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| Report of the Portfolio Holder for Corporate and FinanceToCabinetOn18 January, 2021 |
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| **Medium Term Financial Strategy 2021/22 to 2023/24** |

**1. SUMMARY**

1.1 This report brings together the proposals for the Council’s General Fund and Housing Revenue Account (HRA) revenue and capital budgets which will be considered by Council on 27 January 2021 for the financial years 2021/22 to 2023/24.

**Key Decision –** No

**2. RECOMMENDATIONS**

**That Cabinet recommend to Council:**

(i) That the General Fund revenue budget for 2021/22 financial year be approved as set out in Appendix 1.

(ii) That the General Fund revenue budget for 2022/23 to 2023/24 financial year be approved in principle, subject to an annual review, as set out in Appendix 1.

(iii) That the Housing Revenue Account (HRA) revenue budget for 2021/22 financial year be approved as set out in Appendix 3.

(iv) That the Housing Revenue Account (HRA) revenue budget for the 2022/23 to 2023/24 financial years be approved in principle, subject to an annual review, as set out in Appendix 3.

(v) That the Mansfield District Council 2021/22 Band D Council Tax be approved at £194.72, being a £5.00 increase on 2020/21 (which equates to a 2.7% increase on all other bands).

(vi) That the fees and charges for General Fund services be approved for the 2021/22 financial year, as set out in Appendix 9.

(vii) That the fees and charges for Housing Revenue Account services be approved for the 2021/22 financial year, as set out in Appendix 10.

(viii) That Council Dwelling rents be increased by 1.7% for the 2021/22 financial year, compared to 2020/21, in line with Government Guideline Rents (CPIH plus 1%).

(ix) That the General Fund Consolidated Capital Programme as detailed in Table 3 and Appendix 4 be approved.

(x) That the Housing Revenue Account Consolidated Capital Programme as detailed in Table 4 and Appendix 5 be approved.

**3. BACKGROUND**

**3.1 Covid-19**

3.1.1 When the 2020/21 budget was set in January 2020, nobody imagined that there would be a global pandemic, and national lockdown, to deal with in the coming months. The financial year started just as the pandemic and lockdown were taking hold in the UK, and Mansfield District Council continues to deal with its impact on our residents, local businesses, and employees.

3.1.2 The outbreak has resulted in financial pressure (and some savings) in almost all areas of Council spend in 2020/21 through increased expenditure, loss of income from fees and charges, and lower than expected collection rates for both Council Tax and Business Rates. These additional in-year pressures will have a knock-on effect for the 2021/22 budget, especially if current restrictions continue to be faced by residents in the new financial year.

3.1.3 The current situation is also having a major displacement effect on the plans that were in place previously, as officers take on major new responsibilities such as local food distribution support, numerous different grant payments to local businesses and now payments to individuals on low incomes being isolated. Whilst the Council has been responsive to the situation, the things set out in January for the year have had to be reassessed as the national lockdown and its effects took hold, the resurrection of the prospect of local government re-organisation has also had a similar impact.

3.1.4 The pandemic has meant that a lot of items that would have affected the 2021/22 budget could potentially be delayed to future years, or have already been delayed. These include:

* The Fair Funding Review, which would have brought about changes to how councils are funded, has been delayed by one year to 1st April 2022
* The move to 75% retained business rates has also been delayed by one year to 1st April 2022, leaving Councils to make assumptions about the 2021/22 Business Rates income.
* Revenue Support Grant was due to be phased out in April 2021, alongside the move to 75% retained business rates. It was confirmed as part of the provisional Local Government Finance Settlement that Revenue Support Grant is to continue for 2021/22, however, this is expected to be a one-year allocation.
* The Chancellor was set to announce a multi-year Comprehensive Spending Review, which would set departmental budgets for coming years. Due to the pandemic, this is now confirmed to be a one-year settlement.
* It was confirmed as part of the provisional Local Government Finance Settlement that councils are to receive a one-year New Homes Bonus allocation for 2021/22, however, there will be no “legacy payments” in future years as part of this allocation. It is likely to be rolled into any new system of local government funding from 2022 onwards.

**3.2 Financial Context**

3.2.1 The Chancellor has confirmed that the 2020 Autumn Budget has been cancelled, due to the Covid-19 pandemic and the need to focus resources on dealing with the economic consequences of this.

3.2.2 It was also confirmed that the Spending Review 2020 will be a one-year settlement, which was announced at the end of November 2020.

3.2.3 The provisional Local Government Finance Settlement, which was announced in December 2020, confirmed that un-ringfenced government grant funding, Revenue Support Grant, would continue for another year. This benefits Mansfield District Council as its un-ring fenced grant was due to stop in 2019/20, but was rolled forward into 2020/21 as part of the one-year Spending Review in 2019.

3.2.4 Alongside the continuation of Revenue Support Grant, central government have also confirmed that New Homes Bonus funding will continue for another year, and a new un-ringfenced grant, Lower Tier Services Grant, is being introduced. It is expected that these allocations are for one year only, as the Fair Funding Review is still expected to take place in the coming year, which would change the way councils are funded from April 2022.

3.2.5 This budget supports the Council’s priorities communicated in its strategy **“Towards 2030; A Strategy for Mansfield”**, and identifies its financial implications. It shows the approach the Council will take in order to deliver its services and priorities within its financial constraints and in doing so, how it will look to provide value for money.

**3.3 Economic Context**

3.3.1 The UK left the European Union on 31st January 2020, with the calendar year 2020 being a “transition period”, in which the UK remains in both the EU customs union and single market, continuing to follow EU rules and regulations. The UK has been in talks with the EU to agree the relationship between the two institutions going forward. How this will impact specifically on Mansfield District Council and its residents is still unclear at the time of writing this report.

3.3.2 No provision has been made in the budget for costs that might be incurred as a result of Brexit; should there be any significant impact on the Council’s resources as a result, this will be addressed at that time. Central Government have made available a grant of £35,000 to the Council to meet any costs associated with Brexit.

3.3.3 The Covid-19 pandemic and national lockdown strongly impacted the UK from March 2020, with a further national lockdown taking place in November, and local lockdowns of varying degrees still required throughout the UK at the time of writing. Throughout the financial year, Central and Local Government have worked together to distribute required grants to businesses

3.3.4 As part of the Council’s longer term service and budget planning, account needs to be taken of the impact of a range of options which might affect the national, regional and local economies. The effect on interest rates, inflation and value of sterling will be felt by the Council, local residents and businesses.

3.3.5 The Bank of England base dropped to a historic low level of 0.1% in March 2020, in response to the Covid-19 pandemic and subsequent national lockdown. Prior to this, the base rate had been at 0.75% since 1 August 2018. The Base Rate is currently not anticipated to increase again for quite some time, with the Bank of England having written to UK banks asking them how ready they are if interest rates were cut to zero or turned negative.

3.3.6 The Consumer Price Index (CPI), which provides the measure for inflation, was at 0.5% at August 2020. However, this percentage was impacted by falling priced in restaurants and cafés, arising from the government’s Eat Out to Help Out scheme, which aimed to encourage people back to eating out, after the hospitality sector was shut down in the national lockdown. The Bank of England Monetary Policy Report (August 2020) states that the Bank will take further action to help the economy recover, and return inflation to the target level of 2%.

**3.4 General Fund**

**3.4.1 General Fund Proposed Budgets, 2021/22 to 2023/24**

3.4.1.1 Appendix 1 shows the base budget projected for each of the Council’s Directorates for the 2021/22, 2022/23 and 2023/24 financial years (along with the latest approved budget for the current financial year, 2020/21).

