EAST STAFFORDSHIRE BOROUGH COUNCIL

REPORT COVER SHEET

Title of Report:	Medium Term Financial Strategy 2022/23 – 2024/25
Meeting of:	Cabinet
Date:	14/2/2021
Is this an Executive Decision:	No
Is this a Key Decision:	Yes
Is the report Confidential:	No
If so, please state relevant paragraph from Schedule 12A LGA 1972:	n/a

Essential Signatories:

ALL REPORTS MUST BE IN THE NAME OF A HEAD OF SERVICE

Interim Monitoring Officer: Chris Ebberley

Date …………………. Signature ………………………..

Chief Finance Officer: Sal Khan

Date …………………. Signature ………………………..

OPEN AGENDA

E A S T   S T A F F O R D S H I R E   B O R O U G H   C O U N C I L

Report to Cabinet

Date: 14th February 2022

TITLE:	Medium Term Financial Strategy 2022/23 – 2024/25
PORTFOLIO:	Finance
HEAD OF SERVICE:	Sal Khan - Head of Service
CONTACT OFFICER:	Lisa Turner – Chief Accountant ext. x1399
WARD(S) AFFECTED:	All

1. Purpose of the Report

1.1 The report sets out for members the Medium Term Financial Strategy (MTFS) for the period covering 2022/23 to 2024/25. This includes the Council's Capital Programme and the Asset Management and Capital Strategy, which is set out in the appendices to this report.

1.2 Members should also note that there will be a further report elsewhere on the Council agenda relating to the Council's Treasury Management Strategy for 2022/23, which dovetails into both the Council's revenue and capital commitments. If members have any questions on the detailed estimates and papers it would be beneficial to advise the officers in advance so that answers can be available.

1.3 Members should also note that there will be a further report on the Council agenda relating to the setting of Council Tax. This is largely a technical report to accord with the appropriate regulations and will be made available to members as soon as the precepts are received from the Major Preceptors (this is historically late into February).

1.4 Members are also reminded that in accordance with Section 106 of the Local Government Finance Act 1992, any Member in council tax arrears is unable to participate in the debate and decision making in relation to the budget and council tax setting.

2. Executive Summary

2.1 This Medium Term Financial Strategy has been developed during a period in which there remains a high degree of uncertainty due to the ongoing impact of the Covid-19 Pandemic, the planned reforms to local government finance and demand levels for supported housing within the Borough. Despite these challenges, our strategic approach to financial planning has enabled us to respond to the environment positively, investing in our collective priorities, protecting services, whilst as the same time presenting a balanced budget.

2.2 The announcement of the provisional local government settlement for 2022/23 was made in December 2021 and was more positive than widely expected within the sector. This follows an unprecedented period of central funding reductions to local authorities between 2010 and 2019 and a Core Spending Power Freeze for the Council in 2021/22. Key points from the settlement are as follows:

- Despite a multi-year spending review there was another a one year settlement announced for 2022-23 with the priority of stability in the immediate term with the planned reforms of local government finance due to restart in the spring, with a possible implementation in 2023/24.
- For East Staffordshire the Settlement Funding Assessment has resulted in a cash freeze at £3.2m for 2022/23, although there has been a small increase in relation to the business rates multiplier compensation grant estimated to be £0.097m.
- New Homes Bonus (NHB) funding increased in 2022/23 to £1.533m from £1.439m, although no legacy payments will be made in subsequent years and the future of the scheme remains uncertain.
- Nationally published figures indicate an increase of 1.8% in the Council's Core Spending Power compared to an average national increase for all types of authority of 6.9% and 4.5% for District Councils. The Council's increase is lower than the average for District Councils due to the removal of the Minimum Floor payment introduced in 2021/22 to ensure a Core Spending Power freeze for the year.
- The Government also announced a new 2022/23 services grant amounting to £0.221m for the Council and allocated based on the current needs assessment. The Lower Tier Support Grant reduced to £0.144m from £0.615 reflecting the removal of the one-off minimum floor payment included within this grant in 2021/22.
- Finally, the Government confirmed its commitment to progressing the planned reforms to the local government finance system, including a re-allocation of resources based on a new needs assessment and a business rates reset, but the nature or timing of this remains highly uncertain.

The settlement was subsequently finalised in February 2022, with further details of the settlement outlined at Section 5 of the report.

2.3 The strategy makes provision for investment in our services, including support for our Waste Management and Housing Services, strengthening our Management Team to support delivery of our regeneration plans and funding for a range of cultural events to support the Borough and our local economy as we emerge from the pandemic. Further details in relation to service investment and budgetary pressures are outlined at paragraph 9.3 of the report.

2.4 The authority has a pro-active and rolling approach to financial planning and has identified a number of savings, increased income and has re-assessed the provisions required in relation to the impact of the pandemic amounting, in total, to £1.5m. In addition to which, the deferral of the local government finance reforms has enabled additional Government resources to be built into the budget on a temporary basis. The total of this additional funding, together with improved tax bases for council tax and business rates amounts to £3.1m. Details of these savings and additional funding are set out within paragraph 9.5 onwards.

2.5 The budget has been balanced for 2022/23 allowing for £0.4m of one-off resources to be temporarily allocated towards the Burton Towns Fund. For 2023/24 to 2024/25 the budget has been balanced with the use of windfall business rates monies held in reserves. This is based on pragmatic assumptions in relation to the timing and impact of the local government finance reforms which we hope will become clearer during this next financial year. The Council has strong underlying financial resilience, which is also reflected within the latest CIPFA Resilience Index which demonstrates that the Council is low/medium risk across a range of financial indicators. Once the outcome of local government finance reforms are fully understood we will develop a savings plan in order to reduce reliance on one-off resources, as may be necessary. The Council has an effective track record of delivering savings, as demonstrated at Paragraph 8.4.

2.6 As set out above, there is also a great deal of uncertainty surrounding funding levels from central government for the period 2023/24 onwards. The government is committed to reforming the local government finance and intends to engage with the sector of the coming months to help shape these forms. These reforms have been delayed on a number of occasions but for the purpose of this strategy were are making assumptions that these could come into effect from April 2023:

- A review of the needs assessment (previously the Fair Funding Review announced in 2016) is due to determine a new mechanism for allocating resources within the sector;
- The Business Rates Retention Scheme is due to be reset potentially removing all of the previously generated growth in the system; and finally
- The New Homes Bonus Scheme is not intended to continue in its current form beyond 2022/23.

2.7 The potential impact of these changes represents significant uncertainty in terms of the financial resources available from 2023/24 onwards. Our strategy assumes a 50% business rates reset/transition and a Core Spending Power Freeze (reflecting the Policy adopted by Government in the previous two settlements), this equates to a 5% reduction in resources for 2023/24 and 7% by 2024/25. The outcome of these reviews could be more significant than our estimates, although as seen in previous years there could be further delays to the implementation or indeed a more generous settlement and/or more extensive transitional protections. Paragraph 8.3 demonstrates the impact/sensitivity on the indicative ongoing funding gap from alternative settlement scenarios.

2.8 This proposed Medium Term Financial Strategy incorporates the estimated impact of the business rates retention and local council tax support schemes that were introduced from 1st April 2013. These schemes continue to transfer significant risks to local authorities, as well as volatility. Within this environment we have been pragmatic in our estimates, setting aside sums to mitigate the risks with the establishment of a business rates reserve to manage the risks. The balance of the reserve is assess each year, with windfall resources from growth identified of £2m, which this strategy proposes to utilise to support balancing the budget for 2023/24 and 2024/25 until the outcome of the local government finance reforms are more fully understood. There is further detail in relation to the Business Rates Retention Scheme outlined in Section 7 of the report.

2.9 The Council undertakes budget consultations to enable residents' views to be factored into our proposals. The key findings of our most recent consultation are outlined at paragraph 9.2 of the report, this includes the highest proportion of those surveyed indicating that the Council should protect services, even if council tax and fees for service users' increase. The Borough Council's council tax is below the national average. In line with central government assumptions, this strategy assumes that Council Tax (Band D) will increase by £5 (or 50p over 10 monthly instalments, equalling approximately the cost of a pint of milk) from 2022/23.

