



**NEWCASTLE
UNDER LYME**
BOROUGH COUNCIL

Medium Term Financial Strategy

2023/24 – 2027/28



Contents

Corporate Plan	Page 3
Finance Strategy	Page 3
Economic Context	Page 5
Borough Profile	Page 6
Refresh of Financial Assumptions	Page 9
Response to Covid-19	Page 12
Approach	Page 12
Reserves	Page 16
Capital Strategy	Page 16
Treasury Strategy	Page 17
Budget Timetable	Page 18
Appendix A – MTFS Summary	Page 19

Medium Term Financial Strategy 2023/24 to 2027/28

1. Corporate Plan

- 1.1 The Council Plan for 2022-2026 sets out the Council's priorities for the next four years and serves to focus the work of everyone at the Council.
- 1.2 The Council Plan is shaped around our four key priorities:
 - One Council Delivering for Local People
 - A Successful and Sustainable Growing Borough
 - Healthy, Active and Safe Communities
 - Town Centres for All
- 1.3 The Council Plan sets out how we will work to make Newcastle-under-Lyme a better place for everyone who lives here or comes here to work, to study or for leisure. Our aims can only be achieved by taking advantage of every opportunity available and developing further opportunities through innovation and collaborative working.
- 1.4 The Council is committed to strong and sustainable economic growth for the borough, focusing on opportunities around Keele University, Newcastle Town Centre and Kidsgrove.
- 1.5 The Council has worked hard to secure more than £50m from government programmes aimed at boosting the economic fortunes of areas such as ours. This plan includes a transformational portfolio of major projects but also reflects our ambition to attract yet more funding and take this work even further.
- 1.6 The Council Plan builds on four years of achievement, despite the huge disruption caused by the Covid-19 lockdown. It is very likely that the initial period of this plan's delivery and the delivery of the Medium Term Financial Strategy will be strongly influenced by the impact of rising energy costs and their impact on the cost of living.

2. Financial Strategy

- 2.1. A sound financial strategy is key to the delivery of the Corporate Plan and financial resilience.
- 2.2. There are five key strands to the strategy:
 - A financially self-sustaining Council
 - Value for Money
 - Everyone's responsibility culture
 - Underpinned by robust financial position
 - Ensuring a fair financial settlement for Newcastle-under-Lyme

Financially Sustainable Council

- 2.3. The change in the balance of funding to local authorities has shifted over the last ten years. The reduced Revenue Support Grant awarded by Government has been replaced by income from retained Business Rates and Council Tax. This has led to a need for local authorities to increase self-financing with a need to promote and grow the local economy and Council Tax bases to provide prosperity and reduce need alongside delivering efficiencies and generating more income.

- 2.4 Newcastle-under-Lyme has a growing population, but in recent decades it has seen low levels of house building which have not kept up with housing demand. The resulting affordability gap for residents puts pressure on our homelessness service but also has dampened council tax income.
- 2.5 Newcastle-under-Lyme's industrial and retail sectors have remained healthy in recent times and the business rates base has grown significantly (current rateable value of £90.862m) since the borough joined the Staffordshire business rates pool in 2013/14 (rateable value of £83.842m).
- 2.6 Alongside the growth in the tax base the rates need to keep base with the Council's inflationary and demand pressures, whilst also reflecting the financial pressures facing our residents. Accordingly the MTFS assumes annual increases of 1.99%.

Value for Money

- 2.7 It is essential that the Council makes best use of its finite resources. In simple terms this means evidence based decisions, testing the market, strong business cases, delivering on the corporate objectives.

Culture

- 2.8 The Council's finances need to be everyone's responsibility. It is not the sole responsibility of the Council's Section 151 Officer, ownership is required across the entire Council, the Cabinet, Chief Executive, Executive Directors and their management teams, senior management and front line workers. This has increasingly been the case through ten years of austerity and now more than ever with the financial impacts of the Covid-19 and Cost of Living crisis's and the continued uncertainty around Local Government funding.

Robust Financial Position

- 2.9 There needs to be clear, transparent and integrated service and budget planning to ensure the Council's finite resources are directed to where they are most needed. It is essential that the finances are understood by members, senior officers, managers and the community. The finances need to be sustainable. A single year budget is not enough, the finances need to be planned over the medium term and good practice is for this term to be five years.
- 2.10 The budgets need to be robust with realistic savings plans to avoid in year volatility. The five year plan needs to recognise all future pressures and income flows. Local Government is a dynamic environment with many demand led services and the growth in demand for services needs to be accurately modelled. The same applies on the income side with a clear understanding required of changes to the Council Tax and Business Rates tax bases and the level of Government support.
- 2.11 There is inevitably a gap between the two or the need to invest in priority areas which will need to be met by changing the way in which the Council operates. This will be through delivery of efficiencies, reducing services or generating more income. All of these measures need to be realistic with appropriate processes in place to ensure their delivery.
- 2.12 Finally, the Council needs to hold an appropriate level of reserves to ensure that it can continue to deliver its objectives in times of financial uncertainty. These reserves will cover the smoothing of spend areas that are known to move from year to year, for specific and general risks and a general provision for unknown risks.