3.4.1.2 Appendix 1 shows a balanced General Fund revenue budget for 2021/22 with annual rising deficits thereafter.

3.4.1.3 The figures contained within Appendix 1 do not include any service developments put forward by Departments and do not include any potential supporting finance from the Council’s balances or earmarked reserves.

**3.4.2 Proposed Savings and Efficiencies**

3.4.2.1 Mansfield District Council is an ambitious Council committed to continuous improvement and the delivery of better outcomes for its customers, partners, employees and members.

3.4.2.2 The Council recognises that the future for local government is one of significant change. Over the last decade the role of Local Authorities has changed significantly, set against a backdrop of reduced grant received from Central Government that had previously been made available to support Local Authorities in delivering core statutory services

3.4.2.3 The Council’s Transformation Strategy recognises that it needs a truly transformational approach that delivers whole Council change based on future demand and self-sufficiency.

3.4.2.4 The Council’s approach is based on two specific themes, Improvement and Change and Commercialism, facilitated by the cross cutting themes of People First and Finance and Resources. Each theme has its own work strands and is illustrated visually below:



3.4.2.5 The Council is committed to delivering high quality services for its residents and to make Mansfield and District a place where people want to live, visit and do business. The Transformation Strategy sets out the approach to be taken to achieve this against the current financial and economic background.

3.4.2.6 The Council will continue to use powers given by the Secretary of State which gives local authorities the freedom to use capital receipts from the sale of their own assets (excluding Right to Buy receipts) to help fund the revenue costs of transformation projects to release on-going savings. A separate report will be presented to Council on 27 January 2021. This will be for approval around the flexible use of capital receipts by the Council, where it is deemed that this is the best option available.

3.4.2.7 Within the Council’s budget there are transformation savings totalling £1.922million to be found in 2021/22, as set out in Appendix 1. These transformation savings are mainly part of the 2020/21 budget, and work is currently on-going to either reduce the Council’s expenditure, through a reduction in its establishment and ongoing transformation projects, or generate additional income; as these savings are identified it will reduce the level of savings that need to be identified for future years. If these savings are not identified they will add to the total deficit that needs to be found in 2021/22.

3.4.2.8 In order to address the deficit for the 2022/23 financial year, work will be undertaken to review all the services provided by the Council. This will focus on whether or not the service will continue to be provided, and where it is deemed that the service is still required, an assessment as to the level of service provided will be undertaken.

**3.4.4 Assumptions**

3.4.3.1 This section sets out the assumptions used to develop the detailed budget over the period of the Medium Term Financial Strategy, including those assumptions used to determine the major sources of funding that the Council is anticipating.

**3.4.4 Government Grant**

3.4.4.1 For 2021/22, the Council has “rolled over” its Revenue Support Grant levels from 2020/21, which was confirmed in the provisional Local Government Finance Settlement announced 17 December 2020.

3.4.4.2 Alongside Revenue Support Grant, the Council has also been allocated a new grant – Lower Tier Services Grant – which has been built into the budget for 2021/22.

**3.4.5 Business Rates**

3.4.5.1 In addition to the baseline allocation of Business Rates, the Council retains 40% of any business rates collected above the assumed baseline level (with Nottinghamshire County Council and Nottinghamshire Fire and Rescue Service also receiving 9% and 1% respectively), with the remaining 50% being contributed to the Nottinghamshire Business Rates Pool. If business rates income falls to less than 92.5% of the baseline, the Council will receive a ‘safety net’ payment from the Pool, so that any loss of income below the baseline is capped at 7.5%.

3.4.5.2 The Council is a member of the Nottinghamshire Business Rates Pool which shares the risks associated with reducing business rates income from revaluations or closure of key employers and shares the benefit of growth across the county. The budget does not take account of any surplus which may be made as a result of growth.

3.4.5.3 One of the challenges faced by all local authorities is effectively predicting the level of movement in the business rate tax base. This is dependent on accurately forecasting the timing and incidences of new properties, demolitions and significant refurbishments, together with the consequent effect on valuations. This is further complicated by the need to assess the level of appeals that will be lodged successfully against new/revised valuations, together with their timing.

3.4.5.4 Although there has been growth in the tax base since the scheme started in 2013/14, the Council is expecting reductions as a result of the settling of appeals, which includes backdating to previous years. Provisions have been made in the accounts to cover these amounts, but the risk is that the value of the settled appeals could be much higher. The appeals position nationally remains difficult to forecast accurately with fresh appeals likely as a result of the 2017 Business Rates revaluation.

3.4.5.5 It was intended that, from 2021/22, local authorities would retain 75% of the Business Rates that they collect. However, this has now been postponed due the focus within Central Government on the response to the Covid-19 pandemic.

3.4.5.6 It has been agreed by the Economic Partnership Committee, consisting of Nottinghamshire and Derbyshire Local Authorities, that a 50% proportion of any surplus made by Mansfield District Council from being part of the Nottinghamshire Business Rates Pool be used to support economic regeneration. Use of this element in the future will need to be determined by the Economic Partnership Committee and possibly returned to local authorities to determine their need locally.

**3.4.6 Council Tax**

3.4.6.1 The financial year 2020/21 was the first year that Mansfield District Council increased its Council Tax since 2011/12, at which time Central Government provided financial incentives for Councils to freeze their Council Tax levels.

3.4.6.2 Central Government have powers to limit the amount a local authority can increase its Council Tax levels before a local referendum would have to be held asking residents whether they agree to the increase. For the financial year 2020/21, Central Government stated that Local Authorities were able to increase Council Tax by 2%, or by £5 on a Band D equivalent, whichever is higher, before having to hold a referendum. However, the limits at which a referendum will be required for 2021/22 Council Tax setting have not yet been confirmed.

3.4.6.3 The Council Tax Base is the basis on which the Council Tax is set each year for Mansfield District Council and for the precept raised by Nottinghamshire County Council, the Nottinghamshire Police and Crime Commissioner and Nottinghamshire Fire and Rescue Service.

3.4.6.4 For residents of Warsop there is an additional precept raised by the parish council which requires a separate base to be identified for that area.

3.4.6.5 The Council Tax Base is based on the Council’s estimate of its Council Tax base calculated after 30 November 2020 in line with statutory requirements, which was approved on 21 December 2020. The Council Tax Base to be used for calculating 2021/22 Council Tax is 29,512.2

3.4.6.6 The following Table (Table 1) shows the additional income that the Council will collect by increasing the Mansfield District Council element of the Council Tax bill by £5.00 on a band D (which equates to a 2.7% increase). It also shows the amount that would be payable annually by each of the Council Tax bands for the Mansfield District Council element only:

Table 1

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
| **Band** | **Number of Properties** | **Mansfield District Council** | £5 on a Band D (\*) | Change from 2020/21 |
| A | 27,359 | 126.48 | 129.81 | 3.33 |
| B | 9,703 | 147.56 | 151.45 | 3.89 |
| C | 6,782 | 168.64 | 173.08 | 4.44 |
| D | 3,934 | 189.72 | 194.72 | 5.00 |
| E | 1,583 | 231.88 | 237.99 | 6.11 |
| F | 454 | 274.04 | 281.26 | 7.22 |
| G | 191 | 316.2 | 324.53 | 8.33 |
| H | 26 | 379.44 | 389.44 | 10.00 |
| Total | 50,032 |  |  |  |
| Additional income generated | 167 |  |
| £000 |   |   |

(\*) A £5.00 increase on a Band D property, equates to a 2.7% increase on all bands.

3.4.6.7 The Council’s budget takes into account the additional £167,000 income raised through increasing its Council Tax, in order to achieve a balanced budget.

**3.4.7 Collection Fund Surpluses and Deficits**

3.4.7.1 Central government have indicated that surpluses and deficits for Council Tax and Business Rates can be spread over the next three years, as they predict that deficit on these income streams will be greater than initially anticipated, and this will lessen the impact on the 2021/22 budget.

