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| Report of the Portfolio Holder for Corporate and Finance  To  Cabinet  On  17 January, 2022 |  | |
|  |  | |
| **Medium Term Financial Strategy 2022/23 to 2024/25** | |  | |

**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 25 January 2022 for the financial years 2022/23 to 2024/25, following a period of consultation.

**Key Decision –** No

**2. RECOMMENDATIONS**

**That Cabinet recommend to Council:**

(i) That the General Fund revenue budget for 2022/23 financial year be approved as set out in Appendix 1.

(ii) That the General Fund revenue budget for 2023/24 to 2024/25 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 2022/23 financial year be approved as set out in Appendix 3.

(iv) That the Housing Revenue Account (HRA) revenue budget for the 2023/24 to 2024/25 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, which is no increase on 2020/21 Council Tax

(vi) That the fees and charges for General Fund services be approved for the 2022/23 financial year, as defined in section 3.4.9 and detailed in

Appendix 9 Fees & Charges

Appendix 10 Planning Application Fees

Appendix 11 New Fees

(vii) That the fees and charges for Housing Revenue Account services be approved for the 2022/23 financial year, as set out in Appendix 9.

(viii) That Council Dwelling rents be increased by 4.1% for the 2022/23 financial year, in line with Government Guideline Rents (CPI 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 2021/22 budget was set in January 2021, the UK was still in the second national lockdown, with uncertainty as what was to come in the coming months. Mansfield District Council continues to deal with its impact on our residents, local businesses, and employees.

3.1.2 The outbreak has created financial pressure in almost all areas of Council spend in 2021/22 particularly during the first quarter of the financial year through increased expenditure, loss of income from fees and charges, and lower than expected collection rates for both Council Tax and Business Rates. It is hoped that the outbreak will be under control by the spring of 2022 and there will be minimal effect for the 2022/23 budget.

3.1.3 The pandemic has meant that a lot of items that would have affected the 2022/23 budget have already been delayed. These include:

* The Fair Funding Review, which would have brought about changes to how all councils are funded, it was initially delayed by one year to 1st April 2022, it was later confirmed that a further one year settlement would be given to Councils for 2022/23.

**3.2 Financial Context**

3.2.1 The Chancellor confirmed that the 2021 Spending Review will be set out alongside with the Autumn Statement on the 27 October 2021. Subsequently the council has been allocated the following grants as detailed in section 3.4.4.1 for only the 2022/23 Budget.

3.2.2 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 Covid-19 pandemic and national lockdown strongly impacted the UK from March 2020, with local lockdowns of varying degrees still required throughout the UK in 2021. Throughout the financial year, Central and Local Government have worked together to distribute required grants to businesses

3.3.2 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.

3.3.3 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 lockdowns. Prior to this, the base rate had been at 0.75% since 1 August 2018. The Base Rate was amended to 0.25% on the 16 December 2021, an increased budget of £25k for interest received has been built into the MTFP for 2022/23.

3.3.4 The Consumer Price Index (CPI), which provides the measure for inflation, was at 3.5% at August 2021. However in its latest statement The Bank of England Monetary Policy Report (September 2021) states that it expected CPI inflation to rise to slightly above 4% in Q4 2021, and could remain elevated above 4% into Q2 2022.

**3.4 General Fund**

**3.4.1 General Fund Proposed Budgets, 2022/23 to 2024/25**

3.4.1.1 Appendix 1 shows the base budget projected for each of the Council’s service areas for the 2022/23, 2023/24 and 2024/25 financial years, along with the latest approved budget for the current financial year, 2021/22.

3.4.1.2 Appendix 1 shows a balanced budget on the General Fund for 2022/23 with annual increases thereafter. The balanced budget has been achieved by utilising the proposals detailed within Appendix 2.