- 2.13 Much work has been done over the past four years to put the Council's finances on a robust sustainable footing. Undeliverable savings and historical overspends have been built back into the base budget, there is a more focussed view of the medium term and there is a far more realistic assessment of future demographic pressures and investment needs. In addition, a Ten Year Capital Strategy has ensured that decision making considers this wider, long term context. This Strategy will set out how this approach can be taken further forward.
- 2.14 The Council has been operating in a period of great uncertainty with the impact of the worldwide Covid-19 Pandemic and the Cost of Living crisis. Detailed scenario planning will therefore be required to identify the different actions that may be necessary to ensure the Council's continued financial sustainability depending on the financial impact and any potential ongoing consequences.

A Fair Financial Settlement for Newcastle-under-Lyme

- 2.15 The Government introduced its Business Rates Retention model for funding local government in 2013/14. It however relied on the historical needs data and damping arrangements from the previous model. At the time government committed to address both of these issues and also set out plans to reset the business rates growth on a regular basis.
- 2.16 Government has been developing Fair Funding proposals to remedy the position, this is now overdue and local authorities have been disadvantaged by both the lack of an update of the underlying data and the damping arrangements. Implementation has been held up due to the Covid-19 pandemic and it is currently unclear when the Government will press ahead with plans for a business rates reset which would see the accumulated growth built up since 2013/14 being redistributed across the system.
- 2.17 As a member of the Staffordshire Business Rates Pool the Council currently saves £0.755m per annum in levy payments which would be payable to the Treasury if the Council ceased to be part of a pooling arrangement. In addition to this, growth within the Borough has enabled a further £1.699m of business rates income to be retained by the Council (this has been recognised in previous savings) over and above the funding baseline set by Central Government. In the event that a business rates reset goes ahead strong lobbying will be required to ensure that appropriate transitional arrangements are in place to cushion the impact locally.
- 2.18 Depending on the funding system in place for the medium term, there will be a requirement for relevant up to date information to ensure its effectiveness. The 2021 Census will be key.
- 2.19 Finally the Council has been successful in ensuring that significant resources required to regenerate the borough have been secured via Town Deals and Future High Street Fund (a number of projects are well underway) and continue to work closely with the County Council and LEP to secure inward investment in the borough to drive growth and employment opportunities for local people.

3. Economic Context

- 3.1 The following economic commentary has been provided by the Council's treasury advisers, Arlingclose, from their November Economic Background.

The ongoing impact on the UK from the war in Ukraine, together with higher inflation, higher interest rates, uncertain government policy, and a deteriorating economic outlook, will be major influences on the Authority outlook for 2023/24.

The Bank of England (BoE) increased Bank Rate by 0.75% to 3.0% in November 2022, the largest single rate hike since 1989 and the eighth successive rise since December 2021. The decision was voted for by a 7-2 majority of the Monetary Policy Committee (MPC), with one of the two dissenters voting for a 0.50% rise and the other for just a 0.25% rise.

The November quarterly Monetary Policy Report (MPR) forecast a prolonged but shallow recession in the UK with CPI inflation remaining elevated at over 10% in the near-term. While the projected peak of inflation is lower than in the August report, due in part to the government's support package for household energy costs, inflation is expected remain higher for longer over the forecast horizon and the economic outlook remains weak, with unemployment projected to start rising.

The UK economy grew by 0.2% between April and June 2022, but the BoE forecasts Gross Domestic Product (GDP) will decline 0.75% in the second half of the calendar year due to the squeeze on household income from higher energy costs and goods prices. Growth is then expected to continue to fall throughout 2023 and the first half of 2024.

CPI inflation is expected to peak at around 11% in the last calendar quarter of 2022 and then fall sharply to 1.4%, below the 2% target, in two years' time and to 0% in three years' time if Bank Rate follows the path implied by financial markets with a peak of 5.25%. However the BoE has stated it considers this path to be too high, suggesting that the peak in interest rates will be lower, reducing the risk of inflation falling too far below target.

The labour market remains tight for now, with the most recent statistics showing the unemployment rate fell to 3.5%, driven mostly by a shrinking labour force. Earnings were up strongly in nominal terms by 6% for total pay and 5.4% for regular pay but factoring in inflation means real total pay was -2.4% and regular pay -2.9%. Looking forward, the MPR shows the labour market weakening in response to the deteriorating outlook for growth, leading to the unemployment rate rising to around 6.5% in 2025.

