - The New Homes Bonus Scheme is not intended to continue in its current form beyond 2023/24.
- 2.7 The potential impact of these changes represents significant uncertainty in terms of the financial resources available from 2025/26 onwards. Our strategy assumes a 50% business rates reset/transition and a Core Spending Power freeze, this equates to a £1.2m or 4% reduction in resources for 2025/26. The outcome of these reviews could be more significant than our estimates, although as seen in previous years there could be further delays to the implementation or indeed a more generous settlement and/or more extensive transitional protections.
- 2.8 This proposed Medium Term Financial Strategy incorporates the estimated impact of the business rates retention and local council tax support schemes that were introduced from 1<sup>st</sup> April 2013. These schemes continue to transfer significant risks to local authorities, as well as volatility. Within this environment we have been pragmatic in our estimates, setting aside sums to mitigate the risks with the establishment of a business rates reserve to

manage these risks as well as a sum towards the ongoing risks associated with outstanding supported housing claims and disputes. The balance of the reserve is assessed each year, with windfall resources from growth identified of up to £3.8m, which this strategy proposes to re-allocate £3.2m towards Capital Expenditure and £0.6m towards multi-disciplinary support for Regeneration. There is further detail in relation to the Business Rates Retention Scheme outlined in Section 7 of the report.

- 2.9 The Council undertakes budget consultations to enable residents' views to be factored into our proposals. The key findings of our most recent consultation are outlined at paragraph 8.5 of the report, this includes the highest proportion of those surveyed indicating that the Council should protect services, even if council tax and fees for service users' increase. The Borough Council's council tax is below the national average. This strategy assumes that Council Tax (Band D) will increase by 2.98% or £5.58 from 2023/24. This equates to 11p per week for a Band D property and 7p per week for a Band A property and represents a sum well below inflation.
- 2.10 The Council's Capital Programme is included within the MTFs (Section 13 and Appendix B), along with the supporting Asset Management and Capital Strategy (Appendix D). The Capital Programme makes extensive provision for investment in the Borough totalling £37.4m, which incorporates:
- A range of projects and improvements within the Towns Fund Programme to be delivered in conjunction with our partners ;
  - Funding towards the Uttoxeter Master Plan and a Village Enhancement Programme via the UK Shared Prosperity Funding and a Council Contribution;
  - Support to bring forward progress and delivery of the Uttoxeter Sports Hub;
  - Provision for ICT and cemeteries improvements, Disabled Facility Grants, and funding towards the Community Regeneration Grant Scheme.

A number of projects in the current capital programme will continue into 2023/24, including enhancement at the Washlands and work to expand the Cemetery. The Council, in accordance with CIPFA's Prudential Code, must consider the impact of the Capital Programme on the prudential indicators, as far as feasible this is set out within the Treasury Strategy.

- 2.11 The Council's Chief Financial Officer is required annually to report on the robustness of reserves and of the budget in totality. The General Reserve is risk assessed at a minimum level of £1.3m. This is consistent with previous years and amounts to just 3% of gross spending and takes into account specific risk reserves that have been established. Further details in relation to reserves are set out at Section 15.
- 2.12 The report concludes that the Chief Financial Officer views both the revenue and capital budgets are prudent and affordable. Both budgets take account of external demands, service pressures and risks and leave the Council with a comfortable level of reserves in the medium term. Looking ahead the risks associated with the local government finance reforms, supported housing claims and potentially operational costs from our regeneration activities mean that the council may need to deliver savings in the future in order to reduce reliance on one-off resources.

2.13 In approving the MTFS the level of Council tax required will be £192.88 (Borough Council at Band D), a 2.98% increase on the 2022/23 level. A separate report will be on Council agenda for formal approval of the overall Council tax for 2023/24

### **3. Contribution to Corporate Priorities**

3.1 The Medium Term Financial Strategy contributes to and underpins all priorities.

### **4. Objectives of the MTFS**

4.1 The MTFS has nine objectives, to:

- Show how resources support the corporate plan over the period,
- Provide a platform to support the decision making framework,
- Enable the Council to be proactive rather than reactive,
- Act as a barometer and give early indication of the need to revisit priorities,
- Support sustainable services and ensure reserves are sufficient,
- Hold a working balance to respond to unexpected events,
- Be responsive to changing risks, needs and legislation,
- Support the Council's service and core strategies, and
- Provide indications of future Council tax levels.

### **5. Central Government Funding Settlement**

5.1 The Council was impacted by unprecedented reductions in settlement funding from Government of 78% or £6.4m on a like for like basis between 2010 and 2019. Large scale reforms are proposed to reform local government finance including the business rates reset and a funding needs re-assessment intended to update the distribution of resources within the sector. This has created a significant amount of uncertainty for local authorities.

5.2 The 2023-24 provisional local government finance settlement was announced on 19<sup>th</sup> December 2022, the Secretary of State released a written statement to Parliament. The provisional settlement is for one year only and is based on the Spending Review 2021 (SR21) funding levels, updated for the 2022 Autumn Statement announcements. The main points relevant to the Council are set out below.

- **Council Tax** – As previously announced, the council tax referendum limit will be 2.99% for local authorities, with social care authorities allowed an additional 2% social care precept. The provisional settlement confirmed that districts will be allowed to apply the higher of the referendum limit or £5.

**Business Rates Retention** – As previously announced, the government has changed the inflation measure used to increase the local government funding amount within the Settlement Funding Amount (SFA). CPI (September increase of 10.1%) has been used, instead of RPI (September increase of 12.6%).

- **Top Up/Tariff Adjustments (Negative RSG)** – As in previous years, the government has decided to eliminate the negative RSG amounts.

- **Local Government Funding Reform** –The Review of Relative Needs and Resources ('Fair Funding Review') and a reset of Business Rates growth will not be implemented in the next two years.

#### **In terms of specific Grants**

- **Reduced: Services Grant** (Previously the 2022/23 Services Grant) – This grant has been reduced at a national level from £822m to £464m. This reduction is due to the cancellation of the increase in National Insurance Contributions and to move funding to the Supporting Families programme. The methodology for the grant remains unchanged.
- **Reduced: New Homes Bonus** - The 2023/24 allocations have been announced at a national level of £291m; a reduction of £265m on 2022/23. There have been no changes to the design of the scheme for 2023/24, with a single year's new allocation. The large reduction in funding from the scheme is due to all prior years' legacy payments having now been paid.
- **Abolished: Lower Tier Services Grant** – This grant (worth £111m nationally in 2022/23) has been removed and replaced by the Minimum Funding Guarantee of 3% for 2023/24.
- **New: Funding Guarantee** – This grant replaces the Lower Tier Services Grant. This grant is intended to provide a funding floor for all local authorities, so that no local authority would see an increase in Core Spending Power that is lower than 3% (before assumptions on council tax rate increases, but includes those on Council Tax base).
- **Council Tax Support Fund** – alongside the settlement the government announced £100m of additional funding for local authorities to support the most vulnerable households in England. The Council's allocated funding is £0.162m.

