

STAFFORDSHIRE MOORLANDS DISTRICT COUNCIL

Report to Cabinet

12th February 2019

TITLE:	2019/20 Budget & Medium Term Financial Plan 2019/20 to 2022/23
PORTFOLIO HOLDER	Cllr Sybil Ralphs – Leader
CONTACT OFFICERS:	Claire Hazeldene – Finance & Procurement Manager
WARDS INVOLVED:	Non-Specific

Appendix Attached

- **Appendix A (Medium Term Financial Plan 2019/20 to 2022/23)**
- **Appendix B (Capital Strategy 2019/20)**
- **Appendix C (Fees & Charges 2018/19)**
- **Appendix D (Procurement Forward Plan 2018/19)**

1. Reason for the Report

- 1.1 The purpose of the report is to present the proposed Budget for 2019/20, updated Medium-Term Financial Plan 2019/20 – 2022/23, Capital Strategy 2019/20, proposed Fees and Charges for 2019/20 and Procurement Forward Plan 2019/20.

2. Recommendations

- 2.1 That members support the following **recommendations** to Council:

- Approves the General Fund Budget for 2019/20 as detailed in **Appendix A (section 8)**
- Approves the revised Medium-Term Financial Plan (2019/20 to 2022/23) as detailed in **Appendix A**, including the revised Capital Programme (attached at Annex A)
- Approves the Capital Strategy 2019/20 as set out in **Appendix B**
- Approves the proposed Fees and Charges for 2019/20 as detailed in **Appendix C**

- Approves the proposed Procurement Forward Plan for 2019/20, providing the authority to procure based on procurement activity detailed in **Appendix D**
- Approves a Band D Council Tax of £150.54 for 2019/20 (an increase of 2.9% from 2018/19)
- Approves a Band D Council Tax of £51.93 for Leek and £10.44 for Biddulph for 2019/20 (an increase of 2.9% from 2018/19) in respect of Special District Expenses
- Notes the Chief Finance Officer's view that the level of reserves are adequate for the Council based on this budget and the circumstances in place at the time of preparing it (**Appendix A section 7**)

3. Executive Summary

- 3.1 This report makes recommendations to Council for the budget and the level of Council Tax for 2019/20. The report also provides an update on the Council's medium-term financial position through to 2022/23. Additionally, it establishes an overarching Capital Strategy, sets out the fees and charges proposed for 2019/20 and details the Procurement Forward Plan 2019/20.
- 3.2 The budget setting and medium term financial planning process provides the Council with the opportunity to plan its delivery of public services in accordance with local priorities and against the backdrop of unprecedented public sector financial constraint.
- 3.3 The Medium Term Financial Plan (MTFP) has been updated in accordance with the budget setting process. The MTFP presents the Council's finances over a four-year period, namely 2019/20 to 2022/23 and provides:-
- Details of local spending influences in the context of the Corporate Plan
 - A focus on the transformation programme and the consequential financial implications, including the capital programme and efficiency & rationalisation plan
 - Updated inflation and interest assumptions using the latest forecasts and the impact of any budgetary demand
 - An update on any national issues that will impact on the Council's financial position
- 3.4 The 2018/19 – 2021/22 MTFP was approved by the Council in February 2018, and showed a balanced position. However the balanced position was dependent on the continued delivery of a £3.14 million four-year Efficiency & Rationalisation Programme (having achieved the 2017/18 savings target of £661,000). The balanced position also relied upon the overall use of £0.3 million in reserves to meet shortfalls in the early years of the plan whilst the efficiency programme is being implemented.