4. Borough Profile

- 4.1 Newcastle-under-Lyme has a population of 123,300 (2021 census), a decrease of 600 (rounded up), or 0.5%, since the 2011 census. This is a very different situation than the national (6.6% increase), regional (6.2% increase) and county (3.3% increase) pictures which all saw increases over this period.
- 4.2 In the ten years from 2011-2021, the percentage of the borough's population aged 70+ increased from 12.8% to 16.1%, keeping this rate higher than across the West Midlands region (13.8%) and England (13.5%).
- 4.3 The general population has decreased by 0.5% over the past decade, but with the number of residents over 65 increasing by 18.6%, lower than the Staffordshire increase of 23.7% and the England increase of 20.1% over the same period but higher than the West Midlands increase of 18.1%. The over 65 population is projected to increase by a further 14.6% over the next decade, with the under 65 population projected to increase by only 1.5%.
- 4.4 The median age for the borough is 41.8 years, higher than for the West Midlands (39.6) and England (40.2) but lower than Staffordshire (44.8). The borough's median has barely changed since 2010 when it was 41.7.

- 4.5 From 2011 to 2021 there has been an estimated 1.6% increase in the number of households in the borough, from 52,600 to 53,400. It is estimated that this will increase to 59,200 by 2029, and to 62,100 by 2039.
- 4.6 Based on the MYE (Mid-Year Estimate) for 2020, the Office for National Statistics project the population for the borough to increase to 135,700 by 2029. But the projected increase is not uniform across all age groups. The population aged 0-29 is projected to remain fairly stable, but the population aged 65+ is projected to rise from 26,800 to 30,700, an increase of 3,900 or 14.6%.
- 4.7 Measured through the average rank for IMD 2019, Newcastle-under-Lyme is the 150th most deprived local authority in England, out of 317 overall. Newcastle's ranking compared with other local authorities in England has improved slightly from 156th in 2015. In terms of Health Deprivation and Disability the borough is the 80th most deprived local authority but 197th most deprived in terms of Barriers to Housing and Services.
- 4.8 Parts of the borough including Cross Heath and Knutton are in the 10% most deprived areas in England. Further parts of Holditch and Chesterton, Kidsgrove and Ravenscliffe, Crackley and Red Street, Town and Westlands are also in the 20% most deprived. However, parts of Loggerheads, Westbury Park and Northwood, Madeley and Betley and Westlands are in the top 10% least deprived parts of England, with parts of Clayton, Crackley and Red Street, Thistleberry, Westlands, Bradwell, Madeley and Betley, Newchapel and Mow Cop in the top 20% least deprived.
- 4.9 Across the borough in 2021, the annual median gross weekly pay was £565. This was lower than for the West Midlands (£582) and Great Britain (£613). Salaries for both males and females were relatively low as the following table shows:

(Gross weekly pay for full-time workers)

	Newcastle-under-Lyme	West Midlands	Great Britain
Females	£482	£525	£558
Males	£601	£627	£656
Overall	£565	£582	£613

- 4.10 Across the borough there are significant differences in income. In three areas, net annual household income was less than £26,000, but in four it was more than £36,000
- 4.11 In the year up to March 2021, an estimated 74.5% of residents aged 16-64 were classed as 'in employment', broadly similar to the West Midlands region (73.7%) and for Great Britain (74.8%).

(All people in employment) Numbers in brackets are people.

	Newcastle-under-Lyme	West Midlands	Great Britain
April 2015-March 2016	76.9% (64,300)	70.4%	73.7%
April 2016- March 2017	77.4% (66,600)	71.4%	74.3%
April 2017- March 2018	78.0% (68,500)	72.7%	75.0%
April 2018- March 2019	74.6% (63,700)	73.8%	75.4%
April 2019- March 2020	72.5% (60,000)	73.9%	76.0%

April 2020- March 2021	74.5% (61,600)	73.7%	75.2%
------------------------	-------------------	-------	-------