5.3 The impact on the Council from this settlement is set out in the section below.

#### **Core Spending Power Analysis**

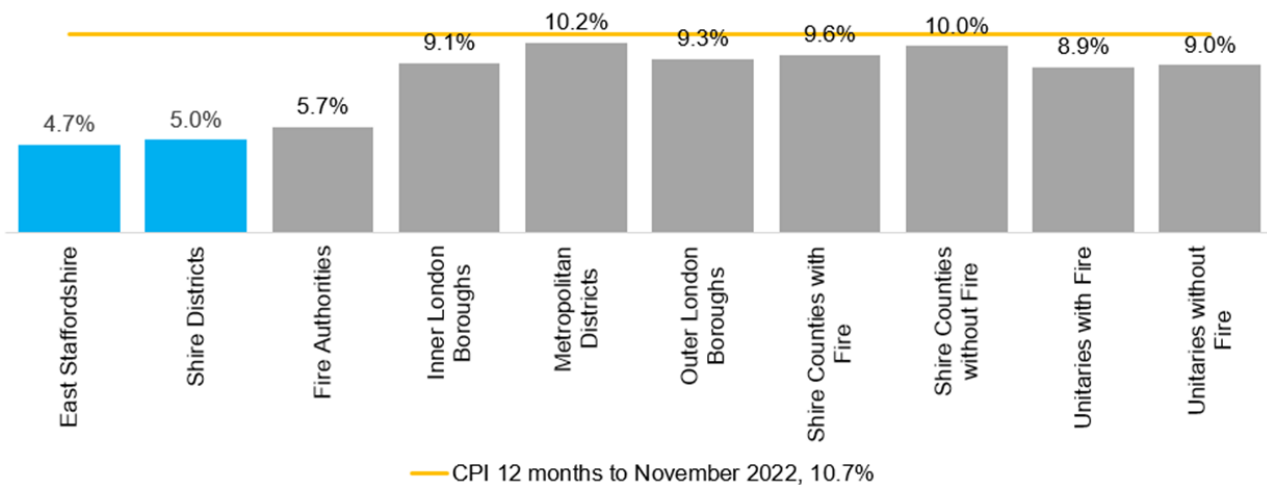
5.3 For a number of years the Government have chosen to publish Core Spending Power (CSP) figures to represent key revenue resources available to local authorities, including an estimate of potential increased council tax income. However, crucially it does not include growth from business rates above the government set baseline.

5.4 The table below demonstrates the breakdown of CSP at final settlement and the graph compares the change in Core Spending Power between 2022/23 and 2023/24 for each class of authority. This demonstrates that the Council's Core Spending Power increased by 4.7% compared to the average for Shire Districts of 5%. Those authorities with responsibility for social care have seen significantly higher increases due to additional social care funding from government an additional social care council tax flexibilities. There were also a number of specific grants rolled into the settlement for 2023/24. For the Council, these related to Council Tax administration and have been shown in the table to ensure a like for like comparison.

Table 1: Core Spending Power	2022/23	2023/24	Increase/ (Reduction)	
	£m	£m	£m	%
Settlement Funding Assessment	3.200	3.435	0.235	
Business Rates Multiplier	0.327	0.565	0.238	
New Homes Bonus	1.533	0.973	(0.560)	
Lower Tier Support Grant	0.146	-	(0.146)	
Services Grant	0.221	0.129	(0.092)	
Grants rolled	0.116	-	(0.116)	
Funding Guarantee	-	0.716	0.716	
Assumed Council Tax Income*	7.634	8.111	0.356	
<b>Total</b>	<b>13.298</b>	<b>13.929</b>	<b>0.631</b>	<b>4.7%</b>

\*In calculating this figure Government assume a 2.99% increase in Council Tax and a Tax base in line with the CTB form submitted in October. This figure also includes special expenses, but excludes Parish Precepts.

### Change in Spending Power Core 2022/23 to 2023/24\*



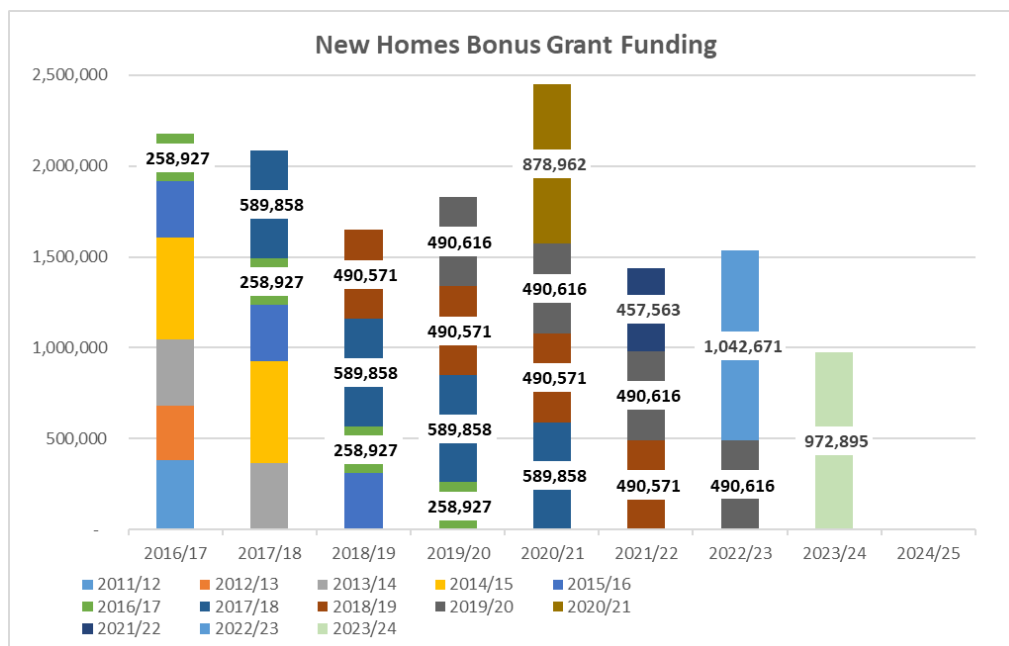
## **6. New Homes Bonus Scheme (NHB)**

- 6.1 In addition to the formula funding, we also see the continuation of the New Homes Bonus Scheme. This is a non-ring fenced grant which is based on the number and type of housing properties brought on to the rating list each year. The amount of New Homes Bonus generated is split in two tier areas 80/20 in favour of District Councils. Over the years a number of changes have been made to the scheme including scaling back the number of years for which payments are made and the introduction of a baseline, both aimed at reducing the cost of the scheme and the level of allocations to authorities.
- 6.2 The current financial year was once again widely expected to be the final year of this scheme, with changes being made alongside the wider reforms. However, unlike the other reforms, the scheme has been rolled forward only for 2023/24. With no legacy payments being made and uncertainty over the future of the scheme remaining.



6.3 The Council's New Homes Bonus allocation for 2023/24 is a payment of £0.973m, compared with £1.533m in 2022/23. The reduction in funding relates to the loss of a legacy payment from previous years, with the size of the allocation for 2023/24 reflecting positive levels of housing growth within the Borough.

6.4 The graph below demonstrates the history of the NHB Grant funding for the Council.



## 7. Business Rates Retention

7.1 The business rates retention (BRR) scheme came into effect from 1<sup>st</sup> April 2013 and forms a principal element of local government funding. This provides local authorities with a direct financial benefit from economic growth, but also exposure to financial risk as a consequence of economic contraction. The Council is no longer in receipt of core Revenue Support Grant from the Government, therefore the settlement contains the baseline funding (£3.319m) for the BRR Scheme.