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

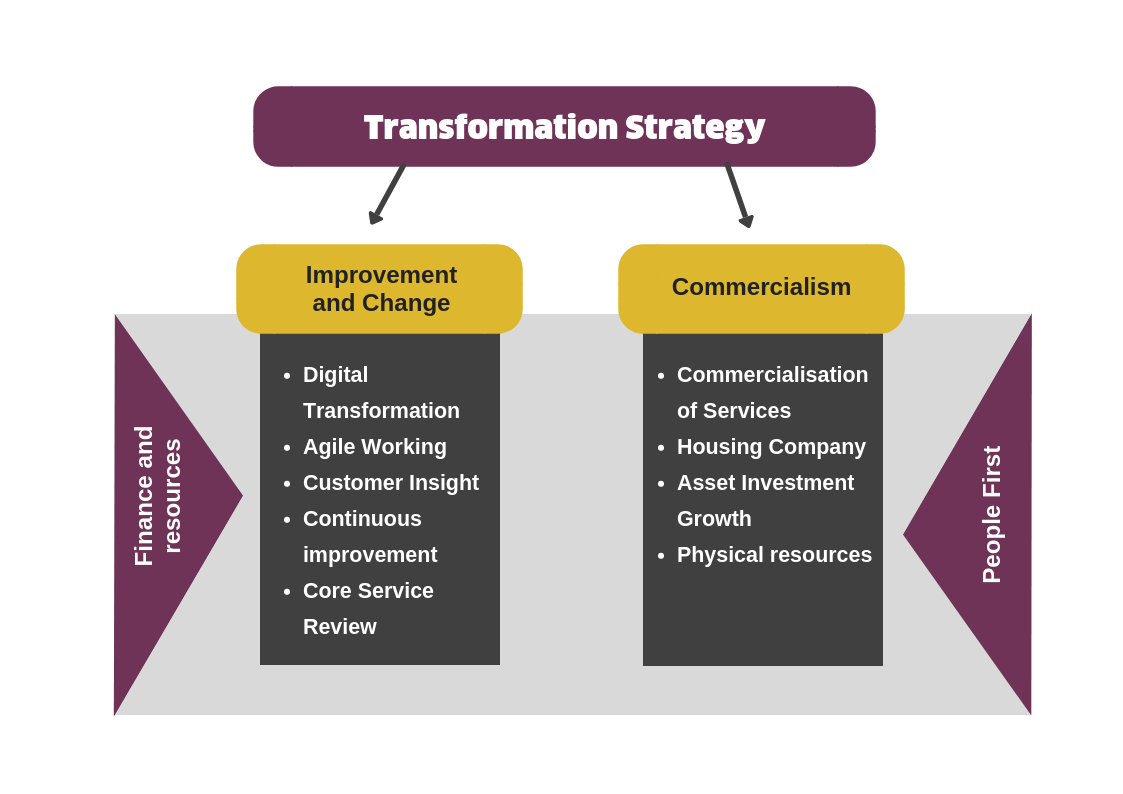
**3.4.2 Proposed Savings and Efficiencies**

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 25 January 2022. 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 £1.617million to be found in 2022/23, as set out in Appendix 1. These transformation savings are mainly part of the 2021/22 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 2022/23.

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.

**3.4.3 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 the financial year 2022/23, the Council has been allocated the following grants. No details have been released regarding 2023/24 and 2024/25 grant levels.

|  |  |
| --- | --- |
| Government Grants 2022/23 | Value £’000 |
| New Homes Bonus Grant | 654 |
| Services Grant | 257 |
| Lower Tier Services Grant | 167 |
| Total Grants | 1,078 |

**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.

3.4.5.7 Mansfield District Council along with all other Nottinghamshire Districts and the County Council have agreed to continue with the Pool arrangements for 2022/23.

**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 2021/22, Central Government stated that Local Authorities were able to increase Council Tax by 3%, or by £5 on a Band D equivalent, whichever is higher, before having to hold a referendum.

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 Tax Base return submitted to Central Government in October 2021. The base figure was reviewed at the end of November, and a Delegated Decision was be taken by the Head of Finance in December 2021, this was increased by £204k for 2022/23.