3.4.7.2 Traditionally, the process of sharing surpluses or deficits on the Collection Fund takes place over two years. As a result of Covid-19, there is likely to be a larger-than-normal deficit on the 2020-21 Collection Fund.

3.4.7.3 To mitigate against this deficit, Central Government have proposed amending regulations so that authorities credit two-thirds of their estimated loss of council tax and non-domestic rating income in 2020/21 in the calculation of the estimated surplus/deficit they make prior to 2021/22. This will reduce the estimated deficit on the Collection Fund that is to be taken into account in setting 2021/22 budgets by two-thirds of the loss of 2020/21 income, leaving authorities to deal with only a third of that loss in that year’s budgets.

**3.4.8 New Homes Bonus Grant**

3.4.8.1 Under the New Homes Bonus Grant, councils are awarded un-ring fenced grant income from Central Government where the number of houses increase within their District, including both new builds and where homes are brought back into use.

3.4.8.2 The New Homes Bonus grant started from the 2011/12 financial year, and the Council has used this to fund specific projects. As these have come to an end any residual value has been used to assist in balancing the budget.

3.4.8.3 The Provisional Local Government Settlement included allocations of New Homes Bonus for the 2021/22 financial year. These payments are in the same way that payments were made in 2020/21, with no legacy payments being made in subsequent years. Any New Homes Bonus received in 2021/22 are therefore a one-off allocation.

3.4.8.4 The provisional finance settlement has awarded Mansfield District Council a total of £268,000 in New Homes Bonus for the 2021/22 financial year; the Council has used this grant in order to assist in balancing the budget and providing on-going services to its residents. The Council has not made any assumptions regarding future New Homes Bonus.

**3.4.9 Fees and Charges**

3.4.9.1 Mansfield District Council is responsible for setting some of the fees and charges for services that it charges residents and customers (some fees and charges are set by statute, whilst others are set by other bodies such as Nottinghamshire County Council). Each year, individual services are responsible for determining the level of increase proposed; the options for adjusting fees and charges comprise:

* Increase to cover a general inflationary increase
* Increase to cover a general inflationary increase - rounded
* Increase to cover a specific inflationary increase
* Increase or decrease to achieve the Council’s priorities
* Change to reflect market conditions
* Change to reflect actual cost of service
* Change to generate additional income

3.4.9.2 Where the Council is responsible for determining the level of fees chargeable, 2% inflation has been used as a basis for the setting fees and charges for 2021/22, which is in line with the Bank of England’s target for inflation over the medium term. Where changes are made to fees which are set by statute (that is, the Council has no control over), the proposed fees will be revised accordingly. As part of the revenue budget proposals a review of all fees and charges income was undertaken.

3.4.9.3 Appendix 9 sets out the proposed fees and charges, for the General Fund for the 2021/22 financial year. The fees and charges put forward have been used in calculating the proposed General Fund budgets, changes to this would result also in changes to those budgets.

3.4.9.4 The fees and charges are generally rounded to the nearest 10 pence, 50 pence or £1 for operational purposes. This is particularly relevant where machinery, such as car parks machines, is set to receive coinage and where small denominations of coins are required to provide change to customers.

3.4.9.5 The amendments to the Hackney Carriage and Private Hire fees will be subject to a 28-day consultation process, an advert detailing the proposed fees in a local newspaper and the opportunity for the trade to make representations following Council approval.  If no representations are received the proposed fee structure will then be adopted. If, however, representations are received then a further decision will be required taking account of the representations as to whether the proposed fees should be amended.  This decision must be made within two months from the date of the end of the original representation period.

3.4.9.6 The Taxi and Licensing fees for 2021/22 were approved by the Licensing committee on the 8th October 2020.

**3.4.10 Expenditure Budgets**

3.4.10.1 In developing the financial projections, covering the Medium Term Financial Strategy from 2021/22 to 2023/24, a number of assumptions have been made, including:

* Inflation, where applied, is at the Bank of England’s target for CPI which currently stands at 2% per annum
* It was announced as part of the Provisional Local Government Finance Settlement, that local government pay for 2021/22 would be frozen at 2020/21 levels. This has been reflected in the budget for 2021/22 and future years.
* In 2023/24 the Nottinghamshire Pension Scheme will have an Actuarial triennial valuation. However, as this is a number of years away, the Council has kept the employer’s contribution fixed at the current rate of 19.5%

**3.4.11 Review of General Fund Balances**

3.4.11.1 At the end of the 2019/20 financial year, General Fund balances stood at £2.347million.

3.4.11.2 As part of the budget setting process, a risk assessment was carried out on the minimum level of General Fund Balances held by the Council. A copy of which can be found in Appendix 6. Based on this risk assessment, the minimum recommended level held in General Fund Balances is £2.1million.

3.4.11.3 Should the General Fund make a deficit on its 2020/21 budget outturn position, this will further reduce General Fund Balances.

**3.4.12 Review of Earmarked Reserves**

3.4.12.1 As part of the budget setting process, Earmarked Reserves, and the level of resources held in each are reviewed to determine whether they are still required. If any reserve is no longer deemed as being necessary, then resources are released back to either the revenue account or the capital programme.

3.4.12.2 The review carried out as part of the budget setting process revealed that the level of Earmarked Reserves is required to meet future expected expenditure, therefore meaning that resources cannot be freed up at this time.

**3.5 Housing Revenue Account**

3.5.1 The Housing Revenue Account (HRA) is a ring fenced account, within which the costs incurred by the Council in delivering a landlord function in respect of its council dwellings is met through rents paid by Council tenants

**3.5.2 Housing Revenue Account (HRA) Proposed Budget, 2021/22 to 2023/24**

3.5.2.1 Appendix 3 summarises the Housing Revenue Account proposed budgets for the 2021/22 to 2023/24 financial years.

3.5.2.2 The proposed budget for the Housing Revenue Account (HRA) shows a balanced budget position for 2021/22, with deficits in future years.

**3.5.3 Assumptions**

3.5.3.1 The HRA budget makes the same assumptions as the General Fund in relation to staff costs and inflation, however there are some additional assumptions which are specific to the HRA, including:

3.5.3.2 Council Dwelling rents – For 2021/22 onwards the rent policy is CPIH plus 1%, and this has been assumed for future years.

3.5.3.3 HRA specific fees and charges – Although the main source of income available to the Housing Revenue Account is dwelling rents, it is also dependent for its financial sustainability on a range of other charges. These charges are set on the principle that wherever possible the charge for the service should reflect the cost of providing those services. Appendix 10 contains the fees and charges for the Housing Revenue Account for the 2021/22 financial year.

3.5.3.4 The fees and charges put forward have been used in calculating the proposed Housing Revenue Account budgets, changes to this would result also in changes to those budgets.

**3.5.4 Housing Revenue Account Reserves**

3.5.4.1 At 31 March 2020, Housing Revenue Account Reserves stood at £28.538million, of which £26.788million has been committed towards future planned expenditure, as set out in Table 2 below.

Table 2

|  |  |
| --- | --- |
|   | £000 |
| To repay future HRA loans | 19,704 |
| New Build Reserve | 6,358 |
| Grant Carry Forwards | 148 |
| Redundancy Reserve | 578 |
| Total | 26,788 |

3.5.4.2 This leaves an unallocated balance of £1.750million, which is the minimum level of balances required for the HRA.

**3.6 Capital Programme**

3.6.1 Council approved the existing Consolidated Capital Programme 2020/21 to 2022/23 on the 22 January 2020.The resources available to finance the Consolidated Capital Programme were also assessed as part of the budget setting process. Further reports have been approved since then which have increased the capital programme by adding new schemes. In addition there have been carry forwards from the 2019/20 capital programme. Any subsequent reports that are approved prior to the Council meeting on 27 January 2021 will be incorporated into the final budget report.