7.2 A key determinate of local government funding is the actual business rates collected. Income above or below the expected level of business rates impacts on locally retained income. Under the mainstream system there is a safety net built into the scheme to ensure that no authority's income falls below a set level, for East Staffordshire this would be set at £3.070m. Likewise there is levy payable on any business rate growth above the baseline, for East Staffordshire this is set at 50%. However, the Council has formed a Pool with Staffordshire Authorities and this is outlined in more detail at paragraph 7.7 below.

7.3 The table below provides a breakdown of the forecast business rates income built into the MTFS for 2023/24 (this is subject to the completion of NNDR 1, which is delayed due to software issues linked to Government changes):

<b>Table 2 : Retained Business Rates</b>	<b>2023/24 £000</b>
Forecast Net Business Rates Central Government Share (50%) Major Preceptors Share (10%)	
ESBC Share (40%) Section 31 Grants Less Tariff	
Retained business rates Levy to the Staffordshire Pool (Para. 7.8)	
<b>Retained Business Rates</b>	
<b>Baseline</b>	<b>3,319</b>
<b>Safety Net</b>	<b>3,070</b>

- 7.4 It is apparent that at both a local and national level there can be significant amount of volatility within the business rates scheme, largely arising from the level of reliefs and appeals which can have a significant impact on the business rates collected. The current economic conditions has added to the risks associated with this income stream. The Council has established a business rates reserve in order to manage this volatility. In previous years it has been possible to release funding from this reserve to support one-off initiatives, including the Improvements to Public Realm at Station Street. There was a surplus on the business rates retention scheme outturn for 2021/22 and a forecast surplus for 2022/23. The level of the forecast Business Rates Reserve has been reassessed, as a consequence it is proposed to release £3.2m towards capital investment and allocate a further £0.6m towards multi-disciplinary support for the regeneration priorities over the next three years. This will leave sufficient funding within the reserve to mitigate the risks associated with the business rates retention scheme and provide a sum towards the in-year supported housing risks should they materialise.
- 7.5 The Government is committed to undertaking a business rates reset in line with the original intentions of the scheme. In is intended that this this will re-distribute growth within the system in line with the needs assessment. These forms have once again been delayed, this time for two years and into the next Parliament. There have been a number of consultations and working groups taking place over several years but it is not yet known how and when the reset will take place, for example it could be a full reset to baseline, a partial reset or a phased reset. Bearing this in mind the proposals within this strategy assume business rates funding from 2025/26 is reduced based on a 50% partial/transitional reset with the funding re-distributed based on a revised needs assessment, but overall no reduction in Core Spending Power for individual authorities.

### **Business Rates Pooling 2023/24**

- 7.6 The Council established a business rates pool with the other Staffordshire authorities in 2019/20 which also included a Pilot 75% retention scheme. In respect of 2020/21 to 2023/24 the pool has been rolled forward based on the 50% retention scheme. This allows the Pool to retain any levy payments that would otherwise be payable to Central Government. Under the Pooling arrangement 40% of the levy is retained by the authority with 60% treated as windfall and distributed back to the authorities. Under this arrangement the Pool must make its own arrangements for safety net. Should any of the authorities within the Pool be in a safety net position the Council would need to contribute its share

towards this in line with the agreement. The Councils contribution to the safety net fund is held within the Business Rates Risk Reserve.

## 8. Revenue Budget

8.1 The revenue budget for the financial years 2023/24 to 2025/26 is summarised in the table below, with an expanded summary covering 2023/24 and 2024/25 at Appendix A. Further details of changes to individual service budgets can be found in the annual budget book. The budget takes into account the key assumptions set out in Section 10.

<b>Table 3 : Budget Summary</b>	<b>2023/24 Budget £'000</b>	<b>2024/25 Budget £'000</b>	<b>2025/26 Budget £'000</b>
<b>Total Revenue Budget</b>	<b>15,640</b>	<b>15,803</b>	<b>16,709</b>
Retained Business Rates (Section 7)	(5,302)	(5,514)	(5,001)
Revenue Support Grant	(116)	(123)	-
Covid-19 Financial Support (Reserve)	(18)	-	-
Funding Guarantee Grant / Baseline Need	(716)	(1,321)	(925)
Services Grant	(129)	(129)	-
New Homes Bonus	(973)	-	-
Council Tax Surplus	(214)	-	-
Support from New Homes Bonus Reserve	-	(151)	(1,811)
Special Expenses	(445)	(445)	(445)
<b>Amount to be met from Council Tax</b>	<b>7,727</b>	<b>8,120</b>	<b>8,528</b>
Council Tax Increase (Band D)	2.98%	2.98%	2.98%

8.2 The table above demonstrates that the budget for 2023/24 is balanced. The budget for 2024/25 and 2025/26 has been balanced from New Homes Bonus Funding held in reserves pending the outcome of the local government finance reforms and outstanding supported housing claims/risks. This takes into account the following assumptions and results in an estimated reduction in resources in 2025/26 of £1.2m or 4% (including Council tax income).

- A 50% business rates reset/transition is implemented from 1<sup>st</sup> April 2025; and a
- Re-distribution of resources and a minimum of a freeze in Core Spending Power in line with the national policy for 2021/22 and 2022/23.

There remains a great deal of uncertainty in relation to these reforms and it is possible the resource estimates within these forecasts for 2025/26 and beyond could be more challenging, equally as we move into the next parliament we could see further deferral to their implementation.

8.3 Whilst the Medium Term Financial Strategy has been balanced for 2024/25 and 2025/26 on a temporary basis pending the outcome of the reforms and the outcome of the supported housing claims/disputes being better understood. The Council will continue exploring opportunities for savings and efficiencies through effective ways of working and utilising potential opportunities/efficiencies through the Digital Strategy. We will continue to adopt a

challenging and commissioning approach to procurement and keep under review discretionary fees and charges. Once there is more certainty in relation to these issues we will look to adopt a formal savings strategy, as required.

#### Changes to Budgets 2022/23 onwards

- 8.4 The Council has published priority themes and these have been at the forefront of the budget setting process.
- 8.5 The Council conducted a budget consultation during the autumn of 2021. This enabled residents to tell the authority what they saw as budget priorities. The key findings from this survey are summarised as follows:
- The highest response to those surveyed said the Council should protect services, even if council tax and fees for service users' increase.
  - Those services which scored the highest in terms of being a priority for residents included, Waste Collection, Parks/Open Spaces, CCTV, Street Cleaning and Town Centre Regeneration.
  - In respect of the services that the Council provides on a discretionary basis, residents indicated that Garden Waste, Outdoor and Indoor Leisure, CCTV and Outdoor Markets should be protected, whilst Mayoral/Civic Activities, Burton Civic Function Suite, Arts and Brewhouse Theatre were least desirable to be protected.
  - In terms of generating additional income to support the budget, residents indicated that fees to service users could be increased in relation to the Brewhouse, CCTV, passing on the parking app charges to users and Bulky/trade waste.

Once again these findings have been taken into account when reviewing the budget.