2.10 The Council's Capital Programme is included within the MTFS (Section 13 and Appendix B), along with the supporting Asset Management and Capital Strategy (Appendix D). The Capital Programme makes provision extensive provision for investment in the Borough amounting to £43.8m up to 2025/26. This incorporates:

- Indicative allocations for the Towns Fund in excess of £23m, subject to final assessment and approval, and additional resources being invested by the Council through Section 106 (£4m) and prudential borrowing (£9.9m);
- Funding to upgrade our CCTV to high quality digital across Burton and Uttoxeter town centres to prevent crime and anti-social behaviour and Cemetery Road infrastructure;
- Electric Vehicle Charging facilities in line with climate change action priorities;
- Support ~~for~~ to bring forward progress and delivery of the Uttoxeter Sports Hub;
- Provision for replacement ICT servers, Disabled Facility Grants, and funding towards Community Regeneration and Business Spring Board Boost Grant Schemes.

A number of projects in the current capital programme will continue into 2022/23, including enhancement at the Washlands and work to expand the Cemetery. The Council, in accordance with CIPFA's Prudential Code, must consider the impact of the Capital Programme on the prudential indicators, this is set out within the Treasury Strategy.

2.11 In addition to which the Council adopted the Uttoxeter Masterplan and is committed to supporting the implementation of the plan and will develop and bring forward plans and business cases at the appropriate time.

2.12 The Council's Chief Financial Officer is required annually to report on the robustness of reserves and of the budget in totality. The General Reserve is risk assessed at a minimum level of £1.3m. This is consistent with previous years and amounts to just 3% of gross spending. Further details in relation to reserves are set out at Section 14.

2.13 The report concludes that the Chief Financial Officer views both the revenue and capital budgets are prudent and affordable. Both budgets take account of external demands, service pressures and risks and leave the Council with a comfortable level of reserves in the medium term. Looking ahead the scale of planned borrowing to support the capital programme and risks associated with the local government finance reforms mean that the council is likely to need to deliver savings in the future in order to reduce reliance on one-off resources.

2.14 In approving the MTFS the level of Council tax required will be £187.30 (Borough Council at Band D), a £5 or 2.7% increase on the 2021/22 level. A separate report will be on Council agenda for formal approval of the overall Council tax for 2022/23.

3. Contribution to Corporate Priorities

3.1 The Medium Term Financial Strategy contributes to and underpins all priorities.

4. Objectives of the MTFS

4.1 The MTFS has nine objectives, to:

- Show how resources support the corporate plan over the period,
- Provide a platform to support the decision making framework,
- Enable the Council to be proactive rather than reactive,
- Act as a barometer and give early indication of the need to revisit priorities,
- Support sustainable services and ensure reserves are sufficient,
- Hold a working balance to respond to unexpected events,
- Be responsive to changing risks, needs and legislation,
- Support the Council's service and core strategies, and
- Provide indications of future Council tax levels.

5. Central Government Funding Settlement

5.1 The Council was impacted by unprecedented reductions in settlement funding from Government of 78% or £6.4m on a like for like basis between 2010 and 2019. Large scale reforms are proposed to reform local government finance including the business rates rest and a Fair Funding Review intended to update the distribution of resources in line with the latest assessment of need. This has created a significant amount of uncertainty for local authorities and their ability to undertake robust medium term strategic and financial planning. However these proposed reforms have once again been delayed and despite a multi-year Spending Review the Local Government Financial Settlement only covers one year. The Government have stated that:

Government is committed to ensuring that the funding allocations for councils are based on an up-to-date assessment of their needs and resources. The data used needs to assess this has not been updated in a number of years from 2013-14 to a large degree, and even as far back as 2000. Over the coming months, we will work closely with the sector before consulting on any potential changes. As part of this we will look at options to support the local authorities through transitional protection. Councils should note the one-off 2022/23 Services grant provided in the Local Government Finance Settlement in 2022/23 will be excluded from potential transitional protections.

5.2 This demonstrates that the Government remains committed to the reforms but there is no firm date for implementation which means that there remains a high degree of financial uncertainty beyond 2022/23.

5.3 The table below sets out the Settlement Funding Assessment (SFA), as announced in December 2021 - overall this results in no change in funding for 2022/23. The Council no longer receives any Core Revenue Support Grant from the Government, whilst it was originally (introduced in 2016) due to be paying “negative RSG” (£97k) the government are once again proposing to fund this.

5.4 In addition to the SFA the Council will also receive:

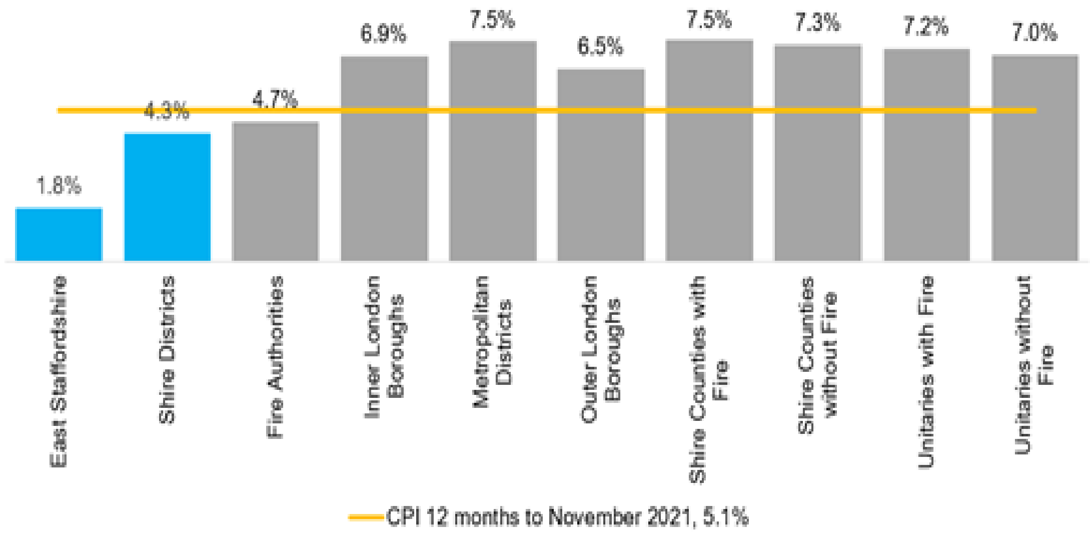
- Compensation for the under-indexation of Business Rates income which they have estimated to be in the region of £0.263m, an increase of £0.096m on the previous year;
- New Homes Bonus Funding of £1.533m an increase of £0.095m on the previous year;
- Lower Tier Support Grant of £0.144m. This is a reduction of £0.471m relating to the removal of one-off minimum floor payment introduced in 2021/22 to dampen the loss of New Homes Bonus funding and ensure Core Spending Power did not reduce.
- A newly introduced 2022/23 services grant of £0.221m allocated based on the most recent needs assessment. The Government have indicated that there will be no transitional funding attached to this grant. Therefore it would appear that whilst this funding will remain at a national level the distribution will change alongside the reforms.

5.5 For a number of years the Government have chosen to publish Core Spending Power (CSP) figures to represent key revenue resources available to local authorities, including an estimate of potential increased council tax income. The table below demonstrates the breakdown of CSP at provisional settlement and the graph compares the change in Core Spending Power between 2021/22 and 2022/23 for each class of authority. This demonstrates that the Council’s Core Spending Power increased by 1.8% compared to the average increase across all authority types of 6.9% and the average for Shire Districts of 4.3%.