3.6.2 **General Fund Capital Programme**

3.6.2.1 Table 3 below shows the proposed Consolidated General Fund Capital Programme for the next three years from 2021/22 to 2023/24 together with the sources of funding.

|  |
| --- |
| Table 3 |
|  |  |  |  |
|   | Proposed | Proposed | Proposed |
|  | 2021/22  | 2022/23  | 2023/24 |
|   | £000 | £000 | £000 |
| General Fund Capital Programme  | 9,090 | 3,803 | 2,118 |
| **Total**  | **9,090** | **3,803** | **2,118** |
|  |  |  |  |
| **Funded by:** |  |  |  |
| Revenue contribution  | 935 | 935 | 886 |
| Prudential Borrowing | 2,892 | 0 | 0 |
| Capital Receipts | 1,745 | 1,462 | 227 |
| Grants and contributions  | 1,545 | 1,005 | 1,005 |
| Reserves | 1,697 | 401 | 0 |
| Section 106  | 276 | 0 | 0 |
| **General Fund Funding** | **9,090** | **3,803** | **2,118** |

3.6.2.2 A breakdown of the individual capital schemes is provided in Appendix 4 of this report.

3.6.3 **Housing Revenue Account (HRA)**

3.6.3.1 The Housing Revenue Account Capital Programme reflects the expenditure to maintain the decency of the Councils housing stock and also to undertake other areas of general improvement. In addition to capital works on the existing housing stock and the completion of the current new build and conversion schemes the Council has approved a programme of new build schemes totalling £54.2million.

3.6.3.2 Table 4 below shows the proposed Housing Revenue Account Capital Programme for the next three years from 2021/22 to 2023/24 together with the sources of funding.

|  |
| --- |
| Table 4 |
|  |  |  |  |
|   | Proposed | Proposed | Proposed |
|  | 2021/22  | 2022/23  | 2023/24 |
|   | £000 | £000 | £000 |
| Housing Revenue Account Capital Programme (see Appendix 2) | 6,617 | 4,190 | 4,190 |
| New Build Schemes (see Appendix 2) | 35,116 | 11,417 | 0 |
| **Total**  | **41,733** | **15,607** | **4,190** |
|  |  |  |  |
| **Funded by:** |  |  |  |
| Grants and contributions | 286 | 0 | 0 |
| Capital Receipts | 1,296 | 292 | 0 |
| Reserves | 10,000 | 2,500 | 0 |
| Major Repairs Reserve | 12,309 | 4,220 | 4,190 |
| Prudential Borrowing | 17,842 | 8,595 | 0 |
| **Housing Revenue Account Funding** | **41,733** | **15,607** | **4,190** |

3.6.3.3 A breakdown of the individual capital schemes is provided in Appendix 5 of this report.

**3.7 Consultation**

3.7.1 The budgets contained within this budget report have been subject to consultation with Overview and Scrutiny Committee (Corporate). Further information supporting the budgets was made available to Overview and Scrutiny Committee (Corporate) to support them in their role. A copy of their feedback report, which was presented to Cabinet on 14 December 2020, can be found at Appendix 7, along with Cabinet’s response which was presented to Overview and Scrutiny Committee (Corporate) on 5 January 2021, which can be found at Appendix 8.

3.7.2 Consultation on specific proposals will take place with the public and other relevant stakeholders, including the Unions, where proposed savings affect staffing and working practices.

3.7.3 Where necessary, Equality Impact Assessments will be undertaken on individual budget proposals and the impact on the budget overall, together with actions to mitigate any inequalities identified as a result of these assessments.

**3.8 Next Steps**

Timetable for reports:

* Cabinet 18th January – Portfolio Holder to present budget
* Council 27th January – Council to approve budget
* Council 9th March - Council Tax resolution made by Council including precepts from other authorities

**4. OPTIONS AVAILABLE**

4.1 Any amendments proposed could only be implemented if the overall General Fund and Housing Revenue Accounts provide a balanced budget.

**5. RISK ASSESSMENT OF RECOMMENDATIONS AND OPTIONS**

|  |  |  |  |
| --- | --- | --- | --- |
| **Risk**  | **Risk Assessment**  | **Risk Level**  | **Risk Management**  |
| **Financial**That the figures contained within the proposed budgets for income and expenditure are inaccurate | That the calculations have been made incorrectly. There is a great deal of work involved in bringing the information together and errors may occurThat the assumption on which the budgets are based are incorrect | MediumMedium | A quality check is undertaken throughout the process and errors identifiedThe assumptions shown within the Medium Term Financial Strategy have been reviewed and where necessary adjustments have been made |
| Increasing fees and charges will have an adverse impact on the demand for Council services | A number of the Council’s budgets are dependent on external factors when it comes to achieving income targets. | Low | Proposed increases in fees and charges are in line with the inflationary target (of 2%) set by the Bank of England.Budgets are monitored on a monthly basis with any significant variances between budgeted and actual figures being reported to the Corporate Leadership Team where corrective action is sought. |
| **Legal** | That the budgets include something for which the Council does not have the necessary powersIf Equality Impact Assessments cannot be shown to have been carried out robustly, the Council may be open to legal challenge | LowMedium | The proposals for efficiencies which require changes in operation or service delivery will be subject to legal consultation prior to implementationEquality Impact Assessment completed for individual proposals and on the overall budget |
| **Reputational** | That the proposed budgets damage the Council’s reputation | Low | The proposals are in line with the Council’s statutory and corporate objectives |
| **Employee Relations** | Employee relations may become strained as a result of budget proposals for savings and efficiencies | Medium | Communication and consultation with Trade Unions and employees as affected |

**6. ALIGNMENT TO COUNCIL PRIORITIES**

6.1 The proposals for this budget have been developed in line with the Council’s priorities as stated in the strategy **Towards 2030: A Strategy for Mansfield**.

**7. IMPLICATIONS**

(a) Relevant Legislation – It is a statutory requirement under Section 33 of the Local Government Finance Act 1992, for the Council to produce a balanced budget.

The Council’s budget also adheres to the following legislation:

* + Local Government Act 1972
	+ Local Government Finance Act 1972
	+ Local Government Finance Act 1988
	+ Local Government and Housing Act 1989
	+ Local Authorities (Functions and Responsibilities) (England) Regulations 2000
	+ The Local Authorities (Capital Finance and Accounting)(England) Regulations 2003

(b) Human Rights – No impact

(c) Equality and Diversity – Equality Impact Assessments will be undertaken by services where cuts and efficiency savings may impact on the level and quality of services received by residents and businesses within Mansfield.

(d) Climate change and environmental sustainability – The revenue budget contains schemes which are designed to reduce the Council’s carbon footprint as well as reducing CO2 emissions across the district.

(e) Crime and disorder – The revenue budget contains services which are designed to reduce crime and disorder.

(f) Budget/Resources – Contained within the body of this report

**8. COMMENTS OF STATUTORY OFFICERS**

(a) Head of Paid Service – The report describes the many influences upon the setting of the Council’s budget together with the proposals as to how those challenges can be met. It is important that the proposals are given thorough consideration by the Overview and Scrutiny Committee to ensure that a balanced budget, which also protects services as far as possible, can be recommended to Council.

(b) Monitoring Officer – It is the responsibility of the Elected Mayor and the Executive to prepare and recommend annual budgets to the Council.  The Portfolio Holder for Corporate and Finance is authorised to consult with relevant Overview and Scrutiny Committee members on such issues. The Council’s Constitution contains Budget and Policy Framework Procedure Rules which must be followed when the Council sets its budget.

