

STAFFORDSHIRE MOORLANDS DISTRICT COUNCIL

Report to Cabinet

13th February 2018

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| TITLE: | 2018/19 Budget & Medium Term Financial Plan 2018/19 to 2021/22 |
| PORTFOLIO HOLDER | Cllr Sybil Ralphs – Leader |
| CONTACT OFFICER: | Claire Hazeldene – Finance & Procurement Manager |
| WARDS INVOLVED: | Non-Specific |

Appendix Attached

- **Appendix A (Medium Term Financial Plan 2018/19 to 2021/22)**
- **Appendix B (Procurement Forward Plan 2018/19)**
- **Appendix C (Fees & Charges 2018/19)**

1. Reason for the Report

- 1.1 The purpose of the report is to present the proposed Budget for 2018/19, updated Medium-Term Financial Plan 2018/19 – 2021/22, Procurement Forward Plan 2018/19 and proposed Fees and Charges for 2018/19.

2. Recommendations

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

- Approve the General Fund Budget for 2018/19 as detailed in **Appendix A (section 8)**
- Approve the revised Medium-Term Financial Plan (2018/19 to 2021/22) as detailed in **Appendix A**, including the revised Capital Programme (attached at Annex A)
- Approve the proposed Procurement Forward Plan for 2018/19, providing the authority to procure based on procurement activity detailed in **Appendix B**
- Approve the proposed Fees and Charges for 2018/19 as detailed in **Appendix C**

- Approve a Band D Council Tax of £146.30 for 2018/19 (an increase of 2.9% from 2017/18)
- Approve a Band D Council Tax of £50.47 for Leek and £10.15 for Biddulph for 2018/19 (an increase of 2.9% from 2017/18) 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 2018/19. The report also provides an update on the Council's medium-term financial position through to 2021/22. Additionally, it details the Procurement Forward Plan and sets out the fees and charges proposed for 2018/19.
- 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 cycle. The MTFP presents the Council's finances over a four-year period, namely 2018/19 to 2021/22 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 current 2017/18 – 2020/21 MTFP was approved by the Council in February 2017, and showed a balanced position. However the balanced position was dependent on the delivery of a £3.14 million four-year Efficiency & Rationalisation Programme. The balanced position also relied upon the use of some £1.77 million 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 is forecasting a £1 million underspend and anticipates that the £661,000 efficiency target for 2017/18 will be achieved. This is made up of a net service spending underspend of £200,000 and increased income from business rates of £800,000. An element of the additional business rates income should be retained to meet the collection

fund deficit that will occur in 2018/19 because of the compensation of reliefs via section 31 grant.

- 3.6 Having completed the annual budget exercise, a balanced budget for 2018/19 has been achieved, with the inclusion of an efficiency and rationalisation target of £738,000 (£830,000 as per the Efficiency & Rationalisation Strategy less £92,000 achieved from additional New Homes Bonus payments in 2018/19) and the drawdown of £792,870 in contingency reserves.
- 3.7 The final General Fund budget proposal for 2018/19 provides for a net budget of £10,749,810 and a Council Tax increase of 2.9%. Consequently, the Band D Council Tax increases to £146.30, which the Special District Expenses increasing to £50.47 (Leek) and £10.15 (Biddulph) respectively
- 3.8 A new financial year (2021/22) has now been added to the MTFP and the overall financial assumptions have been updated for the four years. This has resulted in a surplus position of £433,860 by the end of 2021/22. An overall use of £1.2 million in reserves are still required in the first 2 years of the plan, but then an overall contribution of £919,000 back into reserves is currently forecast in year 3 and 4 of the plan.
- 3.9 The changed position is primarily due to:
- **Additional forecast Business Rates income (£600,000) –**
 - Reduction in tariff payable based on information supplied by the Valuation Office Agency to DCLG (partially offset by the resulting increase in levy)
 - Additional S31 grants payable to compensate for the extension to small business rate relief anticipated
 - Offset by a review of the level of appeals provision for prudence and based on latest information (this reduces income in year 1 which increases the deficit in year 2 but is partially offset by a reduction in levy payable)
 - **Additional Council Tax income (£55,000) –** increase for 2018/19 increased to 2.9% due to increase in referendum limit

These are partially offset by:

- **Additional Inflation Provision (£180,000) –** 2 year staff pay award offer plus general inflationary increases
- 3.10 However, there are no plans to allocate the surplus at this stage due to the complexity involved in the delivery of the Efficiency & Rationalisation Programme and in particular the realisation of the forecast savings. There is also uncertainty surrounding the future Business Rates system and volatility in forecasting retention amounts due to the amount of variables involved and risk surrounding appeals.
- 3.11 The Capital Programme has been updated and allows for additional investment in priority areas i.e. asset management plan and parks and open

spaces. The Medium Term Financial Plan includes an updated capital programme of £12,915,440 over the period 2017/18 – 2021/22.

3.12 Achieving a balanced budget over the medium-term relies upon delivery of the Council's approved efficiency & rationalisation strategy. A new efficiency programme 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** - There is the opportunity to focus attention on a number of large service functions which are currently provided by an external contractor / supplier. A number of significant contracts are coming to an end. This will also allow a fundamental review of these services with proper consideration of the current financial constraints. The contract commitments have sometimes restricted the opportunity to align services across the alliance with High Peak. The individual projects will 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

3.13 Current progression against the efficiency programme is positive, with the 2017/18 target likely to be achieved. However, the ability to limit the impact of the reduction in central government support and achieve the overall 4 year 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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