Table 1: Core Spending Power	2021/22	**2022/23**	Increase/ (Reduction)	
	£m	**£m**	£m	%
Settlement Funding Assessment	3.199	3.199	-	-
Business Rates Multiplier	0.167	0.264	0.097	58%
New Homes Bonus	1.439	1.533	0.095	6.6%
Lower Tier Support Grant	0.615	0.144	(0.471)	-77%
2022/23 Services Grant	-	0.221	0.221	-
Assumed Council Tax Income*	7.346	7.634	0.288	3.9%
Total	12,765	**12,995**	**0.230**	**1.8%**

**In calculating this figure Government Assume a £5 increase in Council Tax and a Tax base in line with the CTB form submitted in October. This figure also includes special expenses, but excludes Parish Precepts.*

Change in Core Spending Power 2021/22 to 2022/23*



*based on the provisional settlement in December 2021

5.6 The final settlement was announced in February 2022 and included only relatively minor or known changes. This included an uplift in the lower Tier Services grant by £2k to £146k (rounded) and clarification within the Core Spending Power figures that the Business Rates Multiplier compensation will be uplifted by RPI not CPI.

5.7 The Government have set the council tax referendum limit for lower tier authorities such as East Staffordshire at 2% or higher than £5 for a Band D Property. There is increased flexibility for upper-tier councils with responsibility for Social Care.

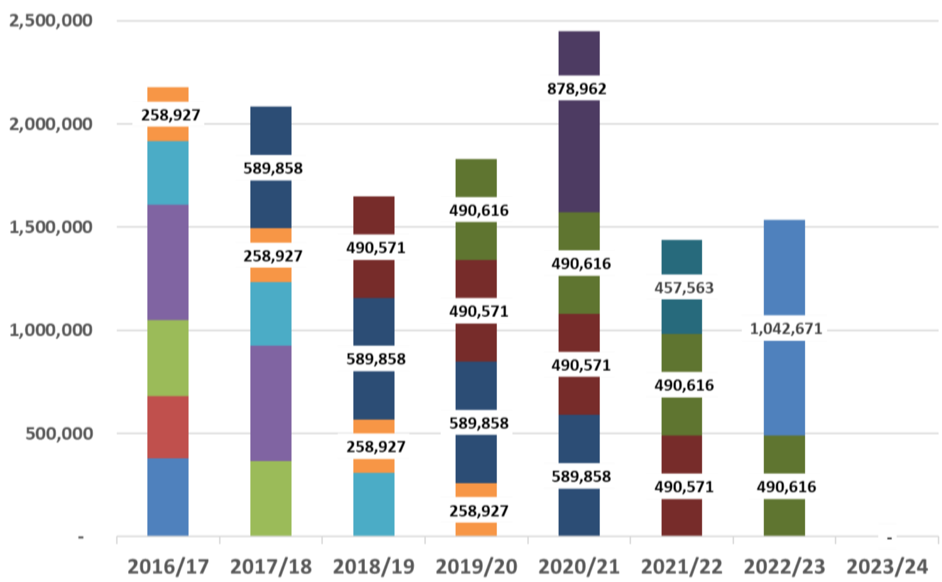
6. New Homes Bonus Scheme (NHB)

6.1 In addition to the formula funding, we also see the continuation of the New Homes Bonus Scheme. This is a non-ring fenced grant which is based on the number and type of housing properties brought on to the rating list each year. The amount of New Homes Bonus generated is split in two tier areas 80/20 in favour of District Councils. Over the years a number of changes have been made to the scheme including scaling back the number of years for which payments are made and the introduction of a baseline, both aimed at reducing the cost of the scheme and the level of allocations to authorities.

6.2 The current financial year was widely expected to be the final year of this scheme, with changes being made alongside the wider reforms. However, as with the other reforms, the scheme has been rolled forward for 2022/23. The Government have stated that no legacy payments will be made beyond 2022/23 but the funding will remain at a national level within the local government resource allocations and therefore could be distributed on a different basis.

6.3 The Council's New Homes Bonus allocation for 2021/22 **is a cumulative payment of £1.533m in 2022/23,** compared with £1.438m in 2021/22. The in-year allocation for 2022/23 £1.043m reflecting high housing growth with the borough. Due to the lack of legacy payments now attached to this it means a loss of cumulative funding of £3.1m for future years had the legacy payments remained in place for the four year period.

6.4 The graph below sets the history of the NHB Grant funding for the Council.



7. Business Rates Retention

7.1 The business rates retention (BRR) scheme came into effect from 1st April 2013 and forms a principal element of local government funding. This provides local authorities with a direct financial benefit from economic growth, but also exposure to financial risk as a consequence of economic contraction. The Council is no longer in receipt of core Revenue Support Grant from the Government, therefore the settlement contains the baseline funding (£3.199m) for the BRR Scheme.

7.2 A key determinate of local government funding is the actual business rates collected. Income above or below the expected level of business rates impacts on locally retained income. Under the mainstream system there is a safety net built into the scheme to ensure that no authority's income falls below a set level, for East Staffordshire this would be set at £2.959m. Likewise there is levy payable on any business rate growth above the baseline, for East Staffordshire this is set at 50%. However, the Council has formed a Pool with Staffordshire Authorities and this is outlined in more detail at paragraph 7.7 below.

7.3 The table below provides a breakdown of the forecast business rates income built into the MTFS for 2022/23:

Table 4 : Retained Business Rates	**2022/23 £000**
Forecast Net Business Rates	53,089
Central Government Share (50%)	(26,544)
Major Preceptors Share (10%)	(5,309)
ESBC Share (40%)	21,236
Section 31 Grants	3,645
Less Tariff	(18,913)
Retained business rates	5,968
Levy to the Staffordshire Pool (Para. 7.8)	(1,109)
Retained Business Rates	**4,859**

Baseline	**3,199**
Safety Net	**2,959**

7.4 It is apparent that at both a local and national level there can be significant amount of volatility within the business rates scheme, largely arising from the level of reliefs and appeals which can have a significant impact on the business rates collected. The Covid-19 Pandemic has added to the risks associated with this income stream. The Council has established a business rates reserve in order to manage this volatility. In previous years it has been possible to release funding from this reserve to support one-off initiatives, including the Improvements to Public Realm at Station Street. There was a surplus on the business rates retention scheme outturn for 2020/21 and the level of the Business Rates Reserve has been reassessed, as a consequence it is proposed to utilise the previously accumulated Business Rate resources to support balancing the budget for 2023/24 onwards pending funding reforms.

7.5 The Government announced business rates relief for businesses in the retail, leisure and hospitality sectors for 2021/22 due to the ongoing impact of the Pandemic. The additional reliefs that were announced after the NNDR1 returns were made to Government in January 2021 are currently estimated to be £8.2m. This has created timing differences, with Section 31 Compensation Grants receivable in 2021/22 and the corresponding loss of business rates income via the Collection Fund (the Council's share estimated at £3.3m) falling upon the budget in 2022/23. The impact of these timing differences will be managed through the Covid-19 Business Rates Reliefs Reserve in the usual manner.

7.6 The Government is committed to undertaking a business rates reset in line with the original intentions of the scheme. In is intended that this this will re-distribute growth within the system in line with the needs assessment and has once again been delayed pending the re-assessment of need (previously known as the Fair Funding Review). There have been a number of consultations and working groups taking place over several years but it is not yet known how and when the reset will take place, for example it could be a full reset to baseline, a partial reset or a phased reset. Bearing this in mind the proposals within this strategy assume business rates funding from 2023/24 is reduced based on a 50% partial/transitional reset with the funding re-distributed based on a revised needs assessment, but overall no reduction in Core Spending Power for individual authorities.

Business Rates Pooling 2022/23

7.7 The Council established a business rates pool with the other Staffordshire authorities in 2019/20 which also included a Pilot 75% retention scheme. In respect of 2020/21 to 2022/23 the pool has been rolled forward based on the 50% retention scheme. This allows the Pool to retain any levy payments that would otherwise be payable to Central Government. Under the Pooling arrangement 40% of the levy is retained by the authority with 60% treated as windfall and distributed back to the authorities. Under this arrangement the Pool must make its own arrangements for safety net. Should any of the authorities within the Pool be in a safety net position the Council would need to contribute its share towards this in line with the agreement. The Councils contribution to the safety net fund is held within the Business Rates Risk Reserve.