When setting the budget the Council must be mindful of the potential impact on service users. Any consultation exercises which have been undertaken in the preparation of the 2021/22 budget are relevant in this respect.

Section 149 of the Equality Act 2010 imposes an obligation on Members to have due regard to protecting and promoting the welfare and interests of persons who share a relevant protected characteristic (age; disability; gender re-assignment; marriage and civil partnership; pregnancy and maternity; race; religious or belief; sex and sexual orientation).

Case law has clarified that there is no obligation on a local authority to carry out equality impact analysis of the high level strategic budget setting process. Once the budget has been set and as spending decisions are made service by service, and as policies are developed within the constraints of the budgetary framework, proposals will be further considered by Members and will be subject to an appropriate and proportionate assessment of any equality implications as well as consultation, where appropriate.

(c) Section 151 Officer – This report sets out the projected budget position for 2021/22 to 2023/24. There will be an on-going deficit in future years as public sector funding becomes tighter. The Council needs to be prepared to make decisions regarding the services provided, the level at which they are provided and the way in which they are provided if it is to maintain balanced and sustainable budgets for the future and ensure that priorities are delivered.

Robustness of budgets – As S151 Officer, I have a duty to comment on the robustness of the budgets proposed. At this stage further work is necessary to provide the balanced budget required. A range of areas have been identified which will need to be quantified. The mechanisms are in place to ensure this.

The process carried out and the assumptions made in developing the budgets are robust with the necessary level of quality checking in place to minimise the risk of error or omission.

Adequacy of reserves – I am also required to comment on the level of reserves. I am satisfied that the level of reserves is adequate to meet contingencies and that the proposed budgets do nothing to reduce these below the minimum level assessed as being necessary. The ultimate level will also be determined by the ability to identify the savings from the areas set out as part of the Transformation Strategy and the level of risk associated with the delivery of these.

The Local Government Finance Act 1992, sections 42, 43 and 93 places a statutory duty on local authorities to set a balanced budget, having made regard for the expenditure it estimates it will incur during the year in performing its functions, and the income it expects to receive through fees and charges, (general and specific) grants and the Council Tax it collects from its residents.

Whilst it is the responsibility of the Executive to prepare the budget and recommend the Council Tax levels for a specific year for consideration by the Authority, under the Local Authorities (Functions and Responsibilities) (England) Regulations 2000, paragraphs 9 to 11 of Regulation 4 (Functions not to be the sole responsibility of an Authority’s Executive), it is the responsibility of the Authority to approve the Council’s Budgetary Requirement and set Council Tax levels, as set out in the Local Government Finance Act 1992.

In determining the level of Council Tax, fees and charges and approval of savings put forward, the Council must consider the sustainability of the Council‘s financial position and the projections outlined within this Medium Term Financial Strategy

**9. CONSULTATION**

9.1 The proposals within this report will be the basis for consultation with Trade Unions and Employees. Further consultation will take place on specific proposals within the budget.

9.2 This report recommends scrutiny by Overview and Scrutiny Committee (Corporate) in line with the Council’s consultation.

**10. BACKGROUND PAPERS**

None

|  |  |  |
| --- | --- | --- |
| Report Author | - | Emma Cable |
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|  |  |  |

**Appendix 1**

**General Fund Proposed Budgets, 2021/22 to 2023/24**

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
|  | **2020/21** | **2021/22** | **2022/23** | **2023/24** |
|  | Latest Approved Budget | Total Year Budget  | Total Year Budget | Total Year Budget |
|  |  |  |  |  |
| **Head of Service** |  |  |  |  |
| Head of People &Transformation | 2,928  | 3,195  | 3,276  | 3,325  |
| Head of Health & Communities | 4,451  | 3,787  | 3,848  | 3,911  |
| Head of Finance | (795) | 429  | 454  | 480  |
| Head of Housing | 882  | 898  | 908  | 916  |
| Head of Law & Governance | 2,748  | 2,737  | 2,797  | 2,843  |
| Head of Neigbourhood Services | 4,561  | 3,756  | 3,808  | 3,849  |
| Head of Planning &Regeneration | 67  | (847) | (804) | (804) |
| Corporate Transformation Savings | (1,497) | (1,922) | (1,900) | (1,897) |
| Corporate Saving - Pay Freeze | 0  | (217) | (217) | (217) |
|  | **13,345**  | **11,816**  | **12,170**  | **12,406**  |
|  |  |  |  |  |
| **Below Net Cost of Service** |  |  |  |  |
| Interest on Balances | 3,366  | 3,933  | 4,656  | 4,665  |
| Borrrowing Interest Paid | (2,819) | (2,563) | (2,861) | (2,885) |
| Statutory Debt Repayment | 464  | 446  | 428  | 412  |
| Investment Property Income | (2,518) | (3,544) | (3,939) | (4,067) |
| Town and Parish Precepts | 105  | 105  | 105  | 105  |
| Depreciation reversal | (1,376) | (1,223) | (1,214) | (1,214) |
| **Net Revenue Expenditure** | **10,567**  | **8,968**  | **9,344**  | **9,422**  |
|  |  |  |  |  |
| **Transfers to / from Reserves** | (314) | 1,633  | 1,469  | 1,469  |
|  |  |  |  |  |
| **Funding Requirement** | **10,253**  | **10,601**  | **10,813**  | **10,891**  |
|  |  |  |  |  |
| **Funded by:** |  |  |  |  |
| **External Funding** |  |  |  |  |
| Retained Business Rates | (3,689) | (4,073) | (4,111) | (4,111) |
| New Homes Bonus | (631) | (268) | 0  | 0  |
| Revenue Support Grant | (249) | (250) | 0  | 0  |
| Lower Tier Services Grant | 0  | (159) | 0  | 0  |
|  | **(4,569)** | **(4,750)** | **(4,111)** | **(4,111)** |
|  | 0 | 0 | 0 | 0 |
| **Total Council Tax Requirement** | (5,684) | (5,851) | (5,851) | (5,851) |
|  |  |  |  |  |
| **Deficit/(Surplus)** | **0**  | **0**  | **851**  | **929**  |

**Appendix 2**

**General Fund Savings Proposals 2021/22**

|  |  |  |  |
| --- | --- | --- | --- |
|  | **2021/22** | **2022/23** | **2023/24** |
|  | **£000** | **£000** | **£000** |
| Unidentified Savings Target  | 830 | 1,330 | 1,411 |
|  |  |  |  |
| Less options: |  |  |  |
| Council Tax @ £5 for and D | 167 | 167 | 167 |
| Revenue Support Grant | 250 | 0 | 0 |
| New Homes Bonus | 268 | 0 | 0 |
| Lower Tier Services Grant | 159 | 0 | 0 |
| Pay Freeze (net impact) | 217 | 217 | 217 |
| Increase in Mansfield Woodhouse Train Station to £2 daily charge | 20 | 20 | 20 |
| Reduce My Mansfield to 2 issues | 10 | 10 | 10 |
| Reduction in Cabinet Member | 15 | 15 | 15 |
| 10% reduction in Special Responsibility | 20 | 20 | 20 |
| Contribution to Earmarked Reserves | -296 | 0 | 0 |
|  | 830 | 449 | 449 |
|  |  |  |  |
| Unidentified Savings | 0 | 881 | 962 |