- 4.12 As of 2020, two-thirds (68%) of residents' jobs were full-time, with one-third (32%) part-time. This is very similar to the rate for the West Midlands and Great Britain.
- 4.13 According to official crime summary data, the number of recorded crimes for headline offences in Newcastle-under-Lyme between April 2021 and March 2022 was 7,310 – a decrease of around 16.3% on the previous 12 month period.
- 4.14 The crime rate for this period was 56 per 1,000 residents, lower than the Staffordshire rate of 62 per 1,000 people but higher than all of the Staffordshire boroughs apart from Cannock Chase and Tamworth.
- 4.15 In Newcastle-under-Lyme the three most common types of recorded crime were:
- Violence against the person (3,480)
 - Theft offences (1,759)
 - Stalking and harassment (1,477)
- 4.16 The latest available local estimates from the ONS (Life Expectancy at Birth 2018 to 2020) suggest that life expectancy at birth for males born in this period in Newcastle-under-Lyme is 79.4 years, which is slightly below the Staffordshire (79.3 years) and the same as the England average (79.4 years). Female life expectancy is 82.3 years, while the Staffordshire and England averages are 83.1 years and 83.1 years respectively.
- 4.17 There are, however, wide variations across the borough with the inequality driven by deprivation. For Newchapel and Mow Cop, the life expectancy at birth for males is 82.4 years, but in the Town ward it is 6.5 years lower at 75.9 years.
- 4.18 For females in Loggerheads life expectancy at birth is 87.1 years, but in the Town ward it is 11 years lower at 76.1 years.
- 4.19 Across the borough, the age-standardised mortality rate of 1,136 was higher than the Staffordshire rate of 1,067, the West Midlands rate of 1,122 and England's 1,043.
- 4.20 There are circa 55,800 homes in the borough (2019). At the 2011 Census (this data is not yet available from the 2021 Census) housing tenure was as follows:
- Owned outright 35%
 - Owned with mortgage/loan 34%
 - Shared ownership 0.4%
 - Social rented 19%
 - Private rented from landlord 9%
 - Private rented from other 1%
 - Living rent free 1%
- 4.21 Overcrowding is mostly assessed by the 'bedroom standard' which assesses the number of bedrooms needed according to the size and composition of households. In the 2011 census (2021 census data regarding overcrowding is not yet available), Newcastle-under-Lyme had an overcrowding rate of 4.2% – very similar to Staffordshire's 4.0%.
- 4.22 Across 2021, the local housing affordability ratio i.e. median house price compared to median gross income was 5.59, significantly lower than all of the other Staffordshire

districts. Across the West Midlands the ratio is 6.55, and across England it is 7.4. The borough's rate is lower than in 2009 when the ratio was 5.07.

- 4.23 84.2% of residents of working age have qualifications at level NVQ1 or above, similar to the 84.8% across the West Midlands but lower than the average of 87.9% in Great Britain. As of December 2021, an estimated 36.0% of adults aged 16-64 were qualified to NVQ level 4 or above – lower than both the West Midlands rate of 38.9% and the Great Britain rate of 43.6%.
- 4.24 The unemployment claimant count for the borough of 2.7% as at August 2022 was identical to Staffordshire's rate and lower than Great Britain's 3.6%. As with most of the country, there was a rise from March 2020 when the rate was 2.4%. There is some variance across the borough – in five wards the rate is at least as high as the national average, in four wards it is lower than half that rate.

5. Refresh of Financial Assumptions

- 5.1 Council agreed a five year Medium Term Financial Strategy in February 2022 covering the period 2022/23 to 2026/27. For 2022/23 there was Net Expenditure of £16.302m on services and a Council Tax Requirement of £7.919m. There is a Council Tax Base of 37,668 and a Band D Council Tax of £210.24. There was a balanced budget for 2022/23 but a forecast gap of £3.053m across the period 2023/24 to 2026/27.
- 5.2 The MTFs gaps have been rolled forward a year to cover 2027/28, this was reported to Cabinet on 6 September 2022 and the assumptions updated. There has since been further review of the gaps and this refinement will continue throughout the budget setting process.
- 5.3 The recovery from Covid-19 and the ongoing Cost of Living Crisis are expected to continue to have an impact on the Councils' finances, however, the degree of that impact is difficult to predict. The MTFs has been revised to reflect current information and includes an estimate of pressures that have both a short and medium term impact on the tax base for Council Tax and Business Rates.
- 5.4 Overall, rolling forward a year the Council is forecast to have a funding gap of £5.808m over the next five years. £2.134m of this is in 2023/24 and whilst the overall strategy is to have a balanced five year plan the focus of attention will be on this first year.

	2023/24 (£000's)	2024/25 (£000's)	2025/26 (£000's)	2026/27 (£000's)	2027/28 (£000's)	Total (£000's)
Income	(128)	327	(170)	(178)	(186)	(335)
Expenditure	2,262	1,214	593	633	1,441	6,143
Gap	2,134	1,541	423	455	1,255	5,808

- 5.5 The year one gap has decreased from £2.249m (as reported to Cabinet on 6 September 2022) to £2.134m following a review of the costs of financing the capital programme (£0.082m reduction in costs) and a revision to estimates regarding inflation on fuel (£0.021m reduction in costs).

Income

- 5.6 A provision for income losses of £0.100m has been built in for each year of the MTFs. An assumed annual increase in fees and charges has also been included of 4% for 2023/24 and 3% for each year thereafter.