#### **9. Revenue Budget Investment / Pressures**

- 9.1 Revenue budget growth includes key areas of investment to improve and expand service delivery to residents directly linked to Corporate Priorities, but also include unavoidable items such as changes in assumptions to pay and inflation. The most significant items of revenue budget growth are set out in the table below:-

**Table 4: Revenue Investment/Pressures – 2023/24**

<b>Portfolio</b>	<b>Description</b>	<b>£'000</b>
<b>Leader</b>	Preparation for the Local Plan Review	287
	Cost of Living Support (from Council Tax Increase)	223
	Planning Staffing	87
	Legal - Staffing	32
	Assets - Software and Valuations	24
<b>Finance and Treasury Management</b>	Finance - Staffing	72
	Income System/Payments Upgrade	58
	Audit Fees	19
	Strategic Digital Enhancements	15
<b>Tourism and Cultural Development</b>	Car Parking Income Shortfall - Increase to Covid Provision	150
	Tourism Development	89
	Tourism Staffing - 2 x FTE	72
	Licensing - Apprentice Officer	30
	Outdoor Arts Development	24
	Brewhouse Website Upgrade	14
<b>Communities and Housing Standards</b>	Selective Licensing Officer (offset by increased income)	75
	Supported Housing - Government Inflation	63
	CCTV Monitoring Contract (pending procurement)	47
	CCE - Community Enforcement Officer	34
	Councillors Community Fund -Top up	15
<b>Environment and Climate Change</b>	Waste Staffing	160
	Waste Fuel	135
	Climate Change - Energy Audits & Heat Decarbonisation	45
	Waste Vehicles - Due to Housing Growth	44
	Open Spaces - Tree Report / Evaluation	30
	Climate Change Officer - additional 0.5 FTE	18
	Open Spaces - Part Time Horticultural Officer	15
	Facilities - H&S Software	10
<b>Regeneration, Business Support and Marketing</b>	Head of Regeneration and Towns Fund	116
	Enterprise - Towns Fund Monitoring Officer (3 Years)	49
	Enterprise - Business Development Officer	44
	ES News	35
<b>Technical Changes</b>	Forecast Impact of Pay Awards	532
	Forecast Impact of Energy Price Increases (net of in year provision)	264
	Contract Inflation	170
<b>Corporate Changes</b>	General Volatility Provision	200
	Contribution to Capital	151
	Council Tax Admin Grant - Rolled into Settlement	113
	Adjustment to Contract Negotiations Provision (Para.9.5)	68
<b>Total</b>		<b>3,629</b>

**Growth/Pressures beyond 2023/24**

9.2 There are a number of cost/Income pressures that have been incorporated into the budget for 2024/25 onwards, including:

- **Waste Management / Housing Growth** – The budget for 2024/25 onwards incorporates a provisional sum of £0.4m for additional waste vehicles and associated staffing due pressures on the waste collection rounds arising from the ongoing housing growth within the Borough. This sum is subject to a more detailed round modelling exercise which will determine the timing and number of vehicles required;
- **Investment Income / Rates** – Following the interest rate rises during the course of 2022 the investment income budget has become one of the Council’s most volatile budgets. Whilst interest rates are expected to increase during the course of 2023 it is expected that once inflation is under control then interest rates will reduce, although not to the unprecedented low levels seen over the past decade. The MTFS therefore reflects this, in line with the treasury management advisors forecasts investment income of 3.3% is expected in 2024/25 falling to 2.6% in 2025/26.

### **Revenue Savings or Cost Reductions and Additional Income**

9.3 The Council has made significant cost reductions due to the extensive funding reductions that have taken place since 2010. It is clearly good practice to provide the same or better service at a reduced cost, a principle which this Council has followed for many years. The table below is a list of savings initiatives (generally those £10k and above) and increased levels of income/funding which have affected 2023/24 service revenue budgets.

**Table 5**

<b>Portfolio</b>	<b>Description</b>	<b>£'000</b>
<b>Leader</b>	Planning Income - Re-alignment of base	133
	Asset Management - Leases	40
	Other misc savings across the portfolio	22
<b>Finance and Treasury Management</b>	Investment Income	1,470
	Pensions - Actuarial Review (EDR) plus other savings	137
<b>Tourism and Cultural Development</b>	Business Rates Savings - National Revaluation	81
	Car Parks Condition Surveys - Procurement	10
<b>Communities and Housing Standards</b>	Selective Licensing income	107
	HB Admin Grant Updates	17
	Savings from CSC Closure	14
	CCTV Upgrade - Maintenance Savings	13
<b>Environment and Climate Change</b>	Recycling Income - Commodity Prices & Credits	105
	Recycling Third Party Payments - Prices/Tonnage	76
	EV Charging (Subject to prices)	30
	Trade Refuse /Street Cleaning Inflation increase	20
<b>Regeneration, Business Support and Marketing</b>	Enterprise - Staffing (reduced hrs/starting point)	15
<b>Total</b>		<b>2,290</b>

9.4 In addition to the above savings there has been a significant increase in the assumed levels of funding compared to the original base budget as a result of a number of factors:

- The delay to the business rates reset and the application of CPI inflation at 10.1%;
- The introduction by Government of the minimum funding guarantee into the local government finance settlement;
- The Revenue Support Grant Allocation, in lieu of the Council Tax Grants rolled into the Settlement Funding Assessment;
- Actual and forecast housing growth better than expected resulting in a forecast council tax surplus and a higher tax base.

**Table 6: Funding Changes**

Funding Changes	2023/24		
	Base Budget £'000	Revised Budget £'000	Change £'000
Retained Business Rates	4,241	5,302	1,061
Revenue Support Grant	0	116	116
Covid-19 Support	18	18	0
Lower Tier Support Grant	670	0	(670)
Minimum Funding Guarantee	0	716	716
Services Grant	0	129	129
Council Tax Surplus	(18)	214	232
New Homes Bonus	675	973	298
Council Tax	7,623	7,727	104
<b>Total</b>	<b>13,209</b>	<b>15,195</b>	<b>1,986</b>

#### Ongoing Contractual Negotiations

- 9.5 In addition to the savings listed above, during the course of 2018/19 the Council awarded the contract to an external provider in relation to the provision of its leisure services. This has already been reflected in the base budget and was originally contracted to generate savings of £0.9m on average per annum against the previous base budget, including indirect savings of £0.2m in relation to support services and corporate management.
- 9.6 Due to the Covid-19 Pandemic and the recent sharp rise in energy prices the Council has been working in partnership with the external leisure provider to maintain services in a sustainable way through interim arrangements to provide additional support. The budget makes provision for further support to the provider. Discussions are continuing between the parties until such a time as agreement can be made to return to a contracted position for the remainder of the original contract. It is therefore proposed that, subject to the budgetary provision, authority be delegated to the relevant Cabinet Member, Leader or Deputy Leader, Chief Executive and Chief Finance Officer, in consultation with the Leader of the Opposition and relevant Shadow Cabinet Member, to approve further arrangements with the leisure provider.
- 9.7 In addition to the above, the Council is currently in negotiation with its Grounds Maintenance contractor due to the impact of the current economic conditions on the contract. An estimate has been incorporated into the budget for this. It is therefore proposed that, subject to the budgetary provision, authority be delegated to the relevant

Cabinet Member, Leader or Deputy Leader, Chief Executive and Chief Finance Officer, in consultation with the Leader of the Opposition and relevant Shadow Cabinet Member, to approve further arrangements with the contractor.

