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| Report of the Portfolio Holder for Corporate and Finance  To  Cabinet  On  16 January 2023 |
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| **MEDIUM TERM FINANCIAL PLAN 2023/24 TO 2025/26** | |

**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 24 January 2023 for the financial years 2023/24 to 2025/26, following a period of consultation.

**Key Decision –** No

**2. RECOMMENDATIONS**

**That Cabinet recommend to Council:**

(i) That the General Fund revenue budget for 2023/24 financial year be approved as set out in Appendix 1.

(ii) That the General Fund revenue budget for 2024/25 to 2025/26 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 2023/24 financial year be approved as set out in Appendix 3.

(iv) That the Housing Revenue Account (HRA) revenue budget for the 2024/25 to 2025/26 financial years be approved in principle, subject to an annual review, as set out in Appendix 3.

(v) That the Mansfield District Council 2023/24 Band D Council Tax be approved at £194.72, which is no increase on 2022/23 Council Tax

(vi) That the fees and charges for General Fund services be approved for the 2023/24 financial year, as defined in section 3.4.9 and detailed in

Appendix 9 Fees & Charges

Appendix 10 Planning Application Fees

(vii) That the fees and charges for Housing Revenue Account services be approved for the 2023/24 financial year, as set out in Appendix 9.

(viii) That Council Dwelling rents be increased by 7% for the 2023/24 financial year, in line with Government Guideline Rents.

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

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

**3. BACKGROUND**

**3.1 Cost of Living Crisis**

3.1.1 The 2022/23 budget for both General Fund and Housing Revenue Account (HRA) was approved as the UK was emerging from the Covid-19 pandemic, and as the crisis in the Ukraine was just unfolding.

3.1.2 Since the 2022/23 budget was set, the UK has seen marked increases in the cost of key expenditure items such as fuel and utilities. This has meant increased costs for the Council, and increased costs for our residents.

3.1.3 Estimates for both fuel and utilities were included in the 2022/23 budget using information available at the time. However, increases in both of these items have been much greater than anticipated, and these increases are expected to continue into 2023/24, as the conflict in Ukraine continues to mean instability in the utilities market. For 2023/24, Mansfield District Council’s General Fund electricity budget has increased by £332k compared to previous estimates, and the gas budget has increased by £254k

3.1.4 The Consumer Price Index (CPI), which provides the measure for inflation, was at 3.5% at August 2021, when the 2022/23 budget-setting process began. However, CPI has risen sharply in recent months, and was at an all-time high of 10.1% in September 2022, due to sharp increases in goods such as utilities.

3.1.5 There is also a confirmed higher pay award than that which was assumed in the 2022/23 budget. When the 2022/23 budget was set, a 2% pay award was assumed year-on-year. However, the offer from employers, which the trade unions have accepted, includes a £1,925 pay rise for each employee, an average increase of 6.79% across all pay bandings. This has been included within the base for 2023/24, with an additional estimated 4% increase for 2023/24 included on top of this. The impact of the 2022/23 pay award, plus an estimated 4% pay award for 2023/24, is an increased basic pay budget of £802k for the Council’s General Fund, compared to the original estimate for 2023/24.

3.1.5 The overall impact of the increased costs discussed above, is further pressure on the Council’s budget, for both the General Fund and Housing Revenue Account revenue and capital budgets.

**3.2 Financial Context**

3.2.1 It was expected that a consultation on a two-year local government settlement would take place before the Parliamentary Recess in July 2022. However, this was delayed due to the Conservative Party leadership contest, with full reform of local government funding now delayed until 2025/26. Despite this, local authorities such as Mansfield District Council are still required to produce robust budget plans.

3.2.2 There is no guarantee that, when reform does take place, ministers will go back to the principles and proposals that were developed over the last 5-6 years. Politics have changed, as have the characteristics of local government finance. The sector has received better settlements in recent years, but there is a growing (and unbalancing) reliance on council tax to fund services. There is also pressure to deliver on levelling-up, which might or might not survive a change of prime minister.

3.2.3 For local government, the Local Government Finance Settlement confirmed that additional grant funding has been provided in 2023/24, to assist with increased inflationary pressures. However, this is a one-year settlement, with no indication of whether grant levels will remain the same in 2024/25 or going forwards. Grant amounts confirmed as part of the Settlement are shown in Section 3.4.4.1 of this report.

3.2.4 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 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.