3.4.6.6 The following Table 1 shows the additional income that the Council would be able to collect if it were to increase the Mansfield District Council element of the Council Tax bill. It also shows the amount that would be payable annually by each of the Council Tax bands:

Table 1



3.4.6.7 The Council’s proposed budget does not make any assumptions in relation to an increase in the level of Council Tax that is to be precepted on the residents of Mansfield District; any growth in income collected from Council Tax is based on in-year growth in the number of properties that are eligible to pay Council Tax.

**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 2022/23 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 2021-22 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 2021/22 in the calculation of the estimated surplus/deficit they make prior to 2022/23. This will reduce the estimated deficit on the Collection Fund that is to be taken into account in setting 2022/23 budgets by two-thirds of the loss of 2021/22 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 It has now been confirmed that the council’s New Homes Grant will be £654k for the 2022/23 financial year. The New Homes Bonus received in 2022/23 likely to be a one-off allocation.

**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 2022/23, 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 6 sets out the proposed new or restructured fees and charges, for the General Fund for the 2022/23 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 Taxi and Licensing fees for 2022/23 were approved by the Licensing committee on the 7th October 2021.

**3.4.10 Expenditure Budgets**

3.4.10.1 In developing the financial projections, covering the Medium Term Financial Strategy from 2022/23 to 2024/25, 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
* An annual pay rise of 2% has been assumed but will be subject to approval by the Local Government Associations (LGA); this does not include Members Allowances, as Council approved at their meeting held on 5 March 2019 to keep the Basic Allowance, Special Responsibility Allowances and Co-optees’ Allowances static for a four year period, starting in 2019/2020
* In 2023/24 the Nottinghamshire Pension Scheme will have an Actuarial triennial valuation. 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 2021/22 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 7. 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 2021/22 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, 2022/23 to 2024/25**

3.5.2.1 Appendix 3 summarises the Housing Revenue Account proposed budgets for the 2022/23 to 2024/25 financial years.

3.5.2.2 The proposed budget for the Housing Revenue Account (HRA) shows a balanced budget position for 2022/23, 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 2022/23 onwards the rent policy is CPI plus 1%, for 2022/23 the increase has been calculates at 4.1%

CPI has been estimated at 2% 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 6 contains the new or revised fees and charges for the Housing Revenue Account for the 2022/23 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 2021, Housing Revenue Account Reserves stood at £27.666million, of which £25.856 million has been committed towards future planned expenditure, as set out in Table 2 below.



3.5.4.2 This leaves an unallocated balance of £1.810million

**3.6 Capital Programme**

3.6.1 Council approved the existing Consolidated Capital Programme 2021/22 to 2023/24 on the 27 January 2021.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 2020/21 capital programme. Any subsequent reports that are approved prior to the Council meeting on 25 January 2022 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 2022/23 to 2024/25 together with the sources of funding.



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

3.6.2.3 The proposed programme includes new schemes for the replacement of 30 street lighting columns, additions to the Planned Preventative Works PPW programme and the continuation of the Disability Access Works at Leisure Centres.

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.

3.6.3.2 Table 4 below shows the proposed Housing Revenue Account Capital Programme for the next three years from 2022/23 to 2024/25 together with the sources of funding.



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 13 December 2021, can be found at Appendix 7, along with Cabinet’s response which was presented to Overview and Scrutiny Committee (Corporate) on 6 January 2022, which can be found at Appendix 8.

3.7.2 Following feedback from this consultation Cabinet will make recommendations to Council on 25 January 2022 for the approval of the budgets and the level of Council Tax to be set for 2022/23.

3.7.3 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.

3.7.4 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 1st November – Portfolio Holder to present budget
* OSC from 2nd November – Members to scrutinise budget (will expect balanced budget)
* Cabinet 13th December – Cabinet receive OSC feedback report
* OSC 6th January – Portfolio Holder to present feedback to OSC
* Cabinet 17th January – Portfolio Holder to present budget
* Council 25th January – Council to approve budget
* Council 8th 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 occur  That the assumption on which the budgets are based are incorrect | Medium  Medium | A quality check is undertaken throughout the process and errors identified  The 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 powers  If Equality Impact Assessments cannot be shown to have been carried out robustly, the Council may be open to legal challenge | Low  Medium | The proposals for efficiencies which require changes in operation or service delivery will be subject to legal consultation prior to implementation  Equality 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) Acting 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 2022/23 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 deficit for 2022/23 to 2024/25. 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