8. Revenue Budget

8.1 The revenue budget for the financial years 2022/23 to 2024/25 is summarised in the table below, with an expanded summary covering 2022/23 and 2023/24 at Appendix A. Further details of changes to individual service budgets can be found in the annual budget book. The budget takes into account the key assumptions set out in Section 10.

Table 5 : Budget Summary	2022/23 Budget £'000	2023/24 Budget £'000	2024/25 Budget £'000
Total Revenue Budget	**12,677**	**13,898**	**13,858**
Retained Business Rates (Section 7)	(4,859)	(4,241)	(3,931)
Covid-19 Financial Support	(18)	(18)	-
Lower Tier Support Grant	(146)	-	-
2022/23 Services Grant	(221)	-	-
Baseline Needs Review / Transition	-	(670)	(449)
Council Tax (Surplus)/ Deficit	(139)	18	-
Support towards Towns Fund Projects	461	-	-
Support from Windfall Business Rates*	-	(925)	(1,100)
Special Expenses	(439)	(439)	(439)
Amount to be met from Council Tax	**7,316**	**7,623**	**7,939**
Council Tax Increase (Band D)	£5	£5	£5

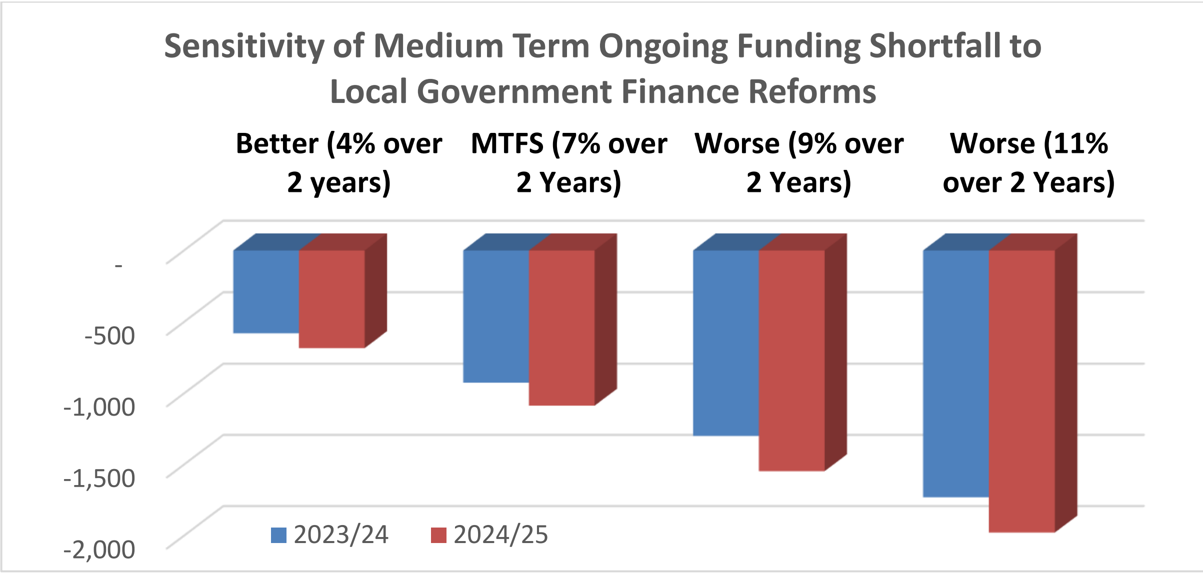
*Funding held in the business rates reserve

8.2 The table above demonstrates that the budget for 2022/23 is balanced. The budget includes a one-off sum of £0.461m provisionally allocated to supporting the Towns Fund Projects. It is proposed that allocation of this one-off funding is subject to approval of the Leader of the Council in consultation with the relevant Deputy Leader and Chief Officer.

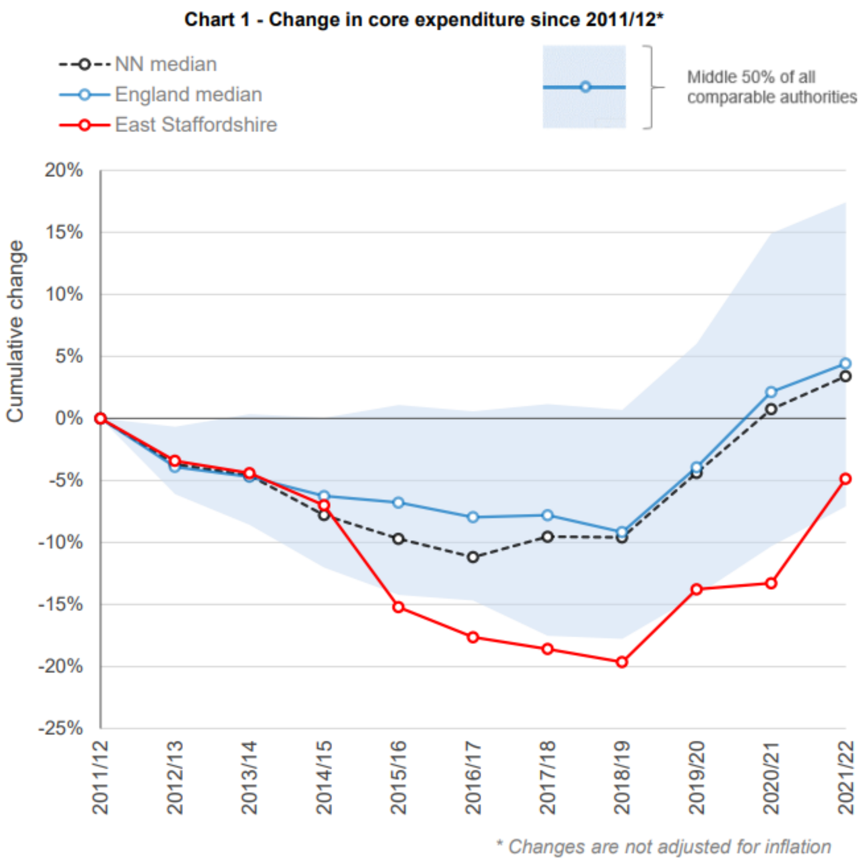
8.3 The budget for 2023/24 and 2024/25 has been balanced from windfall business rates funding held in reserves pending the outcome of the local government finance reforms. This takes into account the following assumptions and results in an estimated reduction in resources in 2023/24 of 5% rising to 7% by 2024/25.

- A 50% business rates reset/transition is implemented from 1st April 2022; and a
- Re-distribution of resources (including New Homes Bonus) and a freeze in Core Spending Power in line with the national policy for 2021/22 and 2022/23.

There remains a great deal of uncertainty in relation to these reforms and it is possible the resource estimates within these forecasts for 2023/24 and beyond could be more challenging, equally we could see further deferral to their implementation. The graph below demonstrates the sensitivity of the ongoing funding shortfall in relation to various central government settlement scenarios.



8.4 The Council has a successful track record of delivering savings, however opportunities for future cost reductions are limited. The graph below is drawn from national data sets and compares the Council's reduction in expenditure levels with comparable authorities since funding reductions began in 2020. This highlights that the Council has consistently delivered higher reductions than the vast majority of comparable authorities.



8.5 On the assumption that the expected local government finance reforms result in a net loss of funding to the Council, and does not include extensive transitional protections, the Medium Term Financial Strategy builds an assumption of an ongoing funding shortfall from 2023/24. It also builds in safeguards by balancing that shortfall from previously built up business rates resources on a temporary basis pending the outcome of the Reforms and the extent of the ongoing impact of Covid-19 and Supported Housing Pressures becoming better understood. The Council will continue exploring opportunities for external shared services in relation to waste, additional income opportunities from ICT and HR support and utilising potential opportunities/efficiencies through the Digital Strategy. We will continue to adopt a challenging and commissioning approach to procurement and keep under review discretionary fees and charges. Once there is more certainty in relation to the outcome of the Local Government Finance Reform we will look to adopt a formal savings strategy as required.