3.3.2 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. However, since the beginning of 2022, the base rate has been rising again, and is currently at 2.25%, the highest it has been since 2008. The base rate is not expected to decrease again in 2023/24, as the Bank of England is using interest rate rises to try to tame ever-increasing inflation.

3.3.3 The Consumer Price Index (CPI), which provides the measure for inflation, was at 10.1% at September 2022. In its recent statement, the Bank of England Monetary Policy Report stated that the invasion of Ukraine is the main reason for high energy prices, and those price rises will push inflation even higher over the next few months, to around 13%. However, it is unlikely that the price of energy will continue to rise as rapidly as it has in recent months. The Monetary Policy Committee expects inflation to begin to fall in 2023, and it will be closer to the target of 2% in around 2 years’ time.

**3.4 General Fund**

**3.4.1 General Fund Proposed Budgets, 2023/24 to 2025/26**

3.4.1.1 Appendix 1 shows the base budget projected for each of the Council’s service areas for the 2023/24, 2024/25 and 2025/26 financial years.

3.4.1.2 Appendix 1 shows a deficit on the General Fund revenue budget of £1,339,000 for 2023/24 with annual increases thereafter. Proposals to mitigate this deficit are found within Appendix 2.

3.4.1.3 The deficit of £1,339,000 is before savings and efficiencies have been taken into account, and does not assume any potential increases in Council Tax charged to its residents.

3.4.1.4 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.

3.4.2.5 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 In order to address the deficit for the 2023/24 financial year and future years, 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 Plan, 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 The Council has received, as part of the 2023/24 Local Government Finance Settlement:

* An additional £167k in Revenue Support Grant, however, £139k of this relates to Local Council Tax Support Administration Subsidy grant which has been rolled into RSG but previously received as a separate grant.
* A Funding Guarantee element of £352k.
* Services Grant of £145k.
* New Homes Bonus of £399k, which is £134k higher than originally anticipated.
* The Lower Tier Services grant of £167k is no longer provided, however, this grant has been used as part of the Funding Guarantee.

**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.

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 potential fresh appeals as a result of the upcoming 2023 Business Rates revaluation.

3.4.5.5 The financial year 2023/24 is going to be a revaluation year regarding the rateable value of properties upon which Mansfield District Council charges Business Rates. Government are not permitted to raise any more revenues from a revaluation. The multiplier is adjusted to offset the change in rateable value, so if total Rateable Value nationally goes up, the multiplier comes down to offset the increase, keeping the national rate yield the same, they then add an element on for inflation.

3.4.5.6 Historically the draft rating list for a revaluation was published on the 30 September, however, Government changed the legislation so the draft list publication date is now by 31 December; therefore the impact of the revaluation cannot yet be calculated at this point.

3.4.5.7 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 during the last two years, and now the response to the cost of living crisis.

3.4.5.8 It has been agreed by the Economic Prosperity 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 Prosperity Committee and possibly returned to local authorities to determine their need locally.

3.4.5.9 Mansfield District Council along with all other Nottinghamshire Districts and the County Council have agreed to continue with the Pool arrangements for 2023/24.

**3.4.6 Council Tax**

3.4.6.1 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 2023/24, 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.

3.4.6.2 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.

3.4.6.3 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.

3.4.6.4 The budget contains an element for council tax base growth for 2023/24, based on the figure calculated in December 2022.

3.4.6.5 The following Table (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**



3.4.6.6 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 permitted councils to spread surpluses and deficits for Council Tax and Business Rates over the next three years, as they predicted that deficit on these income streams will be greater than initially anticipated, and this will lessen the impact on the 2023/24 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 was expected 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 amended 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.

3.4.7.4 The financial year 2023/24 is the final year in which the spreading adjustment for the 2021/22 Collection Fund is required, as one third of the 2021/22 Collection Fund surplus/deficit will be paid in 2023/24.

**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 allocation of New Homes Bonus for 2023/24 has been confirmed as part of the Local Government Finance Settlement. However, this is a one-off allocation, with no legacy payments.

**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 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 Proposed fees and charges for the 2023/24 financial year have been reviewed by Overview & Scrutiny Committee (Corporate Resources) at its meeting on 23rd September 2022. 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 2023/24 were approved by the Licensing committee on the 6th October 2022.

