

STAFFORDSHIRE MOORLANDS DISTRICT COUNCIL

Report to the Resources Overview & Scrutiny Panel

2nd February 2022

TITLE:	2022/23 Budget & Medium Term Financial Plan 2022/23 to 2025/26
PORTFOLIO HOLDER	Cllr Sybil Ralphs – Leader
CONTACT OFFICERS:	Keith Pointon – Head of Finance
WARDS INVOLVED:	Non-Specific

Appendix Attached

- **Appendix A (Medium Term Financial Plan 2022/23 to 2025/26)**
- **Appendix B (Capital Strategy 2022/23)**
- **Appendix C (Fees & Charges 2022/23)**
- **Appendix D (Procurement Forward Plan 2022/23)**

1. Reason for the Report

- 1.1 The purpose of the report is to present the proposed Budget for 2022/23, updated Medium-Term Financial Plan 2022/23 – 2025/26, Capital Strategy 2022/23, proposed Fees and Charges for 2022/23 and Procurement Forward Plan 2022/23.

2. Recommendations

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

- Approves the General Fund Budget for 2022/23 as detailed in **Appendix A (section 9)**
- Approves the revised Medium-Term Financial Plan (2022/23 to 2025/26) as detailed in **Appendix A**, including the revised Capital Programme (attached at Annex A)
- Approves the Capital Strategy 2022/23 as set out in **Appendix B**
- Approves the proposed Fees and Charges for 2022/23 as detailed in **Appendix C**

- Approves the proposed Procurement Forward Plan for 2022/23, providing the authority to procure based on procurement activity detailed in **Appendix D**
- Approves a Band D Council Tax of £163.14 for 2022/23 (an increase of 2.99% from 2021/22)
- Approves a Band D Council Tax of £52.92 for Leek and £10.64 for Biddulph for 2022/23 (no increase from 2021/22) 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 2022/23. The report also provides an update on the Council's medium-term financial position through to 2025/26. Additionally, it establishes an overarching Capital Strategy, sets out the fees and charges that are proposed for 2022/23, and details the Procurement Forward Plan 2022/23.
- 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. There are also risks around the outcomes of national funding reviews (i.e. fair funding; business rates retention; and new homes bonus) which may have a detrimental impact on the future financial position.
- 3.3 The current four year MTFP was updated in September 2021 to reflect further Covid-19 related pressures and updated economic forecasts in order to begin to understand the medium term financial impact.
- 3.4 This version of the MTFP updates the September forecasts, based on the provisional settlement information released in December, latest economic forecasts, assumptions around the timing and level of capital and revenue expenditure and income and the impact of the recovery from Covid-19.
- 3.5 The 2022/23 local government finance settlement was better than anticipated in the MTFP, but contained one-off monies or greater uncertainty and it was also a one-year settlement, which isn't good for medium term service planning.
- 3.6 The Council received £117k of Lower Tier Services Grant, which wasn't expected, as it was announced as a one-off grant last year. The assumption in setting the MTFP is that it won't recur. The Council also received £180k in the form of a new Services Grant. The Secretary of State has said that the Government "will then take the time to fully consider its future distribution". So this grant looks set to continue, but the Council's future share is unknown. The Council also received an allocation of £63k in Rural Services Delivery Grant, this is assumed to be on-going throughout the life of the plan.

- 3.7 Lastly, the Council received £255k in New Homes Bonus for 2022/23, which was anticipated and is positive news. In the finance settlement, the Government stated it would reform New Homes Bonus to improve how housing growth is incentivised, but it didn't say how this would be done. So, in the MTFP, it is prudent to revise downwards the Council's current reliance on it to balance in the medium term.
- 3.8 In terms of costs, the Council will incur costs higher than originally anticipated when setting the MTFP last year. The pay award for this year (2021/22) will be at least 1.75% and probably at least 2% next year. The current MTFP had anticipated 1.0% on the basis of a Government announced squeeze on public sector pay. General inflation will also be higher than anticipated last year, with an average consolidated rate in the 2022/23 budget of 3.5%, rather than 1.0%.
- 3.9 This leaves a balanced 2022/23 budget on both the revenue and capital side, but with greater uncertainty and risk in the MTFP for future years. Particularly so, as the outcomes from Government's business rates review, fair funding review, or new homes bonus review are all unknown.
- 3.10 The current efficiency strategy ends this year (2021/22). Any savings from re-commissioning and re-procurement during the year will be taken. It is recommended that underspends at year end are put into a financial resilience reserve, which will provide a buffer if national reviews have negative impacts for the Council. And for the same reasons, work should begin on a new efficiency strategy during 2022/23.
- 3.11 The financial settlement allows for a 2% or up to £5 increase in Council Tax. It should be noted that Treasury's published figures do assume all Authorities maximise the increase. The way capping (or "referendum limits") works, if the maximum increase isn't taken then that opportunity is lost forever (there's no way to catch up in subsequent years).
- 3.12 Having completed the annual budget exercise, a balanced budget for 2022/23 has been achieved. The final General Fund budget proposal for 2022/23 provides for a net budget of £10,792,890 and a Council Tax increase of £4.74 on a Band D equivalent property (2.99%) with the Special District Expenses remaining at £52.92 (Leek) and £10.64 (Biddulph) respectively
- 3.13 A new financial year (2025/26) has been added to the MTFP and the overall financial assumptions have been updated for the four years. It must be stressed that there is a great deal of uncertainty in regard to this position, both from the coronavirus pandemic and the outcomes of national funding reviews (i.e. fair funding; business rates retention; and new homes bonus), which remain unknown at this stage.
- 3.14 The forecast predicts a balanced budget position by 2025/26 – on the basis the Country has fully recovered from the Coronavirus pandemic at that point and the Council can once again become self-sustainable (without reliance on reserves) – albeit it with the risks identified above.

3.15 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 £27,948,070 over the period 2021/22 – 2025/26.

3.15 The Procurement Forward Plan sets out details of the expected activity during 2022/23.

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

This report recommends a Council Tax level and associated budget, Medium Term Financial Plan, Capital Strategy (and future capital programme) and Fees & Charges for 2022/23 designed to best deliver the Council's corporate priorities within a balanced budget. Other options are feasible, but any alternatives would need to robustly identify the service and financial implications, in order to satisfy the Council's Section 151 Officer (under the Local Government Finance Act 1988, section 114) of the need to deliver a balanced budget.

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
The Local Government Act 2000 states that it is the responsibility of the full Council, on the recommendation of the executive, to approve the budget and related council tax demand. The Local Government Act 2003, section 25 requires the council's Section 151 officer to report to the council on the robustness of the estimates made and the adequacy of the proposed financial reserves assumed in the budget calculations. The Local

Government Finance Act 1988, section 114 requires the Section 151 officer to report to all of the Authority's councillors if there is likely to be an unbalanced budget.

6.6 Sustainability

An earmarked reserve has been established to support with climate change related activities. Climate Change considerations are indirectly included in many aspects of the MTFP – including capital programme projects focused on Council buildings and vehicle purchases, as well as being a consideration in procurement activity reflected in the Forward Plan. These are highlighted, wherever possible, in the MTFP report itself.

6.7 External Consultation

The Council's budget plans have been subject to a consultation via the Council's website.

6.8 Risk Assessment

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

JOHN BETTS
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**Web Links and
Background Papers**

Location

Contact details

Various background working papers

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