9. Changes to Budgets 2022/23 onwards

9.1 The Council has published priority themes and these have been at the forefront of the budget setting process. The priorities set out in the corporate plan have been at the forefront during the process of setting the budget:

9.2 The Council conducted a budget consultation during the autumn of 2021. This enabled residents to tell the authority what they saw as budget priorities. The key findings from this survey are summarised as follows:

- The highest response to those surveyed said the Council should protect services, even if council tax and fees for service users' increase.
- Those services which scored the highest in terms of being a priority for residents included, Waste Collection, Parks/Open Spaces, CCTV, Street Cleaning and Town Centre Regeneration.
- In respect of the services that the Council provides on a discretionary basis, residents indicated that Garden Waste, Outdoor and Indoor Leisure, CCTV and Outdoor Markets should be protected, whilst Mayoral/Civic Activities, Burton Civic Function Suite, Arts and Brewhouse Theatre were least desirable to be protected.
- In terms of generating additional income to support the budget, residents indicated that fees to service users could be increased in relation to the Brewhouse, CCTV, passing on the parking app charges to users and Bulky/trade waste.

Once again these findings have been taken into account when reviewing the budget.

Revenue Budget Investment / Pressures

9.3 Revenue budget growth includes key areas of investment to improved service delivery to residents directly linked to Corporate Priorities, but also include unavoidable items such as changes in assumptions to pay and inflation. The most significant items of revenue budget growth are set out in the table below:-

Table 6: Revenue Investment/Pressures – 2022/23

Portfolio	Description	£'000
Leader	HR and ICT Expenses	16
Environment & Housing	HGV Drivers - Pay Enhancement (Cabinet - September 21)	109
	Environment - Health and Safety Improvements	18
	Housing Temporary Staffing made Permanent (from Ring-fenced Grant)	40
Community and Regulatory Services	Events - Roundabout Theatre	36
	Climate Change Officer - additional 0.5 FTE	23
	Events - Supporting the Ale Trail	12
	Public Art - Horses Carousel (Year 2 Swan Trail)	10
	Capital Schemes	12
Leisure, Amenities and Tourism	Market Hall - Reduced Income Expectations	35
	Procurement - Grounds Maintenance	28
	Car Parks and Buildings Condition Surveys	20
	Cemeteries Staffing	8
Regeneration and Planning Policy	New Chief Officer Position: Head of Regeneration and Towns Fund	100
	Planning Staffing (from Ring-fenced fee income)	16
Corporate	Pay Awards and National Insurance	239
	Volatility Provision	150
	Other inflation, including energy	78
	Other changes below £10k	54
	Total	**1,004**

<u>Growth/Pressures beyond 2022/23</u>

9.4 In addition to the uncertainty in respect of central funding from 2023/24 onwards there are a number of cost pressures that have been incorporated into the budget for 2023/24 onwards, including:

- **Towns Fund – High Street (Phase 1b)** – The Capital Programme incorporates a regeneration project in relation to High Street in Burton which in addition to the Towns fund allocation and Section 106 monies requires substantial investment from the Council. This investment will need to be funded from prudential borrowing unless other funding can be identified in the interim or the borrowing requirement is reduced as the sites are developed and potentially sold. The budgets include provision for this additional cost, which is estimated to rise to £0.5m per annum by 2026/27. There are potentially further additional revenue costs that may arise from this project once the construction phase is complete, these are yet to be identified pending any decision on the future delivery models. Phase 2 of this project is subject to a successful levelling up bid.

- **Pension Fund** – the triennial review was last undertaken as at March 2019 and resulted in increased pension contribution rates on average 2% per annum over the three year period. The next review will take place from March 2022 and impact on employer pension contributions from 2023/24. With this in mind the medium term

Cfinancial strategy assumes the same funding strategy will continue into the next triennial period.

- **Covid-19** – The budget incorporates a provisional estimate of the ongoing impact of the Pandemic and resulting economic impact beyond 2022/23, including the impact on income streams and potential cost pressures. There remains a high degree of uncertainty in this regard and officers will continue to monitor budgets accordingly.

- **Market Hall Closure / Traders Compensation Package** – In line with the current Town Deal proposals, the budget makes provision of £0.1m in 2023/24 for a compensation package for existing traders to support them to successfully relocate their business.

Revenue Savings or Cost Reductions and Additional Income

9.5 As set out above, the Council has made significant cost reductions due to the extensive funding reductions that have taken place since 2010. It is clearly good practice to provide the same or better service at a reduced cost, a principle which this Council has followed for many years. The table below is a list of savings initiatives (generally those £10k and above) and increased levels of income/funding which have affected 2022/23 revenue budgets.

Portfolio	Description	£'000
Leader	Investment Income	207
	Net of other savings in this portfolio	19
Environment & Housing	Supported Housing Demand	456
	Recycling Procurement / New Fibre Collection	166
	Housing Grant - to Support Staffing Growth	40
	Recycling Income	36
	Revenues and Benefits Administration Grants	29
	Waste - Reduced Contamination Levels	25
	Public Conveniences - Business Rates Relief	19
	Garden Waste / haulage Procurements (net)	14
	Environment Income (Bulky Waste / Street Naming)	13
	Net of other savings in this portfolio	11
Community and Regulatory Services	Staffing Savings - reduced hours in Enforcement	10
	Civic Function Suite Staffing	10
	Dog Kennelling	5
	Other Savings in this Portfolio	18
Leisure, Amenities and Tourism	Market Hall Cleaner (Vacant Post)	18
	Cemeteries income	11
	Health and Leisure Grants	9
	Staffing and Other Savings in this Portfolio	7
Regeneration and Planning Policy	Ring-fenced Planning Income to Support Staffing	16
	Staffing Savings	9
Corporate	Covid -19 Contingency	351
	Total	**1,499**

9.6 In addition to the above savings there has been a significant increase in the assumed levels of funding compared to the original base budget as a result of a number of factors:

- The delay to the business rates reset and needs review;
- Rolling forward of the New Homes Bonus Scheme and above average housing growth;
- Business Rates growth and a revised approach to risk and volatility;
- The impact of the pandemic on council tax support and housing growth lower than anticipated.

Funding Changes	2022/23		
	Base Budget £'000	Revised Budget £'000	Change £'000
Retained Business Rates	3,416	4,859	1,443
Covid-19 Support	18	18	0
Lower Tier Support Grant	0	146	146
2022/23 Services Grant	0	221	221
Council Tax Surplus	(18)	139	157
Special Expenses	441	439	(2)
New Homes Bonus	490	1,533	1,043
Council Tax	7,190	7,316	126
Total	**11,537**	**14,671**	**3,134**

9.7 Other Savings included within the Base Budget: Leisure Provision
In addition to the savings listed above, during the course of 2018/19 the Council awarded the contract to an external provider in relation to the provision of its leisure services. This has already been reflected in the base budget (set in February 2020) and was originally contracted to generate savings of £0.9m on average per annum against the previous base budget, including indirect savings of £0.2m in relation to support services and corporate management.

9.8 Due to the Covid-19 Pandemic the Council has been working in partnership with the external leisure provider to maintain services in a sustainable way through interim arrangement to provide additional support. The budget assumes that any additional support required for 2022/23 can be met from residual National Leisure Recovery Grant. Provision has also been made for 2023/24 and beyond in line with estimates provided. Discussions are continuing between the parties until such a time as agreement can be made to return to a contracted position for the remainder of the original contract. It is therefore proposed that, subject to the budgetary provision, authority be delegated to the relevant Deputy Leader, Leader, Chief Executive and Chief Finance Officer, in consultation with the Leader of the Opposition and relevant Shadow Deputy Leader, to approve further arrangements with the leisure provider.