**3.4.10 Expenditure Budgets**

3.4.10.1 In developing the financial projections, covering the Medium Term Financial Plan from 2023/24 to 2025/26, a number of assumptions have been made, including:

* Nationally, inflation is currently much higher than the Bank of England’s target for CPI which currently stands at 2% per annum. The budget has reflected this, by including specific inflationary rates for expenditure such as energy, fuel and water, based on market intelligence.
* An annual pay rise of 4% has been assumed but will be subject to approval by the Local Government Associations (LGA); this does not include Members Allowances, as this will be set by the Independent Remuneration Panel in early 2023, for the following three financial years.
* In 2023/24 the Nottinghamshire Pension Scheme will have an Actuarial triennial valuation. This valuation has meant that the employer’s contribution rate has increased from 19.5% to 20.2%. However, there has also been a small decrease in the lump sum payments the council makes, meaning that the revaluation has only resulted in a small increase in expenditure overall.

**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 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 2022/23 budget outturn position, this will further reduce the General Fund Balance.

**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.

**3.5 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, 2023/24 to 2025/26**

3.5.2.1 Appendix 3 summarises the Housing Revenue Account proposed budgets for the 2023/24 to 2025/26 financial years, based on the HRA 30 year Business Plan.

3.5.2.2 The proposed budget for the Housing Revenue Account (HRA) shows a balanced budget position for 2023/24, 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 2023/24 onwards the government rent policy has been confirmed as an increase of 7%. This is lower than the usual increase of CPI plus 1%, as Department for Levelling Up, Housing and Communities consulted on social housing rent increases in the Autumn, in response to the cost of living crisis. This has been reflected in the HRA budgets.

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.

3.5.3.4 Proposed HRA fees and charges for the 2023/24 financial year have been reviewed by Overview & Scrutiny Committee (Corporate Resources) at its meeting on 23rd September 2022. 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 2022, Housing Revenue Account Reserves stood at £29.207million, of which £27.457million has been committed towards future planned expenditure, as set out in Table 2 below.

**Table 2**



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 2022/23 to 2024/25 on the 2 February 2022.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 2021/22 capital programme. Any subsequent reports that are approved prior to the Council meeting on 24 January 2023 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 additions to the Consolidated General Fund Capital Programme for the next three years from 2023/24 to 2025/26 together with the sources of funding.

**Table 3**



3.6.2.2 The proposed three year programme includes new schemes for improvements to the Palace Theatre and Mansfield Museum, additions to the Planned Preventative Works PPW programme and the continuation of the Disability Access Works at Leisure Centres.

3.6.2.3 A breakdown of the individual proposed 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.

3.6.3.2 Table 4 below shows the proposed additions to the Housing Revenue Account Capital Programme, based on the 30 year HRA Business Plan, for the next three years from 2023/24 to 2025/26 together with the sources of funding.

**Table 4**



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 12 December 2022, can be found at Appendix 7, along with Cabinet’s response which was presented to Overview and Scrutiny Committee (Corporate) on 4 January 2023, which can be found at Appendix 8.

3.7.2 Following feedback from this consultation Cabinet will make recommendations to Council on 24 January 2023 for the approval of the budgets and the level of Council Tax to be set for 2023/24.

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 31st October – Portfolio Holder to present budget
* OSC Corporate from 1st November – Members to scrutinise budget
* Cabinet 12th December – Cabinet receive OSC feedback report
* OSC 4th January – Portfolio Holder to present feedback to OSC
* Cabinet 16th January – Portfolio Holder to present budget
* Council 24th January – Council to approve budget
* Council 7th 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**

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| --- | --- | --- | --- |
| **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 Plan 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) Head of Paid Service – The report describes the many internal and external influences and pressures which affect the setting of the Council’s budget and also includes proposals as to how those challenges can be met.  It is important that the MTFP reflects the future challenges that the council faces and enables credible and deliverable plans to be developed based on the assumptions of future years budgets. It is also important that through the careful consideration and robust challenge by Overview and Scrutiny Committee the proposals ensure that a balanced budget can be achieved, which also protects services as far as possible, can be recommended to Council.

(b) Deputy 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 2023/24 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 balanced budget 2023/24, and budget deficit for 2024/25 to 2025/26. 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 Plan

**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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**Appendix 1**