## **10. Assumptions**

10.1 Key assumptions made in drafting the Medium Term Financial Strategy are:-

- Pay awards – 4% for 2023/24, 2.5% for 2024/25 with 2% there afterwards.
- Employers national insurance reversal – as per national announcement
- Pension contributions (including a discounted pre-payment) following triennial revaluation,
- Staffing vacancy factor of 2% included (excluding Waste Management).
- A 98% council tax collection rate
- Tax base as approved for 2023/24 with subsequent increases of 2%
- Interest rates on investments 3.7%\* falling to 2.6% by 2025/26.
- Council tax increases of 2.98%
- Government Settlement Funding / Business Rates Reset – For 2023/24 this is as per settlement and NNDR Estimates (sections 5 & 7) with the same principles rolled forward to 2024/25. For 2025/26 it has been assumed that a 50% business retention scheme reset/transition will take place with resources from business rates growth distributed within the sector through the settlement based on a new needs assessment. It has been assumed that a minimum policy of no reduction in Core Spending Power seen in 2012/22 and 2022/23 will applied. This approach reduces resources in 2025/26 by £1.2m.
- Contingency - A one-off volatility provision of £200k for 2023/24 and provisions linked to current contract negotiations as a result of the current economic conditions.

\*Due to uncertainty / volatility in relation to how high interest rates rise and how quickly they fall as a result of inflation, this budget this has been de-risked for 2023/24 (Paragraph 2.4)

## **11. Council Tax Reduction Scheme – Government Amendment**

11.1 The current Council Tax reduction Scheme has remained unchanged since it came into effect introduction from 1<sup>st</sup> April 2018 with the exception of some minor Government amendments. It is proposed that the Council's existing Council Tax Reduction Scheme should continue with the following minor revisions from 1<sup>st</sup> April 2023:

### Government Mandated Changes

- The Council Tax reduction Scheme (prescribed requirements) Amendment Regulations 2023 were laid before Parliament on 10<sup>th</sup> January 2023 and come into force on 10<sup>th</sup> February 2023. These changes are to ensure that pension age Local Council Tax Support (LCTS) schemes are updated in line with changes in the wider benefits system. The annual update also provides an opportunity to ensure that the residency requirements for accessing both pension age and working age LCTS remain consistent with the UK's immigration policy. Billing authorities must ensure that the requirements of the updated regulations are reflected in their LCTS schemes for 2023-24 by 11 March 2023.



- On 21st October 2022 the Government issued prescribed requirements for European Economic Area (EEA) citizens arriving in the UK from 1 January 2021 to have their benefit entitlement standardised with non-EEA migrants. For both the pensioner scheme and the Council's scheme this means ending their entitlement to CTR. From 1st April 2023 Local Authorities can no longer include provision with their CTR schemes for a person subject to immigration control who is a national of a state that (a) Has Ratified the European Convention on Social and Medical Assistance (ECSMA); or (b) Has ratified the Council of Europe Charter.
- Additionally on 21st October 2022 the Government issued prescribed requirements for both the pensioner scheme to fully disregard the range of Government 'Cost of Living Payments' as set out in the Cost of living support factsheet: 26 May 2022 - GOV.UK (www.gov.uk)

### Local Discretionary Changes

- On 21st October 2022 the Government provided an update relating to the 'compensation and redress for the victims of infected blood or blood products'. The Government anticipates that individual compensation payments of £100k would start to be made to eligible individuals from around 28th October 2022. The Pensioner scheme already makes provision for such "approved blood schemes" to be disregarded when calculating a CTR claim. Where the locally designed CTR schemes for working age applicants do not already contain this disregard, the Government actively encourage the disregard to be built into the design of CTR schemes from 2023-24 onwards. It is therefore recommended that the East Staffordshire working age CTR scheme be updated to include the disregard provision from 2023-24 onwards.

11.2 These amendments are incorporated in Schedule 4 of the revised Council Tax Reduction Scheme which can be viewed here:

<https://www.eaststaffsbc.gov.uk/sites/default/files/docs/counciltax/draft-council-tax-reduction-scheme-23-24.pdf>

## **12. Risk Assessment and Management**

12.1 The Council is committed to managing its exposure to risk. A key component of this is identifying risks as part of service planning (operational risks) as well as considering more strategic and corporate risks. In mitigation against these risks there may be financial implications: the more fundamental financial risks over the medium term are as follows. These have been highlighted Red/Amber/Green taking into account the scale of impact and the likelihood of occurrence.

- **Supported Housing.** In recent years the Council has seen a significant uplift in Supported housing claims within the Borough, this includes new providers entering into the market in the Borough. There remains a number of outstanding claims and a formal dispute awaiting tribunal with the estimate ongoing cost of these claims £1.7m per annum. The budget makes some limited provision for growth in the number of claims

and holds some specific funding in reserves to mitigate this. Nevertheless, there is a risk that this provision may not be sufficient should the claims eventually be successful and there would be a substantial impact on the base budget on an ongoing basis.

- **Formula Central Government Funding.** There remains a high degree of uncertainty on relation to the future of the New Homes Bonus Scheme beyond 2023/24. In addition to this, whilst the provisional settlement provided some short term stability in relation to the wider funding reforms (business rates reset and the needs based review) there remains a high degree of uncertainty for 2025/26 and beyond. The Council has taken a pragmatic approach to forecasting funding levels within this uncertain environment.
- **Interest Rate Movements.** Predicting interest rate movements over the coming period is a highly uncertain business, particularly in light of the current economic circumstances. Indeed it is possible, that base rates will have changed between the writing of this report and the holding of this meeting. However the authority has taken a balanced approach to setting interest budgets.
- **Capital Plans/Regeneration Aspirations.** Capital Programme and regeneration aspirations means there is a risk of cost increases above the allocated funding. Whilst contingencies are built into the project costings, cost inflation is a particular risk at the current time. This is mitigated through a robust project monitoring and management framework, outlined in the Capital Strategy. In the longer term there is a risk associated with the ongoing operating cost associated with these developments and the extent to which they may be managed through third parties.
- **Economy.** During the course of 2022 the economic conditions have had a significant impact on the Medium Term Financial Strategy, including high inflation impacting on pay and contracts, increased energy costs and higher interest rates/investment income. How quickly the economy recovers from the current situation will continue to have a significant impact on the financial plans. The Council has set aside some contingency to deal with resulting financial pressures and been prudent in our estimates of investment income.
- **Business Rate Retention Scheme.** As set out within Section 7 of the report the Council is potentially exposed to the risk of reduced income levels as a consequence of business rates contraction. As well as economic growth or contraction, there are a number of other factors that can impact on the business rates collected, including the number and level of mandatory and discretionary reliefs and also valuation appeals. Due to the safety net built into the scheme these risks are limited. This has been considered as part of the reserves strategy, with a specific reserve to deal with business rates volatility. Finally, the current business rates retention scheme is due to be reset potentially for April 2025. The assumptions within this strategy make provision for a 50% reset/transition from 1<sup>st</sup> April 2025 which takes into consideration of Government

awareness of financial resilience within the sector and previously stated approach for a transition in respect of the reforms.