**Appendix 3**

**Housing Revenue Account Proposed Budgets, 2021/22 to 2023/24**

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
|  | 2020/21 | 2021/22 | 2022/23 | 2023/24 |
|  | Latest Approved Budget | Proposed Budget | Proposed Budget | Proposed Budget |
|   | £000 | £000 | £000 | £000 |
| Tenancy Services | 1,061  | 1,094  | 1,115  | 1,134  |
| Community Centres | 384  | 396  | 406  | 414  |
| Housing Repairs | 7,058  | 7,353  | 7,476  | 7,599  |
| ASB | 96  | 96  | 98  | 100  |
| District Heating | 569  | 510  | 521  | 529  |
| Temporary Accommodation | 515  | 558  | 564  | 578  |
| Housing Allocation and Choice Based Lettings | 250  | 169  | 173  | 177  |
| Assist - Poppyfields | 779  | 769  | 785  | 799  |
| Grounds Maintenance | 307  | 315  | 315  | 315  |
| Debt Recovery | 37  | 37  | 38  | 39  |
| Corporate Recharges for Central Overheads | 1,891  | 1,888  | 1,925  | 1,959  |
| Reduction in establishment | -558  | -876  | -871  | -871  |
| Other Non-Service Costs (See Table A) | 13,752  | 13,748  | 15,370  | 15,379  |
| Current Base | 26,141  | 26,058  | 27,915  | 28,150  |
|  |  |  |  |  |
| Financed From: |  |  |  |  |
| Dwelling rents | -24,327  | -24,272  | -24,682  | -25,106  |
| Commercial Rents | -533 x | -560  | -572  | -585  |
| Assisted Living | -121  | -123  | -126  | -128  |
| GF Contributions | -592  | -592  | -593  | -593  |
| District Heating Income | -569  | -510  | -521  | -529  |
|  |   |   |   |   |
| Deficit / (-) Surplus | 0  | -0  | 1,422  | 1,209  |

Table A

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
|  | 2020/21 | 2021/22 | 2022/23 | 2023/24 |
|  | Latest Approved Budget | Proposed Budget | Proposed Budget | Proposed Budget |
|  | £000 | £000 | £000 | £000 |
| Revenue Contribution to Capital | 2,009  | 2,115  | 2,440  | 2,310  |
| Loan repayment set aside | 4,051  | 3,587  | 4,455  | 4,455  |
| Proportion of outstanding loan interest and debt management costs | 2,417  | 2,444  | 2,743  | 2,753  |
| Provision for bad and doubtful debt | 500  | 500  | 500  | 500  |
| Depreciation on housing stock and operational buildings | 4,775  | 5,102  | 5,232  | 5,362  |
|  |   |   |   |   |
| Total | 13,752  | 13,748  | 15,370  | 15,379  |

**Appendix 4**

|  |
| --- |
| **GENERAL FUND Capital Programme 2020/2021 to 2023/2024** |
|   | **2021/22** | **2022/23** | **2023/24** |
|   | £000 | £000 | £000 |
| **Head of Housing** |  |  |  |
| Disabled Facilities Grant | 620 | 620 | 620 |
| Warm Homes Healthy People | 100 | 100 | 100 |
| Discretionary Assistance | 285 | 285 | 285 |
| **Total Head of Housing** | **1,005** | **1,005** | **1,005** |
|  |  |  |  |
| **Head of Neighbourhood Services** |  |  |  |
| S106 314 Ladybrook Park | 23 | 0 | 0 |
| S106 Bull Farm Park 249  | 131 | 0 | 0 |
| S106 Water Lane Allotments 248 Contractor Payments | 12 | 0 | 0 |
| S106 Woburn Rd OS 249  | 40 | 0 | 0 |
| S106 Johnsons Drive 311A  | 48 | 0 | 0 |
| S106 Skegby Lane | 11 | 0 | 0 |
| S106 Quarry Lane LNR 191 | 10 | 0 | 0 |
| Cemeteries  | 29 | 0 | 0 |
| Cemeteries Infrastructure | 1,815 | 0 | 0 |
| Fleet Vehicle Acquisition | 472 | 472 | 472 |
| **Total Head of Neighbourhood Services** | **2,591** | **472** | **472** |
|  |  |  |  |
| **Head of People and Transformation** |  |  |  |
| Quarry Cliff Face | 1,255 | 0 | 0 |
| **Total Head of People and Transformation** | **1,255** | **0** | **0** |
|  |  |  |  |
| **Head of Planning and Regeneration** |  |  |  |
| Town Hall Redevelopment  | 36 | 0 | 0 |
| Mansfield Townscape HLF Funded | 500 | 0 | 0 |
| Walken Street Car Park Cladding  | 100 | 0 | 0 |
| Walken Street Car Park Resurfacing | 200 | 300 | 0 |
| Walken Street Car Park Lifts | 300 | 150 | 0 |
| Four Seasons Car Park Concrete Repairs | 0 | 70 | 0 |
| Four Seasons Car Park Resurfacing Upper  | 300 | 150 | 0 |
| Four Seasons Car Park Resurfacing Mid /Lower | 0 | 500 | 0 |
| Civic Centre Service Air handling plant | 165 | 100 | 0 |
| Civic Centre Building Works | 50 | 0 | 0 |
| Civic Centre Fire Dampers | 40 | 0 | 0 |
| Civic Centre Toilet Extract | 130 | 0 | 0 |
| Civic Centre Hot Water | 60 | 0 | 0 |
| Civic Centre Building Management System | 45 | 0 | 0 |
| Palace Theatre Lift Upgrade | 5 | 0 | 0 |
| Palace Theatre Lighting | 100 | 0 | 0 |
| Mansfield Museum Fire alarm upgrade | 5 | 0 | 0 |
| Hermitage Lane Depot Office Works | 300 | 165 | 0 |
| Hermitage Lane Depot Office Lighting | 19 | 0 | 0 |
| Berry Hill Park Asset condition works | 200 | 150 | 0 |
| Condition Surveys Identified works asbestos | 280 | 280 | 170 |
| Statutory Compliance Risk Assessments/Fire and legionella | 45 | 0 | 25 |
| Consultancy Fees Asset condition surveys/ M & E | 24 | 24 | 24 |
| DWP Alterations  | 40 | 0 | 0 |
| PPW Identified from Asset Condition Surveys | 250 | 350 | 400 |
| Walkden Street Car Park - Roof repairs and link corridor. | 75 | 0 | 0 |
| Manor Park Pavilion Roof | 25 | 0 | 0 |
| Town Hall - Drainage | 30 | 0 | 0 |
| Civic Centre - Function Suite | 50 | 0 | 0 |
| Civic Centre - Members/Council Chamber | 100 | 25 | 0 |
| **Total Head of Planning and Regeneration** | **3,474** | **2,264** | **619** |
|  |  |  |  |
| **Head of Health and Communities** |  |  |  |
| Leisure Centres Unallocated | 723 | 62 | 22 |
| **Total Head of Health and Communities** | **723** | **62** | **22** |
|  |  |  |  |
| **Head of Law and Governance** |  |  |  |
| Electronic Voting System | 40 | 0 | 0 |
| **Total Head of Law and Governance** | **40** | **0** | **0** |
|  |  |  |  |
| **GENERAL FUND TOTAL** | **9,088** | **3,803** | **2,118** |