**General Fund Proposed Budgets, 2023/24 to 2025/26**



**Appendix 2**

**General Fund Savings Proposals 2023/24**



**Appendix 3**

**Housing Revenue Account Proposed Budgets, 2023/24 to 2025/26**



**Appendix 4**

|  |  |  |  |
| --- | --- | --- | --- |
| **Capital Programme - General Fund** |  |  |  |
|  | **23/24 £000** | **24/25 £000** | **25/26 £000** |
|  |
| **Head of Housing** |  |  |  |
| Newgate Lane | 5 | 0 | 0 |
| Mfd.Woodhouse Renewal Area | 5 | 0 | 0 |
| Warsop Vale | 5 | 0 | 0 |
| Disabled Facilities Grant | 720 | 720 | 720 |
| Warm Homes Healthy People BCF | 153 | 120 | 120 |
| Warm Homes MDC | 20 | 0 | 0 |
| Green Homes Grant Phase 2 | 60 | 0 | 0 |
| Green Homes Green Grant Phase 3 | 176 | 0 | 0 |
| Discretionary Assistance | 285 | 285 | 285 |
| House Renovations Grant | 12 | 0 | 0 |
| Private Sector Hsg Assistance | 100 | 0 | 0 |
| Housing Company | 196 | 0 | 0 |
| **Total Head of Neighbourhood Services** | **1,737** | **1,125** | **1,125** |
|  |  |  |  |
| **Head of Neighbourhood Services** |  |  |  |
| Fleet Vehicle Acquisition | 1,545 | 730 | 1,340 |
| S106 funded schemes | 104 | 0 | 0 |
| Cemeteries | 28 | 0 | 0 |
| Cemeteries Infrastructure | 1,779 | 0 | 0 |
| **Total Head of Neighbourhood Services** | **3,456** | **730** | **1,340** |

|  |  |  |  |
| --- | --- | --- | --- |
| **Head of Planning and Regeneration** |  |  |  |
| Town Centre Gateway | 133 | 0 | 0 |
| Mansfield Townscape HLF Funded | 687 | 0 | 0 |
| Destination Mansfield Parks | 2,000 | 0 | 0 |
| Mansfield Woodhouse Micro Tech Units | 406 | 0 | 0 |
| SMART Mansfield | 700 | 0 | 0 |
| WNC Future Tech Knowledge and Skills | 656 | 3,269 | 0 |
| **Total Head of Planning and Regeneration** | **4,582** | **3,269** | **0** |
|  |  |  |  |
| **Head of Health and Communities** |  |  |  |
| Disability Access Wks-LCentres | 66 | 41 | 0 |
| Leisure Centres PPW | 22 | 275 | 38 |
| Rebecca Adlington Leisure Centre (RALC) Roof | 550 | 0 | 0 |
| Theatre and Museum Enhancements | 201 | 9 | 5 |
| Changing Places | 206 | 0 | 0 |
| Warsop Health Hub | 2,750 | 0 | 0 |
| **Total Head of Health and Communities** | **3,795** | **325** | **43** |
|  |  |  |  |
| **Head of Finance** |  |  |  |
| Works to Council owned property | 12,153 | 6,472 | 0 |
| **Total Head of Finance** | **12,153** | **6,472** | **0** |