- **Income Generation.** The authority generates a substantial amount of income from services such as planning, building consultancy, markets, recycling, the investment of cash balances and parking. We have seen in recent years that the economy and other factors such as the weather can have a significant impact on the levels of income generated, which could have a negative impact on the budgets. This is mitigated to some extent by adopting a prudent approach to budget setting and also routine and robust risk based budget monitoring throughout the year. However, as set out above, the authority has set aside provisions to mitigate against the risk associated with a shortfall in service income levels as well as other risks.

The table below sets out the degree of sensitivity to changes to these key areas of funding:

<b>Table 7: Sensitivity Analysis</b>	
<b>Every 5% reduction in income compared to the 2023/24 estimate</b>	
<b>Income Stream/Source</b>	<b>£m</b>
Business Rates*	1.2m
Government Finance Settlement	0.2m
Fees and Charges Income	0.2m
Investment Income (0.5% change in forecast base rate)	0.2m

\*This risk is managed through the business rates risk/volatility reserve

- **Waste Management/Recycling.** There continues to be significant challenges in the waste industry which may result in future cost pressures for the Council in the medium term. These pressures include changes being implemented by central government, for example, in relation to the extended producer responsibility requirements. In addition to which, market price fluctuations and tonnage levels can be impacted by economic and weather conditions. The Council has adopted a pragmatic approach to setting the budgets for this area, including provisions for the impact on the service from continued housing growth.
- **Costs/Losses Passed from Other Public Bodies.** The extended period of funding reductions had a significant impact on all public bodies. This can on occasion lead to decisions being made by one organisation in order to reduce their costs having either an indirect or direct consequences in another part of the sector. Specific risk areas identified include the government's implementation proposed reforms to **Waste Recycling** as well as conditions being attached to **Homelessness Reduction Act** funding and **recycling credits** which are administered by Staffordshire County Council.

- **Capital Receipts/ MRP.** The revenue budget includes savings of £40k in 2023/24 from a reduction in the underlying debt by utilising capital receipts from the sale of assets already approved. Should receipts not materialise within the timescales anticipated an in-year cost pressure would need to be managed.
- **Local Council Tax Support.** From April 2013 the Local Council Tax Support Scheme came into effect. There are a number of risks associated with this, including the extent of any new applicants and over the medium to long term, changes in demographics. The extent of this risk for the Borough Council is limited to approximately 12%, being our share of the overall Council Tax bill.
- **VAT Partial Exemption De-Minimis.** The authority is limited to the extent that it can recover VAT in relation to exempt activities, such as Brewhouse and lettings. The Council has taken steps to minimise this risk over the years by opting to tax various assets, however ongoing review and monitoring of this will be necessary.
- **Pay Awards.** The budget assumes pay increases of 4% in 2023/24, followed by 2.5% in 2024/25 and 2% in 2025/26. For every 1% above this offer awarded there is an additional cost of approx. £0.1m per annum.
- **Pension Fund.** The triennial review of the council's pension fund took place as at March 2022 and this is reflected within the budgets for 2023/24. In the medium/long term there are a number of factors that can have a significant impact on future pension contribution levels, including the performance of the economy, life expectancy levels and fund membership numbers. Through the stabilised mechanism the actuary as indicated that future contributions, beyond the latest triennial period are unlikely to change by +/- 1%.

12.2 The above risks and mitigating actions as well as key risk reserves have been taken into account in reaching a view on acceptable levels of general fund reserves.

### 13. **Special Expenses**

13.1 Special expenses are reviewed regularly to facilitate cost recovery. The level of increase for each parish special expense the increased charge for a Band D property has been limited to 2.99% (in line with national referendum principles).

### 14. **The Capital Programme and the Prudential Code**

14.1 The Council's Capital Programme amounting to **£37.4m** is outlined at Appendix D and is in line with our Corporate Priorities. This contains a number of new projects and initiatives as well as updated allocations (including 2022/23) in relation to the Towns Fund and UKSPF:

- A Council funding allocation towards the **Uttoxeter Master Plan** amounting to £1.8m;
- The Council approved the **Towns Fund Programme of £27.8m** at its meeting in March 2022. These projects will be delivered in conjunction with a range of partners over the period 2022/23 to 2025/26. This includes £23.8m funding from Government and £4m from Section 106. There have subsequently been revised funding allocations between the various projects, which are agreed in principle with DHLUC and subject to the approval of Council.
- Support for the **Uttoxeter Sports Hub of £1.7m**, including a contribution from Section 106 funding;
- **UK Shared Prosperity Funding of £1.75m** towards the Uttoxeter Master plan (£1m) and a Village Enhancement Programme (£0.750m);
- **Community Regeneration Fund** to provide support to communities of £0.1m;
- **Departmental Capital Bids totalling £0.1m** in relation to ICT provision, cemeteries and open spaces;
- Supporting communities through **Disabled Facilities Grants**, with this being funded via the Better Care Fund (assumed award of £1.16m each year);
- In addition to this a number of projects in the current capital programme are taking place over several years and will be rolled forward into 2023/24 at Outturn (31<sup>st</sup> March 2023).

14.2 The Council adopted the **Uttoxeter Masterplan** in December 2020 which provides a long term coherent vision for Uttoxeter as a town. The Masterplan considered what combination of improvements and changes need to be undertaken to create the right conditions for growth, providing more, and/or better, employment opportunities, along with the necessary infrastructure (roads, housing, utilities, broadband etc.) to support that growth. Members and officers are keen to explore options and/or opportunities to deliver the proposals within the Masterplan and will be working towards developing more detailed proposals (in conjunction with partners, as appropriate). Any proposals will be subject to detailed business cases being brought forward and approved at the appropriate time

14.3 Further details of the Capital Proposals and financing can be found at Appendix C – Asset Management and Capital Strategy 2023/24).

14.4 There is a link between the capital programme and the Council's MTFs. Two issues arise:-

- Capital schemes can have direct revenue consequences – for example a new property will impact on business rates, insurance, utility costs and staffing or new infrastructure or equipment could result in additional maintenance costs. This can be in the short, medium and long term, and
- The funding of the capital scheme will affect the revenue budget whether by incurring borrowing costs or by losing investment interest on capital receipts used to finance capital expenditure.