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| --- | --- | --- |
| Report Author | - | Richard Jones |
| Designation | - | Financial Services Manager |
| Telephone | - | 01623 463031 |
| E-mail | - | Rjones@mansfield.gov.uk |
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**Appendix 1**

**General Fund Proposed Budgets, 2022/23 to 2024/25**



**Includes £300k Leisure contract saving in 2023/24 & 2024/25**

**Appendix 2**

**General Fund Savings Proposals 2022/23**



**Appendix 3**

**Housing Revenue Account Proposed Budgets, 2022/23 to 2024/25**



**Appendix 4**

**General Fund Proposed Capital Programme**



**Appendix 5**

**HRA Proposed Capital Programme**



**Appendix 6**

|  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- |
| 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 rate  1/2% 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**

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| Report of Overview and Scrutiny Committee (Corporate Resources)  To  Cabinet  On  13 December 2021 |
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| **MEDIUM TERM FINANCIAL STRATEGY 2022/23 to 2024/25** | |

**1. SUMMARY**

To advise Cabinet of the conclusions and recommendations following the scrutiny of the Executive’s draft Medium Term Financial Strategy for 2022/23 to 2024/25

**2. BACKGROUND**

2.1 The Cabinet approved draft proposals for the Council’s Medium Term Financial Strategy on 1 November 2021 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 2 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. Conclusions from this group were agreed at a further meeting of the Committee on 2 December 2021. Members were supported at these meetings by the Head of Finance, the Acting Financial Services Manager and the Revenues Manager.

2.3 **General Fund and Housing Revenue Accounts revenue budgets**

2.4 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.

2.5 Details of the proposed General Fund budgets for 2022/23, 2023/24 and 2024/25, 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.

2.6 Members were advised that transformation savings for each financial year had been included in each proposed General Fund budget and work was currently being pursued to 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.

2.7 Members were presented with a balanced draft budget for 2022/23 which included proposed saving which were considered.

2.8 These proposals included reductions in Ward Allowances, raising Council Tax, reducing Special Responsibility Allowances, use of earmarked reserves, an increase in the Council Tax base and the use of Government grants.

2.9 The majority of the Committee supported that Council Tax be increased by 1.99%, which would bring a sustainable income to the Council and assist with future budget deficits.

2.10 However, Members were aware of the cumulative impact on residents of recommending an increase in Council Tax, together with potential increases in the Council Tax precept from Nottinghamshire County Council and other precepting bodies. Members were also concerned at the impact on families of substantial rises in gas and electricity and other costs which was driving an increase in overall inflation.

2.11 Several members also felt that there was scope to deliver further savings within the proposed budget and the Executive was urged to investigate these. This would remove the need to increase Council Tax by the authority or alternatively to use reserves to cover the additional income that an increase in Council tax would raise. It was also suggested that alternative management arrangements be explored before recruiting to replace the Chief Executive Officer, which could deliver significant savings to the authority.

2.12 As in previous years when proposed by the Executive, Members did not support the proposal to reduce the ward allowance. Members agreed that the scheme had a significant impact on community groups and individuals who required support.

2.13 The continuation for a further year of a reduction in Special Responsibility Allowance was supported, including by the three Committee Chairs who sit on the Committee and receive the allowance. However, several members remarked that the role of Committee Chair was an important one and that the allowance had been recommended by Council’s Independent Panel into Members’ Allowances.

2.14 A one-off use of earmarked reserves was also supported. Members were advised that anticipated savings from the proposed leisure management contract, would provide a sustainable replacement for this contribution in future years.

2.15 Members were advised by the Head of Finance that the Council Tax Base would be reviewed after the 30 November 2021, to inform a delegated decision by the Portfolio Holder for Corporate and Finance. Members were informed that due to residential development there was an increase in Band D properties, which the Council Tax Base was based on. The latest figures suggested that an increase in the base would generate a further £150,000 an increase form that contained within the Executive’s proposal.