|  |  |  |  |
| --- | --- | --- | --- |
| **Head of People and Transformation** |  |  |  |
| ICT Renewal | 320 | 180 | 204 |
| Civic Centre - LED Lighting | 5 | 0 | 0 |
| Civic Centre - Building Works | 40 | 0 | 0 |
| Civic Centre Lift Replacements | 0 | 0 | 200 |
| Civic Centre - Automatic door replacement | 0 | 0 | 30 |
| Walkden St CP - Roof and corridor | 0 | 50 | 0 |
| Walkden St Car Park Lifts | 350 | 0 | 0 |
| Walkden St CP Resurfacing | 375 | 0 | 0 |
| Four Seasons Concrete Repairs | 130 | 0 | 0 |
| Four Seasons CP Resurfing Upper deck | 500 | 0 | 0 |
| Mansfield Theatre - Liift upgrade | 80 | 0 | 0 |
| Mansfield Theatre - Lighting upgrade (LED) | 20 | 15 | 15 |
| Mansfield Theatre/Museum - Replacement of sections glass atrium | 70 | 0 | 75 |
| Mansfield Theatre - Flat roof replacement | 54 | 0 | 0 |
| Mansfield Theatre/Museum - Cyclical decoration scheme | 0 | 31 | 31 |
| Mansfield Theatre - Suspended ceiling and floor coverings | 0 | 25 | 25 |
| Mansfield Theatre/Museum - Refurbishment of toilets | 14 | 14 | 0 |
| Mansfield Theatre - Replacement of aluminium double door | 3 | 0 | 0 |
| Mansfield Theatre/Museum - Replacement of single glazed windows | 4 | 0 | 0 |
| Mansfield Theatre/Museum - Replace tarmacadam surface course | 11 | 0 | 0 |
| Mansfield Theatre - life cycle replacement works | 0 | 166 | 72 |
| Mansfield Museum - Lighting upgrade (LED) | 10 | 15 | 15 |
| Mansfield Theatre - Air conditioning | 150 | 0 | 0 |
| Mansfield Museum - life cycle replacement works | 0 | 127 | 94 |
| Hermitage Lane Depot | 239 | 300 | 0 |
| Queens Place | 0 | 14 | 10 |
| Grove Street | 20 | 71 | 12 |
| Regents Street | 16 | 60 | 23 |
| 2 Regent Chambers | 5 | 37 | 18 |
| Langford Road BP | 40 | 0 | 0 |
| Mansfield Railway Station | 0 | 30 | 0 |
| Old Town Hall - Removal of old toilet block | 0 | 0 | 35 |
| Various Sites - Fire Risk management works | 48 | 40 | 40 |
| Various Sites - Asbestos abatement works | 122 | 50 | 0 |
| Various Sites - Asset Condition survey work | 130 | 177 | 100 |
| Statutory Compliance Assessments/Inspections (Consultancy) | 54 | 54 | 0 |
| Berry Hill Quarry Stabilisation | 1,349 | 0 | 0 |
| Rock Hill Cliff Stabilisation | 140 | 0 | 0 |
| Parks Bridges | 100 | 0 | 0 |
| Berry Hill Park | 270 | 0 | 0 |
| Public Toilets - High Street Warsop | 0 | 4 | 2 |
| Public Toilets - Rose Lane, Mansfield Woodhouse | 0 | 2 | 1 |
| Public Toilets - Warsop Cemetery | 0 | 2 | 1 |
| Carr Lane | 0 | 5 | 4 |
| King George V | 0 | 17 | 4 |
| The Carrs | 0 | 32 | 0 |
| Queensway Park | 0 | 49 | 2 |
| Racecourse Park | 0 | 32 | 14 |
| Manor Park Pavilion | 0 | 25 | 25 |
| Carr Bank Park | 0 | 29 | 61 |
| Yeoman Hill | 0 | 129 | 0 |
| Chesterfield Road | 0 | 14 | 5 |
| Bull Farm Park | 0 | 6 | 2 |
| Titchfield Park (Awaiting) | 0 | 7 | 2 |
| Abbotts Park | 0 | 7 | 3 |
| Closed Churchyard | 50 | 0 | 0 |
| Mansfield Cemetery Car Park | 30 | 0 | 0 |
| Mansfield Cemetery Road Ways | 30 | 0 | 0 |
| **Total Head of People and Transformation** | **4,779** | **1,816** | **1,125** |

|  |  |  |  |
| --- | --- | --- | --- |
| **General Fund Total** | **30,502** | **13,737** | **3,633** |

**Appendix 5**

**Capital Programme – Housing Revenue Account**



**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 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 |
| 2022/23 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)  To  Cabinet  On  12 December 2022 |
|  |
| **MEDIUM TERM FINANCIAL STRATEGY 2023/24 to 2025/26** | |

**1. SUMMARY**

To advise Cabinet of the conclusions and recommendations following the scrutiny of the Executive’s draft Medium Term Financial Strategy for 2023/24 to 2025/26

**2. BACKGROUND**

2.1 The Cabinet approved draft proposals for the Council’s Medium Term Financial Strategy on 31 October 2022 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 1 November 2022, to consider the draft proposals and at this meeting it was agreed to establish a working group to look at the Executive’s proposals. Conclusions from this Group were agreed at a further meeting of the Committee on 2 December 2022. Members were supported at these meetings by the Head of Finance and the Financial Services 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 2023/24, 2024/25 and 2025/26, 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 The Committee was advised that the rate of inflation had been factored into the budget proposals. In particular, the Committee was advised of the impact of increases in utility and petrol prices and employee salary costs.

2.6 Members were presented with details of savings proposals and reviews that were required to deliver a balanced 2023/24 General Fund budget.

2.7 The Committee was supportive of the saving proposals with the exception of the proposed reduction of the Parks Team by two FTE’s. Members were advised that a report by APSE in January 2022 identified that the Parks team was well resourced when benchmarked against other local authorities in the Council’s benchmarking group. The Committee was still of the opinion that these posts be removed from the list of proposed savings and that an additional £53,789 be sought from voluntary redundancies.

2.8 Members were supportive that the Executive’s draft budget did not include any proposal to increase the Council’s element of Council Tax, given the current cost of living crisis and the possibility of other precepting bodies raising their element of the tax.