**Appendix 5**

|  |
| --- |
| **Housing Revenue Account Capital Programme 2021/22 to 2023/24** |
|  |  |  |  |
|  **HRA Capital Programme** | **2021/22** | **2022/23** | **2023/24** |
|   | £000 | £000 | £000 |
| Disabled Adaptations  | 575 | 450 | 450 |
| Contract Management Fees | 40 | 40 | 40 |
| Condition Surveys | 125 | 0 | 0 |
| Special Projects | 100 | 100 | 100 |
| Kitchen Replacements  | 297 | 250 | 250 |
| Bathroom Replacements  | 222 | 200 | 200 |
| Fire Risk Assessments | 3,463 | 2,000 | 2,000 |
| Asbestos Surveys Contract | 262 | 50 | 50 |
| Electricial Upgrades | 693 | 450 | 450 |
| Energy Efficiency | 350 | 200 | 200 |
| Roof Replacement  | 400 | 400 | 400 |
| Housing Management System | 40 | 0 | 0 |
| Unallocated HRA Capital | 50 | 50 | 50 |
| **Total Housing Revenue Account** | **6,617** | **4,190** | **4,190** |
|  |  |  |  |
| **New Build Schemes** | **2021/22** | **2022/23** | **2023/24** |
|   | £000 | £000 | £000 |
| Rosemary Avenue | 100 | 0 | 0 |
| Melville Court | 1,994 | 0 | 0 |
| Newarks Bellamy New Build | 3,974 | 0 | 0 |
| Community Heart Bellamy Road | 4,196 | 789 | 0 |
| Centenary Road (Phase 3) | 12,084 | 2,906 | 0 |
| Barrow Hill Walk | 900 | 0 | 0 |
| Saunby Avenue | 888 | 42 | 0 |
| Fritchley Boiler Site | 600 | 0 | 0 |
| Jubilee Way South Boiler Site | 400 | 0 | 0 |
| Sandy Lane Boiler Site | 280 | 0 | 0 |
| Shirland Drive Boiler Site | 1,800 | 0 | 0 |
| Willows Boiler Site | 0 | 280 | 0 |
| Hathersage Walk | 400 | 0 | 0 |
| Manor Road | 0 | 1,400 | 0 |
| Town Centre and other development | 7,500 | 6,000 | 0 |
| **Total Housing New Build Schemes** | **35,116** | **11,417** | **0** |
|  |  |  |  |
| **Total Housing Revenue Account** | **41,733** | **15,607** | **4,190** |

**Appendix 6**

**Review of Unallocated General Fund Balances**

|  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- |
| Risk | Mitigation in Strategy | Likelihood | Impact | Risk | Reserve requirement£ |
| Interest rates do not increase in line with projections, or the Bank of England reduce interest rates to limit the impact of Covid-19, resulting in lower than anticipated investment income compared to the approved budgeted  | Assumed at low rate1/2% sensitivity on £30m investment | 1 | 1 | Medium | 150,000 |
| Income from fees and charges are lower than assumed. | 1% of total fees and charges income in the budget  | 2 | 2 | Medium | 150,000 |
| Operational / service needs require unplanned financial resources | Contingency based on 2 significant events at £500,000 each | 2 | 2 | Medium | 1,000,000 |
| Additional resources required for capital programme: Reduced / delayed | 20% of receipts required  | 3 | 2 | High | 300,000 |
| 2020/21 savings identified that the Council is unable to implement | In line with transformation savings,  | 2 | 2 | Medium | 500,000 |
| Total |  |  |  |  | 2,100,000 |

**Appendix 7**

|  |
| --- |
| Report of Overview and Scrutiny Committee (Corporate Resources)ToCabinetOn14 December 2020 |
|  |
| **MEDIUM TERM FINANCIAL STRATEGY 2021/22 to 2023/24** |

**1. SUMMARY**

To advise Cabinet of the conclusions and recommendations from Overview and Scrutiny Committee (Corporate Resources) relating to the scrutiny of the Medium Term Financial Strategy for 2021/22 to 2023/24

**2. BACKGROUND**

2.1 The Cabinet approved draft proposals for the Council’s Medium Term Financial Strategy on 2 November 2020 and in accordance with the Council’s Constitution for developing the budget, these were referred to Overview and Scrutiny Committee (Corporate Resources) for scrutinising.

2.2 Overview and Scrutiny Committee (Corporate Resources) held an initial meeting on 3 November 2020, to consider the draft proposals and at this meeting it was agreed to establish a working group to look at the complexity of the Executive’s proposals and conclusions from this group were agreed at a further meeting of the Committee on 30 November 2020. Members were supported at these meetings by the Chief Executive Officer, Head of Finance, Financial Services Manager and the Head of Health and Communities. The Working Group also questioned the Portfolio Holder for Corporate and Finance on the Executive’s initial proposals for reductions in budgets for Cultural Services and Community Safety.

2.3 Following the Chancellor of the Exchequer’s Spending Review on 25 November and announcements concerning Revenue Support Grant, New Homes Bonus and the public sector pay freeze for those earning above £24,000, revised proposals from the Executive were considered by the working group.

2.3 In considering the Executive’s proposals, Members were reminded of the statutory requirement for the Council to produce a balanced budget.

2.4. Members were informed that a number of factors had impacted on and would continue to effect the financial planning of the Council which included –

1. Covid-19 and the impact on the council’s budget in relation to the loss of income and additional expenditure and the impact of national lockdowns and local restrictions on the economic situation.
2. The economic impact of the decision to leave the European Union and whether a Trade Agreement between the two parties would be agreed.
3. The impact of inflation and Bank of England interest rates.
4. Government decisions on the Fair Funding Review, Business Rates income, Revenue Support Grant and the multi-year Comprehensive Spending Review.

2.5 **General Fund and Housing Revenue Account Revenue Budgets**

2.6 The Committee was reminded of the statutory requirement under the Local Government Act 2003 to have set a balanced budget by the start of a financial year and that the Local Government Finance Act required Billing Authorities such as the Council to have set the Council Tax by the 11 March before the start of the financial year.

2.7 Details of the proposed General Fund budgets for 2021/22, 2022/23 and 2023/24, together with the budget deficits for each year were submitted for the Committee’s consideration. Members were advised of the assumptions used to develop the proposed budgets which included Government grants, business rates, Council Tax, fees and charges, New Homes Bonus, use and review of General Fund balances and earmarked reserves.

2.7 Members were advised that transformation savings totalling £1.922m had been included in the 2021/22 General Fund budget and work was currently being pursued to either reduce the Council expenditure either by reductions in its establishment or through the generation of additional income. If the savings are not generated this will increase the deficits in future years.

2.8 The 2021/22 budget contained a deficit of £830,000 and the working group considered the Executive’s proposals to deal with it.

2.9 These proposals included reductions in expenditure for Cultural Services, Community Safety, Ward Allowances, publication of My Mansfield and increases in car parking charges including Mansfield Woodhouse train station, Council Tax and the use of 2019/20 underspend from reserves.

2.10 The Committee were briefed by the Chief Executive Officer on work undertaken in the Cultural Services and Community Safety services as a result of vacant posts, service realignments and the identification of efficiencies.

2.11 The majority of the Committee supported that Council Tax be increased by £5.00 on a band D property, which would bring a sustainable income to the Council and assist with future budget deficits.

2.12 Members were aware of the cumulative impact on residents of recommending an increase in Council Tax, together with recent increases in the Council Tax precept from Nottinghamshire County Council, the Police and Crime Commissioner and the Fire and Rescue Service.

2.13 Members did not support the proposal to reduce the ward allowance as it had a significant impact on community groups and individuals who required support.

2.14 Reduction of the My Mansfield from three publications to one was also not supported, however, members did support a reduction in one issue to enable two issues to be published annually. Members felt that there was value in a publication being delivered to each property in the district to notify residents of important Council information and the advertise events.

2.15 A reduction in the Special Responsibility Allowances of 10% was proposed and supported by the Group, which had within its membership three Committee Chairs. It was noted that the view of the Council’s Independent Panel into Members’ Allowances may be required as the proposal was an amendment to the current Scheme of Member Allowances approved by Council in March 2019.

2.16 Following the Chancellor’s Spending Review announcements, the Working Group was advised of the significant impact of the announcements on the budget proposals and that as a result the Executive were no longer proposing budget reductions in Cultural Services, Community Safety and increasing car park charges beyond the inflationary increase, except for the train station car park at Mansfield Woodhouse.

