



# **Budget 2022/23 and MTFS Update**

**Presentation by:**

**The Deputy Leader & Cabinet  
Member for Economic Growth  
and Cabinet Member for Finance &  
Corporate Transformation**

**Performance Management Scrutiny  
Committee**

**24<sup>th</sup> November 2021**

# National Context

- Budget / Spending Review
  - £4.8b extra funding for Local Government
  - 3% p.a. real term increase for Local Government
  - But includes additional funding for Social Care
  - Assumes Council Tax increased by maximum
  - Cash limited so benefit front-loaded
- Local Government Finance Settlement
  - Single year or multi-year?
  - Fair Funding/ business rates baseline reset?
  - New Homes Bonus?
  - Other grant determinations
- Levelling Up Agenda
  - White Paper

# National Context

- Environment Act
  - Implementation and impact
  - Extended Producer Responsibility funding 2024/25?
- Covid-19
  - On-going and lasting impact?
- Inflation and Supply Issues
  - Inflationary costs pressures
- Pay Issues
  - 2021/22 still to be settled, future claims given inflation?
- MTFS Timetable and Approach Considerations
  - Revised approach being adopted for 2022/23
  - High degree of uncertainty remains at present until the proposed Local Government Finance Settlement is published (Early Dec?)

# MTFS 2021/22-2024/25 (Agreed Feb 2021)

	2022/23 £000	2023/24 £000	2024/25 £000	Total £000
Forecast budget gap	1,262	299	96	1,657

## Key Assumptions at Feb 2021:

- Council Tax increase 2% per annum 2022/23 onwards
- Business Rate Baseline +2% per annum 2022/23 onwards
- Business Rate Growth retained £1.49m
- Pay award provision +2% per annum (2021/22 tbc)
- General Fund Balance £1m set-aside in 2021/22 for potential impact of Covid
- Est. reduction in investment income of £350k in 2021/22 met from reserve; then £250k shortfall in 2022/23 in MTFS, reducing over time to an ongoing reduction of £100k by 2024/25.
- Lower Tier Services Grant one-off £148k
- Local Council Tax Support Grant one-off/ added to reserve £189k

# Provisional Changes made to the MTFS

- Rolling forward MTFS one-year to 2025/26
- Review of previously identified profiled savings and additional costs
- Service Review – To identify additional income/ savings
- Service Review - To identify unavoidable budget pressures and **potential** growth items
- Incorporate IDP projects at approved/ delivered stage
- Other known changes

# MTFS Profile 2022/23 – 2025/26

## Provisional Changes to MTFS<sup>1</sup>

Base Budget Adj.	2022/23 £000	2023/24 £000	2024/25 £000	2025/26 £000	Total £000
Rolling forward MTFS	-	-	-	175	175
Existing profile items	(205)	(85)	-	-	(290)
Management Savings	(420)	(28)	(36)	-	(484)
Member Savings	(25)	(2)	-	-	(27)
Unavoidable Demands	249	25	25	25	324
Growth items	256	75	9	-	340
Agreed Budget Demand	26	-	-	-	26
Health & Social Care Levy (NIC +1.25%)	125	-	-	-	125
<b>Total Base Budget Adj.</b>	<b>6</b>	<b>(15)</b>	<b>(2)</b>	<b>200</b>	<b>189</b>

<sup>1</sup>Awaiting further information from Government in terms of the proposed Local Government Finance Settlement and Core Funding

# Provisional Changes

## Existing Growth Items removed

- Waste Management Growth £155k – awaiting further details and impact arising from the Environment Act
- Economic Development £90k – this activity is largely funded from reserves up until March 2024, by which time future resourcing needs will be clarified
- Housing Benefit Administration grant £45k – reduction in grant not as high as previously assumed

# Provisional Changes

**Management Savings/ Additional Income which have no service impact**

- Asset Management £138k
- Community Transport £13k
- Environment & Leisure £71k
- Finance £24k
- Housing £34k
- Marketing & Communications £33k
- Operations £121k
- Corporate – Pension Fund £50k