Detail	2023/24 (£000's)	2024/25 (£000's)	2025/26 (£000's)	2026/27 (£000's)	2027/28 (£000's)	Total (£000's)
Government Grant	204	502	12	12	12	742
Business Rates	(149)	(78)	(79)	(81)	(82)	(469)
Fees and Charges	(253)	(197)	(203)	(209)	(216)	(1,078)
Council Tax Support	(30)	-	-	-	-	(30)
Income Pressures	100	100	100	100	100	500
Total	(128)	327	(170)	(178)	(186)	(335)

Government Grant

- 5.7 Local Government has been through an unprecedented period of austerity. The assumption is for legacy New Homes Bonus grant funding to reduce to nil, with continued one year settlements until further notice, and for Housing Benefit and Council Tax Benefit administration grants to continue to decline over time.

Business Rates

- 5.8 There have been significant impacts to Business Rates as a result of the Covid-19 crisis. Firstly, there have been a wide range of interventions from Government with extensive discounts and also provision of grant to small businesses. These discounts have been matched with Section 31 grant and have therefore not impacted the Council's bottom line.
- 5.9 The MTFs currently assumes an inflationary increase of 4% in 2023/24 and 2% per annum thereafter in terms of collectable Business Rates, this is in addition to an inflationary increase in the base level funding set for the Business Rates Retention scheme by Central Government.

Council Tax

- 5.10 The Council has a market housing supply requirement of 2,153 properties over the 5 year period of the MTFs (excluding affordable housing). The MTFs assumes that the requirement will be met at an average of 431 properties per annum, thus increasing the tax base accordingly. The MTFs assumes a Council Tax increase of 1.99% per Band D property for all years.
- 5.11 The Council operates a Council Tax Support scheme, introduced following the localisation of support by Government at the start of austerity. Increased levels of Council Tax Support were awarded during 2020/21 in the midst of the Covid-19 pandemic. The MTFs forecast assumes that this pressure on the tax base will be relieved over a 3 year period and that by 2023/24 the levels of support will have returned to pre-pandemic levels, however this will continually be reviewed in light of the Cost of Living Crisis.

Savings/Income Generation

- 5.12 Work is continuing to identify additional savings proposals in order to address the increased forecast gaps in 2023/24 and beyond. To date savings of £2.134m have been identified for 2023/24 enabled a balanced position to be proposed. £1.548m has been identified for the remainder of the MTFs (total shortfall of £2.126m).

Detail	2023/24 (£000's)	2024/25 (£000's)	2025/26 (£000's)	2026/27 (£000's)	2027/28 (£000's)	Total (£000's)
Income	270	-	-	-	-	270
One Council	376	-	-	-	-	376
Staffing Related	18	-	-	-	-	18
Good Housekeeping	215	-	-	-	-	215
Tax Base	337	219	222	224	227	1,229
Council Tax Increase	159	161	163	165	167	815
Government Grants	759	-	-	-	-	759
Total	2,134	380	385	389	394	3,682

Expenditure

- 5.13 Employee pressures relate to assumed pay awards of 4% for 2023/24 and 2.5% for all years thereafter, 2023/24 also provides for the 2022/23 pay award (£1,925 per full time employee regardless of grade) that was over and above the 2.5% assumed, this amounts to a further pressure of £0.447m excluding the associated increases to National Insurance and pension contributions.
- 5.14 National Insurance contributions related to assumed pay awards and the 2022/23 pay award amount to an additional £0.153m for 2023/24, whilst associated pension contributions result in a pressure of £0.281m.
- 5.15 A number of new pressures facing the Council in 2023/24 amounting to £0.092m have also been provided for, these include ICT maintenance and software licences (£0.026m) and other inflationary costs and pressures regarding service provision (£0.066m).

	2023/24 (£000's)	2024/25 (£000's)	2025/26 (£000's)	2026/27 (£000's)	2027/28 (£000's)	Total (£000's)
Employees	1,450	546	519	521	533	3,569
Premises	143	27	27	28	28	253
Transport	172	12	12	12	12	220
Financing	405	509	15	52	848	1,829
Pressures	92	120	20	20	20	272
Total	2,262	1,214	593	633	1,441	6,143

Inflation

- 5.16 Provision for price increases is made in line with the Bank of England target 2% for CPI (Consumer Price Index), with the exception of 2023/24 whereby budgets have been analysed following the Cost of Living Crisis and pressures accordingly accounted for.

Investment

- 5.17 The base budget includes an annual contribution to the Borough Growth Fund of £0.250m to fund investment in key Council priorities. At the present time the assumption is that this level of investment will continue over the life of the MTFS.

Capital financing

- 5.18 The proposed Capital Programme for 2023/24 to 2025/26 is based on new schemes which are vital to ensure continued service delivery and in assisting the Council to achieve its corporate and service objectives as set out in the Council Plan 2022-26. These schemes total £45.464m including major investment into the Borough via external funding in terms of the Future High Streets Fund and the Town Deals Fund for both Newcastle and Kidsgrove.

