

STAFFORDSHIRE MOORLANDS DISTRICT COUNCIL

Report to Cabinet

11th February 2020

TITLE:	2020/21 Budget & Medium Term Financial Plan 2020/21 to 2023/24
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 2020/21 to 2023/24)**
- **Appendix B (Capital Strategy 2020/21)**
- **Appendix C (Fees & Charges 2020/21)**
- **Appendix D (Procurement Forward Plan 2020/21)**

1. Reason for the Report

- 1.1 The purpose of the report is to present the proposed Budget for 2020/21, updated Medium-Term Financial Plan 2020/21 – 2023/24, Capital Strategy 2020/21, proposed Fees and Charges for 2020/21 and Procurement Forward Plan 2020/21.

2. Recommendations

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

- Approves the General Fund Budget for 2020/21 as detailed in **Appendix A (section 8)**
- Approves the revised Medium-Term Financial Plan (2020/21 to 2023/24) as detailed in **Appendix A**, including the revised Capital Programme (attached at Annex A)
- Approves the Capital Strategy 2020/21 as set out in **Appendix B**
- Approves the proposed Fees and Charges for 2020/21 as detailed in **Appendix C**

- Approves the proposed Procurement Forward Plan for 2020/21, providing the authority to procure based on procurement activity detailed in **Appendix D**
- Approves a Band D Council Tax of £153.40 for 2020/21 (an increase of 1.9% from 2019/20)
- Approves a Band D Council Tax of £52.92 for Leek and £10.64 for Biddulph for 2020/21 (an increase of 1.9% from 2019/20) 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 Annex E**)

3. Executive Summary

- 3.1 This report makes recommendations to Council for the budget and the level of Council Tax for 2020/21. The report also provides an update on the Council's medium-term financial position through to 2023/24. Additionally, it establishes an overarching Capital Strategy, sets out the fees and charges that are proposed for 2020/21, and details the Procurement Forward Plan 2020/21.
- 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.
- 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 2020/21 to 2023/24 and provides:
- Details of local spending influences in the context of the recently approved new 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; and
 - An update on any national issues that will impact on the Council's financial position
- 3.4 The 2019/20 – 2022/23 MTFP was approved by the Council last February (2019), and showed a surplus position. It was forecast that an overall contribution into reserves of £325,000 was made during the 4 years of the plan. However this position was dependent on the continued delivery of a £3.1 million four-year Efficiency & Rationalisation Programme which was commenced in April 2017.

- 3.5 Progress with the delivery of the efficiency programme has been positive, delivery of the £842,000 efficiency target for the current financial year has already been achieved and the Council remains on course to deliver the remainder of the programme. The ability to progress and achieve the overall efficiency programme target has been underpinned by the following:
- The realisation of savings from the establishment and transfer of services to the Council's company Alliance Environmental Services (AES);
 - Implementation of a new fleet procurement policy that has moved to purchase of vehicles as opposed to contract hire;
 - A review of current leisure centre provision in order to reduce the Council's subsidy; and
 - 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)
- 3.6 Having completed the annual budget exercise, a balanced budget for 2020/21 has been achieved. The final General Fund budget proposal for 2020/21 provides for a net budget of £9,753,870 and a Council Tax increase of 1.9%. Consequently, the Band D Council Tax increases to £153.40, with the Special District Expenses increasing to £52.92 (Leek) and £10.94 (Biddulph) respectively
- 3.7 An increase in car parking charges was originally proposed for 2020/21. This would have been the first increase since 2018. There was also a commitment made in the original budget proposals to work with local traders to developing policy to encourage footfall in the town centres - this would have involve reviewing the free tariffs arrangements that are currently in place. However at the Resources Overview & Scrutiny Panel held on 5th February that considered the original budget proposals it was resolved that Cabinet was "requested to remove the proposed increase in car parking charges for 2020/21".
- 3.8 It is proposed to accept this proposal by the scrutiny panel. The recommendation to Council now is that implementation of the increases is delayed until 2021/22. Before this decision is finalised in February 2021 there will be a review of the Council's Car Parking Strategy early in the new financial year.
- 3.9 A new financial year (2023/24) 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 £17,840 by the end of 2023/24. An overall contribution of £35,950 into reserves is forecast during the 4 year life of the plan.
- 3.10 Whilst the surplus position is positive, it is necessary as there is a need to be cautious as the outcomes of national funding reviews (i.e. fair funding; business rates retention; and new homes bonus) are unknown at this stage.

3.11 The overall financial position forecast in the MTFP is similar to the position presented last year. There is however a reduction in the level of surplus reserves that are expected to be generated over the four years. This changed position is primarily due to:

- **Reduction in additional Council Tax income** – reflecting an assumption that 1.9% increases will be applied throughout the MTFP as opposed to the 2.9% that was included last year; and
- **Reduction in the level of New Homes Bonus** – reflecting the notification that the current scheme is going to end.

3.12 Provision has been made in the revenue budget to implement the commitments made in the Council's recently approved Corporate Plan. However the detailed financial consequences of a number key commitments e.g. responding to the climate emergency and leisure centre capital investment will need to be developed during the 2020/21 financial year.

3.13 The Capital Strategy and the Capital Programme have been updated and allow for additional investment in priority areas. The Medium Term Financial Plan includes an updated Capital Programme of £17,704,640 over the period 2019/20 – 2023/24. Additional investments have been included for the following:

- Brough Park / John Hall Gardens improvements
- Car park surfacing improvements
- ICT infrastructure investments
- Outdoor sports facility improvements

3.14 The Procurement Forward Plan sets out details of the expected activity during 2020/21. The plan will be implemented alongside a new Procurement Strategy which will be considered by Cabinet at its next meeting. This strategy will include a response to key commitments such as the response to climate change and the encouragement of local suppliers.

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 There are no options to consider at this stage.

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

<u>Web Links and Background Papers</u>	<u>Location</u>	<u>Contact details</u>
Various background working papers	Moorlands House	Claire Hazeldene Finance & Procurement Manager 01538 395400 Ext. 4191
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