- 3.5 The quarter three outturn position for 2018/19 is forecasting a £148,430 underspend, but anticipates a shortfall against the £830,000 efficiency target for 2018/19.
- 3.6 Having completed the annual budget exercise, a balanced budget for 2019/20 has been achieved, with the inclusion of a reprofiled efficiency and rationalisation target of £935,000 (£500,000 new target and £435,000 rolled forward from 2018/19) and a small contribution of £3,140 into contingency reserves.
- 3.7 The final General Fund budget proposal for 2019/20 provides for a net budget of £10,177,270 and a Council Tax increase of 2.9%. Consequently, the Band D Council Tax increases to £150.54, with the Special District Expenses increasing to £51.93 (Leek) and £10.44 (Biddulph) respectively
- 3.8 A new financial year (2022/23) has now been added to the MTFP and the overall financial assumptions have been updated for the four years. This has resulted in a small surplus position of £29,370 by the end of 2022/23. An overall contribution of £325,810 into reserves is reflected during the 4 year life of the Plan.
- 3.9 The changed position is primarily due to:
- **Additional forecast Business Rates income** - from forecast business rates retention plus an additional £200,000 assumed in 2019/20 as a result of being in the 75% business rates pilot. However, there is uncertainty surrounding the future Business Rates system and volatility in forecasting retention amounts due to the amount of variables involved and risk surrounding appeals.
 - **Additional Council Tax income** – reflecting an assumption that 2.9% increases will be applied throughout the MTFP.
- These are partially offset by:-
- **Additional borrowing costs**– reflecting the consequential revenue costs of the fleet procurement requirements within the MTFP, which will result in longer-term revenue savings to be realised against the efficiency programme
- 3.10 The capital programme has been updated and allows for additional investment in priority areas i.e. asset management plan and fleet management. The Medium Term Financial Plan includes an updated capital programme of £18,501,460 over the period 2018/19 – 2022/23.
- 3.11 Achieving a balanced budget over the medium-term relies upon delivery of the Council's approved Efficiency & Rationalisation Strategy. The strategy was presented and approved as part of the MTFP update in February 2017 which focused on both reducing expenditure and increasing income. The main areas of focus being:

- **Major Procurements** – focus on Waste Collection & Environment Services, Leisure Management and Facilities Management
- **Asset Management Plan** – continuation of the existing priority of rationalising the Council's asset base with a focus around priorities in order to allow for the necessary capital investment
- **Growth** – development of a clear focus upon housing and economic growth based upon the established Local Plan.
- **Income Generation** – focus on increasing the yield from existing sources of income and a drive towards identifying new sources of income
- **Rationalisation** – a commitment to reducing expenditure on non-priority areas of spend e.g. management arrangements, channel shift, non-statutory services

3.12 Current progression against the efficiency programme has been positive, with the 2017/18 achieved, however, it is likely that there will be a shortfall against the 2018/19 savings target due to slippage in the programme. Consequently, the Efficiency Programme has been reviewed and re-profiled based on the estimated timing / value of savings anticipated for the various schemes.

3.13 The ability to progress and achieve the overall efficiency programme target is underpinned by the following:

- The realisation of savings from the implementation of an alternative delivery model for Waste, Streets and Parks via the transfer of services to trading company Alliance Environment Services
- A review of current leisure centre provision in order to reduce the Council's subsidy
- The approval and delivery of the Local Plan in order to achieve income generation from sustained housing and economic growth
- Reviewing fees and charges and identifying new sources of income generation
- Retained business rates through economic growth and the saving of the levy payable to central government as a consequence of the Council's membership of the Staffordshire Business Rates Pool (as per the current business rates system)

4. How this Report Links to Corporate Priorities

4.1 The successful delivery of all corporate priorities is dependent upon the effective management of financial resources, which is the subject of this report.

5. Options and Analysis

5.1 The report is a statement of fact. As such there are no options to consider.

6. Implications

6.1 Community Safety - (Crime and Disorder Act 1998)
None.

6.2 Workforce
None.

6.3 Equality and Diversity/Equality Impact Assessment
This report has been prepared in accordance with the Council's Equality and Diversity policies.

An Equalities Impact Assessment (EIA) has been undertaken on the Corporate Plan, which feeds into budget plans.

6.4 Financial Considerations
There are substantial financial considerations contained throughout the report.

6.5 Legal
None.

6.6 Sustainability
None.

6.7 External Consultation
The Council's budget plans are the subject of an annual public consultation exercise. Full details are contained within the plan

6.8 Risk Assessment
A full risk analysis has been undertaken which is contained within the plan

ANDREW P STOKES
Executive Director (Transformation) & Chief Finance Officer

Web Links and Background Papers

Location

Contact details

Various background working papers

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