- 5.19 The capital programme will require to be part funded by borrowings. The total amount of borrowing over 3 years of the proposed Capital Programme for 2023/24 to 2025/26 will amount to £13.479m. The associated borrowing costs have been factored into the MTFS.

Other financing adjustments

- 5.20 The Council budgeted to finance £0.100m of one-off costs from flexible use of capital receipts in 2022/23. The current assumption is for this to reduce to nil in 2023/24 eliminating the reliance on capital receipts to finance revenue expenditure.

6. In Year Response to Financial Pressures Arising from Covid-19 and Cost of Living Crisis

- 6.1 There is uncertainty at present with regards to the recovery of lost income levels resulting from the Covid-19 pandemic and the impact of the Cost of Living Crisis. The medium term therefore contains risks around loss of income, these are included as part of the risk assessment informing the Council's level of reserves. A number of steps have been taken in year, or are planned for future periods to continue to address the financial impact and ensure that the Council remains financially resilient including:

- A review of income forecasts as part of monthly budget monitoring processes.
- Maintaining spend within the existing budget envelope as far as possible.
- Identifying management action to reduce in year cost pressures.
- Re-focusing the income collection approach to reduce the impact of bad debt.
- Reassessment of Capital Programme commitments.
- A comprehensive review and risk assessment of the Council's reserves.
- Use of grants to substitute for existing spend wherever possible.
- Asset review to maximise receipts from disposals.

7. Approach

- 7.1 The following section sets out the central approach to developing the Medium Term Financial Strategy for 2023/24 to 2027/28.

Foundation analysis

- 7.2 Over the summer and early autumn the groundwork for the MTFS has been undertaken which is primarily the review of the Borough Profile and assessment of the impact of Covid-19 and the Cost of Living Crisis, a full benefit opportunity assessment

and benchmarking to give a clear context in which to identify areas for investment and redirection of resources, opportunities for efficiency and income generation and service reconfiguration. Service level benchmarking has primarily been based on DLUHC Revenue Outturn data focussed on the Council's CIPFA statistical "nearest neighbours" and Staffordshire geographical near neighbours. Spend has also been mapped to strategic priorities and outcomes.

One Council

- 7.3 The One Council Programme was launched in February 2021 following Full Council approval of the budget in order to meet the changing needs of our residents by increasing our ability to provide flexible, efficient and customer driven services. The programme is designed to respond to the key lessons from the Covid-19 pandemic, how this impacted on how customers accessed Council services, and how services flexed in order to remain resilient. The programme focusses on reviewing customer need alongside modernising internal processes whilst developing our internal cultural transformation and ensuring we address financial demands.
- 7.4 The One Council programme facilitates a fundamental change in Newcastle-under-Lyme Borough Council's operating model and how we address our challenges. Significantly, it sets out to enable the Council to make better use of the resources available to it, ensuring both efficient and effective service delivery.
- 7.5 Given the broad remit of the programme, overall aims have been considered by integrated work streams aligned to core principles of delivery and achievement and the initial work has been supported by the delivery partner Ignite Consulting who have enabled the team to develop skills in management change and service redesign. Whilst a significant aspect of the programme is to facilitate a move to customer self service via an enhanced website, traditional face to face and telephone access will remain available to those who need it.
- 7.6 One Council is a "spend to save" programme with an agreed investment of £1.2m. Recurrent benefits will be achieved moving forward. The savings are set to be staggered over the life of the 3 year programme (£0.196m has been achieved in 2021/22, £0.601m will be achieved in 2022/23 with a further £0.376m in 2023/24).
- 7.7 In order to build the programme and consider the areas for change and focus, the broad concepts of purpose were considered alongside a benchmarking exercise which placed the customer and delivery of services at centre stage. This analysis supported the development of certain big ideas which have formulated the overall Future Operating Model design and have given a structure to the design of service change through the development of the "Big operating Model Building Blocks" of:
- Leadership and Management
 - Information Advice and Guidance and Website
 - One Front Door
 - Internal Support
 - Mobile Multifunction Team
 - Strategy and Performance Team

Leadership and Management

- 7.8 The programme realises the importance of cultural development, attitudes, behaviours and overall quality and consistency of leadership as a driver for success. As such a dedicated Culture work stream was initiated which considered our purpose as a Council and provider of services as well as the important people driven elements which

would support the achievement of our goals. Focus groups across the council considered our purpose, strengths and weaknesses and contributed to the development of an overall mission statement and related values.