10. Assumptions

10.1 Key assumptions made in drafting the Medium Term Financial Strategy are:-

- Pay awards – 1.75% for 2021/22, with 2% there afterwards.
- Pension increases following triennial revaluation,
- Staffing vacancy factor of 2% included (excluding Waste Management).
- A 98% council tax collection rate
- Tax base as approved for 2022/23 with subsequent increases of 1.5%
- Interest rates on investments 0.5% rising to 1% by 2024/25.
- Council tax increases as per table 5 above.
- Government Settlement Funding / Business Rates Reset – For 2022/23 this is as per settlement and NNDR Estimates (sections 5 & 7). For 2023/24 it has been assumed that a 50% business retention scheme reset/transition will take place with resources from business rates growth distributed within the sector through the settlement based on a new needs assessment. It has been assumed that the policy of no reduction in Core Spending Power seen in 2012/22 and 2022/23 will continue in 2023/24. This approach reduces resources in 2023/24 by £0.8m or 5% and 7% over 2 years.
- Contingency - A one-off volatility provision of £150k for 2022-23 and Covid-19 Provision of £0.4m for 2022/23 and 2023/24. For 2022/23 this includes support from the National Leisure Recovery Fund.

11. Risk Assessment and Management

11.1 The Council is committed to managing its exposure to risk. A key component of this is identifying risks as part of service planning (operational risks) as well as considering more strategic and corporate risks. In mitigation against these risks there may be financial implications: the more fundamental financial risks over the medium term are as follows. These have been highlighted Red/Amber/Green taking into account the scale of impact and the likelihood of occurrence.

- **Formula Central Government Funding**. The provisional settlement covering the next year provides only very short term certainty. There are a number of reforms to Local Government Finance that the Government is proposing to implement including a needs based review of funding levels alongside the resetting of the retained business rates scheme which means a re-distribution of the growth. The Council has taken a pragmatic approach to forecasting funding levels within this uncertain environment.

- **Covid-19 and Brexit** There continues to be uncertainty surrounding the impact of Covid-19 and perhaps to a lesser extent the implications of our departure from the EU on the economy both in the long and short term. There are a number of risks associated with the uncertainty and outcome which could impact on the Medium Term Financial Strategy in both the short, medium and long term. These include a number of risks which are linked to the economy, interest rates, economic impact on local levels of income such as car parking, cultural services and business rates, together with potential cost pressures in waste and leisure. In the medium term the Council has set aside some contingency to deal with resulting financial pressures that may arise.

- **Business Rate Retention Scheme**. As set out within Section 7 of the report the Council is potentially exposed to the risk of reduced income levels as a consequence of business rates contraction. As well as economic growth or contraction, there are a number of other factors that can impact on the business rates collected, including the number and level of mandatory and discretionary reliefs and also valuation appeals. Due to the safety net built into the scheme these risks are limited to £1.9m for 2022/23, plus any contribution required to meet safety net payments within the Staffordshire Pool. This has been considered as part of the reserves strategy, with a specific reserve to deal with business rates volatility. The next business rates revaluation is due to come into effect from April 2023. Finally, the current business rates retention scheme is due to be reset potentially for April 2023. The assumptions within this strategy make provision for a 50% reset/transition from 1st April 2023 which takes into consideration to Government awareness of financial resilience within the sector and stated approach for a transition in respect of the reforms.

- **Income Generation**. The authority generates a substantial amount of income from services such as planning, building consultancy, markets, recycling, the investment of cash balances and parking. We have seen in recent years that the economy and other factors such as the weather can have a significant impact on the levels of income generated, which could have a negative impact on the budgets. This is mitigated to some extent by adopting a prudent approach to budget setting and also routine and robust risk based budget monitoring throughout the year. However, as set out above, the authority has set aside provisions to mitigate against the risk associated with a shortfall in service income levels as well as other risks.

  The table below sets out the degree of sensitivity to changes to these key areas of funding:

Table 8: Sensitivity Analysis
Every 5% reduction in income compared to the 2022/23 estimate

Income Stream/Source	£'000
Business Rates*	1,169
Government Finance Settlement	160
Fees and Charges Income	220
Investment Income (0.25% reduction in base rate)	115

*This risk is managed through the business rates risk/volatility reserve

- **Supported Housing.** In recent years the Council has seen a significant uplift in Supported housing claims within the Borough, this includes new providers entering into the market in the Borough. In addition to which the Council has an outstanding appeal lodged against its decision to cancel payments to a local provider. The budget makes some provision for growth in the number of claims and holds funding in reserves against the outstanding claim. Nevertheless, there is a risk that this provision may not be sufficient to meet demand and the outcome of the appeal.

- **Waste Management/Recycling**. The Council is moving to a new Fibre Collection approach in 2022/23 and the assumptions within the budget are based on the experience in other areas that have adopted this approach. There is the inherent risk that the experience in East Staffordshire being different in either a positive or negative manner. There continues to be significant challenges in the waste industry which may result in future cost pressures for the Council in the medium term. These pressures include potential changes imposed by central government as well as market price fluctuations and tonnage levels which can be impacted by weather conditions. The Council has adopted a pragmatic approach to setting the budgets for this area but acknowledges that there may be future cost pressures in this area.

- **Towns Fund Capital Plans/Regeneration Aspirations.** The Council has a number of significant projects and proposals within the Capital Programme and as a result there is a risk of cost increases above the allocated funding. Whilst contingencies are built into the project costings, cost inflation is a particular risk at the current time. In addition to which external funding is subject to confirmation.

- **Costs Passed from Other Public Bodies.** The extended period of funding reductions had a significant impact on all public bodies. This can on occasion lead to decisions being made by one organisation in order to reduce their costs having either an indirect or direct consequences in another part of the sector. Specific risk areas identified include the government's implementation of **Universal Credit** as well as the introduction of the **Homelessness Reduction Act** and **recycling credits** which are administered by Staffordshire County Council.

- **New Homes Bonus**. The government have indicated that the existing New Homes Bonus Scheme will not continue beyond 2022/23 and no legacy payments will be made. Indications suggest that the scheme will be replaced with an alternative and less generous scheme, although it could be withdrawn altogether. However, what shape this will take and whether the Council will benefit is unknown. This funding stream is incorporated into the Governments Core Spending Power Analysis. Whilst the MTFS for 2023/24 assumes a reduction is this funding stream, but with overall Core Spending Power frozen in line with the policy adopted by Government over the last two settlements.

- **Housing Growth**. The Borough Council has seen significant housing growth in recent years and this is likely to continue. Whilst housing growth generates additional revenue from council tax receipts and historically new homes bonus, this also generates additional expenditure to deliver services to these households. Whilst we have strengthened our Waste Collection Service to support this additional growth, in the medium to long term further pressures are likely to arise from continued growth.

- **Capital Receipts/ MRP.** The revenue budget includes savings of £96k in 2022/23 from a reduction in the underlying debt by utilising capital receipts from the sale of assets already approved. Should these receipts not materialise within the timescales anticipated an in-year cost pressure would need to be managed. The Government are currently consulting on changes to the MRP Regulations in relation to the setting aside of resources from revenue to reduce the underlying need to borrow. There have been some unintended consequences identified which could impact on the Council. We will be responding to the consultation exercise accordingly.

- **Local Council Tax Support.** From April 2013 the Local Council Tax Support Scheme came into effect. There are a number of risks associated with this, including the extent of any new applicants and over the medium to long term, changes in demographics. The extent of this risk for the Borough Council is limited to approximately 12%, being our share of the overall Council Tax bill.

- **VAT Partial Exemption De-Minimis**. The authority is limited to the extent that it can recover VAT in relation to exempt activities, such as Brewhouse and lettings. The projects associated with the Towns Fund (Brewhouse and High Street) means that this risk is higher than in previous years.

- **Pay Awards.** The budget assumes pay increases of 1.75% in 2021/22 which is still subject to national agreement. In respect of 2022/23 onwards increases of 2% have been assumed. For every 1% above this offer awarded there is an additional cost of £0.1m per annum.

- **Interest Rate Movements**. Predicting interest rate movements over the coming period is a highly uncertain business, particularly in light of the current economic circumstances. Indeed it is possible, that base rates will have changed between the writing of this report and the holding of this meeting. However the authority has taken a balanced approach to setting interest budgets.

