

**STAFFORDSHIRE MOORLANDS DISTRICT COUNCIL**

**Council**

**28 February 2024**

<b>TITLE:</b>	<b>2024/25 Budget &amp; Medium Term Financial Plan 2024/25 to 2027/28</b>
<b>PORTFOLIO HOLDER</b>	<b>Cllr C Wood – Portfolio holder for Finance</b>
<b>CONTACT OFFICERS:</b>	<b>Keith Pointon – Head of Finance</b>
<b>WARDS INVOLVED:</b>	<b>Non-Specific</b>

**Appendix Attached**

- **Appendix A (Medium Term Financial Plan 2024/25 to 2027/28)**
- **Appendix B (Capital Strategy 2024/25)**
- **Appendix C (Fees & Charges 2024/25)**
- **Appendix D (Procurement Forward Plan 2024/25)**

**1. Reason for the Report**

- 1.1 The purpose of the report is to present the proposed Budget for 2024/25, updated Medium-Term Financial Plan 2024/25 – 2027/28, Capital Strategy 2024/25, proposed Fees and Charges for 2024/25 and Procurement Forward Plan 2024/25.

**2. Recommendations**

- 2.1 That Cabinet **recommends** that the Council:

- Approves the General Fund Budget for 2024/25 as detailed in **Appendix A (section 7)**
- Approves the revised Medium-Term Financial Plan (2024/25 to 2027/28) as detailed in **Appendix A**, including the revised Capital Programme (attached at Annex A)
- Approves the Capital Strategy 2024/25 as set out in **Appendix B**
- Approves the proposed Fees and Charges for 2024/25 as detailed in **Appendix C**

- Approves the proposed Procurement Forward Plan for 2024/25, providing the authority to procure based on procurement activity detailed in **Appendix D**
- Approves a Band D Council Tax of £168.02 for 2024/25 (2.99% change from 2023/24)
- Approves a Band D Council Tax of £54.50 for Leek and £10.96 for Biddulph for 2024/25 (2.99% change 2023/24) 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 B**)

### **3. Executive Summary**

- 3.1 This report makes recommendations to Council for the budget and the level of Council Tax for 2024/25. The report also provides an update on the Council's medium-term financial position through to 2027/28. Additionally, it establishes an overarching Capital Strategy, sets out the fees and charges that are proposed for 2024/25, and details the Procurement Forward Plan 2024/25.
- 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 November 2023 to reflect further updated economic forecasts in order to begin to understand the medium term financial impact.
- 3.4 This version of the MTFP updates the scenario provided in the November forecasts, based on the provisional settlement information released in December, latest economic forecasts, and assumptions around the timing and level of capital and revenue expenditure and income.
- 3.5 The 2024/25 local government finance settlement confirmed the funding available to the Council in 2024/25, but it was another one-year settlement, which maintains a level of uncertainty in the Plan and makes medium term financial planning more difficult.
- 3.6 The Funding Guarantee Grant was extended into 2024/25 at an increased level of £545,080 but the Services Grant, introduced 2 years ago, has been scaled back from previous years to £16,690. The Council also receives an allocation of £70,900 in Rural Services Delivery Grant and £104,660 in Revenue Support Grant. Aside from the Funding Guarantee Grant, which is assumed to taper off significantly over the later years, the plan assumes that these grants will be ongoing throughout the life of the MTFP.

- 3.7 Lastly, the Council has been awarded £13,440 in New Homes Bonus for 2024/25. The Plan assumes income from New Homes Bonus (or its successor) will stabilise at £80,000 in the later years of the Plan.
- 3.8 In January, the Government announced that extra local government support would be forthcoming in addition to that announced in the provisional settlement. At this stage, no details are available as to the amount allocated to Staffordshire Moorlands and, as such, none of this is included within the Plan.
- 3.9 In terms of costs, the Council will incur costs higher than originally anticipated when setting the MTFP last year. The pay award for 2023/24 was implemented at £1,925 across all pay grades (an average of 6%) and is likely to be at least 3.5% next year. The current MTFP had anticipated a 4.0% pay increase for 23/24. General inflation is forecast to fall over the next year although the base remains at an inflated level.
- 3.10 This leaves a balanced 2024/25 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.
- 3.11 The new efficiency strategy put in place February 2023 has been refreshed and incorporated into this MTFP: a total of £890,000 is included in the plan, profiled across 2024/25 £250,000, 2025/26 £250,000, 2026/27 £300,000 and 2027/28 £90,000
- 3.12 The financial settlement allows for up to a 3% 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 is not taken then that opportunity is lost forever (there is no way to catch up in subsequent years). Having completed the annual budget exercise, a balanced budget for 2024/25 has been achieved. The final General Fund budget proposal for 2024/25 provides for a net budget of £12,713,400 and a Council Tax increase of £4.88 on a Band D equivalent property (2.99%) with the Special District Expenses increase at £1.58 (Leek) and £0.32 (Biddulph) respectively.
- 3.13 A new financial year (2027/28) 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 uncertainty of outcomes of national funding reviews (i.e. fair funding; business rates retention; and new homes bonus) and the continuing effects of volatile levels of inflation, interest rates as well as geo-political influences.
- 3.14 The forecast predicts a balanced budget position by 2027/28 – on the basis the inflation and interest rates return to more normal levels and the Council can once again become self-sustainable (without reliance on reserves) – albeit 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 £55,056,640 over the period 2023/24 – 2027/28.
- 3.16 The Procurement Forward Plan sets out details of the expected activity during 2024/25.
- 3.17 The report was considered by the Finance and Performance Committee on 7 February 2024 which supported the recommendations, subject to an increase of 10 pence on the base car park tariff (and a pro-rata increase across all other higher tariffs) to replace the proposed 20 pence increase on the base car park tariff. The Cabinet accepted this recommendation at its meeting on 13 February 2024 (a revised Appendix C is attached to this report), taking into account the additional funding recently announced by Government. A review of the Council's approach to car park fees and charges will also be conducted.

#### **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 This report recommends a Council Tax level and associated budget, Medium Term Financial Plan, Capital Strategy (and future capital programme) and Fees & Charges for 2024/25 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.

## 6.8 Risk Assessment

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

### **MARTIN OWEN** **Executive Director Finance and Customer Services (s151)**

#### **Web Links and Background Papers**

Various background working papers

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Moorlands House

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