2.9 The Committee was advised that a 2% increase had been used in the majority of services for setting fees and charges for 2023/24, for those charges which were set by the Council. Some charges had received higher increases to reflect market conditions and demand for the service.

2.10 Member were mindful that the amount to be received in Government grant was still to be confirmed and would be known late December 2022, after the scrutiny process had been completed, which could impact on the budget proposals.

2.11 Following a Government consultation exercise on housing rents, it was anticipated that the Government would be recommending a 7% increase in social housing rents, and its impact on the Council’s HRA Business Plan was being assessed.

**2.12** **Consolidated Capital Programme Report**

2.13 The proposed consolidated capital programmes were supported.

2.14 Concerns were expressed by the Committee at the General Fund revenue implications in future years of the commitment to the Warsop Health Hub. Members were also concerned at potential build costs given the current substantial increases in material costs and the impact on leisure centres of the current cost of living crisis and increase in utility costs.

2.15 The Committee was advised that operating costs of any Hub would not impact on the 2023/24 General Fund and further that a decision was still required to proceed with the project, which would include an assessment of the sustainability of the project.

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

1. That the proposed balanced General Fund revenue budget be supported, with the exception that the proposed reduction in the Parks Establishment be not included in the proposed budget and that amount of voluntary redundancies sought be increased to maintain a balanced General Fund.
2. That the proposed Housing Revenue Account revenue budget be supported.
3. That the absence of an increase, in the Executive’s proposals, in the authority’s element of Council Tax for 2023/24, be supported.
4. That the principles for determining the authority’s fees and charges for 2023/24 be approved.
5. That the consolidated capital programme for General Fund and Housing Revenue Account be supported.
6. That the Executive respond to the Committee’s concerns regarding the Warsop Health Hub, including the future sustainability of the proposed Hub.

**4. COMMENTS OF STATUTORY OFFICERS**

(a) Head of Paid Service – It is Paramount that a balanced budget for financial year 2023/24 is achieved and the recommendations and conclusions presented in this report support achieving that aim.

(b) Deputy 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) Deputy Section 151 Officer - The recommendations and conclusions presented in this report support a balance budget for the financial year 2023/24 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**

**4 January 2023**

|  |
| --- |
| **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 2023/24 to 2025/26 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 were revealed on Monday 19th December. This has resulted in the Council receiving additional grant for 2023/24 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 balanced General Fund revenue budget be supported, with the exception that the proposed reduction in the Parks Establishment be not included in the proposed budget and that amount of voluntary redundancies sought be increased to maintain a balanced General Fund.

**RESPONSE –**

**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.**

(ii) That the proposed Housing Revenue Account revenue budget 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.**

(iii) That the absence of an increase, in the Executive’s proposals, in the authority’s element of Council Tax for 2023/24, be supported.

**RESPONSE –**

**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.**

(iv) That the principles for determining the authority’s fees and charges for 2023/24 be approved.

**RESPONSE –**

**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.**

(v) That the consolidated capital programme for General Fund and Housing Revenue Account be supported.

**RESPONSE –**

**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.**

(vi) That the Executive respond to the Committee’s concerns regarding the Warsop Health Hub, including the future sustainability of the proposed Hub.

**RESPONSE –**

**The revenue and capital implications of the Warsop Health Hub were discussed at the Warsop Health Hub working group on 12th December 2022, therefore Member concerns were responded to at that meeting.**

**Service Investment**

The Cabinet requests the Overview and Scrutiny Committee review the following proposed service investment following confirmation of 2023/24 Government Grant as shown in Appendix 2 and summarised below.

**(a) Economic Stimulus**

The Cabinet proposes that £25k be allocated to Economic Stimulus Fund in the 2023/24 budget.

**Additional Item for Members to note**

Cabinet have proposed a 10% reduction in Special Responsibility Allowances, as in previous budget-setting cycles. This reduction comes to £16k for 2023/24.

**The table shown in Appendix 2 summarises Cabinet’s proposed budget for 2023/24.**

**4. COMMENTS OF STATUTORY OFFICERS**

(a) Head of Paid Service – It is important for members to consider the 23/24 Overview and Scrutiny’s comments and vital role in the consideration of the budget and financial position of the Council going forward.

(b) Monitoring Officer – the Executive taking account of and responding to the proposals from the Overview and Scrutiny Committee (Corporate) on the budget is a critical stage in the Council’s budget-setting process.

(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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**Appendix 1 – Scrutiny Committee Recommendations**

**General Fund Savings Proposals 2023/24**



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