Information, Advice and Guidance / website

- 7.9 A core aim of the overall programme is to enable residents and local business to self-serve wherever possible, thereby freeing up expertise and staff time to support delivery of complex tasks and innovative services in a more efficient model.
- 7.10 The Digital work stream engaged with services to consider changes needed to enable this transition for users of our website and contracted with Jadu to develop the new website which was launched on 27 October 2021.
- 7.11 The site is cleaner and more modern than our previous site and has been developed with a focus on functionality and ease of use to support the customer. The website developments integrate directly with the new One Front Door (or Customer Hub) and drive traffic away from resource heavy phone lines enabling a deeper and broader remit and function to develop within our customer facing team.
- 7.12 Another aim of One Council is to make our site more commercial. Using the new tools and techniques in Jadu we will be able to sell our services more effectively to increase revenue. Examples include J2, Bereavement Services and Garden Waste.

One Front Door

- 7.13 The One Front Door, now known as the Customer Hub, is the customer facing function designed to offer end to end service, advice and transactional support to customers of the Council. Overtime this will sit across all outward facing services and by contacting the team, our customers will be able to undertake a range of tasks from planning related queries, to questions around waste collection. A strong feature of this service is providing the team with training and development across a range of services, as well as giving them access to in service technology to allow them to have up to date information and ability to transact specific elements of queries easily and efficiently.
- 7.14 Work initially focussed on the previous teams for Customer Services and Revenues and Benefits and the two areas have now been consolidated. Pulling the teams together, with focussed work on processes alongside the website development has enabled the team to be resourced more efficiently and for knowledge to be spread amongst a larger number of employees.
- 7.15 As we continue to embed the learning and knowledge in the team, the service is looking across the rest of the organisation and considering how this concept and model can grow to incorporate further processes and support our customers across a wider range of matters.

Internal Support

- 7.16 Work is continuing on developing efficiencies within our internal services. This will again provide services with streamlined support and guidance whilst releasing those with technical expertise to focus on value added delivery.
- 7.17 Much like the One Front Door, there are anticipate efficiencies of scale to be identified here as well as process and technology developments which will enable a reduction in Whole Time Equivalent (WTE) assigned to the teams which is planned to be delivered through MARS as well as natural turnover.

Mobile Multi-Function Team

- 7.18 The Mobile Multi-Functional Team enables an agile and diverse team of operatives to be dispatched where there is immediate need. Linked to a preventative delivery arm and the One Front Door, the impact on the Borough and residents will be significant and positive.

Strategy and Performance Team

- 7.19 The Strategy and Performance Team supports services in their strategic aims as well as becoming a critical friend and challenging function in terms of performance and delivery. This function will enable the Council to better use data and performance indicators to drive outcomes against the Council Plan and other strategic aims.
- 7.20 In addition this service will look outward to strengthen relationships with our partners, consider policy and strategy development and ensure effort and activity drive us closer to our overall aims and vision.

Commercial

- 7.21 The Council approved its Commercial Strategy in October 2019 with the objectives of maximising commercial opportunities as Government support drops away, requiring councils to become more self-financing. Key themes set out in the Commercial Strategy include:

- Creating and nurturing commercial and development opportunities
- Greater focus on procurement and contract management
- Creating a sustainable commercial programme
- Establishing a strong commercial culture and investing in staff and member skills
- Extracting maximum value from our land and property assets and income streams
- Challenging where services can be commissioned
- Driving our digital agenda forward

- 7.22 Progress in implementing the commercial strategy in the current year has been limited due to restrictions placed on borrowing for commercial purposes. However, going forward this remains a key supporting strand of the MTFS whereby regeneration priorities can also be met and will need to be properly resourced.

Property

- 7.23 The Council last updated its Asset Management Strategy in 2018. A further review now needs to be undertaken in order to identify assets which may be suitable for disposal, generating funding for the Capital Programme.

8. Reserves

8.1 Forecast balances for the Council's reserves as at 31 March 2023 are as follows:

Reserve/Fund	Balance 31.3.22 (£'000's)	Forecast Balance 31.3.23 (£'000's)
General Fund	2,160	2,160
Walleys Quarry Reserve	823	500
Income Reserve	100	100
Equipment Replacement	33	-
Budget Support Fund	789	-
Budget Support Fund (Local Plan)	301	-
Budget Support Fund (Homelessness)	329	-
Borough Growth Fund	50	-
Conservation & Heritage Fund	35	-
Mayor's Charity Fund	7	-
Museum Purchases Fund	61	-
Business Rates Reserve	6,046	993
Elections Reserve	150	-
Clayton Community Centre Fund	14	-
Totals	10,898	3,753

8.2 A full reserves risk assessment will be completed as part of the 2023/24 budget preparation. However, based on a preliminary assessment it is considered that the current balance of the general fund reserve will be more than sufficient to provide sufficient cover for foreseeable risks.