- **Pension Fund.** The triennial review of the council's pension fund took place as at March 2019 and this is reflected within the budgets for 2022/23. In the medium/long term there are a number of factors that can have a significant impact on future pension contribution levels, including the performance of the economy, life expectancy levels and fund membership numbers. The medium term financial strategy makes provision for estimated increased contribution levels up to 2025/26 in line with the estimated outcome of the next valuation.

11.2 The above risks and mitigating actions as well as key risk reserves have been taken into account in reaching a view on acceptable levels of general fund reserves.

12. Special Expenses

12.1 Special expenses are reviewed regularly to facilitate cost recovery. The level of increase for each parish special expense the increased charge for a Band D property has been limited to 2% (in line with national referendum principles).

13. The Capital Programme and the Prudential Code

13.1 The Council's Capital Programme amounting to £43.8m is outlined at Appendix D and contains a number of projects and initiatives in line with our Corporate Priorities including:

- A range of **Burton Towns Fund** projects being delivered in partnership with external providers amounting to £37.6m, being funded from Towns Fund Grant, Section 106 monies (£4m) and prudential borrowing (£9.9m). These business cases are still being assessed in readiness for submission to Government in accordance with the agreed timescales. The second Phase of Project D (High Street) is subject to a future levelling up fund bid;

- The upgrading of our **CCTV infrastructure** amounting to £0.2m with some external funding anticipated to support this project;

- Support for the **Uttoxeter Sports Hub** of £0.5m, met from Section 106 funding;

- Provision for two initiatives for **Electric Vehicle Charging Points** within our Car Parks, supporting our climate change action plan, estimated to cost £0.114m;

- **Community Regeneration Fund and Business Spring Board Boost Grant Schemes** to provide support to communities to build back better and support to business to foster growth and employment totalling £0.2m;

- **Departmental Capital Bids totalling £0.2m** in relation to ICT provision, Cemetery Road Improvements and Sewerage Facility Works;

- Supporting communities through **Disabled Facilities Grants,** with this being funded via the Better Care Fund (assumed award of £1.16m each year);

- In addition to this a number of projects in the current capital programme are taking place over several years and will be rolled forward into 2022/23 at Outturn (31st March 2022). The current capital programme includes provision for the **Cemetery Expansion** for which there are ongoing investigations which may require additional investment in order to comply with the Environment Agency Regulations. Officers are continuing to explore options and will bring forward a report in year, as required.

13.2 The Council adopted the **Uttoxeter Masterplan** in December 2020 which provides a long term coherent vision for Uttoxeter as a town. The Masterplan considered what combination of improvements and changes need to be undertaken to create the right conditions for growth, providing more, and/or better, employment opportunities, along with the necessary infrastructure (roads, housing, utilities, broadband etc.) to support that growth. Members and officers are keen to explore options and/or opportunities to deliver the proposals within the Masterplan and will be working towards developing more detailed proposals (in conjunction with partners, as appropriate). Any proposals will be subject to detailed business cases being brought forward and approved at the appropriate time

13.3 Further details of the Capital Proposals and financing can be found at Appendix C – Asset Management and Capital Strategy 2022/23).

13.4 There is a link between the capital programme and the Council's MTFS. Two issues arise:-

- Capital schemes can have direct revenue consequences – for example a new property will impact on business rates, insurance, utility costs and staffing or new infrastructure or equipment could result in additional maintenance costs. This can be in the short, medium and long term, and

- The funding of the capital scheme will affect the revenue budget whether by incurring borrowing costs or by losing investment interest on capital receipts used to finance capital expenditure.

13.5 The proposed Capital Programme incorporates a significant amount of future prudential borrowing to resource the programme. The cost of this borrowing is expected rise in line with the profile of expenditure, increasing to an estimate £0.5m per annum by 2026/27. In order to ensure that this is sustainable and subject to the local government finance reforms, the Council will need to either deliver savings/additional income or reduce the amount of borrowing required from future capital receipts or windfall resources.

13.6 To the extent that it is currently feasible the prudential indicators illustrate the impact of capital on revenue and these are set out within the Treasury Management Strategy. Where proposals are still at the feasibility or development stage it has not been possible to fully cost the impact on the revenue budget. These proposals are therefore subject to a full detailed business case being presented, including the impact on the revenue budget.

13.7 Members will recall that the Local Government Act 2003 introduced the financial regime for local authority capital expenditure. The system is based on self-regulation with freedom to invest, provided the programme is affordable, prudent and financially sustainable. The requirements set out within the Prudential Code and revised investment guidance issued by the Government have been enhanced in recent years as a result of commercial activities (e.g. Property acquisitions for which the primary purpose is income generation) being undertaken in some parts of the sector. The Council has continued to produce the annual Capital Strategy, whilst this has been enhanced, the Council does not have any existing commercial investments funded from prudential borrowing and there are no proposals for this activity.

13.8 The Treasury Management Strategy provides further information on the capital programme and its impact upon the prudential indicators. The Council's underlying need to borrow for capital purposes (the Capital Financing Requirement) is a key indicator of prudence. When compared with the estimated external debt it ensures that, in the medium term, the Council is borrowing only for capital purposes.

13.9 Historically the Council's level of underlying need to borrow has been relatively high in comparison to neighbouring authorities (the CIPFA Resilience index makes a comparison which includes HRA authorities). In recent years the council has taken steps to improve this by adopting the approach of utilising windfall monies from New Homes Bonus to support a reduction in the underlying debt and reduce the cost to the revenue budget. There is an existing commitment to utilise £2m of capital receipts to reduce the underlying need to borrow. In addition to which the Council has adopted a policy to set-aside 20% of all future capital receipts to support the repayment of historical debt. Continuing to reduce the underlying debt will enable savings to be maximised when the next tranches of external debt mature in 2025/26.

14. Reserves

14.1 The Local Government Act 2003 requires the Council's Chief Financial Officer to report on the robustness and sustainability of the estimates included in the budget and the adequacy of reserves for which the budget provides. The Council's policy is to carry out an annual review of all reserves as part of the budget preparation process. This includes identifying their purpose, and advising on the appropriate level for each reserve. This has been undertaken and Appendix B provides a summary of the reserves and their expected movements.

14.2 In the current climate, reserves can be viewed as an indicator of financial resilience. During the course of the year the council has compared its level of revenue reserves with those authorities within our nearest neighbour comparator group, as well as similar authorities within Staffordshire. This is consistent with the Resilience Index, recently published by CIPFA. Whilst this can only be viewed as a guide, due to each authority potentially having different risks to take into consideration, this indicated that our reserves are broadly in line with the average. As we deal with the impact and consequences of the Covid-19 Pandemic at both a local and national level, as well as moving towards the new local government finance system it is increasing important that the Council holds a suitable level of reserves to support sustainability.

14.3 Additionally, the Chief Finance Officer has reviewed the level of general reserves. The minimum advisable level of general reserves remains set at a level of £1.3 million, commensurate with significant business risks (as set out in section 12). This equates to just 3% of gross annual spending and whilst this is low in comparison to our nearest neighbours, it takes into account specific/earmarked reserves that have been established to mitigate against the most significant risks facing the authority.

Table 9: Reserves Forecast

	General Reserves £000	2021/22 Earmarked Reserves £000	2022/23 Earmarked Reserves £000	2023/24 Earmarked Reserves £000	2024/25 Earmarked Reserves £000
Estimated Opening Balance	1,278	26,500	19,279*	16,840	14,160
Estimated use during the year	0	(7,221)	(2,439)	(2,680)	(1,949)
Estimated Closing Balance	1,278	19,279*	16,840	14,160	12,211

*This excludes the estimated temporary impact on reserves due to the timing differences associated with Covid-19 Business Rates Relief (as outlined in Para. 7.6).