- 14.5 To the extent that it is currently feasible the prudential indicators illustrate the impact of capital on revenue and these are set out within the Treasury Management Strategy. Where proposals are still at the feasibility or development stage it has not been possible to fully cost the impact on the revenue budget. These proposals are therefore subject to a full detailed business case being presented, including the impact on the revenue budget. As outlined in the risks section, there remains uncertainty in relation to the operating model once the build out phase of the Towns Fund Project D is completed and this could have a significant impact on the MTFs in the longer term.
- 14.6 Members will recall that the Local Government Act 2003 introduced the financial regime for local authority capital expenditure. The system is based on self-regulation with freedom to invest, provided the programme is affordable, prudent and financially sustainable. The requirements set out within the Prudential Code and revised investment guidance issued by the Government have been enhanced in recent years as a result of commercial activities (e.g. Property acquisitions for which the primary purpose is income generation) being undertaken in some parts of the sector. The Council has continued to produce the annual Capital Strategy, whilst this has been enhanced, the Council does not have any existing commercial investments funded from prudential borrowing and there are no proposals for this activity.
- 14.7 The Treasury Management Strategy provides further information on the capital programme and its impact upon the prudential indicators. The Council's underlying need to borrow for capital purposes (the Capital Financing Requirement) is a key indicator of prudence. When compared with the estimated external debt it ensures that, in the medium term, the Council is borrowing only for capital purposes.
- 14.8 Historically the Council's level of underlying need to borrow has been relatively high in comparison to neighbouring authorities (the CIPFA Resilience index makes a comparison which includes HRA authorities who are not directly comparable). In previous years the council has taken steps to improve this by adopting the approach of utilising windfall monies from New Homes Bonus to support a reduction in the underlying debt and reduce the cost to the revenue budget. There is an existing commitment to utilise £2m of capital receipts to reduce the underlying need to borrow. In addition to which the Council has adopted a policy to set-aside 20% of all future capital receipts to support the repayment of historical debt. Continuing to reduce the underlying debt will enable savings to be maximised when the next tranches of external debt mature in 2025/26, subject to prevailing investment rates.

## **15. Reserves**

- 15.1 The Local Government Act 2003 requires the Council's Chief Financial Officer to report on the robustness and sustainability of the estimates included in the budget and the adequacy of reserves for which the budget provides. The Council's policy is to carry out an annual review of all reserves as part of the budget preparation process. This includes identifying their purpose, and advising on the appropriate level for each reserve. This has been undertaken and Appendix B provides a summary of the reserves and their expected movements.
- 15.2 In the current climate, reserves can be viewed as an indicator of financial resilience. The council has compared its level of revenue reserves with those authorities within our nearest neighbour comparator group. This is consistent with the Resilience Index, recently

published by CIPFA. Whilst this can only be viewed as a guide, due to each authority potentially having different risks to take into consideration, this indicated that our reserves are broadly in line with the average. Taking into account the level of risks the Council faces in relation to supported housing claims and disputes, as well as moving towards the proposed local government finance reforms it remains important that the Council holds a suitable level of reserves to support sustainability.

- 15.3 Additionally, the Chief Finance Officer has reviewed the level of general reserves. The minimum advisable level of general reserves remains set at a level of £1.3 million, commensurate with significant business risks (as set out in section 12). This equates to just 3% of gross annual spending and whilst this is low in comparison to our nearest neighbours, it takes into account specific/earmarked reserves that have been established to mitigate against the most significant risks facing the authority.

**Table 8: Forecast Reserves Forecast**

	<b>General Reserves £000</b>	<b>2022/23 Earmarked Reserves £000</b>	<b>2023/24 Earmarked Reserves £000</b>	<b>2024/25 Earmarked Reserves £000</b>	<b>2025/26 Earmarked Reserves £000</b>
<b>Estimated Opening Balance</b>	1,278	24,957*	21,327	14,714	13,387
<b>Estimated use during the year</b>	0	(3,630)	(6,613)~	(1,327)	(2,659)
<b>Estimated Closing Balance</b>	1,278	21,327#	14,714	13,387	10,728

\*Includes audit adjustment for industrial unit rental accrual

#Reduction includes the Section 31 Covid-19 Retail and Nursery Relief funding being released to match the shortfall transferred from the Collection Fund.

~A large proportion of this use relates to the current and proposed capital programme being met from the Capital Reserve and allocation of windfall business rates growth from the business rates reserve.

- 15.4 Members will note that it is best practice to only use reserves in support of capital and one-off revenue items. Reserves should not generally be used to support ongoing revenue expenditure. Earmarked reserves are set aside to deliver specific projects or to mitigate known risks and the vast majority are not available to provide general support for the budget. The budget for 2024/25 to 2025/26 has been balanced by the use of windfall monies held in the New Homes Bonus reserve until such a time as the impact of the supported housing claims/disputes and local government funding reforms are more fully understood at which point a formal savings plan will be developed, as required.
- 15.5 The MTFs previously approved the use of the debt repayment reserve to support ongoing debt costs. This is currently being drawn down (£0.283m per annum) including £0.283m until 2025/26 and then £0.053m until 2030, at these intervals large tranches of external debt will mature and deliver savings to the revenue budget.
- 15.6 The reserves forecast includes a re-allocation of resources in order to meet current demand, priorities and associated risks. This includes £3.2m of windfall business rates growth from the Business Rates Reserve reallocated to support capital investment and £0.6m to provide multi-disciplinary support for our regeneration priorities over the next three years. A transfer of resources (£0.1m) from the New Burdens Funding received towards grant administration to top-up the professional reserve which is utilised to buy in additional external capacity and/or agency support on an ad-hoc basis (when required) and a transfer of £0.1m from the contingency reserve to top up the ICT Reserve.

- 15.7 Incorporated into the reserves forecast is the setting aside of £0.150m per annum as a financial provision to support the feasibility analysis and development of business cases in relation to, for example, capital projects, economic regeneration activities or spend to save initiatives. It is proposed that the allocation of this funding be delegated to the Finance Portfolio Holder in consultation with the relevant Cabinet Member and Chief Officer.
- 15.8 Also Incorporated into the reserves forecast is the setting aside of £0.1m as a financial provision to settle the cost of any claims or disputes that may arise during the course of the year. The settlement of any such claims, will be subject to the relevant consultations, including the Chief Finance Officer and the Monitoring Officer.

## **16. Financial Considerations**

*This section has been approved by the following member of the Finance Team: Lisa Turner.*

- 16.1 This report deals solely with financial matters.

## **17. Legal Considerations**

*This section has been approved by the following member of the Legal Team: John Teasdale.*

- 17.1 There are no direct significant legal issues arising from this report. This report complies with a number of statutory requirements, such as:
- 17.2 The provisions of the Local Government Finance Act 1992 (LGFA 1992), which set out what the Council has to base its budget calculations upon, and require the Council to set a balance budget with regard to the advice of its Chief Finance Officer. The setting of the budget is a function reserved to Full Council.
- 17.3 Section 25 of the Local Government Act 2003 requires that the Council in setting its budget, must have regard to the report of the Chief Finance Officer as to the robustness of the estimates made for the purposes of the calculations and the adequacy of the proposed financial reserves.
- 17.4 Section 30(6) LGFA 1992 requires the Council to set its budget before 11 March in the financial year preceding the one in respect of which the budget is set.
- 17.5 Section 151 of the Local Government Act 1972 places a general requirement and duty on local authorities to make arrangements for 'the proper administration of their financial affairs.'

## **18. Equality and Health**

- 18.1 The Medium Term Financial Strategy is linked to Service Plans, which have been subject to Equalities Impact Assessments.



## **19. Data Protection Implications – Data Protection Impact Assessment (DPIA)**

19.1. A DPIA must be completed where there are plans to:

- use systematic and extensive profiling with significant effects;
- process special category or criminal offence data on a large scale; or
- systematically monitor publicly accessible places on a large scale
- use new technologies;
- use profiling or special category data to decide on access to services;
- profile individuals on a large scale;
- process biometric data;
- process genetic data;
- match data or combine datasets from different sources;
- collect personal data from a source other than the individual without providing them with a privacy notice ('invisible processing');
- track individuals' location or behaviour;
- profile children or target marketing or online services at them; or
- process data that might endanger the individual's physical health or safety in the event of a security breach

19.2 Following consideration of the above, there are no Data Protection implications arising from this report which would require a DPIA.