8.3 It should be noted that the balance of the Business Rates reserve is inflated for 2021/22 and 2022/23 due to s31 grants received to cover the cost of business rate reliefs in the current financial year. The true underlying position is closer to £1.0m which represents cumulative collection fund surpluses in previous years. This sum will be held to mitigate against future collection fund losses and as a contingency for the Fair Funding Review.

9. Capital Strategy

9.1 The Council agreed its Capital Strategy and Ten Year Capital Programme 2022/23 to 2030/31 in February 2022, this will be refreshed as part of the 2023/24 budget setting process (proposed expenditure for 2023/24 to 2025/26 will be considered as part of the report to Cabinet on 6 December 2022). The Capital Strategy explains how the Council invests its capital funds and the various sources of funding and how this facilitates the delivery of its objectives.

9.2 The main governance of the Capital Strategy is through the Capital, Assets and Commercial Investment Review Group which:

- Reviews and recommends to Cabinet all new General Fund Capital projects
- Ensures capital resources are viewed corporately with a clear link to corporate objectives
- Ensures any revenue costs are identified and considered in the Treasury Management Strategy and the Council's MTFs
- Develops a Capital Strategy which supports the Councils corporate objectives
- Oversees the development and implementation of the asset management and commercial strategies

- Reviews new capital project and commercial investment requests on behalf of Cabinet.

9.3 As part of the Efficiency Board process every capital scheme and in-year capital commitment has been reviewed.

9.4 The draft 10 year Capital Programme for the period 2023/24 to 2032/33 provides for total investment of £80.753m. This programme will be funded by capital receipts, significant external contributions (Town Deals and Future High Streets Funding) and borrowing. The revenue impact of borrowings has been included within the MTFS.

10. Treasury Management Strategy

10.1 The Council agreed its Treasury Management Strategy for 2022/23 in February 2022, the strategy for 2023/24 will be updated alongside the proposed budget and capital programme as part of the 2023/24 budget setting process.

10.2 As referred to in the above section, the Council will be required to borrow to fund the draft Ten Year Capital Programme. The PWLB and Council to Council borrowing are the primary borrowing options that the Council is currently reviewing to fund borrowing in relation to the capital programme.

10.3 The Capital Financing Requirement is set to increase by a further £28.768m by 2032/33 based on the draft 10 year Capital Programme.

Funding Stream	Capital Receipts	External Contributions	Borrowing	Total
2023/24	1,400	12,497	13,863	27,760
2024/25	4,000	6,545	(144)	10,401
2025/26	4,000	3,543	(240)	7,303
2026/27	4,000	1,500	3,229	8,729
2027/28	4,000	1,500	(1,295)	4,205
2028/29	500	1,500	1,325	3,325
2029/30	500	1,500	7,156	9,156
2030/31	500	1,500	3,596	5,596
2031/32	500	1,500	639	2,639
2032/33	500	1,500	639	2,639
Total	19,900	33,085	28,768	81,753

11. Budget Preparation Timetable

11.1 Work on the development of budget proposals for 2023/24 is at an advanced stage. Draft savings proposals will be considered by Cabinet and Finance, Assets and Performance Scrutiny Committee in December and the final revenue budget and Council Tax proposals, along with the Capital Strategy, Capital Programme and Treasury Management Strategy will be presented for approval at Council in February 2023.

11.2 An Efficiency Board chaired by the Leader of the Council plays a key role in shaping the MTFS and providing input and challenge to savings and investment proposals.

11.3 The decision making timetable is as follows:

Event	Committee	Date
Budget consultation	Proposed to run during December	
Scrutiny of first draft savings proposals	FAPSC	8 December 2022
Approval of final MTFS & consideration of draft budget proposals	Cabinet	10 January 2023
Scrutiny of draft budget proposals	FAPSC	19 January 2023
Final budget proposals recommended for approval by Full Council	Cabinet	7 February 2023
Full Council to approve budget	Full Council	15 February 2023

Appendix A – Summary of Refreshed MTFS Assumptions

	2023/24 (£000's)	2024/25 (£000's)	2025/26 (£000's)	2026/27 (£000's)	2027/28 (£000's)	Total (£000's)
Employees	1,450	546	519	521	533	3,569
Premises	143	27	27	28	28	253
Transport	172	12	12	12	12	220
Financing	405	509	15	52	848	1,829
Pressures	92	120	20	20	20	272
Income	(128)	327	(170)	(178)	(186)	(335)
Total	2,134	1,541	423	455	1,255	5,808
Savings						
Income	270	-	-	-	-	270
One Council	376	-	-	-	-	376
Staffing Related	18	-	-	-	-	18
Good Housekeeping	215	-	-	-	-	215
Tax Base	337	219	222	224	227	1,229
Council Tax Increase	159	161	163	165	167	815
Government Grants	759	-	-	-	-	759
Total	2,134	380	385	389	394	3,682
Gap	-	1,161	38	66	861	2,126