14.4 Members will note that it is best practice to only use reserves is in support of capital and one-off revenue items. Reserves should not generally be used to support ongoing revenue expenditure. Earmarked reserves are set aside to deliver specific projects or to mitigate known risks and the vast majority are not available to provide general support for the budget. The budget for 2023/24 to 2024/25 has been balanced by the use of windfall monies from business rates growth held in reserves until such at time as the impact of the local government funding reforms is more fully understood at which point a formal savings plan will be developed, as required.

14.5 The MTFS previously approved the use of the debt repayment reserve to support ongoing debt costs. This is currently being drawn down (£0.283m per annum) including £0.283m until 2025/26 and then £0.053m until 2030, at these intervals large tranches of external debt will mature and deliver savings to the revenue budget.

14.6 The reserves forecast includes a re-allocation of resources in order to meet current demand, priorities and associated risks. This includes the cessation of the Insurance Reserve (£0.228m) with the balance used to top-up the LDF Reserve used to support a local plan review, when required, and also a transfer of resources (£0.150m) from the New Burdens Funding received towards business grant administration to top-up the professional reserve which is utilised to buy in additional external and agency support on an ad-hoc basis (when required).

14.7 Incorporated into the reserves forecast is the setting aside of £0.150m per annum as a financial provision to support the feasibility analysis and development of business cases in relation to, for example, capital projects, economic regeneration activities or spend to save initiatives. It is proposed that the allocation of this funding be delegated to the Leader of the Council in consultation with the relevant Deputy Leader and Chief Officer.

15. Financial Considerations

This section has been approved by the following member of the Finance Team: Lisa Turner.

15.1 This report deals solely with financial matters**.**

16. Legal Considerations

This section has been approved by the following member of the Legal Team: Glen McCusker.

16.1 There are no direct significant legal issues arising from this report. This report complies with a number of statutory requirements.

17. Equality and Health

17.1 The Medium Term Financial Strategy is linked to Service Plans, which have been subject to Equalities Impact Assessments.

18. Human Rights

18.1 There are no Human Rights issues arising from this report.

19. Conclusions

19.1 As well as supporting the continued delivery and improvement of our existing services, this Medium Term Financial Strategy makes provision for significant investment in the Borough. Subject to the assumptions made and the risks identified the Chief Financial Officer's view is that the budget includes estimates, which can only be based on circumstances and events which are reasonably foreseeable at the time of preparing the budget. The budget has been prepared following extensive discussion between Chief Officers, Managers and leading Members. It also acknowledges that both the planned reforms to local government finance, demand for supported housing and the pandemic has created a high degree of uncertainty within our financial planning. Subject to risks set out in this report, the Chief Finance Officer is of the view that the budget provides a robust basis for managing the Council's finances in the years 2022/23 to 2024/25.

19.2 The budget takes appropriate account of external demands, service pressures and the impact of the capital programme to the extent that it can be ascertained at this time. It leaves the Council with an appropriate level of reserves. Although it also highlights that subject to the outcome of the local authority reforms savings are likely to need to be delivered in the medium term in order to reduce the reliance on one-off resources in order to ensure the Council's financial sustainability in the medium to longer term.

19.3 Both the Asset Management and Capital Strategy and the Treasury Management Strategy inform the MTFS and should enable the Council to move forward and meet its objectives.

19.4 Members note the extent of the financial uncertainties and associated risks ahead, and that the budget is balanced for 2022/23 with one-off funding allocated on a temporary basis towards the Towns Fund. For 2023/24 onwards the budget is balanced from windfall business rates growth held in reserves pending the outcome of the local government finance reforms.

20. Cabinet Recommendation

20.1 To recommend to Council approval of the Medium Term Financial Strategy 2022/23 to 2024/25, which includes the revenue budget, capital programme and the asset management and capital strategy; and that the level and appropriateness of reserves be noted.

21. Background Papers

21.1 Provisional Local Government Finance Settlement 2022/23 – December 2021

21.2 CIPFA Resilience Index 2021: www.cipfa.org/services/financial-resilience-index-2021/resilience-index-2021

22. Appendices

Appendix A: Detailed Budget Summary 2022/23 – 2023/24
Appendix B: Capital Programme
Appendix C: Reserves Forecast
Appendix D: Asset Management and Capital Strategy 2022/23 (to follow)

APPENDIX A

MEDIUM TERM FINANCIAL STRATEGY SUMMARY 2022/23 – 2023/24

Budget Summary	2022/23 Budget £'000	2023/24 Budget £'000
Service Budgets by Portfolio		
Leader of the Council	4,760	5,082
Community and Regulatory Services	767	796
Environment and Housing	5,480	5,646
Leisure, Amenities and Tourism	2,330	2,299
Regeneration and Planning Policy	259	283
Corporate/Contingencies Budgets		
New Homes Bonus Grant (Section 6)	(1,533)	(675)
Covid-19 Impact Provision	415	418
Volatility Provision	150	-
Parish Council Support Grant	59	59
Apprentice Levy	22	22
Other Corporate Budgets	(32)	(32)
Total Revenue Budget	**12,677**	**13,898**
Retained Business Rates	(4,859)	(4,241)
Lower Tier Support Grant	(146)	-
2022/23 Services Grant	(221)	-
Baseline Need Review / Transitional Funding	-	(670)
Covid-19 Council Tax Support (Reserve)	(18)	(18)
Share of Council Tax (Surplus)/Deficit	(139)	18
Support for Towns Fund	461	-
Support From Windfall Business Rates	0	(925)
Net Revenue Budget	**7,755**	**8,062**
Special Expenses	(439)	(439)
Amount to be raised by Council Tax	**7,316**	**7,623**
Council Tax Increase (Band D)	**£5 or 2.7%**	**£5**

APPENDIX B

Capital Programme 2022/23 to 2025/26

(Burton Towns Fund allocations are indicative and subject to confirmation)

Capital Programme	2022/23 £'000	2023/24 £'000	2024/25 £'000	2025/26 £'000	Total £'000
Community Regeneration Fund	100	-	-	-	100
Business Spring Board Boost Grant Scheme	100				100
CCTV Upgrade	205	-	-	-	205
EV Charging Points	95	-	-	-	95
EV Charging Points (Contribution)	19	-	-	-	19
ICT - Windows Servers Upgrade	42	-	-	-	42
Stubby Lane Sewerage Facility Works	35	-	-	-	35
Cemeteries Road Improvements	38	38	38	38	152
Uttoxeter Sports Hub	-	500	-	-	500
Dog Waste Bag Dispensers	13	-	-	-	13
Fleet Replacement - Sweepers (3 Year)	-	-	291	-	291
Disabled Facility Grants	1,160	1,160	1,160	1,160	4,640
Burton Towns Fund					
Project C Regional Learning Centre*	TBC -Subject to Business Case Submission				1,915
Project D High Street #	7,267	6,524	3,220	5,598	22,610
Project E Library and Enterprise Hub #	760	5,500	1,768	-	8,028
Project G Canal Towpath Improvements #	705	0	0	0	705
Project H Cycle Network Enhancements	200	770	395	-	1,365
Project J Specialist Education Offer	2,969	0	0	0	2,969
Total Capital Expenditure Budget	**13,708**	**14,492**	**6,872**	**6,796**	**43,784**
Funding					
Capital Revenue Reserve	581	38	38	38	695
Disabled Facility Grant (Better Care Fund)	1,160	1,160	1,160	1,160	4,640
External Funding (CCTV)	66	0	0	0	66
Section 106 (Uttoxeter Sports Hub)		500			500
Section 106 (Project D - High Street)	2,442	1,558	0	0	4,000
Towns Fund Grant ~	9,459	10,142	2,163	0	21,765
Towns Fund Grant - Project C TBC	-	-	-	-	1,915
Prudential Borrowing (Fleet Replacement)	-	-	291	-	291
Prudential Borrowing (Project D - High Street)	0	1,094	3,220	5,598	9,912
Total Capital Funding	**13,708**	**14,492**	**6,872**	**6,796**	**43,784**

* Subject to Business Case Development (to be submitted by September)

Subject to approval of re-allocated funding from Project F (aborted)

~ £120k cessation costs assocated with Project F are expected to be paid in 2021/22.