## **20. Human Rights**

20.1 There are no Human Rights issues arising from this report.

## **21. Conclusions**

21.1 As well as supporting the continued delivery and improvement of our existing services, this Medium Term Financial Strategy makes provision for significant investment in the Borough. Subject to the assumptions made and the risks identified the Chief Financial Officer's view is that the budget includes estimates, which can only be based on circumstances and events which are reasonably foreseeable at the time of preparing the budget. The budget has been prepared following extensive discussion between Chief Officers, Managers and leading Members. It also acknowledges that both demand for supported housing the planned reforms to local government finance as well as the current economic conditions has created a high degree of uncertainty within our financial planning. Subject to risks set out in this report, the Chief Finance Officer is of the view that the budget provides a robust basis for managing the Council's finances in the years 2023/24 to 2025/26.

21.2 The budget takes appropriate account of external demands, service pressures and the impact of the capital programme to the extent that it can be ascertained at this time. It leaves the Council with an appropriate level of reserves. Although it also highlights that subject to the outcome of the local authority reforms savings are likely to need to be delivered in the medium to longer term in order to reduce the reliance on one-off resources in order to ensure the Council's financial sustainability in the longer term.

21.3 Both the Asset Management and Capital Strategy and the Treasury Management Strategy inform the MTFS and should enable the Council to move forward and meet its objectives.

21.4 Members note the extent of the financial uncertainties and associated risks ahead, and that the budget is balanced for 2023/24. For 2024/25 onwards the budget is balanced from the New Homes Bonus reserve pending the outcome of the local government finance reforms and supporting housing disputes/claims.

## **22. Recommendation**

22.1 To recommend to full Council approval of the Medium Term Financial Strategy 2023/24 to 2025/26, which includes the revenue budget, capital programme and the asset management and capital strategy; and that the level and appropriateness of reserves be noted.

22.2 To recommend to full Council the approval of the revised Council Tax Reduction Scheme effective from 1<sup>st</sup> April 2023, as outlined in Section 11.

## **23. Background Papers**

23.1 Provisional Local Government Finance Settlement 2023/24 – December 2022.

23.2 CIPFA Resilience Index 2022: [Resilience index \(cipfa.org\)](https://www.cipfa.org/resilience-index)

## **24. Appendices**

Appendix A: Detailed Budget Summary 2023/24 – 2024/25

Appendix B: Capital Programme

Appendix C: Reserves Forecast

Appendix D: Asset Management and Capital Strategy 2023/24

**MEDIUM TERM FINANCIAL STRATEGY  
SUMMARY 2023/24 – 2024/25**

<b>Budget Summary</b>	<b>2023/24 Budget £'000</b>	<b>2024/25 Budget £'000</b>
<b>Service Budgets by Portfolio</b>		
Leader of the Council	2,750	2,504
Communities and Housing Standards	2,535	2,637
Environment and Climate Change	7,327	7,762
Finance and Treasury Management	1,093	1,552
Regeneration, Business Support and Marketing	380	391
Tourism and Cultural Development	723	655
<b>Corporate/Contingencies Budgets</b>		
Cost of Living Package	223	-
Volatility Provision	200	-
Parish Council Support Grant	59	59
Apprentice Levy	25	25
Contribution to Capital	127	-
Energy Support from 2022/23	(55)	(55)
Other Corporate Budgets	253	273
<b>Total Revenue Budget</b>	<b>15,640</b>	<b>15,803</b>
Retained Business Rates	(5,302)	(5,514)
Revenue Support Grant	(116)	(123)
Funding Guarantee Grant	(716)	(1,321)
Services Grant	(129)	(129)
New Homes Bonus Grant (Section 6)	(973)	-
Covid-19 Council Tax Support (Reserve)	(18)	-
Share of Council Tax (Surplus)/Deficit	(214)	-
Support From New Homes Bonus Reserve	-	(151)
<b>Net Revenue Budget</b>	<b>8,172</b>	<b>8,565</b>
Special Expenses	(445)	(445)
<b>Amount to be raised by Council Tax</b>	<b>7,727</b>	<b>8,120</b>
<b>Council Tax Increase (Band D)</b>	<b>2.98%</b>	<b>2.98%</b>

**Capital Programme 2023/24 to 2025/26****(Including 2022/23 SPF and Towns Fund)**

<b>Capital Programme</b>	<b>2023/24 £'000</b>	<b>2024/25 £'000</b>	<b>2025/26 £'000</b>	<b>Total £'000</b>	
Community Regeneration Fund	100	-	-	100	
Open Spaces - Hanging Basket Replacements	12	-	-	12	
Cemeteries Expansion (top-up )	41	-	-	41	
ICT - SQL Licence	33	-	-	33	
ICT - WIFI	28	-	-	28	
Uttoxeter Master Plan	1,800	-	-	1,800	
Cemeteries Road Improvements	38	38	38	114	
Uttoxeter Sports Hub	1,710	-	-	1,710	
Bass House Improvements	244	-	-	244	
Fleet Replacement - Sweepers (3 Year Replacement)	-	291	-	291	
Disabled Facility Grants	1,160	1,160	1,160	3,480	
<b>Main Stream Capital Expenditure Budget</b>	<b>5,166</b>	<b>1,489</b>	<b>1,198</b>	<b>7,853</b>	
	<b>2022/23 £'000</b>	<b>2023/24 £'000</b>	<b>2024/25 £'000</b>	<b>2025/26 £'000</b>	<b>Total £'000</b>
<b><u>Towns Fund</u></b>					
Project D High Street	5,868	5,131	8,614	646	20,259
Project E Library and Enterprise Hub	33	-	-	-	33
Project F Pedestrian & Cycle Crossing	120	-	-	-	120
Project G Canal Towpath Improvements	20	1,968	-	-	1,988
Project H Cycle Network Enhancements	733	770	395	-	1,898
Project J Specialist Education Offer	1,751	1,751	-	-	3,502
<b>Towns Fund Total</b>	<b>8,525</b>	<b>9,620</b>	<b>9,009</b>	<b>646</b>	<b>27,800</b>
<b><u>UKSPF</u></b>					
Communities and Place	100	150	1,500	0	1,750
<b>Total Capital Expenditure (both mainstream and externally funded)</b>	<b>8,625</b>	<b>14,936</b>	<b>11,998</b>	<b>1,844</b>	<b>37,403</b>
<b><u>Funding</u></b>					
Capital Revenue Reserve (Para 15.6)	-	3,506	38	38	3,582
Disabled Facility Grant (Better Care Fund)	-	1,160	1,160	1,160	3,480
Section 106 (Uttoxeter Sports Hub)	-	500	-	-	500
Section 106 (Towns Fund)	1,400	2,600	-	-	4,000
Prudential Borrowing (Fleet Replacement)	-	-	291	-	291
Towns Fund Grant	7,125	7,020	9,009	646	23,800
UKSPF (Capital Allocation)	100	150	1,500	-	1,750
<b>Total Capital Funding</b>	<b>8,625</b>	<b>14,936</b>	<b>11,998</b>	<b>1,844</b>	<b>37,403</b>