2.15 The Committee was advised that a 2% increase had been used for setting fees and charges for 2020/21 for those services for which the authority was responsible. This increase members were informed was in line with the Bank of England’s inflation target over the medium term. This approach was supported. The fees and charges proposed had been used to calculate the proposed General fund budget.

2.16 In addition, the Committee proposed that the day ticket at the Robin Hood Line station be increased from £3.60 to £4.00 and the five day ticket to £20.00. Members were advised that the increases may generate an additional £1,500 annually.

2.17 The Committee also suggested that investigations be made into the feasibility of introducing a Trade glass collection service, which it was anticipated could increase income by £5,000.

2.18 With regard to the garden waste charge the Committee did not support the Executive’s proposal for a reduced charge of £26.00 for those residents that opted for the service and paid by direct debit by the end of April. Members supported keeping the charge at £31.00.

2.19 Member were mindful that the amount to be received in Government grant still had to be confirmed and would be known in December 2021 after the scrutiny process had been completed. However, it had been indicated that the amount to be received by the authority would not be less than that received last year and when the amount had been confirmed its implications on the budget would be assessed.

2.20 It was also reported that an anticipated increase in interest rates would generate an additional £25,000 in income for the authority and it was proposed to use this against the required unidentified savings.

2.21 The Committee was advised that it was proposed to increase Council dwelling rents for 2022/23 and for future years by CPI plus 1%, which was in line with Central Government’s guideline rents.

**2.22** **Consolidated Capital Programme Report**

2.23Details of the Consolidated General Fund and Housing Revenue Account Capital Programmes for 2022/23 to 2024/25, together with the method of their funding were submitted. Both capital programmes were supported.

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

1. That the proposed increase in the Council’s element of the Council Tax for 2021/22 be supported.
2. That a 2% increase in fees and charges where the Council is responsible for setting such fees be supported.
3. That investigations be made into the introduction of a trade glass collection service.
4. That the day ticket and five day ticket for parking at the Robin Hood line station be increased to £4.00 and £20.00 respectively.
5. That charge for the garden waste collection be £31.00 and that the Executive’s proposed discount not be implemented.
6. That Special Responsibility Allowances be reduced by 10% for a further year be supported.
7. That there be no reduction in the level of the Ward Allowance.
8. That a one off use of ear marked reserved be used for 2022/23, to be replaced by savings from the leisure management contract.
9. That the Executive continue to explore opportunities to deliver further savings within the proposed budget.
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) Acting Head of Paid Service – no specific comments

(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 2022/23 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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| Report Author | - | Mark Pemberton |
| Designation | - | Democratic Services Manager |
| Telephone | - | 01623 463301 |
| E-mail | - | [mpemberton@mansfield.gov.uk](mailto:mpemberton@mansfield.gov.uk) |

**Appendix 8**

**Report of the Portfolio Holder for Corporate and Finance**

**To**

**Overview & Scrutiny Committee (Corporate)**

**On**

**6 January 2022**

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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** |

**Background**

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 2022/23 to 2024/25 Medium Term Financial Strategy.

I have attached your recommendations in Appendix 1.

Since the Committee reported its recommendations to Cabinet the government have announced its draft financial settlement for local authorities. The effects of the Chancellor’s Spending Review on the proposed Medium Term Financial Strategy was revealed on Thursday 16th December this has resulted in the Council receiving additional grant for 2022/23 as part of a one year settlement. The outcome has meant an improved position for the Council which has resulted in a change to my original proposals. My full proposal is detailed in Appendix 2.

**Response to recommendations**

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 proposed increase of 1.99% in the Council’s element of the Council Tax for 2022/23 be supported.