**Total reduction to MTFS Base Budget £484k**



# Provisional Changes

## Unavoidable Demands

- SLA income no longer charged after ECC vacate Causeway House £16k
- Corporate Management £70k
- Insurance Premiums £30k
- Cessation of Cabinet Office grant toward electoral registration £11k (net of mitigating savings)
- IT Licence costs £15k
- Operations – increased agency staff costs, fuel, and transportation £82k
- Vehicle replacement financing +£25k per annum - +£100k by 2025/26

**Total increase to MTFS Base Budget £324k**

# Provisional Changes (tbc)

## Growth Items

- Air monitoring equipment maintenance (subject to Capital bid) £3k
- Finance system database management improved resilience and support £20k
- Security Information and Event Management Tool (Cyber security) annual cost £25k
- Mosaic annual licence (from 2024/25) £9k
- Food & drink tetra pack collections £8k
- Planning Enforcement up to £200k – subject to consideration of MRG recommendations and options
- Councillor Grant Scheme £75k (from 2023/24)

**Total increase to MTFS Base Budget £340k**

## **Further work ongoing:**

- Detailed staffing costs – incremental progression and pay award provision to reflect changes in establishment since the last budget
- Other inflation, e.g. contracts, business rates, insurances etc.
- Taxbase for Council Tax and Business Rates
- Estimated Collection Fund balance (surplus/ deficit)
- Investment income and financing – based on updated Capital Strategy and forecast of balances/ reserves etc.
- Fees & Charges review
- Local Government Finance Settlement
- Further review position against half-year (Q2) projections

# Investment & Development Programme (IDP)

- Created following the 2021/22 Budget to identify activities to help achieve the MTFS savings required by bringing together 4 workstreams:
  - Strategic Investment
  - Commercial
  - Asset Management
  - Treasury Management
- Rolling pipeline of projects – across 4 stages of business case development/ H-L confidence levels. Projects and ideas subject to ongoing challenge and review of assumptions.
- Supplemented by the ‘£1.6m Challenge’ launched by the Chief Executive in July.
- Additional income and savings identified through the Service Review

# Investment & Development Programme (IDP)

- Over £2m of projects/ ideas so far
- £354k via the Service Review now reflected in provisional Budget/ MTFS changes
- £157k of projects captured under IDP also included in the provisional Budget/ MTFS changes
- Current pipeline of projects £1.5m<sup>1</sup>

	High	Medium	Low	Total
Stage 1	170,000	243,000	850,000	1,263,000
Stage 2	0	29,000	132,000	161,000
Stage 3	35,000	55,720		90,720
Stage 4	0	0	0	0
<b>Total</b>	<b>205,000</b>	<b>327,720</b>	<b>982,000</b>	<b>1,514,720</b>

	High	Medium	Low	Total
2021/22	0	0	0	0
2022/23	87,000	172,720	232,000	491,720
2023/24	53,000	85,000	375,000	513,000
2024/25	65,000	70,000	375,000	510,000
<b>Total</b>	<b>205,000</b>	<b>327,720</b>	<b>982,000</b>	<b>1,514,720</b>

<sup>1</sup>Subject to ongoing challenge and review of assumptions  
Some projects are subject to capital investment requirements

# Revised Timetable<sup>1</sup>

Date	Meeting	Decision or Subject Matter
9 <sup>th</sup> Dec	Cabinet Strategy Workshop	Budget, MTFS, Capital
5 <sup>th</sup> Jan	Performance Management Scrutiny	Budget proposals (all Members)
During Jan	Business community	Jan edition of Business Bulletin (tbc)
2 <sup>nd</sup> Feb	Performance Management Scrutiny	Final Budget proposals
7 <sup>th</sup> Feb	Cabinet	Final Budget and MTFS
21 <sup>st</sup> Feb	Full Council	Budget and Council Tax

<sup>1</sup> Based on provisional Local Government Finance Settlement being received late Nov/ Early Dec – risk that this is delayed and impacts timetable