2.17 However, the Committee recognised that some elements of the both Cultural Services and Community Safety reviews would be progressed through the corporate transformation process.

2.18 The majority of members continued to support an increase in Council Tax as outlined in 2.11 and the same concerns were also repeated on the cumulative impact of other increases from the precepting bodies.

2.19 The Committee was advised that a 2% increase had been used for setting fees and charges for 2020/21, which was in line with the Bank of England’s inflation target over the medium term. This approach was supported.

2.20 Members continued to support the increase in car parking charges at the Mansfield Woodhouse train station from £1.00 to £2.00 for all day as it was a reasonable charge.

2.21 The reduction by the Executive Mayor of the number of members on the Executive was noted.

2.22 Members continued to support the reduction of My Mansfield to two publication each year.

2.23 The reduction in Special Responsibility Allowance continued to be supported, including by the three Committee Chairs who received the allowance.

2.24 Member were mindful that as some information regarding the budget was still to be finalised and that if any surplus was generated it be transferred to the Council’s Economic Stimulus Fund, to support economic regeneration in the district.

2.24 Members were advised that the Housing Revenue Account showed a balanced position for 2021/22 and deficits for the following two financial years.

2.25 The Committee was advised that it was proposed to increase Council dwelling rents for 2021/22 and for future years by CPIH plus 1% and which had been assumed in the proposed budget, which was in line with Central Government’s guideline rents.

**2.26** **Consolidated Capital Programme Report**

Details of the Consolidated General Fund and Housing Revenue Account Capital Programmes for 2021/22 to 2023/24, together with the method of their funding were submitted. Both capital programmes were supported.

**3.** **RECOMMENDATIONS AND CONCLUSIONS**

1. That the effects of the Chancellor’s Spending Review on the proposed Medium Term Financial Strategy be welcomed.
2. That the proposed increase in the Council’s element of the Council Tax for 2021/22 be supported.
3. That the increase in the charge at Mansfield Woodhouse train station from £1.00 to £2.00 per day be supported.
4. That My Mansfield be reduced from three editions annually to two and that the Executive’s proposal to reduce to one not be supported.
5. That a 2% increase in fees and charges where the Council is responsible for setting such fees be supported.
6. That the financial effect of the reduction in the number of the Executive be noted.
7. That Special Responsibility Allowances be reduced by 10% and that the involvement of the Council’s Independent Panel into Members’ Allowances be confirmed.
8. That there be no reduction in the level of the Ward Allowance.
9. That any budget General Fund surplus from these proposals be transferred to the Economic Stimulus Fund.
10. That the increase in Council house rents in line with Government rent guidelines be noted.
11. That the Consolidated General Fund and Housing Revenue Account Capital programmes be supported.

**4. COMMENTS OF STATUTORY OFFICERS**

(a) Head of Paid Service – The requirement to have a balanced budget is an important part of the council’s role and it is important for the council to have a budget that is informed by the Executive but also all members of the council. The council has experienced challenges with its financial position as set out in the Medium Term Financial Strategy and this has been mainly delivered through the Councils transformation plan. Covid 19 has presented the council with further challenges creating further uncertainty for the Councils financial position. It is important that we look to the future in managing the councils financial position including prioritising its revenue spend and ensuring that the capital spend delivers the maximum benefit to its residents and businesses.

(b) Monitoring Officer – The Executive shall, in accordance with the Constitution, consider the comments from the Overview and Scrutiny Committee prior to finalising the budget to recommend to Council. The report to Council will include the Executive’s response to the comments made by the Overview and Scrutiny Committee.

(c) Section 151 Officer - The recommendations and conclusions presented in this report support a balance budget for the financial year 2021/22 in line with the proposals put forward by the Council’s Executive

**5. BACKGROUND PAPERS**

 Budget papers held in the Accountancy.

|  |  |  |
| --- | --- | --- |
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**Appendix 8**

Report of the Portfolio Holder for Corporate and Finance

To

Overview & Scrutiny Committee (Corporate)

On

5 January 2021

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| **RESPONSE OF THE PORTFOLIO HOLDER FOR CORPORATE AND FINANCE TO OVERVIEW AND SCRUTINY COMMITTEE (CORPORATE) RECOMMENDATIONS ON THE MEDIUM TERM FINANCIAL STRATEGY** |

Cabinet would like to thank the members of Overview and Scrutiny Committee (Corporate) for their hard and detailed work in reviewing the proposals made for the 2021/22 to 2023/24 Medium Term Financial Strategy.

I have set out my responses to each of the recommendations and conclusions made as part of the Overview and Scrutiny Committee’s report, below:

1. That the effects of the Chancellor’s Spending Review on the proposed Medium Term Financial Strategy be welcomed.

**RESPONSE –**

**The Cabinet welcomes the effects of the Chancellor’s Spending Review on the proposed Medium Term Financial Strategy.**

1. That the proposed increase in the Council’s element of the Council Tax for 2021/22 be supported.

**RESPONSE –**

**Thank you for your comments regarding Council Tax.**

1. That the increase in the parking charge at Mansfield Woodhouse train station from £1.00 to £2.00 per day be supported.

**RESPONSE –**

**Thank you for your comments regarding the parking charge at Mansfield Woodhouse train station.**

1. That My Mansfield be reduced from three editions annually to two and that the Executive’s proposal to reduce to one not be supported.

**RESPONSE –**

**The Cabinet are happy to accept this recommendation, as the budget is still balanced with this reduction from three issues of My Mansfield to one. This will be reflected in the final budget which will be presented to Council on 21 January 2021; we thank Overview and Scrutiny for their comments.**

1. That a 2% increase in fees and charges where the Council is responsible for setting such fees be supported.

**RESPONSE –**

**Thank you for your comments regarding fees and charges.**

1. That the financial effect of the reduction in the number of the Executive be noted.

**RESPONSE –**

**Thank you for your comments regarding the number of the Executive.**

1. That Special Responsibility Allowances be reduced by 10% and that the involvement of the Council’s Independent Panel into Members’ Allowances be confirmed.

**RESPONSE –**

**The Cabinet is happy to investigate a 10% reduction in the Special Responsibility Allowance, however, this is dependent on the involvement of the Council’s Independent Panel into Members’ Allowances, as to whether this can be implemented in time for the start of the 2021/22 financial year.**

1. That there be no reduction in the level of the Ward Allowance.

**RESPONSE –**

**The Cabinet are happy to accept this recommendation, and will reflect such in the final budget which will be presented to Council on 21 January 2021; we thank Overview and Scrutiny for their comments**

1. That any budget General Fund surplus from these proposals be transferred to the Economic Stimulus Fund.

**RESPONSE –**

**The amount available to transfer to the Economic Stimulus Fund will depend on the figures that are derived from the Local Government Finance Settlement, whilst also taking account of the effects of Covid-19 on the Council’s budget in 2021/22.**

1. That the increase in Council house rents in line with Government rent guidelines be noted.

**RESPONSE –**

**Thank you for your comments regarding Council dwelling rents**

1. That the Consolidated General Fund and Housing Revenue Account Capital programmes be supported.

**RESPONSE –**

**Cabinet thank Overview and Scrutiny (Corporate) for their support of the Consolidated Capital Programme 2021/22 to 2023/24.**

Once again Cabinet would like to thank Overview and Scrutiny Committee for its comments.

**4. COMMENTS OF STATUTORY OFFICERS**

(a) Head of Paid Service – No specific comments.

(b) Deputy Monitoring Officer – No specific comments.

(c) Section 151 Officer – The changes accepted by Cabinet still produce a balanced budget, in line with statutory requirements.

**5. BACKGROUND PAPERS**

 Budget papers held in the Accountancy section.

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