**RESPONSE –**

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

**The cabinet are proposing recommending no increase in Council Tax in 2022/23 following the comments from the Overview and Scrutiny Committee and confirmation of the Chancellor’s Spending Review as detailed in Cabinet response below.**

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

**The Cabinet supports this recommendation. This will be reflected in the final budget which will be presented to Council. We thank Overview and Scrutiny for their comments.**

1. That investigations be made into the introduction of a trade glass collection service.

**RESPONSE –**

**Further investigation has identified that a trade glass collection service will deliver and additional £5k income in 2022/23.**

**The Cabinet supports this recommendation. This will be reflected in the final budget which will be presented to Council. We thank Overview and Scrutiny for their comments.**

1. That the day ticket and five day ticket for parking at the Robin Hood line station be increased to £4.00 and £20.00 respectively.

**RESPONSE –**

**Thank you for your comments regarding the parking charge at Mansfield Woodhouse train station, the Cabinets does not support this proposal given grant confirmation for 2022/23.**

1. That charge for the garden waste collection be £31.00 and that the Executive’s proposed discount not be implemented.

**RESPONSE –**

**Thank you for your comments regarding the garden waste charges, the Cabinet does not support this proposal given grant confirmation for 2022/23 and has an alternative proposal under Service Investments within this report.**

1. That Special Responsibility Allowances be reduced by 10% for a further year be supported.

**RESPONSE –**

**The Cabinet supports this recommendation.**

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

**RESPONSE –**

**The Cabinet supports this recommendation.**

1. That a one off use of ear marked reserved be used for 2022/23, to be replaced by savings from the leisure management contract.

**RESPONSE –**

**The Cabinet supports the use of Earmarked Reserves but has amended the value following the 2022/23 grant confirmation.**

1. That the Executive continue to explore opportunities to deliver further savings within the proposed budget.

**RESPONSE –**

**The initial proposed use of Earmarked Reserves was £261.5k in 2022/23. However following the confirmation of Grant Settlement the Cabinet has reviewed various options in conjunction with the Service Investments it is proposing below and this has reduced to value of use of Earmarked Reserves to £100k in 2022/23**

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

**RESPONSE –**

**The Cabinet supports this recommendation.**

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

**RESPONSE –**

**The Cabinet supports this recommendation.**

**Service Investments**

The Cabinet requests the Overview and Scrutiny Committee review the following proposed service investments following confirmation of 2022/23 Government Grant as shown in Appendix 2 and summarised below.

**(a) Reduction in garden waste charge**

The Cabinet proposes the following charges for Garden Waste in 2022/23

First Bin £26 per annum

Additional Bin £18 per annum

This reduction from the current proposed cost for a first bin of £31 would result in reduced income of £32k in 2022/23.

**(b) Economic Stimulus**

The Cabinet proposes that £30k be allocated to Economic Stimulus Fund in 2022/23 budget.

**(c) Council Tax Hardship**

The Cabinet proposed that an additional £10k be allocated in the 2022/23 budget to Council Tax Hardship.

**(d) Tour of Britain**

The Cabinet proposes that £25k be allocated in 2022/23 to the Tour of Britain cycling event.

**(e) Parks Investment**

The Cabinet proposes that £26k be allocated to investment in parks within the district in 2022/23.

**Additional items for members to note**

The two savings identified earlier in the budgeting process summarised below have been built in to the “Revised Savings Target” in Appendix 1 & 2 (highlighted in light green)

Following further review of the Council’s Tax Base as part of the budget process an increase of £204k has been built into the base budget for 2022/23 with a further £50k in 2023/24 and £100k in 2024/25. This has been included in the tables below.

A review has also been undertaken of interest received by the council in 2022/23 and it is anticipated that interest rates will rise slightly from the current low base during 2022/23 and this should generate an additional £25k income. This has been included in the tables below.

**The table shown in Appendix 2 summarises Cabinet’s proposed budget for 2022/23.**

**4. COMMENTS OF STATUTORY OFFICERS**

(a) Head of Paid Service – No response.

(b) 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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| Report Author | - | Richard jones |
| Designation | - | Interim Financial Services Manager |
| Telephone | - | 0792 0005559 |
| E-mail | - | [rjones@mansfield.gov.uk](mailto:rjones@mansfield.gov.uk) |

**Appendix 1 – Overview and Scrutiny Committee Recommendations to Cabinet**.



**Appendix 2 – Cabinet Response to Scrutiny Committee Recommendations**

